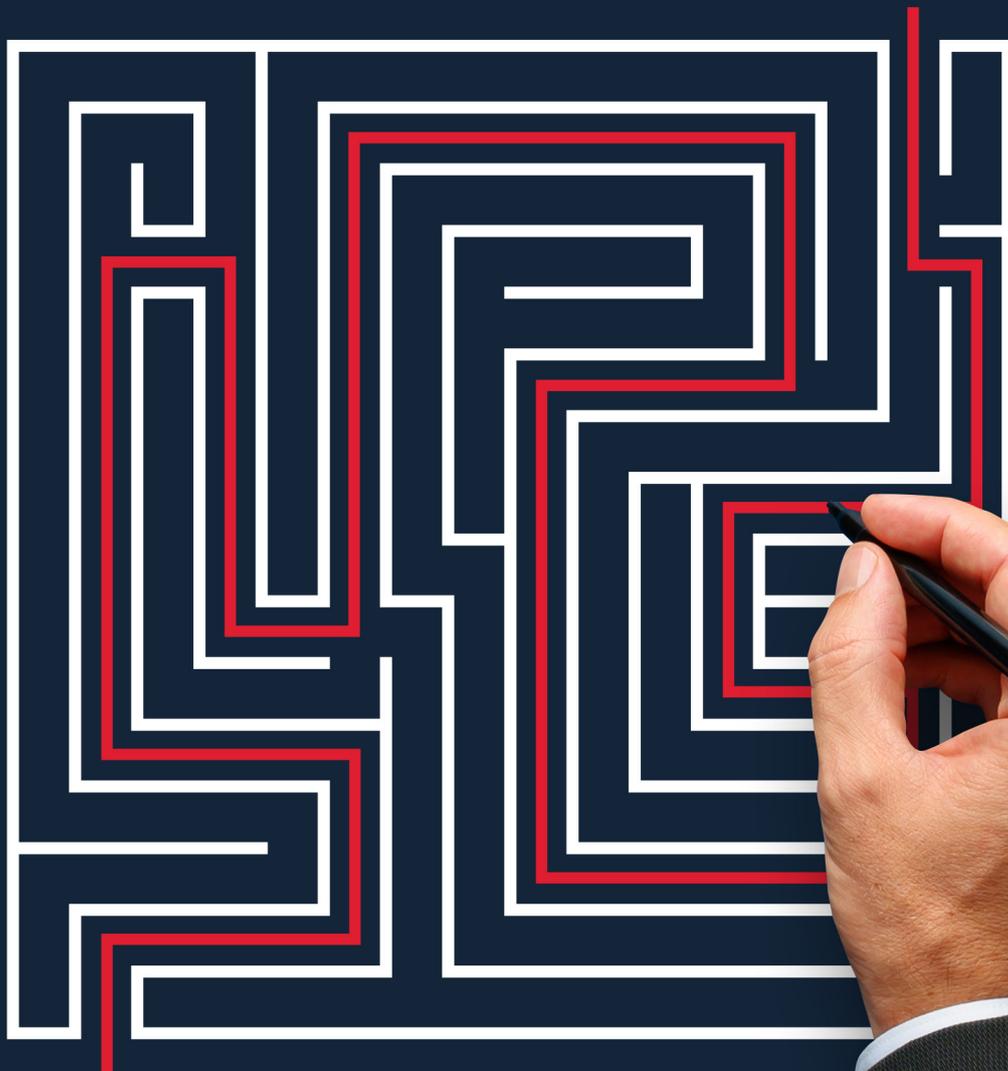


TRAVELITE

TRAVELITE HOLDINGS LTD

ANNUAL REPORT 2020



**NAVIGATING
THE PATH AHEAD**



VICTORINOX



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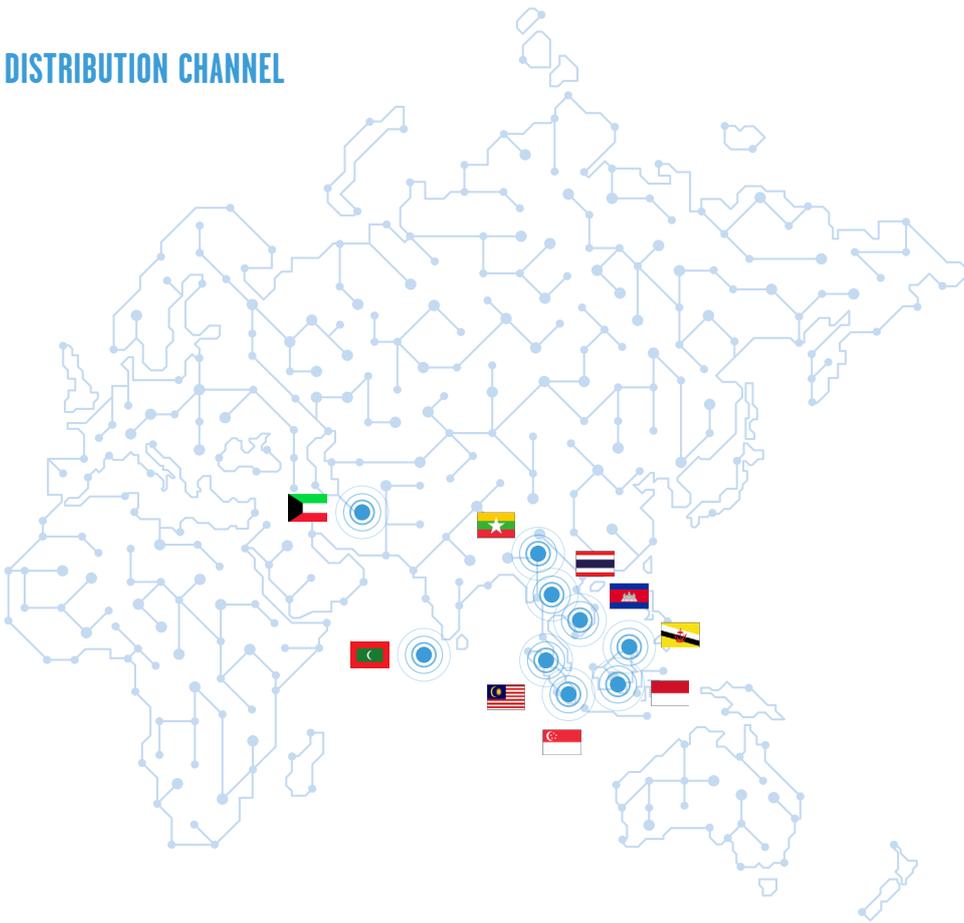
CORPORATE PROFILE

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.

DISTRIBUTION CHANNEL



20+

International Brands

09

Distribution Countries

VISION

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

MISSION

Enhance shareholders' value through a continued focus on profitability.

Increase consumer loyalty through excellent customer service.

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

Dr Clemen Chiang Wen Yuan

Independent Director

AUDIT COMMITTEE

Mr Foong Daw Ching

Chairman

Dr Clemen Chiang Wen Yuan

Mr Thang Teck Jong

NOMINATING COMMITTEE

Dr Clemen Chiang Wen Yuan

Chairman

Mr Foong Daw Ching

Mr Thang Teck Jong

REMUNERATION COMMITTEE

Dr Clemen Chiang Wen Yuan

Chairman

Mr Foong Daw Ching

Mr Thang Teck Jong

COMPANY SECRETARIES

Ms Wee Woon Hong,

LLB (Hons)

Ms Wong Pooi Kuan,

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 Service

(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



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 2020 (“FY2020”).

The coronavirus (“COVID-19”) global pandemic has adversely impacted economies worldwide. Singapore’s Gross Domestic Product (“GDP”) is expected to shrink by 5.8% this year. The gloomy outlook is also reflected in the country’s wholesale and retail sector which is expected to contract by 12.8% over the same period. Many industries have been severely affected, with the tourism-related businesses inevitably bearing the brunt of the strict travel restrictions, quarantines and lockdown measures imposed by countries in their efforts to contain the outbreak.

This, in turn, has disrupted the business operations of the Group’s customers in Singapore, Malaysia and Indonesia. As a result, given the expected challenges in collectability of the trade debts due from our affected customers, the Group’s profitability for

FY2020 has also been dented by the anticipated material impairment on these outstanding trade receivables.

While some countries are slowly easing their travel restrictions, the tepid response from travellers suggests that the health concerns posed by COVID-19 may still persist and hinder the recovery of the tourism industry until a suitable vaccine is developed.

Amidst the challenging operating environment, the Group has tapped on the various support measures by the Singapore government to transform and remain competitive. We participated in the “SMEs Go Digital” programme to strengthen our digital capabilities and expand our online presence. This will help us to diversify by reducing our reliance on retailers and simultaneously leverage social media to establish our brand. Through the Productivity Solutions Grant, we plan to adopt the pre-scoped information technology (“IT”) solutions and equipment to streamline our internal processes and operational efficiencies. We believe that these initiatives will provide us with the impetus to prepare for the eventual market recovery.

CHAIRMAN'S MESSAGE

Notwithstanding the formidable business environment, the Group scored some notable achievements during the last fiscal year. On the regional front, we acquired the remaining 50% stake in Global Brands Studio Co., Ltd from our joint venture partner in Cambodia in December 2019. We hope to continue to build on our consolidation of this subsidiary by expanding further in Cambodia over the next twelve months. BYN International Co., Ltd, our associate company in Thailand, also demonstrated encouraging growth with year-on-year increase in revenue by 33%.

We will continue to explore opportunities to augment our brand portfolio and establish strategic partnerships through joint ventures. The Group remains committed to expand our market share, particularly in the Indochina region.

FINANCIAL REVIEW

In FY2020, the Group's revenue decreased 0.5% to S\$42.6 million from S\$42.8 million in the financial year ended 31 March 2019 ("FY2019") as the Group's performance was affected by the spread of the COVID-19 pandemic at the beginning of 2020.

Gross profit margin dropped from 44.2% to 42.8% due to lower contribution from the wholesale distribution division.

The reclassification of the Group's warehousing and logistics costs from the administrative to distribution function resulted in the increase in marketing and distribution costs and decline in administrative expenses.

The Group also recorded other losses of S\$5.0 million in FY2020 compared to S\$0.3 million in the prior period mainly due to allowance for impairment on trade and other receivables as the Group expected challenges in the collectability of trade debts from customers whose business operations had been adversely affected by the outbreak.

As a result, the Group posted a net loss of S\$6.2 million in FY2020 compared to a profit after tax of S\$0.3 million in the prior year.

FUTURE OUTLOOK

The protracted period of economic uncertainty caused by the COVID-19 pandemic is expected to have a profound impact on the business environment until a vaccine is developed. Nevertheless, as the economies across the world slowly reopen, we are cautiously optimistic that the tourism and retail industries will recover steadily in the months ahead.

The Group will continue to monitor and review its business performance with a keen focus on cost management. While we seek to be disciplined with our lean operating structure, we remain committed to strategically allocating our resources to build new capabilities and improve productivity to maintain our competitive edge. This will allow us to successfully navigate the current downturn and position ourselves to capitalise on new growth opportunities in the post-pandemic world.

ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board, we would like to extend a warm welcome to Dr Clemen Chiang Wen Yuan who has rejoined our Board as Independent Director. We look forward to his continued contribution as the Chairman of the Remuneration Committee and Nominating Committee as well as a member of the Audit Committee. I would also like to convey my appreciation to Mr Tan Chun Chieh, who has stepped down as Independent Director, for his invaluable service to the Company.

Finally, I would like to express my sincere thanks to our Board, management and staff for their dedication and hard work during the year. I am deeply grateful to our business partners, customers and shareholders for their unwavering support for the Group. Together, I am confident that we can build a sustainable future for the Group.

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 Catalyst.

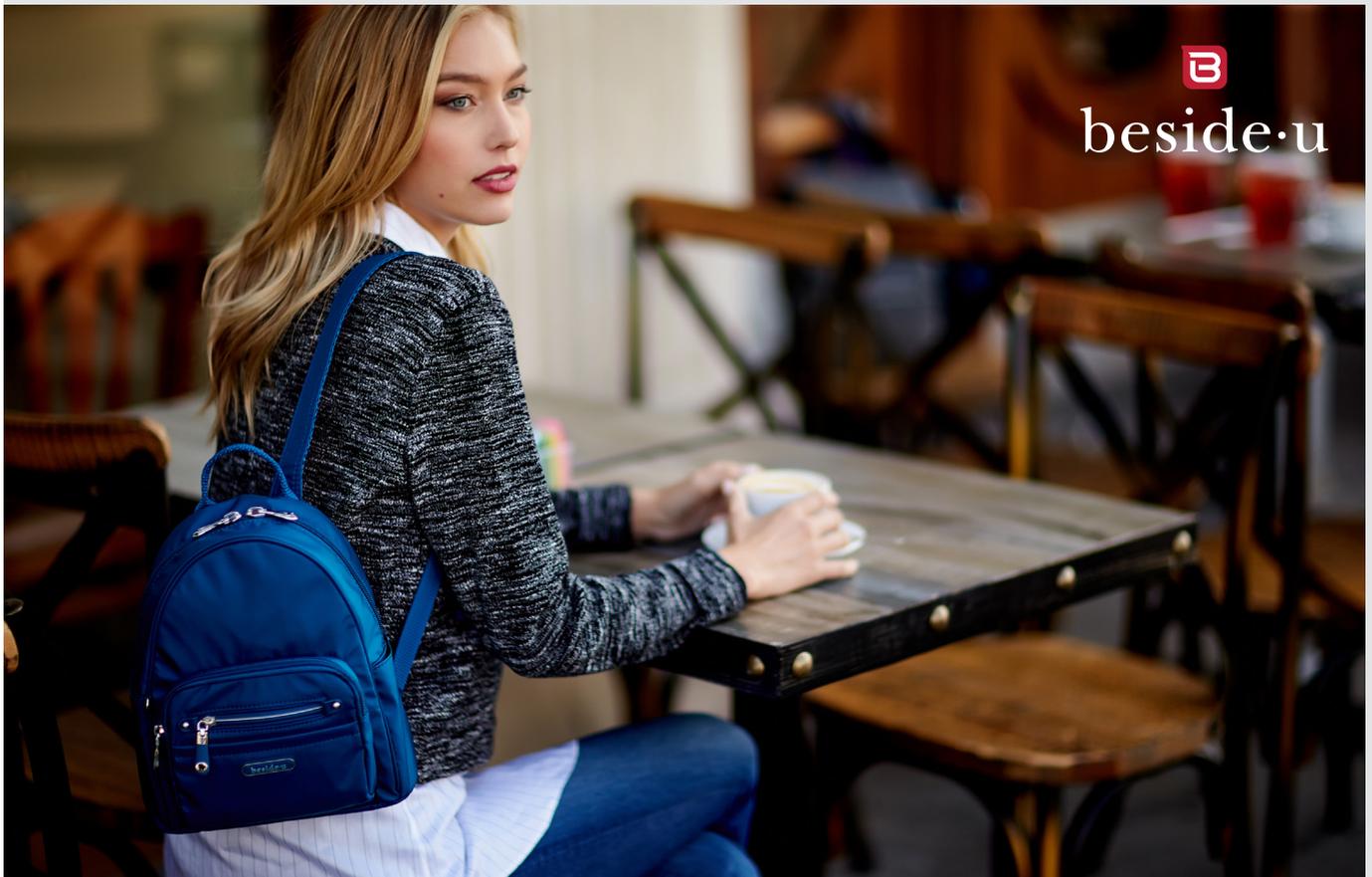
BOARD OF DIRECTORS



DR CLEMEN CHIANG WEN YUAN Independent Director

He is an Independent Director and Chairman of Remuneration and Nominating Committee of the Company. He has been the Chief Executive Officer of Aly Pte. Ltd. since 2016. Aly Pte. Ltd. is a fintech company that provides real-time information on trades made by sophisticated investors to help retail investors make better investment decisions with greater confidence based on market knowledge they never had before. It secured investment from Quest Ventures, a leading venture fund for technology companies that have scalability and replicability in large internet communities. It was supported by the National Research Foundation, Prime Minister's Office, Singapore under the Interactive & Digital Media Strategic Research Programme.

Dr Clemen Chiang Wen Yuan is a Chartered Fellow of the Chartered Management Institute in the United Kingdom, and a Chartered Marketer and a Fellow of the Chartered Institute of Marketing in the United Kingdom. He obtained a Bachelor of Engineering (Civil) from the Nanyang Technological University in 2000, a Master of Business Administration from the University of Louisville, United States in 2002 and a Doctor of Philosophy from the University of Canberra, Australia in 2017.



CALLAWAY APPAREL FROM TOKYO TO CALLAWAY



CALLAWAY
APPAREL

ENJOY YOUR GAME

KEY MANAGEMENT

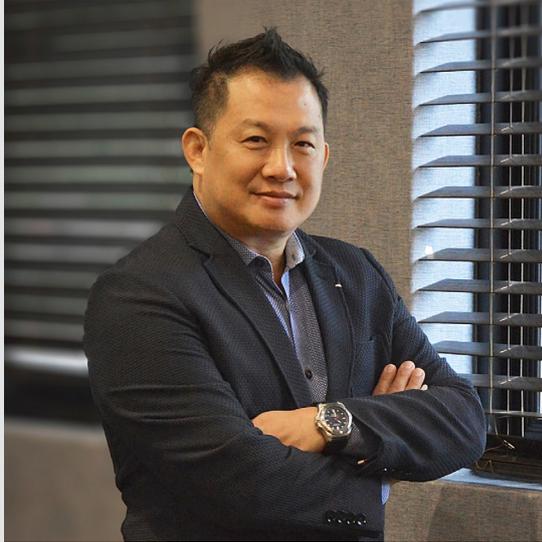


WONG POOI KUAN (JOANNE) **Group Financial Controller**

Ms Joanne Wong joined us in March 2020 as the Group Financial Controller and is responsible for the overall financial strategy, business performance, and accounting operations of the Group. She also acts as the joint company secretary for the Group.

Ms Wong brings with her a wealth of experience spanning across 18 years, in financial audit, accounting, taxation, treasury, project management, and budgetary control from various industries, including retail, F&B, healthcare, and aviation.

She is a Fellow member of the Association of Chartered Certified Accountants (ACCA), a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA), and a member of the Malaysian Institute of Accountants (MIA).



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



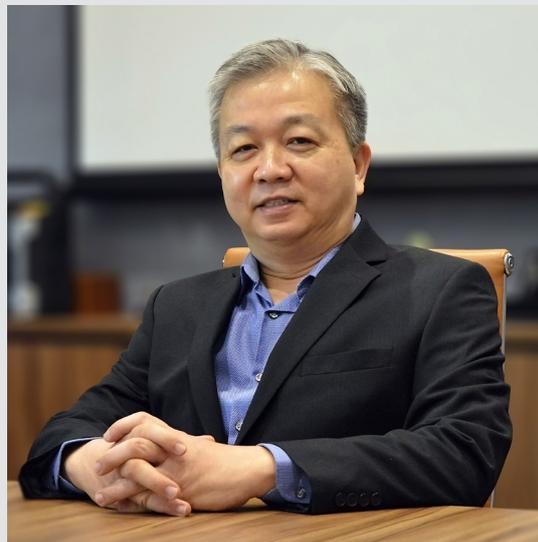
CHEW CHIEW HOR (JOHNNY)

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.

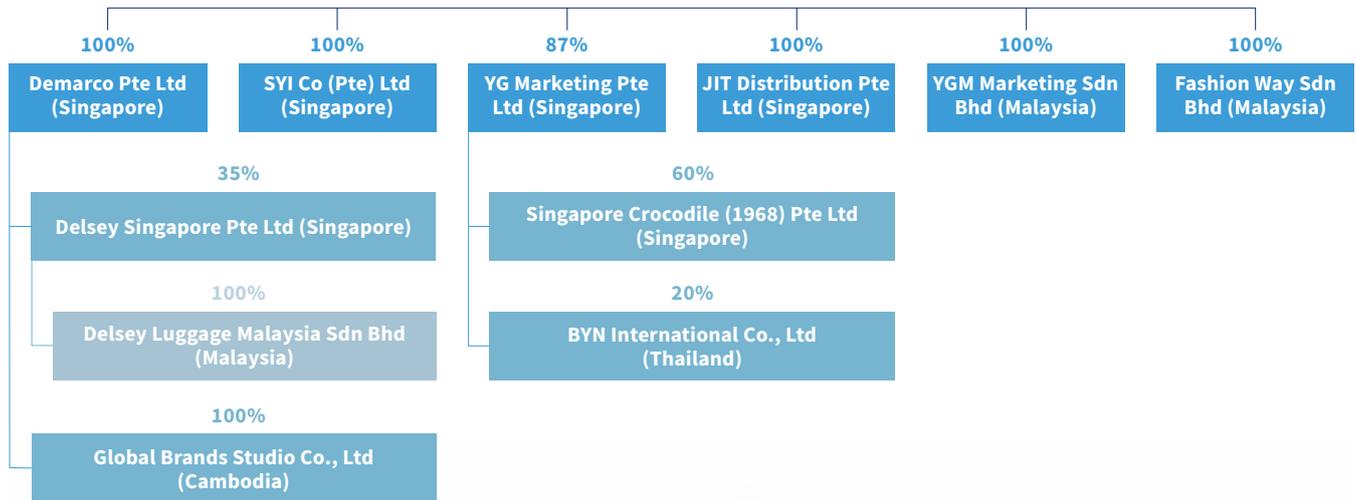
Mr Toh is responsible for implementing all action plans and decisions in accordance to the Group’s overall strategic business plans and directions. He also oversees the day-to-day operations and administrative matters of Singapore Crocodile.

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

GROUP STRUCTURE



Travelite Holdings Ltd (“Travelite”)



VAN HEUSEN



FINANCIAL HIGHLIGHTS

REVENUE (\$'000)

42,571

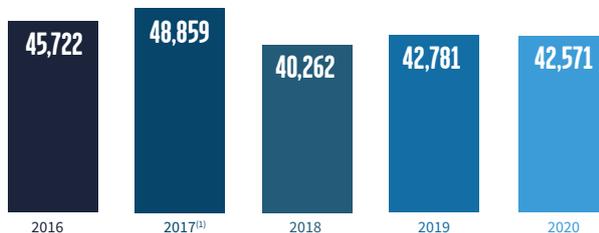
LOSS BEFORE TAX (\$'000)

(5,895)

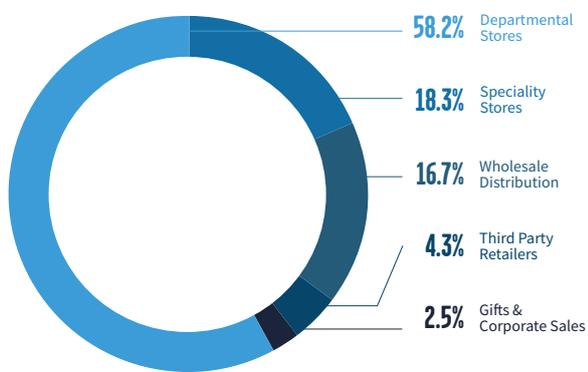
LOSS PER SHARE (CENTS)

(9.68)

REVENUE (\$'000)



SEGMENT REVENUE



(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.



FINANCIAL HIGHLIGHTS

Financial Results	FY2016	FY2017⁽¹⁾	FY2018	FY2019	FY2020
Revenue (\$'000)	45,722	48,859	40,262	42,781	42,571
Profit / (Loss) Before Tax (\$'000)	948	544	(1,316)	399	(5,895)
Earnings / (Loss) Per Share (cents)	0.7	0.7	(1.5)	0.4	(9.7)
Financial Position					
Non-Current Assets (\$'000)	4,143	24,474	24,722	24,029	30,817
Net Current Assets (\$'000)	25,158	16,388	14,793	15,040	10,440
Total Equity ⁽²⁾ (\$'000)	28,910	29,627	27,957	28,254	22,050
Net Debt/(Cash) (\$'000)	(5,493)	19,198	17,317	14,611	29,157
Return on Equity (%)	1.4%	1.4%	-3.5%	0.8%	-27.7%
Net Debt to Equity Ratio (times)	N.A.	0.6	0.6	0.5	1.3
Net Assets Per Share (cents) (excluding treasury shares)	45.8	47.0	44.3	44.8	34.9

(1) 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.

(2) Includes non-controlling interests.

N.A. denotes not applicable.



SUSTAINABILITY REPORT

ABOUT THIS REPORT

Travelite Holdings Limited (“**Travelite**”) Sustainability Report (the “**Report**”) for the financial year ended March 2020 (“**FY2020**”) is published on an annual basis in compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Rules 711A and 711B, following the Global Reporting Initiative (“**GRI**”) Standards (2016). The GRI Content Index, which can be found on page 31 of this Report, outlines the material indicators relevant to Travelite.

This report seeks to provide insights into Travelite’s key Environmental, Social, and Governance (“**ESG**”) performance on topics that our stakeholders consider material and deepen their understanding of our sustainability practices. This report also exhibits our continuous commitment to ensuring best practices within Travelite. All Singapore¹ operations and activities from 1 April 2019 to 31 March 2020 will be the primary focus of this report despite our global presence 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 organisation 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
Joanne Wong Pooi Kuan
joannewong@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

As Travelite moves into our third year of sustainability reporting, we have become increasingly confident in creating a sustainable business model that will add long-term value to our products while driving positive changes. To display Travelite's relentless commitment to this long-term sustainability journey, we have continued to raise the standards of our Sustainability Team through regular training. Our Sustainability Team is made up of all heads of departments across our entities and is aggregately responsible for setting our short and long-term sustainable strategies. The team also provides the support and resources to our business units to ensure that sustainable processes and practices are in place in every part of our supply chain.

Strong governance structure and clear lines of accountability allow Travelite to continue its sustainability efforts across business entities effectively. The key elements of responsibilities include implementing and formalising sustainability policies and procedures, management processes, and standards for sustainable development. The dedicated sustainability team also continues to support and provide resources across all functional units to bring Travelite's sustainability goals to life as they actively drive overall business growth. The team assists the Board in identifying key material ESG factors of the Group and progressively set 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

The importance of building a sustainable and responsible supply chain is well recognised by Travelite that as it safeguards our reputation and contributes to the success of our business. Therefore, 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:

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

Risk Management

We remain committed to our goal of ensuring that well-developed risk management procedures remain in place across our supply chain to safeguard our business activities. Reviews and improvements are conducted regularly to ensure the resilience and soundness of our business and operational activities. These constant checks also help identify areas of significant business risks and the appropriate measures to adapt and mitigate these risks.

For more details on our Risk Management, please refer to the Corporate Governance section from page 34.

SUSTAINABILITY REPORT

SUSTAINABILITY BOARD STATEMENT

Dear Stakeholders,

This sustainability report marks the third year of our reporting journey on our ESG strategy and performance for the financial period. The Board and top management (the “Management”) of Travelite recognize the importance of incorporating sustainable business practices into our company strategy to achieve long-term growth, value creation, and business continuity. We pledge to maintain a robust sustainability culture and create economic value through social values. To fulfill this obligation, we promote sustainability efforts in our daily operations as well as when setting selection criteria for business partners, make positive social impacts for the community, and display our commitment to preserving the environment by minimizing the negative impact.

Maintaining Our ESG Performance

During FY2020, the direct economic value generated for our stakeholders is approximately \$43 million. Travelite aims to create value for shareholders while pursuing the ESG agenda and driving sustainability initiatives and promoting high standards of corporate governance, which we maintain through our principles of transparency and accountability. We are continually looking to identify improvements and opportunities to implement in areas including energy consumption and emissions, workplace injuries, and lost day rates. In upholding our performance standard where we have excellent standing, we will maintain our stance of zero employee occupational diseases and absentee rates and improved employee turnover rates.

Some of our 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 period.

Looking Ahead

In the year to come, Travelite will carry on its objectives to build resilience by integrating sustainable practices into strategic planning and daily business operations. With the collective support from our stakeholders and business partners, we strive to achieve optimal sustainability performance and community development efforts in improving the economic, environmental, and social well-being of the community we operate within.

The Covid-19 crisis is placing a huge impact on businesses today, and we embrace the new norm and continue to ensure our businesses are resilient in uncertain economic conditions. We strive to remain competitive and sustainable throughout our business operations.

Mr. Thang Teck Jong

Executive Chairman

SUSTAINABILITY REPORT

OUR COMMITMENT

Economic & Governance

Economics Performance

About \$43 million of direct economic value generated.

Anti-Corruption

We have communicated our anti-corruption policies to all our managers and executives.

Supplier Social & Environmental Assessment

We have assessed all our suppliers according to our environmental and social criteria.

Customer Privacy

Zero complaints received on issues related to customer privacy.



OUR GREEN MOVEMENT

Environmental

Energy

We have reduced our total energy consumption from 1,265,897 kWh to 810,902 kWh this year.

Emission

We have reduced our total GHG emissions by 193,100 kg CO₂e compared to last year emission.



OUR PEOPLE, OUR ASSET

Social

Employment

We have reduced our turnover rate to 37.54% compared to last year's rate, 38.50% while new hire rate reduced to 24.56% compared to last year's rate, 41.00%

Occupational, Health and Safety

Zero incidents recorded in FY2020.

Training and Education

We have a total of 879 training hours for all our employees compared to 525 training hours in FY2019.

Diversity and Equal Opportunity

66% of our employees are women while 34% are men.

Non-discrimination

Zero incidents of report related to non-discrimination.



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Travelite greatly values the importance of our stakeholders in ensuring our continued success for this sustainability journey. Travelite defines stakeholders as groups who influence, or have the potential to be impacted by our business, as well as external organisations that have expertise in topics that it considers material. Thus, to improve the rapport with our stakeholders, Travelite has intensified the interactions with the various stakeholders through a variety of channels. Regular updates on the Group's development are provided for our stakeholders while ensuring ample opportunities for them to feedback as well as we firmly believe in the importance of two-way communication. With respect to the feedback from our stakeholders in FY2019, these material topics were identified alongside with the following focus areas:

Stakeholders	GRI Topics	Areas of Concern	Means of Engagement
Employees 	<ul style="list-style-type: none"> • Employment • Training & Education • Diversity and Equal Opportunity • Non-discrimination • Occupational, Health and Safety 	<ul style="list-style-type: none"> • Remuneration and benefits • Training and development • Ethics and conduct • Diversity 	<ul style="list-style-type: none"> • Performance Appraisal • Ongoing communication • Training needs identification • Sustainability reporting
Customers 	<ul style="list-style-type: none"> • Customer Privacy 	<ul style="list-style-type: none"> • Corporate social responsibility • Environmental compliance • Social compliance 	<ul style="list-style-type: none"> • Annual reports • Sustainability reporting
Suppliers 	<ul style="list-style-type: none"> • Supplier Environmental Assessment • Supplier Social Assessment 	<ul style="list-style-type: none"> • Usage of packaging materials and recycling efforts 	<ul style="list-style-type: none"> • Sustainability reporting
Government and Regulatory Bodies 	<ul style="list-style-type: none"> • Energy • Emissions • Supplier Environmental Assessment • Anti-corruption 	<ul style="list-style-type: none"> • Environmental compliance • Environmental matters • Regulatory and industrial requirements (Ministry of Manpower) 	<ul style="list-style-type: none"> • SGX announcements • Annual Report • Sustainability reporting • Ongoing dialogue
Shareholders and Investors Suppliers 	<ul style="list-style-type: none"> • Economic performance • Anti-corruption 	<ul style="list-style-type: none"> • Economic performance 	<ul style="list-style-type: none"> • Annual reports • Investor relations management • Sustainability reporting

Figure 2: Stakeholder Groups of Travelite

SUSTAINABILITY REPORT

The Group has continued to apply the GRI Principles for Defining Report Content to identify material topics that are relevant to our business and stakeholders. Similar to last year, we have conducted a refreshment exercise to evaluate the relevance of previous ESG topics to ensure that our current business operations continue to align with the most sustainable practices. The process for the refreshment exercise is outlined as followed:

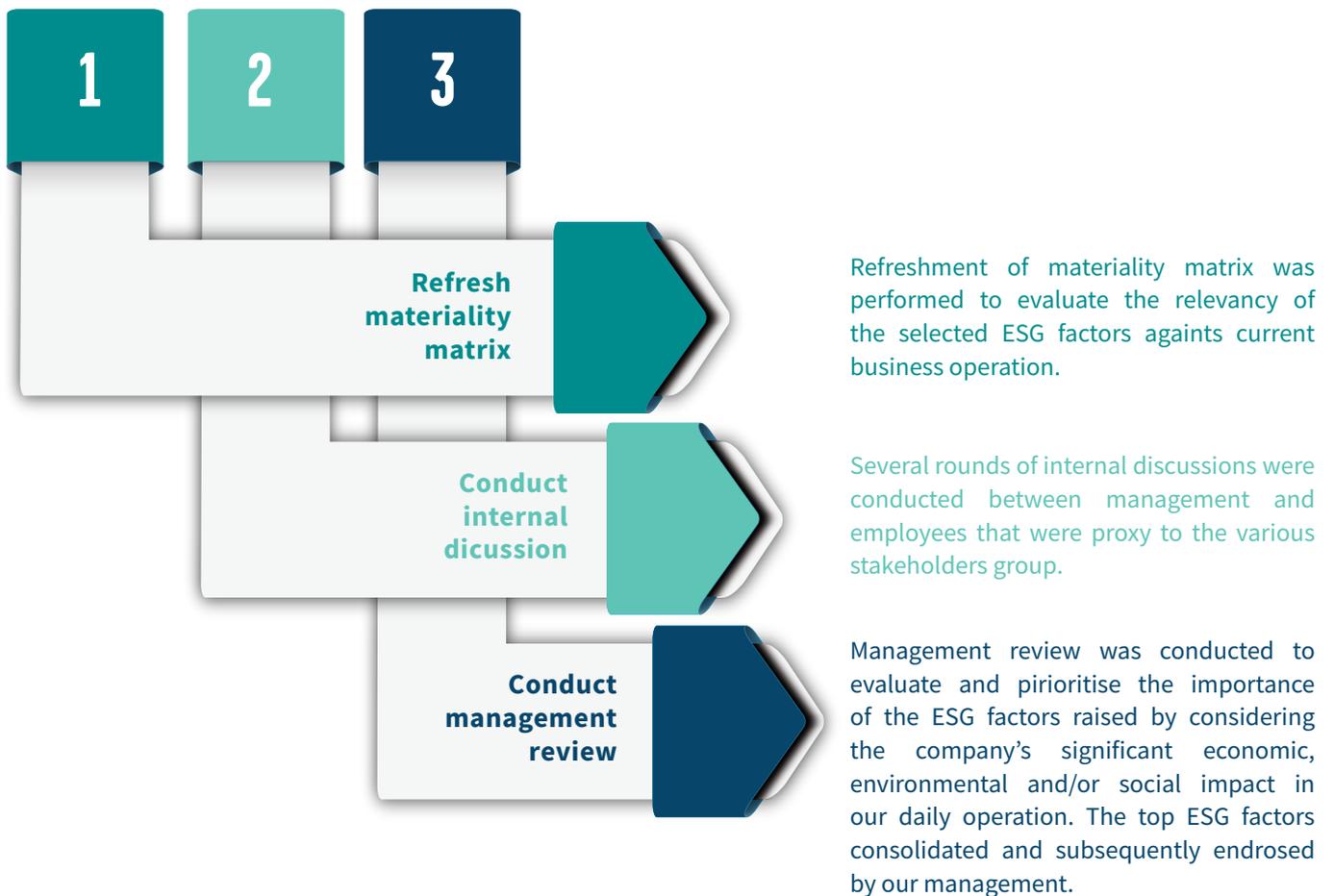


Figure 3: Materiality Assessment Process

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
	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

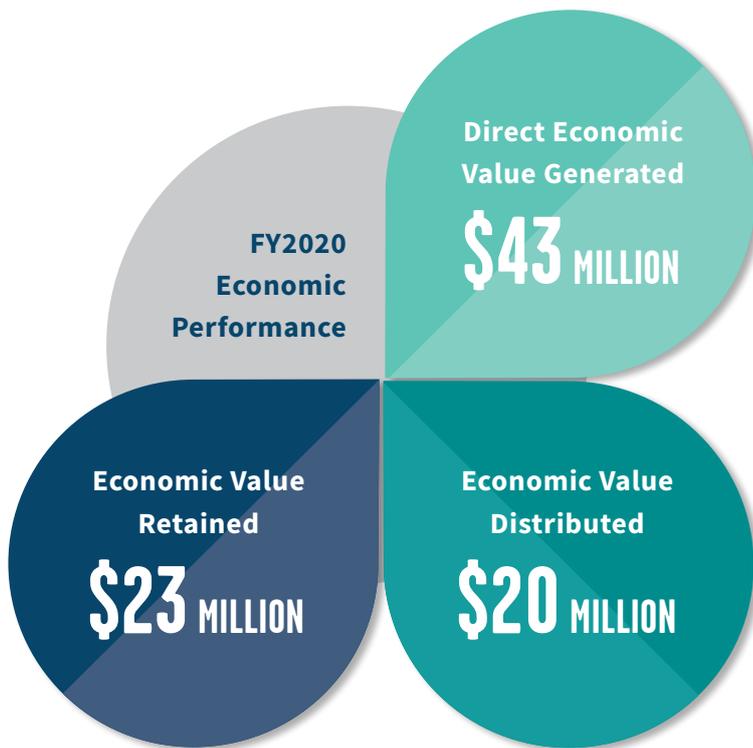
² Aspect Boundary refers to where the impacts occur for a material topic and the organisation's involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities.

SUSTAINABILITY REPORT

OUR COMMITMENT – ECONOMIC & GOVERNANCE

Economic Performance

The economic highlights comprise direct economic value generated³, economic value distributed⁴ and economic value retained⁵ of Travelite from 1 April 2019 to 31 March 2020 are shown in the table below.



Economic Performance Comparison (\$'000)

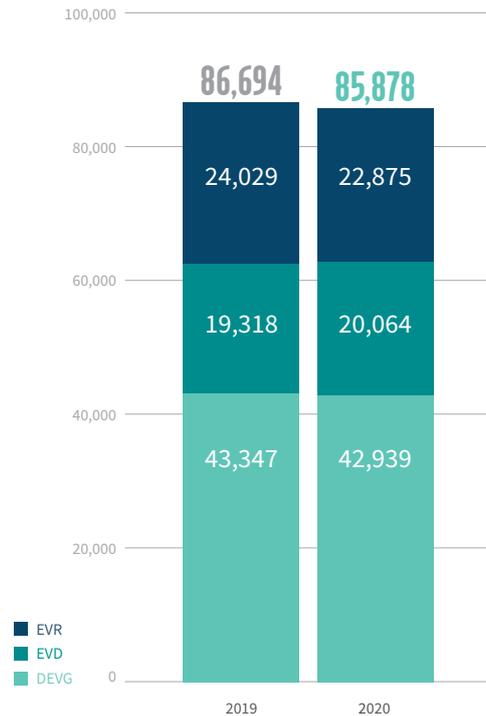


Figure 5: Economic Performance

For a more detailed breakdown of our FY2020 financial results, please refer to the relevant financial statement sections on page 69-73.

ANTI-CORRUPTION

To maintain Travelite’s reputation as an organisation who upholds the highest standards of integrity, professionalism, and ethics for all aspects of her businesses, we have embraced a Code of Conduct that sets clear guidelines on our expectations on anti-corruption practices. Travelite has made it mandatory for all employees to undergo an onboarding process that will ensure their full understanding and compliance with the purpose and provisions of this Code of Conduct.

Travelite also has zero-tolerance against any forms of corruption, bribery, and fraudulent behaviours. As such, we have established our internal policies to ensure our employees embrace their roles as the key players in our action-plan towards a society armed with high integrity. In FY2020, Travelite has educated all employees on her anti-corruption policies. Areas covered by our policies include interested party transactions, gifts and hospitality, and procurement fraud. For example, under Travelite’s Gifts and Hospitality Policy, all employees must declare any forms of gifts and hospitality received personally or by their family members from suppliers within three working days as long as they exceed \$250 in aggregate value. Accompanying the declaration is the recording of these gifts and their relative amounts in the gift register. Such policies thus provide a framework for our employees to follow and ensure that their actions align with our company’s goal of recognising, resolving, and preventing any forms of corruption and bribery, which they might face during their course of work.

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

SUPPLIER ENVIRONMENTAL ASSESSMENT & SOCIAL ASSESSMENT

Travelite is a reputable management company for a lifestyle brand, which places a significant emphasis on the manufactured goods sourced from our third-party suppliers for distribution to our customers. Due to the nature of our business, we rely heavily on these suppliers to ensure smooth business operations. Therefore, we fully understand the importance of responsible sourcing to ensure that the entire supply chain of Travelite commits to upholding only sustainable practices and engaging with sustainable suppliers. We also leverage our good rapport with our suppliers to convince and aid them in adopting more environmental-friendly and socially responsible production processes to ensure a better world for us all.

Furthermore, Travelite has adopted a strict screening process for all our key suppliers, who account for 70% of our annual purchases. Every one of them is screened carefully for the negative environmental and social impacts that their business operations generate.

These following criteria are used when screening suppliers for adverse environmental effects:

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

While these following criteria are used 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 & safety impacts of products & 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 FY2020, all our seven key suppliers were screened for adverse environmental and social effects. Travelite also conducts regular spot checks on our suppliers to ensure that our suppliers continue to be environmentally and socially responsible in their business operations, and for us to only work with companies that align with our values. The spot checks include background checks and observations regarding the above criteria. However, this practice will be applied for all our new key suppliers, as well as the ad-hoc visits, as we move forward to attaining a more sustainable and ethical supply chain.

CUSTOMER PRIVACY

Travelite greatly values our customers, and we have made it imperative to build trust and ensure that their interests are always placed at the highest priority. To uphold our reputation and avoid litigation, we comply strictly with the Personal Data Protection Act (“PDPA”) with a strong emphasis on our customers’ consent. All customers will only be contacted for marketing activities after obtaining their explicit consent. Furthermore, all our customers’ personal data are strictly collected on a need-to-know basis and are only accessible by authorised personnel. In line with the requirements of PDPA, a customer may only be contacted for marketing activities when his/her consent is given. To further ensure total customer privacy on Travelite’s part, the second layer of protection is in place via our very own Personal Data Protection Policy. This policy establishes the basis upon which Travelite may collect, use, disclose or otherwise process personal data of our customers following the PDPA, and ensure that all these fine lines in the PDPA are fully communicated and understood by our esteemed customers.

SUSTAINABILITY REPORT

Travelite has a data protection officer who investigates and resolves any complaint received from our customers. Should there be any mishandling or failure of our employees to comply with the PDPA, disciplinary actions may be taken, and the severity of the penalty will be assessed on a case-by-case basis.

All these thus speak volumes of our steadfast commitment to build customers’ trust and uphold Travelite’s reputation while preventing hefty litigation costs from avoidable breaches.

The table below fully illustrates our customer privacy performance in FY2020, which is a perfect track record that we intend to emulate even in FY2021:



Figure 6: FY2020 Customer Privacy Performance

OUR GREEN MOVEMENT – ENVIRONMENT

Energy

Climate change and its accelerating adverse effects are a global threat faced by businesses in the long run. To secure the future of Travelite, we are committed to reducing carbon footprints from our business activities. Our current energy-conservation initiatives are as follows:

- a) **Electricity:** In our effort to reduce electricity usage, we conduct regular maintenance of our facilities to prevent and detect failures and deploy motion sensors in washrooms and lift lobbies. We have made replacement to older appliances and invest in switching to more energy-efficient LED lights in offices, storages, and common areas since 2017. We promote and cultivate an energy-saving culture within the organization by sending reminders to employees through internal emails to turn off computers, lighting, and air-conditioners before leaving the office or meeting rooms.
- b) **Fuel:** To reduce the consumption of transport fuel, we have streamlined our logistical functions by harmonising delivery schedules across business units and combining deliveries starting in 2017. We leverage emerging technologies that will improve energy efficiency by substituting older vehicles with newer and more fuel-efficient models.

Travelite had made its pledge in FY2018 to fight climate change by implementing and managing energy-efficient practices in offices, warehouses, and across the supply chain. With that statement, we have been monitoring our energy consumption for the year. However, the effectiveness of our investment approach is reflective in the approximate 7% reduction in annual electricity usage at the Ubi property. Refer to the charts below for a summary of the monthly and yearly energy consumption and intensity comparison.

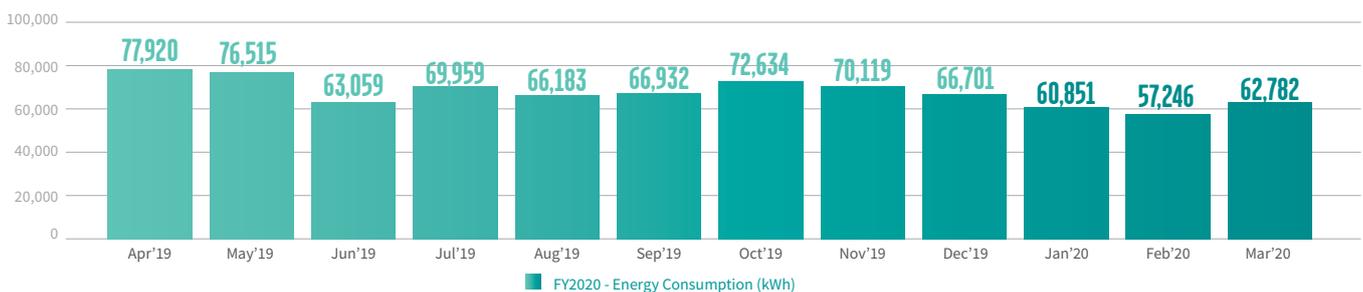


Figure 7: Total FY2020 Energy Consumption in kWh

SUSTAINABILITY REPORT

Energy consumption (kWh)

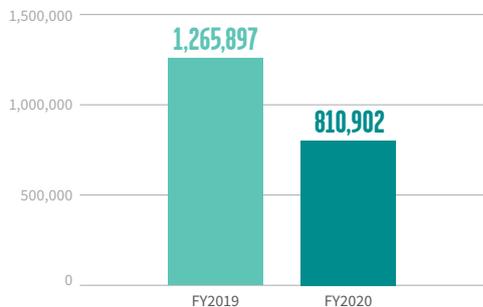


Figure 8: Year-on-Year Energy Consumption Comparison

Energy Intensity (kWh)



Figure 9: Year-on-Year Energy Intensity Comparison

Emissions

Due to Travelite's strong reliance on fuel energy and purchased electricity in order to maintain our business activities in offices and warehouses, efficient electricity-usage is vital to our promise of reducing greenhouse gas emissions and shaping a more sustainable business model. Therefore, Travelite seeks to further reduce our greenhouse gas emissions level in accordance with our energy consumption targets, and more long-term initiatives will be introduced in order to create lasting impacts of minimising our carbon footprint.

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. We aspire to continue reducing our emissions and energy consumptions in the coming financial years.

Absolute GHG emissions (kg CO₂e)



Figure 10: Year-on-Year GHG Emissions Comparison

Emissions intensity (kg CO₂e/Sqm)

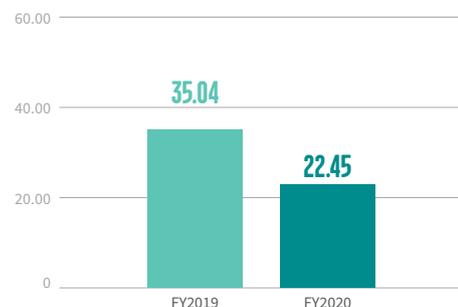


Figure 11: Year-on-Year GHG Emissions Intensity Comparison

OUR PEOPLE, OUR ASSETS - SOCIAL

Talent Retention

Travelite places great emphasis on all of our employees, be it frontline sales associates to backend support staff, as they are all the key assets that support us in our pursuit of even more successful business operations. Therefore, we must show our appreciation for our employees regularly, where we acknowledge and reward their hard work based on their respective contributions. Furthermore, to ensure Travelite continues to attract and retain talents, we focus much on improving the welfare of our employees, while providing competitive salaries and bonuses. Travelite thus enhances employees' well-being by introducing comprehensive benefits schemes, which covers a broad scope from insurance coverage to interest-free loans to full-time staff. Timely address on grievances regarding unfair employment practices from our employees is also ensured to allow for us to alleviate employees' concerns best and prevent dissension within the workplace.

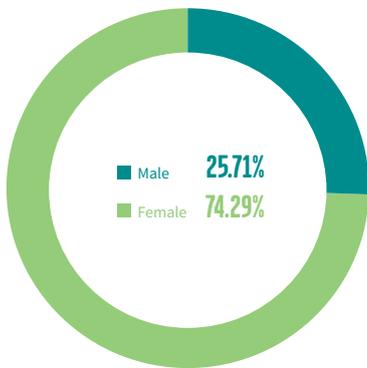
⁶ We updated the methodology for emissions calculation based on guidance from the Intergovernmental Panel on Climate Change, available at https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_annex-ii.pdf, and have made the necessary restatements on our GRI Content Index on Page 31 of the report.

SUSTAINABILITY REPORT

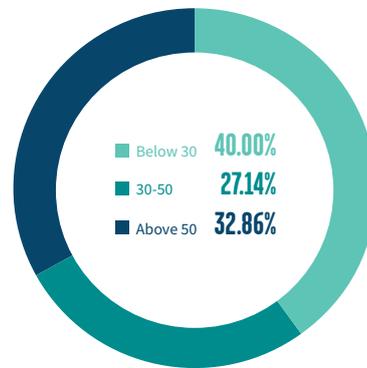
Also, Travelite is a strong supporter of work-life harmonization and believes that all employees are entitled to quality family time. Therefore, we pledge to support the government’s pro-family policies and follow the Ministry of Manpower (MOM) regulations related to parental and childcare leave obligations. We also fiercely uphold our employees’ freedom of association and collective bargaining, which means respecting their rights to a part of trade unions. A number of our employees in our subsidiary, Singapore Crocodile (1968) Pte Ltd (“SC”), are covered under a collective agreement in Singapore, where 19 of the 46 SC employees, are members of the Singapore Industrial & Services Employees’ Union.

An annual review of Travelite’s turnover rate is conducted to ensure that we continue to monitor and understand the behaviours and needs of our employees. The practice is in line with our belief always to seek improvement and become a better employer for all. The figures below detail our employment performance for FY2020 as compared to the previous year:

FY2020 New Hire Rate by Gender



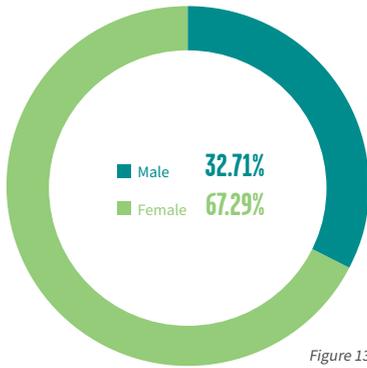
FY2020 New Hire Rate by Age Group



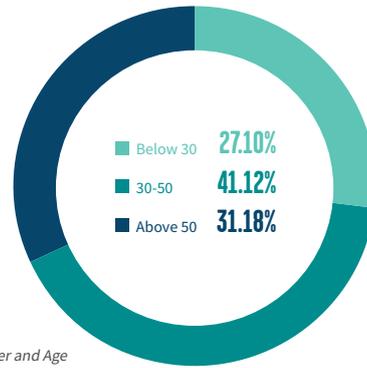
New Hire Rate
24.56%

Figure 12: FY2020 New Hires Breakdown by Gender and Age

FY2020 Turnover Rate by Gender



FY2020 Turnover Rate by Age Group



Turnover Rate
37.54%

Figure 13: FY2020 Turnover Breakdown by Gender and Age

Year-on-Year New Hire Rate (%)



Year-on-Year Turnover Rate (%)



Figure 14: Year-to-year Comparison of New Hire and Turnover Rates

SUSTAINABILITY REPORT

As shown in Figure 14, we have identified a trend in lowering the turnover rate over the past three years. Henceforth, we continue to review our employees' needs and meet their satisfaction to increase their morale, loyalty, and productivity, and at the same time, attracting and retaining talent.

Occupational Health And Safety

With employees being our invaluable assets to drive our business to new heights, the Group, therefore, strives to provide all our employees with a safe and conducive environment to work and grow in. With such high standards placed on our employees' well-being, we believe that we can continue to attract and retain talents, further creating a better Travelite.



Figure 15: Fire drill activities to ensure maximum safety at the workplace

Travelite acts in full compliance with the Workplace Safety and Health (WSH) Act, such that we achieve maximum safety at the workplace as well as ensure that all our employees adopt the best safety practices. Such practices include the reporting of any significant injury that occurred within premises to our Group Human Resource Director, and a detailed investigation will then be conducted. Frequent briefings are conducted to keep our employees aware of the importance of health and safety within the premises.

Travelite also acts under the Singapore Fire and Safety Regulations, where an annual fire drill was executed. The practice helps ensure that all our employees are fully equipped with the necessary skills to react swiftly in times of actual fire. Appointment holders will also have the chance to familiarise their roles and responsibilities in the event of a real fire. This form of preparedness goes a long way in saving the lives of our employees in times of emergency.

Furthermore, to ensure that Travelite's facilities are in good condition and safe for usage by all employees, regular maintenance and upgrades are done to allow for that. Group-wide activities are organized continuously to promote a healthy lifestyle for our employees, which includes post-office hours of jogging sessions and break time health and wellness talks. In addition to these activities, Travelite also conducts frequent feedback sessions to understand employees' well-being concerns. We will then review the effectiveness and timeliness of the corrective policies implemented while ensuring that all measures alleviate the concerns of our employees. For FY2020, we are proud that there are no recorded incidents and we aspire to keep our workplace safety with utmost importance in the coming years.

The figure below illustrates our performance for FY2020



Figure 16: FY2020 performance on Occupational, Health & Safety

SUSTAINABILITY REPORT

TRAINING AND EDUCATION

With the firm belief that our employees are invaluable assets to our firms, Travelite places a huge emphasis on their training and education. This ensures that our employees are provided with continuous support and to be at the forefront of changes. With a high performing foundation in Travelite, we believe that better performance can be aggregately achieved.

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 FY2021.



Figure 17: FY2020 Staff Appraisal Performance

In FY2020, Travelite's Employee (Executives and Non-Executives) and Management have undergone an average of 0.06 and 31.98 hours of training per employee, respectively. Staff must attend relevant training to fulfill the government or industry requirements and further ensure that our employees are well equipped with the necessary skills to keep up and address any changes in this dynamic industry. The following are the topics covered under the employees' training session for the reporting period:

- Leadership and management courses
- Seminars on business and economic outlook and budgeting
- Regulatory training on financial reporting, taxes, Singapore Exchange rulings and Corporate Governance
- Briefing on NWC Guidelines and Tripartite Standards; Trade-union organised Ordinary Delegates' Conference
- Human resources management
- Fire safety and building management
- E-commerce courses
- Retail strategy and industry developments

In FY2021, Travelite sets to pursue better training opportunities for our employees, such that talents can be continuously nurtured and groomed to reach their true potential. We will strengthen our commitment to provide greater training opportunities for our employees while ensuring these training caters to what remains aligned with the industry and governmental requirements as well as individual staff's performances. Training gaps will be assessed on a regular basis, and training to be conducted through a variety of channels, including classroom training, e-courses, as well as industry conferences and regulatory briefings.

Training Hours by Staff Category (In Hour)	FY2019	FY2020
Employee	160	15
Management	365	864
Total Training Hour	525	879

Figure 18: Total training hour's comparisons in FY2019 and FY2020

SUSTAINABILITY REPORT

Diversity And Equal Opportunity

Travelite actively champions the importance of diversity and equal opportunity in our workplace. We can gather and inspire diverse perspectives in which we can leverage to improve employees' productivity and community relations. As a result, our hiring policies reflect Travelite's stance in this issue, and gender, race, and age will not be in any form of our consideration when making any hiring and firing decisions. This process helps ensure all our employees are hired and retained due to their excellent character traits and performance. Our employees trust and rely on us for career progression and guidance. Hence, priorities are given to current employees when identifying potential candidates for job openings.

As of 31 March 2020, the Group has a total of 285 employees which consists of 187 female (66%) and 98 male (34%) employees. The two tables below illustrate our diversity performance for FY2020 in comparison to FY2019:



Figure 19: Year-on-Year Diversity and Equal Opportunity Performance

Non-Discrimination

Travelite is firm on our stance of zero-tolerance to any form of discrimination within the organisation. Therefore, Travelite's Code of Conduct includes clear procedures taken to address employee's grievances, which mandates that employees' grievances must be resolved at the earliest possible stage. With this Grievance Handling protocol in place, we are proud to say that there were no recorded incidents of discrimination in FY2020, and we will strive to maintain this perfect record of accomplishment in the future.

SUSTAINABILITY REPORT

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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	The scale of the organisation	Pg 01, 30
102-8	Information on employees and other workers	Pg 30
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, 34
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Pg 20
102-41	Collective bargaining agreements	Pg 24
102-42	Identifying and selecting stakeholders	Pg 20
102-43	Approach to stakeholder engagement	Pg 20
102-44	Key topics and concerns raised	Pg 20
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Pg 12
102-46	Defining report content and topic Boundaries	Pg 22
102-47	List of material topics	Pg 22
102-48	Restatements of information	N.A.
102-49	Changes in reporting	N.A. There is no change in reporting for Sustainability Report 2020
102-50	Reporting period	Pg 16
102-51	Date of most recent report	Sustainability Report 2019
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 31
102-56	External assurance	N.A. Travelite has not sought external assurance for this report

SUSTAINABILITY REPORT

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103-2	The management approach and its components
103-3	Evaluation of the management approach

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- Pg 23

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- Pg 25

Emissions

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Supplier Environmental Assessment

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REPORT OF CORPORATE GOVERNANCE

The Board of Directors (“**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 Company’s 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 report outlines the main corporate governance practices and procedures adopted by the Company in the financial year ended 30 March 2020 (“**FY2020**”) with reference made to each of the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”). Pursuant to Rule 710 of the Listing Manual of the SGX-ST (“**Listing Manual**”), the Board confirms that the Company has complied with the principles of the Code for FY2020 and in respect of any deviation from the provisions of the Code, appropriate disclosures and explanations are provided in this report in accordance with the requirements of the Listing Manual.

BOARD MATTERS

The Board’s Conduct of Affairs

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

Provision 1.1 **Directors are fiduciaries who act objectively in the best interests of the company and hold management accountable for performance. The board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.**

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. The Board works with the management of the Company (“**Management**”) to achieve this and the Management remains accountable to the Board.

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.

REPORT OF CORPORATE GOVERNANCE

Every Director, in the course of carrying out his duties, acts in good faith and considers at all times, the interests of the Group. When an actual, potential and perceived conflict of interest arises, the concerned Director must disclose such interest, recuse himself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

Provision 1.2 Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.

When a new Director is to be appointed to the Board, 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. For newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors within one year from their appointment dates and other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties.

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.

Dr Clemen Chiang Wen Yuan, who was appointed as an independent Director of the Company in FY2020, has prior experience as a director of a public-listed company in Singapore as he was an independent Director of the Company from 15 February 2007 to 24 April 2009. Mr Foong Daw Ching had attended the ACRA-SGX-SID Annual Audit Committee Seminar in FY2020.

Provision 1.3 The board decides on matters that require its approval and clearly communicates this to management in writing. Matters requiring board approval are disclosed in the company's annual report.

The Group has adopted internal guidelines for the Management, setting forth matters that require the Board's approval. Matters which are reserved for the Board's decision, include, *inter alia*:

- Corporate strategies and business plans;
- Investment and divestment proposals;
- Material acquisitions and disposals of assets;
- Funding decisions of the Group;
- Appointment or removal of Directors, key management personnel and Company Secretaries;
- Annual budgets, interim and full-year results announcements, annual reports and financial statements;
- Recommendation/declaration of dividends;
- Interested person transactions;
- Identification of key stakeholder groups; and
- All matters of strategic importance.

REPORT OF CORPORATE GOVERNANCE

Provision 1.4 Board committees, including executive committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the board. The names of the committee members, the terms of reference, any delegation of the board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.

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.

Provision 1.5 Directors attend and actively participate in board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

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.

The number of Board meetings, Board committee meetings and general meetings held and attended by each member of the Board for FY2020 is as follows:

	Board	Board Committee			General Meeting
		AC	NC	RC	Annual
Number of meetings held	2	2	1	1	1
		Number of meetings attended			
Thang Teck Jong	2	2	1	1	1
Foong Daw Ching	2	2	1	1	1
Clemen Chiang Wen Yuan ⁽¹⁾	1	1	–	–	–
Tan Chun Chieh ⁽²⁾	1	1	1	1	1

Notes:

⁽¹⁾ Dr Clemen Chiang Wen Yuan was appointed as an independent Director, the Chairman of the NC and RC and a member of the AC of the Company on 4 November 2019.

⁽²⁾ Mr Tan Chun Chieh ceased to be an independent Director, the Chairman of the NC and RC and a member of the AC of the Company on 31 October 2019.

When a Director has multiple board representations, the NC will consider if the Director is able to and has adequately carried out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments. 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.

REPORT OF CORPORATE GOVERNANCE

Provision 1.6 Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and 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 and Board committee meetings. Detailed board papers which contain sufficient information on the issues to be considered are prepared and circulated to the Directors in advance for each meeting to give the Directors sufficient time to review the matters.

Provision 1.7 Directors have separate and independent access to management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the board as a whole.

The Directors are provided with the contact details of the Management and the Company Secretaries to facilitate separate and independent access.

Either one of the Company Secretaries attends Board and Board committee meetings. Together with the Management, the Company Secretaries are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act, Chapter 50 ("**Companies Act**"), and the provisions in the Listing Manual 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.

Board Composition and Guidance

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

Provision 2.1 An "independent" director" is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

The Board currently comprises three members, two of whom are independent Directors, as follows:

Executive Director

Mr Thang Teck Jong, Executive Chairman

Independent Directors

Mr Foong Daw Ching (Lead Independent Director)

Dr Clemen Chiang Wen Yuan

The independence of each independent Director is reviewed annually by the NC based on the guidelines set forth in the Code and the Listing Manual. The independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in the best interests of the Company. The NC is of the view that Mr Foong Daw Ching and Dr Clemen Chiang Wen Yuan are independent.

REPORT OF CORPORATE GOVERNANCE

The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will 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 has served on the Board for more than nine years from the date of his first appointment. The Board conducted rigorous review by examining any conflicts of interest, his review and scrutiny of matters and proposals put before the Board, his exercise of independent judgement, the effectiveness of his oversight role as a check and balance on the acts of the executive Chairman and the Management as well as his role in enhancing and safeguarding the interests of the Company and its shareholders. Upon review, the Board considers Mr Foong Daw Ching to remain independent. Pursuant to Rule 210(5)(d)(iii) of the Listing Manual which will come into effect from 1 January 2022, the re-election of Mr Foong Daw Ching who is due to retire at the forthcoming annual general meeting (“AGM”), will be subject to a two-tier shareholders voting.

Provision 2.2 Independent directors make up a majority of the board where the chairman is not independent.

Provision 2.3 Non-executive directors make up a majority of the board.

The Board currently comprises three members, two of whom are independent Directors, and the Chairman of the Board is not an independent Director. This composition complies with Provision 2.2 and Provision 2.3.

Provision 2.4 The board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company’s annual report.

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. 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 Board is also of the view that no individual or small group of individuals dominates the Board’s decision-making process.

The Board recognises the benefits of having a diverse Board to help bring in new ways of thinking, insights and different perspectives to the Board, which will result in productivity and quality of Board deliberations. While the Board and NC have not implemented a fixed diversity policy, the composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective in reviewing the issues that are brought before the Board and enable it to make decisions in the best interests of the Company. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

Provision 2.5 Non-executive directors and/or independent directors, led by the independent chairman or other independent director as appropriate, meet regularly without the presence of management. The chairman of such meetings provides feedback to the board and/or chairman as appropriate.

The independent Directors confer with the executive Chairman 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 and provide feedback to the Board as appropriate.

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Chairman and Chief Executive Officer

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

Provision 3.1 The chairman and the chief executive officer (“CEO”) are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the board for independent decision making.

Provision 3.2 The board establishes and sets out in writing the division of responsibilities between the chairman and the CEO.

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. Taking into account the size of the operations of the Group, the Company does not appoint a CEO and the general managers of each of the subsidiaries are responsible for the overall day-to-day management of the respective subsidiaries.

With the assistance of the Company Secretaries, Mr Thang Teck Jong sets out the agenda for Board meetings and ensures that adequate time is available for discussion of all agenda items. He promotes high standards of corporate governance as well as an open environment for debate, and ensures that the independent Directors are able to speak freely and contribute effectively. He also ensures that the Board receives complete, adequate and timely information. In addition, Mr Thang Teck Jong plays a pivotal role in ensuring effective communication with shareholders at general meetings of the Company, and encouraging constructive relations within the Board and between the Board and the Management.

Provision 3.3 The board has a lead independent director to provide leadership in situations where the chairman is conflicted, and especially when the chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the chairman or management are inappropriate or inadequate.

Mr Foong Daw Ching is the Lead Independent Director of the Company. He is available to shareholders when they have concerns where contact through the normal channels of communication with the executive Chairman and/or Group Financial Controller are inappropriate or inadequate.

Board Membership

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

Provision 4.1 The Board establishes a nominating committee to make recommendations to the board on relevant matters relating to:

- (a) the review of succession plans for directors, in particular the appointment and/or replacement of the chairman, the CEO and key management personnel;
- (b) the process and criteria for evaluation of the performance of the board, its board committees and directors;
- (c) the review of training and professional development programmes for the board and its directors; and
- (d) the appointment and re-appointment of directors (including alternate directors, if any).

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The principal functions of the NC are as follows:

- (a) to make recommendations to the Board on appointments and re-appointment of Directors;
- (b) to determine annually whether or not a Director is independent within the meaning of the Code and the Listing Manual;
- (c) in respect of a Director who has multiple board representations, to determine whether such Director is able to and has been adequately carrying out his duties as Director;
- (d) to decide the process and criteria for evaluation of the performance of the Board, its Board committees and Directors;
- (e) to review the succession plans for Directors;
- (f) to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary; and
- (g) to review the training and professional development programmes for the Board.

Provision 4.2 The NC comprises at least three directors, the majority of whom, including the NC chairman, are independent. The lead independent director, if any, is a member of the NC.

The NC comprises three Directors, namely Dr Clemen Chiang Wen Yuan, Mr Foong Daw Ching and Mr Thang Teck Jong. The Chairman of the NC is Dr Clemen Chiang Wen Yuan. Dr Clemen Chiang Wen Yuan and Mr Foong Daw Ching are independent Directors while Mr Thang Teck Jong is the executive Chairman.

Provision 4.3 The company discloses the process for the selection, appointment and re-appointment of directors to the board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.

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 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 will abstain from recommending his own re-election. The NC has recommended the re-election of Mr Foong Daw Ching and Dr Clemen Chiang Wen Yuan. The Board has accepted the NC's recommendation.

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Provision 4.4 The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the board. If the board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.

The independence of each independent Director is reviewed annually by the NC based on the guidelines set forth in the Code and the Listing Manual. The independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in the best interests of the Company.

Provision 4.5 The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

Newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore are required to attend training courses organised by the Singapore Institute of Directors within one year from their appointment dates and other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties.

All Directors declare their board representation as and when practicable. The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Company to adequately perform their duties as Directors of the Company. The information on each Directors' directorships in other listed companies and other principal commitments is set out below:

Name	Directorships in Other Listed Companies	Other Principal Commitments
Thang Teck Jong	Nil	Nil
Foong Daw Ching	- ayondo Ltd. - Starland Holdings Limited - Suntar Eco-city Limited	Nil
Clemen Chiang Wen Yuan	Nil	Engaged in the business of financial technology at Aly Pte. Ltd.

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.

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.

REPORT OF CORPORATE GOVERNANCE

Board Performance

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

Provision 5.1 The NC recommends for the board's approval the objective performance criteria and process for the evaluation of the effectiveness of the board as a whole, and of each board committee separately, as well as the contribution by the chairman and each individual director to the board.

Provision 5.2 The company discloses in its annual report how the assessments of the board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.

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 the Chairman of the Board and 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.

No external facilitator was engaged by the Company for assessing the effectiveness of the Board in FY2020.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Provision 6.1 The Board establishes a remuneration committee to review and make recommendations to the Board on:

- (a) a framework of remuneration for the board and key management personnel; and
- (b) the specific remuneration packages for each director as well as for the key management personnel.

The principal functions of the RC are to review and recommend to the Board a framework of remuneration for the Directors and key management personnel, and the specific remuneration packages for each Director and key management personnel.

Each member of the RC will abstain from voting on any resolutions in respect of his own remuneration and the remuneration of employees related to him.

REPORT OF CORPORATE GOVERNANCE

Provision 6.2 The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC chairman, are independent.

The RC comprises three Directors, namely Dr Clemen Chiang Wen Yuan, Mr Foong Daw Ching and Mr Thang Teck Jong. The Chairman of the RC is Dr Clemen Chiang Wen Yuan. Dr Clemen Chiang Wen Yuan and Mr Foong Daw Ching are independent Directors while Mr Thang Teck Jong is the executive Chairman.

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 key management personnel of the Group. However, independence is not compromised as the majority of the members of the RC are independent.

Provision 6.3 The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

The RC considers all aspects of remuneration, including Directors' fees, salaries, bonuses, allowances, options and benefits in kind.

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

Provision 6.4 The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.

The RC did not seek any external professional advice on remuneration of the Directors in FY2020.

Level and Mix of Remuneration

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

Provision 7.1 A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

The Company has a remuneration policy for the executive Chairman 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 Chairman 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 horizons of risks.

REPORT OF CORPORATE GOVERNANCE

The Company had entered into a service agreement with Mr Thang Teck Jong, the executive Chairman. The service agreement is subject to automatic renewal upon expiry on such terms and conditions as the parties may agree, and provide for, *inter alia*, termination by either party upon giving the requisite notice period. Mr Thang Teck Jong is entitled to receive an annual performance bonus based on the audited profit before tax of the Group when it achieves S\$2,500,000 for the financial year pursuant to his service agreement. No annual performance bonus has been paid to Mr Thang Teck Jong for FY2020. 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.

Provision 7.2 The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

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.

Provision 7.3 Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

The Board ensures 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.

Disclosure on Remuneration

<p>Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.</p>
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Provision 8.1 The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.

Provision 8.3 The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.

The Company has a remuneration policy for the executive Chairman 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 Chairman 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 horizons of risks.

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The breakdown of the total remuneration of the Directors for FY2020 is set out below:

Name	Fee ⁽¹⁾ %	Salary %	Bonus %	Benefits %	Total Remuneration %
S\$250,000 to S\$500,000					
Thang Teck Jong	–	95	–	5	100
S\$0 to S\$250,000					
Foong Daw Ching	100	–	–	–	100
Dr Clemen Chiang Wen Yuan	–	–	–	–	–
Tan Chun Chieh ⁽²⁾	–	–	–	–	–

Notes:

⁽¹⁾ These fees are subject to the approval of the shareholders at the forthcoming AGM.

⁽²⁾ Mr Tan Chun Chieh ceased to be a Director of the Company on 31 October 2019.

The breakdown of the total remuneration of the top four key management personnel of the Group for FY2020 is set out below:

Name	Salary %	Bonus %	Benefits %	Total Remuneration %
S\$0 to S\$250,000				
Chew Chiew Hor	94	6	–	100
Lee Li Erh ⁽¹⁾	96	4	–	100
Toh Kian Hock	94	6	–	100
Yeo Guan Hong	89	7	4	100

Note:

⁽¹⁾ Ms Lee Li Erh ceased to be the Group Financial Controller on 8 May 2020.

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

There were only four key management personnel in FY2020. The aggregate total remuneration paid to the above key management personnel amounted to S\$620,000 for FY2020.

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

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Provision 8.2 The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

There are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2020.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1 The board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The board sets up a board risk committee to specifically address this, if appropriate.

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 FY2020.

The independent auditor of the Company, 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 FY2020.

Provision 9.2 The Board requires and discloses in the company's annual report that it has received assurance from:

- (a) the CEO and the chief financial officer that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

The Company does not have a CEO and chief financial officer. The Board has, however, received assurance from the executive Chairman and the Group Financial Controller that (a) the financial records have been properly maintained and the financial statements for FY2020 give a true and fair view of the Group's operations and finances; and (b) the Group has put in place and will continue to maintain a reasonably adequate and effective systems of risk management and internal controls.

REPORT OF CORPORATE GOVERNANCE

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 2020. 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 10: The board has an audit committee which discharges its duties objectively.

Provision 10.1 The duties of the AC include:

- (a) **reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;**
- (b) **reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;**
- (c) **reviewing the assurance from the CEO and the CFO on the financial records and financial statements;**
- (d) **making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;**
- (e) **reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and**
- (f) **reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.**

The principal functions of the AC are as follows:

- (a) reviewing the announcement of the half-year and full-year results and the financial statements of the Group;
- (b) 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;
- (c) 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;
- (d) reviewing the assistance and co-operation given by the Management to the independent auditor and internal auditor;
- (e) discussing problems and concerns, if any, arising from the independent audit;

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- (f) nominating the independent auditor for re-appointment; and
- (g) reviewing interested person transactions, as defined in the Listing Manual.

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 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 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 FY2020.

The fees paid or payable to the auditors of the Group for audit and non-audit services during FY2020 are as follows:

	Audit Services	Non-audit Services
Independent auditor	S\$155,000	S\$21,000
Other auditor	S\$2,000	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 FY2020. 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 in appointing its audit firms.

Provision 10.2 The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC chairman, are independent. At least two members, including the AC chairman, have recent and relevant accounting or related financial management expertise or experience.

The AC comprises three Directors, namely Mr Foong Daw Ching, Dr Clemen Chiang Wen Yuan and Mr Thang Teck Jong. The Chairman of the AC is Mr Foong Daw Ching. Mr Foong Daw Ching and Dr Clemen Chiang Wen Yuan 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.

REPORT OF CORPORATE GOVERNANCE

Provision 10.3 The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

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

Provision 10.4 The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

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.

During FY2020, 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 FY2020.

The AC reviewed the adequacy of the internal audit function annually and is satisfied that the internal audit function is independent, effective, adequately resourced and has appropriate standing within the Group to perform its duties effectively for FY2020.

Provision 10.5 The AC meets with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually.

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.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Provision 11.1 The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

REPORT OF CORPORATE GOVERNANCE

All shareholders will receive the Company's annual report and notice of AGM or general meetings and are entitled to attend the general meetings of the Company. They are afforded the opportunity to participate effectively at such meetings and 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.

Provision 11.2 The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are “bundled”, the company explains the reasons and material implications in the notice of meeting.

The Company has separate resolutions at general meetings for each distinct issue. This is to ensure that shareholders are given the right to express their views and exercise their voting rights on each resolution separately. Where the resolutions are “bundled”, the reasons and material implications for doing so will be provided in the annual report and related documents / notice of general meeting.

Provision 11.3 All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.

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 the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. Please refer to Provision 1.5 for details on the Directors' attendance at general meetings held during FY2020.

Provision 11.4 The company's constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

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. 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.

Provision 11.5 The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the board and management.

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 published on the SGXNET and/or the Company's website.

Provision 11.6 The company has a dividend policy and communicates it to shareholders.

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 FY2020 as the Group is conserving cash for business growth and opportunities.

REPORT OF CORPORATE GOVERNANCE

Engagement with Shareholders

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

Provision 12.1 The company provides avenues for communication between the board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of 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 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 via the 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.

Provision 12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

Provision 12.3 The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

The Company does not have an investor relations policy in place and there is no dedicated investor relations team in place as the Board is of the view that the current communication channels are sufficient and cost-effective.

The Company conducts its investor relations on the following principles:

- (a) Information deemed to be price-sensitive is disseminated without delay via announcements on the 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 provides its phone number and e-mail address on the Company's website through which the shareholders may contact the Company with questions and the Company may respond to such questions.

REPORT OF CORPORATE GOVERNANCE

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Provision 13.1 The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company recognises the importance of close collaboration with its key stakeholders such as employees, investors and media, suppliers and service providers, and customers, in order to achieve sustainable business goals. The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicate with them to align the Company's expectation and goals. The executive Chairman and independent Directors meet and speak with shareholders at general meetings to gather their views and address concerns.

Provision 13.2 The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

The Group engages with the key stakeholders through various platforms. Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholder, including frequency of engagement by type and by stakeholder group, and key feedback or issues that have been raised through stakeholder engagement can be found in the Company's Sustainability Report 2020.

Provision 13.3 The company maintains a current corporate website to communicate and engage with stakeholders.

The Company maintains its corporate website (<http://www.etravelite.com/>) providing information about the Company such as the Board and the Management, products and services, as well as all disclosures and announcements of the Company submitted via the SGXNET. Stakeholders can also contact the Company through phone or email, the details of which can be found on the Company's website.

REPORT OF CORPORATE GOVERNANCE

ADDITIONAL INFORMATION

Dealing in Securities

The Company has adopted policies in line with the requirements of the Listing Manual 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 Transaction

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 during FY2020.

Material Contracts and Loans

Pursuant to Rule 1207(8) of the Listing Manual, 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 FY2020, 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 Directors Seeking Re-election

Mr Foong Daw Ching and Dr Clemen Chiang Wen Yuan are the Directors seeking re-election at the forthcoming AGM of the Company. Pursuant to Rule 720(6) of the Listing Manual, the information relating to Mr Foong Daw Ching and Dr Clemen Chiang Wen Yuan in accordance with Appendix 7.4.1 of the Listing Manual is set out below:

	FOONG DAW CHING	CLEMEN CHIANG WEN YUAN
Date of appointment	15 February 2007	4 November 2019
Date of last re-appointment	27 July 2018	Not applicable
Age	69	46
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the NC and assessed Mr Foong and Dr Chiang's overall contributions and performance, is of the view that they are suitable for re-appointment as independent Directors of the Company.	
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, chairman of AC and member of NC and RC	Chairman of NC and RC and member of AC
Professional qualifications	<ul style="list-style-type: none"> • Institute of Chartered Accountants in England & Wales • The Institute of Singapore Chartered Accountants • Certified Practising Accountants (CPA) Australia • Malaysian Institute of Accountants 	<ul style="list-style-type: none"> • Master of Business Administration, University of Louisville, United States of America • Doctor of Philosophy, University of Canberra, Australia
Working experience and occupation(s) during the past 10 years	As set out in Mr Foong's profile write-up at page 07 of this Annual Report.	As set out in Dr Chiang's profile write-up at page 08 of this Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
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	Nil

REPORT OF CORPORATE GOVERNANCE

	FOONG DAW CHING	CLEMEN CHIANG WEN YUAN
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships	<p><u>Past (for the last 5 years)</u> Directorships:</p> <ul style="list-style-type: none"> • Baker Tilly International Limited (UK) • National University Health Services Group Pte. Ltd. (formerly known as Jurong Health Services Pte. Ltd.) • NUH Health Research Endowment Fund Board <p>Other Principal Commitments: Nil</p> <p><u>Present</u> Directorships:</p> <ul style="list-style-type: none"> • ayondo Ltd. • Church of Singapore • NUHS Fund Limited • St Luke's Hospital • St Luke's Eldercare Ltd. • Starland Holdings Ltd. • Suntar Eco-City Limited • Tung Ling Student Care Centre • Tung Ling Community Services <p>Other Principal Commitments: Nil</p>	<p><u>Past (for the last 5 years)</u> Directorships:</p> <ul style="list-style-type: none"> • Virality Pte. Ltd. <p>Other Principal Commitments: Nil</p> <p><u>Present</u> Directorships:</p> <ul style="list-style-type: none"> • Aly Pte. Ltd. <p>Other Principal Commitments: Nil</p>

REPORT OF CORPORATE GOVERNANCE

	FOONG DAW CHING	CLEMEN CHIANG WEN YUAN
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	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	Yes. Dr Chiang was a director of Freely Pte. Ltd. from 19 April 2001 until its dissolution via compulsory winding up (insolvency) on 4 September 2014. Please refer to paragraph (f) below for further details.
(c) Whether there is any unsatisfied judgment against him?	No	No

REPORT OF CORPORATE GOVERNANCE

	FOONG DAW CHING	CLEMEN CHIANG WEN YUAN
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

REPORT OF CORPORATE GOVERNANCE

	FOONG DAW CHING	CLEMEN CHIANG WEN YUAN
(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	<p>Yes. No judgment has been entered against Dr Chiang in any civil proceedings in Singapore or elsewhere, and Dr Chiang has not been the subject of any civil proceedings, during the last 10 years. However, Dr Chiang was a director of Freely Pte. Ltd. (the “Respondent”) which was held liable for unfair practice under the Consumer Protection (Fair Trading) Act in relation to a civil claim.</p> <p>Dr Chiang was a shareholder and director of the Respondent, which was engaged in the business of running a private school. Between October and November 2008, a total of 51 claims were lodged by individuals (the “Claimants”), who had enrolled in an options trading course (the “Course”) ran by the Respondent in May or June 2008, against the Respondent for the repayment of the full price paid for the Course as well as ancillary products purchased such as a software programme (the “Software”) and a web-seminar package (the “Webinar”). The Claimants based their case on a statement published by the Respondent that Dr Chiang, who was the Course conductor, has a Ph.D. in options trading awarded by Preston University and had designed the Course around his Ph.D. dissertation. However, it was reported in the Straits Times in August 2008 that in the United States of America, Preston University is regarded as a “degree mill”.</p>

REPORT OF CORPORATE GOVERNANCE

	FOONG DAW CHING	CLEMEN CHIANG WEN YUAN
		<p>As set out in the Grounds of Decision dated 15 April 2009, the referee of the Small Claims Tribunal (the “Referee”) determined that the Respondent should bear liability for the unfair practice of misleading the Claimants, as the Respondent could market Dr Chiang’s capabilities but they cannot hold him out as an academic expert in options trading. The Referee made, among others, orders for the Respondent to pay each Claimant sums in respect of the Course contract and/or the Software and Webinar contracts (as may be applicable).</p> <p>On or around March/April 2009, the Respondent appealed to a District Judge against the decision of the Referee but was unsuccessful.</p>
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

REPORT OF CORPORATE GOVERNANCE

	FOONG DAW CHING	CLEMEN CHIANG WEN YUAN
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p> <p>(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</p> <p>(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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>Yes. Please refer to paragraph (k) below for further details.</p> <p>No</p> <p>No</p> <p>No</p>	<p>No</p> <p>No</p> <p>No</p> <p>Yes. Dr Chiang was a director of Freely Pte. Ltd., a company exempted from holding Capital Markets Services Licence to carry on business in fund management to not more than 30 qualified investors as defined under the Securities and Futures Regulations. In January 2007, Freely Pte. Ltd. was issued a supervisory warning from the Monetary Authority of Singapore (“MAS”) for breaching a direction issued by the MAS by stating on its website that “Freely Investments has been awarded a licence by the MAS to manage funds for up to 30 high-net worth individuals”, which is in contravention of section 101(1) of the Securities and Futures Act, Chapter 289.</p>

REPORT OF CORPORATE GOVERNANCE

	FOONG DAW CHING	CLEMEN CHIANG WEN YUAN
(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?	<p>Mr Foong is an independent director of ayondo Ltd. ayondo Ltd. and some of its existing and former directors including Mr Foong received a private show-cause letter (“Letter”) from the Singapore Exchange Regulation (“SGX Regco”) to make representations for potential breaches of listing rules. At the date of this Annual Report, there is no outcome on this matter.</p> <p>With reference to the guidance provided in Practice Note 7.1 of the Listing Manual, the Board and NC have assessed the matter and are of the view that Mr Foong remains suitable as a Director of the Company despite the receipt of this Letter.</p> <p>The Board and NC will re-assess the suitability of Mr Foong when there is an outcome from SGX Regco on this matter.</p>	No

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 2020.

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

Dr Clemen Chiang Wen Yuan (Appointed on 4 November 2019)

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

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 2020 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. OPTIONS

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

During the reporting year, there were no shares of the company or other 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 other body corporate in the group under option.

6. 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)
Dr Clemen Chiang Wen Yuan	(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.

STATEMENT BY DIRECTORS

7. INDEPENDENT AUDITOR

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

8. 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 2020.

9. 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 30 July 2020, 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

8 September 2020

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 2020, 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 2020 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.

Assessment of expected credit loss allowance on trade receivables

Refer to Note 2A “Financial instruments” and Note 2C “Assessment of expected credit loss allowance on trade receivables” for the relevant accounting policies and disclosure of significant accounting estimates, and Notes 20 and 34D for the breakdown of trade receivables and credit risk of the group respectively.

INDEPENDENT AUDITOR'S REPORT

to the Members of TRAVELITE HOLDINGS LTD.

Key audit matters (cont'd)

Key audit matter

The carrying amount of trade receivables amounted to \$6,631,000 (2019: \$10,802,000) which accounted for approximately 11% (2019: 18%) of the group's total assets as at the reporting year end.

The estimate of expected credit loss 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 and cash flow of a major customer by having regular discussion with customer's management. The group holds collateral of the major customer's properties. Subsequent to the end of the reporting year, the group has an undertaking with the customer to create a floating charge over certain assets of the customer. This is still pending.

The gross amount of trade receivables past due over 90 days amounted to \$9,234,000. The allowance for impairment loss on these customers were \$4,728,000. Management is of the view that the remaining amounts are recoverable based on their knowledge of the customers' payment history and credit worthiness.

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 it is 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. In addition, we have also assessed the adequacy of the loss allowance recorded as at end of the reporting year and the disclosures made in the financial statements.

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 statement by directors and the annual report but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

to the Members of TRAVELITE HOLDINGS LTD.

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.

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the Members of TRAVELITE HOLDINGS LTD.

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

- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

8 September 2020
Engagement partner - effective from year ended 31 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 March 2020

	Notes	Group	
		2020 \$'000	2019 \$'000
Revenue	5	42,571	42,781
Cost of sales		(24,370)	(23,858)
Gross profit		18,201	18,923
Interest income		264	480
Other gains	6	361	444
Marketing and distribution costs		(13,697)	(12,207)
Administrative expenses		(4,934)	(6,281)
Finance costs	7	(1,125)	(690)
Other losses	6	(4,978)	(280)
Share of profit from equity-accounted associate		13	10
(Loss) / profit before tax from continuing operations		(5,895)	399
Income tax expense	9	(303)	(121)
(Loss) / profit from continuing operations, net of tax		(6,198)	278
Other comprehensive (loss) / income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	24A	(6)	19
Other comprehensive (loss) / income for the year, net of tax		(6)	19
Total comprehensive (loss) / income		(6,204)	297
(Loss) / profit attributable to owners of the parent, net of tax		(6,111)	220
(Loss) / profit attributable to non-controlling interests, net of tax		(87)	58
(Loss) / profit net of tax		(6,198)	278
Total comprehensive (loss) / income attributable to owners of the parent		(6,117)	239
Total comprehensive (loss) / income attributable to non-controlling interests		(87)	58
Total comprehensive (loss) / income		(6,204)	297
(Loss) / earnings per share		Cents	Cents
(Loss) / earnings per share currency unit			
Basic – continuing operations	10	(9.68)	0.35
Diluted – continuing operations	10	(9.68)	0.35

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

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Notes	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	20,614	21,439	19,192	19,716
Rights-of-use assets	12	9,719	-	8,120	-
Investment property	13	-	1,903	-	-
Intangible assets	15	208	242	-	-
Investment in subsidiaries	16	-	-	12,734	12,734
Investment in associates	17	239	169	-	-
Investment in joint venture	18	-	-	-	-
Deferred tax assets	9	34	24	-	-
Other receivables	20	3	252	-	-
Total non-current assets		30,817	24,029	40,046	32,450
Current assets					
Property held for sale	14	1,742	-	-	-
Inventories	19	15,418	12,165	-	-
Trade and other receivables	20	8,281	12,576	3,463	2,721
Other non-financial assets	21	415	597	23	21
Cash and cash equivalents	22	5,493	9,924	141	1,597
Total current assets		31,349	35,262	3,627	4,339
Total assets		62,166	59,291	43,673	36,789
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	23	21,831	21,831	21,831	21,831
Treasury shares	23	(2)	(2)	(2)	(2)
(Accumulated losses) / retained earnings		(3,593)	2,518	(5,584)	(5,191)
Other reserves	24	334	340	(82)	(82)
Equity, attributable to owners of the parent, total		18,570	24,687	16,163	16,556
Non-controlling interests		3,480	3,567	-	-
Total equity		22,050	28,254	16,163	16,556
Non-current liabilities					
Provisions	25	195	160	-	-
Deferred tax liabilities	9	159	154	65	50
Lease liabilities	27	8,781	35	8,176	-
Other financial liabilities	28	10,072	10,466	10,072	10,466
Total non-current liabilities		19,207	10,815	18,313	10,516
Current liabilities					
Income tax payable		225	231	50	62
Trade and other payables	26	4,283	5,957	777	1,447
Lease liabilities	27	1,226	68	152	-
Other financial liabilities	28	14,571	13,966	8,178	8,208
Deferred grant income	29	604	-	40	-
Total current liabilities		20,909	20,222	9,197	9,717
Total liabilities		40,116	31,037	27,510	20,233
Total equity and liabilities		62,166	59,291	43,673	36,789

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 March 2020

Group	Total equity \$'000	Attributable to parent sub-total \$'000	Share capital \$'000	(Accumulated	Treasury shares \$'000	Other reserves \$'000	Non- controlling interests \$'000
				losses) / retained earnings \$'000			
Current year:							
Opening balance at 1 April 2019	28,254	24,687	21,831	2,518	(2)	340	3,567
Changes in equity:							
Total comprehensive loss for the year	(6,204)	(6,117)	–	(6,111)	–	(6)	(87)
Closing balance at 31 March 2020	22,050	18,570	21,831	(3,593)	(2)	334	3,480
Previous year:							
Opening balance at 1 April 2018	27,957	24,448	21,831	2,298	(2)	321	3,509
Changes 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

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 March 2020

Company	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Other reserve \$'000	Accumulated losses \$'000
Current year:					
Opening balance at 1 April 2019	16,556	21,831	(2)	(82)	(5,191)
Changes in equity:					
Total comprehensive loss for the year	(393)	-	-	-	(393)
Closing balance at 31 March 2020	16,163	21,831	(2)	(82)	(5,584)
Previous year:					
Opening balance at 1 April 2018	16,731	21,831	(2)	(82)	(5,016)
Changes in equity:					
Total comprehensive loss for the year	(175)	-	-	-	(175)
Closing balance at 31 March 2019	16,556	21,831	(2)	(82)	(5,191)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 March 2020

	Group	
	2020 \$'000	2019 \$'000
Cash flows from operating activities		
(Loss) / profit before tax	(5,895)	399
Adjustments for:		
Interest income	(264)	(480)
Interest expense	1,125	690
Share of the profit of equity-accounted associate	(13)	(10)
Depreciation of property, plant and equipment	1,368	1,339
Depreciation of investment property	161	159
Depreciation of right-of-use assets	1,529	-
Amortisation of other intangible assets	34	35
Allowance of impairment for trade and other receivables	4,447	-
Plant and equipment written off	27	9
Impairment of plant and equipment	86	-
Impairment of goodwill	8	-
Gain on disposal of plant and equipment	(104)	(86)
Provisions	53	17
Operating cash flows before changes in working capital	2,562	2,072
Inventories	(2,940)	(439)
Trade and other receivables	225	1,166
Other non-financial assets	208	(174)
Trade and other payables	(2,209)	1,064
Provisions	(18)	(37)
Net cash flows (used in) / from operations before tax	(2,172)	3,652
Income taxes paid	(314)	(19)
Net cash flows (used in) / from operating activities	(2,486)	3,633
Cash flows from investing activities		
Disposal of plant and equipment	241	197
Purchase of plant and equipment (Notes 11 and 22B)	(605)	(849)
Increase in investment in associate	(57)	(54)
Acquisition of subsidiary (net of cash acquired) (Note 30)	182	-
Cash restricted in use	350	(450)
Interest received	264	480
Net cash flows from / (used in) investing activities	375	(676)
Cash flows from financing activities		
Lease liabilities - principal portion paid	(1,475)	(95)
Lease liabilities - interest paid	(350)	-
Increase in borrowings	200	1,860
Increase / (decrease) in other financial liabilities	11	(662)
Interest paid	(775)	(690)
Net cash flows (used in) / from financing activities	(2,389)	413
Net (decrease) / increase in cash and cash equivalents	(4,500)	3,370
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	9,474	6,065
Net effect of exchange rate changes on cash and cash equivalents	24	39
Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 22A)	4,998	9,474

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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 directors have the power to amend and reissue the financial statements.

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 and associates are described in Note 16 and 17 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 have been 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. They are in compliance with the provisions of the Companies Act, Chapter 50 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

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 2020

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.

Covid-19 pandemic and the aftermath

The Covid-19 pandemic and the aftermath of the pandemic globally forced to suspend or limit business operations during the reporting year and the aftermath is expected for the unforeseeable period ahead. Measures were taken by the governments to contain the spread of Covid-19, including travels, social distancing and closure of non-essential services. This resulted in an economic slowdown, which have adversely impacted on the business of the reporting entity. The economic uncertainties have created questions about the uncertainties relating to the impairment or recoverability of certain assets (including impairment allowances for inventories and receivables) and the completeness or valuation of certain assets and liabilities reflected in these financial statements. An assessment was made by management whether for the current reporting year there were any indications that these assets and liabilities may be impacted adversely. If any such indication of uncertainties existed, an estimate was made of the realisable amount and or fair value of the relevant assets and the completeness of the liabilities (which balances are more fully disclosed in the relevant notes to these financial statements). The recoverability of the assets and the ability of the entity to maintain or pay its debts as they mature are dependent to a large extent on the efficacy of the fiscal and other measures undertaken by Singapore and the affected countries overseas to successfully meet those economic challenges. As the pandemic continues to progress and evolve, it is extremely challenging to predict the full extent and duration of its impact on the entity's businesses and the countries where the reporting entity operates. The group is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing its cost by adopting an operating cost reduction strategy and conserving liquidity by working with major creditors to align repayment obligations with receivable collections.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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).

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.

Rental income is recognised from operating leases as income on either a straight-line basis or another systematic basis which is used if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Other income

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.

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 2020

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

2A. Significant accounting policies (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

2A. Significant accounting policies (cont'd)

Income tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associate except where the company is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

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

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

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 25 on non-current provisions.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

2A. Significant accounting policies (cont'd)

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment. The annual rates of depreciation are as follows:

Leasehold land and building	-	Over the terms of lease that is 2.6%
Retail outlets	-	Over the terms of lease that are from 38% to 59%

Investment property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee as a right-of-use asset under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) 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 professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The annual rate of depreciation is over the terms of lease at 2.6%.

Leases of lessee

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-to-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and an interest expense on the recognised lease liability (included in finance costs). Short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard whereby the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

Leases of lessor

As a lessor the reporting entity classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease receipts from operating leases are recognised as income on either a straight-line basis or another systematic basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

2A. Significant accounting policies (cont'd)

Intangible assets

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

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

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

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

Subsidiaries

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

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

Associates

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

2A. Significant accounting policies (cont'd)

Associates (cont'd)

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.

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

As at the end of the reporting year, the company has an outstanding interest rate swap with the notional amount of \$4 million. The fair value loss of the interest rate swap is \$124,485. The amount is not recorded in the accounts as it is not significant to the company.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

There is no significant business combinations during the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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 2020

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 2020

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 2020

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.

Provisions

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

Treasury shares

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

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.

Covid-19 pandemic and the aftermath:

An assessment was made by management whether for the current reporting year there were any indications that these assets and liabilities may be impacted adversely. If any such indication of uncertainties existed, an estimate was made of the realisable amount and or fair value of the relevant assets and the completeness of the liabilities (which balances are more fully disclosed in the relevant notes to these financial statements). It is reasonably possible, based on existing knowledge that outcomes within the next reporting year are likely to be different from the current assumptions as the anticipated events frequently do not occur as expected and the variation may be material and could require material adjustments to the carrying amounts of the balances affected.

Assessment of expected credit loss allowance on 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

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

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.

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 \$2,354,000 and \$933,000 for the group and company respectively.

Assessment of impairment of right-of-use asset:

Significant judgement is applied by management when determining impairment of the right-of-use asset. Impairment loss is assessed for separable parts of leased buildings that have been or will be vacated in the near future. The impairment loss is sensitive to changes in estimated future expected sub-lease income and sub-lease period. Judgement is also involved when determining whether sub-lease contracts are financial or operational leases, as well as when determining lease terms for contracts that have extension or termination options. The amounts at the end of the reporting year were \$9,719,000 and \$8,120,000 for the group and company respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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.

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	
	2020 \$'000	2019 \$'000
Sale of goods to joint venture	–	(435)
Service income from joint venture	–	(88)
Administrative income ^(a)	(66)	(66)
Service income ^(b)	(12)	(12)
Administrative income ^(c)	–	(50)
Royalty expense ^(d)	177	212
Rental subsidy received ^(d)	–	(2)

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

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

Group	Associate	
	2020 \$'000	2019 \$'000
Rental income	(303)	(218)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

3B. Key management compensation:

	Group	
	2020 \$'000	2019 \$'000
Salaries and other short-term employee benefits	1,073	1,153

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

	Group	
	2020 \$'000	2019 \$'000
Remuneration of directors of the company	385	442
Fees to directors of the company	40	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. The amounts also include fees paid to directors for services rendered in their capacity as directors.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

3C. Other receivables from and other payables to related parties: (cont'd)

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

Group	Related parties	
	2020 \$'000	2019 \$'000
<u>Other receivables / (other payables):</u>		
Balance at beginning of the year	111	298
Amounts paid out and settlement of liabilities on behalf of related parties	345	456
Amounts paid in and settlement of liabilities on behalf of the group	(511)	(618)
Reversal of / (allowance) for impairment loss	73	(36)
Foreign exchange adjustments	–	11
Balance at end of the year	18	111
Presented as:		
Other receivables (Note 20)	24	333
Other payables (Note 26)	(6)	(222)
Net total	18	111
Group	Director	
	2020 \$'000	2019 \$'000
<u>Other payables:</u>		
Balance at beginning of the year	–	–
Amounts paid in and settlement of liabilities on behalf of the group	(400)	–
Balance at end of the year (Note 26)	(400)	–
Company	Subsidiaries	
	2020 \$'000	2019 \$'000
<u>Other receivables / (other payables):</u>		
Balance at beginning of the year	219	865
Amounts paid out and settlement of liabilities on behalf of subsidiaries	855	464
Amounts paid in and settlement of liabilities on behalf of the company	(569)	(996)
Foreign exchange adjustments	(67)	(19)
Reversal of / (allowance) for impairment loss	5	(95)
Balance at end of the year	443	219
Presented as:		
Other receivables (Note 20)	540	219
Other payables (Note 26)	(97)	–
Net total	443	219

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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 that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. 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, right-of-use assets, 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 profit from equity-accounted associate 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.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

The information on each product and service or each group of similar products and services is below and in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

4B. Profit or loss from continuing operations and reconciliations

	Departmental stores \$'000	Specialty stores \$'000	Third party retailers \$'000	Wholesale distribution \$'000	Gifts & corporate sales \$'000	Group total \$'000
Continuing Operations						
2020						
Revenue	24,782	7,792	1,834	7,092	1,071	42,571
Operating profit / (loss)	2,575	(20)	215	(4,410)	139	(1,501)
Share of profit of associate	13	-	-	-	-	13
	2,588	(20)	215	(4,410)	139	(1,488)
Interest income						24
Other gains						361
Other losses						(719)
Finance costs						(1,119)
Unallocated operating expenses						(2,954)
Income tax expense						(303)
Loss from continuing operations, net of tax						(6,198)
2019						
Revenue	25,577	7,818	1,830	6,778	778	42,781
Operating profit / (loss)	3,376	(381)	320	120	171	3,606
Share of profit of associate	10	-	-	-	-	10
	3,386	(381)	320	120	171	3,616
Interest income						57
Other gains						274
Other losses						(41)
Finance costs						(690)
Unallocated operating expenses						(2,817)
Income tax income						(121)
Profit from continuing operations, net of tax						278

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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
2020							
Total assets for reportable segments	4,984	1,293	544	5,670	49	–	12,540
<u>Unallocated assets:</u>							
Property, plant and equipment	–	–	–	–	–	19,989	19,989
Right-of-use assets	–	–	–	–	–	9,719	9,719
Asset held for sale	–	–	–	–	–	1,742	1,742
Inventories	–	–	–	–	–	11,014	11,014
Cash and cash equivalents	–	–	–	–	–	5,493	5,493
Other unallocated assets	–	–	–	–	–	1,669	1,669
Total group assets	4,984	1,293	544	5,670	49	49,626	62,166
2019							
Total assets for reportable segments	6,625	1,754	456	8,295	42	–	17,172
<u>Unallocated assets:</u>							
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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

4D. Liabilities and reconciliations

	2020 \$'000	2019 \$'000
<u>Unallocated liabilities:</u>		
Trade and other payables	4,887	5,957
Other financial liabilities	34,650	24,535
Other liabilities	579	545
Total group liabilities	40,116	31,037

4E. Other material items and reconciliations

	Departmental stores \$'000	Specialty stores \$'000	Third party retailers \$'000	Wholesale distribution \$'000	Unallocated \$'000	Group total \$'000
2020						
Capital expenditure	304	1	-	-	430	735
<u>Significant non-cash items:</u>						
Depreciation of property, plant and equipment and investment property and right-of-use assets	149	177	21	-	2,711	3,058
Plant and equipment written off	3	1	21	-	2	27
Impairment of property, plant and equipment	-	86	-	-	-	86
Allowance for impairment on trade receivables	-	-	-	4,317	-	4,317
Amortisation of other intangible assets	-	-	-	-	34	34
2019						
Capital expenditure	212	205	-	-	482	899
<u>Significant non-cash items:</u>						
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

NOTES TO THE FINANCIAL STATEMENTS

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

4F. Geographical information

	Revenue		Non-current assets	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	33,422	35,344	30,392	23,460
Malaysia	4,245	2,858	131	125
Indonesia	3,233	3,678	–	–
Others	1,671	901	260	420
	42,571	42,781	30,783	24,005

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 are analysed by the geographical area in which the assets are located.

4G. Information about major customers

	Group	
	2020 \$'000	2019 \$'000
Top 1 customer in departmental stores (2019: departmental stores) segment	5,380	6,098

5. REVENUE

	Group	
	2020 \$'000	2019 \$'000
Sale of goods	40,484	40,065
Royalty income	642	933
Rental income	970	1,251
Other revenues	475	532
	42,571	42,781

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. Other revenues mainly consists of services charged which is recognised at point in time.

NOTES TO THE FINANCIAL STATEMENTS

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6. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2020 \$'000	2019 \$'000
(Allowance for) / reversal of allowance for impairment on trade receivables	(4,317)	28
Allowance for impairment on inventories	(333)	(131)
Allowance for impairment on other receivables	(130)	(58)
Amortisation of other intangible assets	(34)	(35)
Bad debts written back	-	7
Foreign exchange adjustment (losses) / gains	(43)	30
Gain on disposal of plant and equipment	104	86
Government grants received	237	293
Impairment loss on plant and equipment	(86)	-
Impairment loss on goodwill	(8)	-
Inventories written off	-	(47)
Plant and equipment written off	(27)	(9)
Other gains	20	-
Net	(4,617)	164
Presented in profit or loss as:		
Other gains	361	444
Other losses	(4,978)	(280)
Net	(4,617)	164

7. FINANCE COSTS

	Group	
	2020 \$'000	2019 \$'000
Interest on lease liabilities	350	-
Interest expense	775	690
	1,125	690

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2020	2019
	\$'000	\$'000
Short-term employee benefits expense	9,971	10,110
Net of government grants	(238)	(221)
Contributions to defined contribution plans	1,522	1,555
Other benefits	337	362
Total employee benefits expense	11,592	11,806

	Marketing and distribution costs	Administrative expenses	Other gains	Total
	\$'000	\$'000	\$'000	\$'000
2020	9,377	2,453	(238)	11,592
2019	9,318	2,709	(221)	11,806

9. INCOME TAX

9A. Components of tax expense recognised in profit or loss include:

	Group	
	2020	2019
	\$'000	\$'000
<u>Current tax expense:</u>		
Current tax expense	190	220
Under / (over) adjustments to current tax in respect of prior periods	118	(80)
Sub-total	308	140
<u>Deferred tax income:</u>		
Deferred tax income	(5)	(19)
Total income tax expense	303	121

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

9. INCOME TAX (CONT'D)

9A. Components of tax expense 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% (2019: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2020 \$'000	2019 \$'000
(Loss) / profit before tax	(5,895)	399
Less: Share of profit from equity-accounted associate	(13)	(10)
	(5,908)	389
Income tax (benefit) / expense at the above rate	(1,004)	66
Expenses not deductible for tax purposes	104	145
Stepped income exemption	(20)	(37)
Effect of different tax rates in different countries	(15)	(8)
Under / (over) adjustments to tax in respect of prior periods	118	(80)
Utilisation of deferred tax assets not recognised	–	(45)
Unrecognised deferred tax assets	989	–
Withholding tax paid, net of double tax relief	91	103
Other minor items less than 3% each	40	(23)
Total income tax expense	303	121

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

9B. Deferred tax income recognised in profit or loss includes:

	Group	
	2020 \$'000	2019 \$'000
Excess of net book value of property, plant and equipment over tax value	48	26
Other intangible assets and fair value adjustment to depreciable properties arising from acquisition of subsidiaries	(10)	(9)
Excess of tax value of property, plant and equipment over net book value	(34)	55
Tax loss carryforwards	(28)	(2)
Provisions	(970)	(44)
Deferred tax assets not recognised	989	–
Utilisation of deferred tax assets not recognised	–	(45)
Total deferred income tax income recognised in profit or loss	(5)	(19)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

9. INCOME TAX (CONT'D)

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

	Group	
	2020 \$'000	2019 \$'000
<u>Deferred tax (liabilities) / assets recognised in profit or loss:</u>		
Excess of net book value of property, plant and equipment over tax value	(147)	(99)
Other intangible assets and fair value adjustment to depreciable properties arising from acquisition of subsidiaries	(74)	(84)
Excess of tax value of property, plant and equipment over net book value	42	8
Unabsorbed capital allowances	18	18
Tax loss carryforwards	340	312
Provisions	1,203	233
Deferred tax assets not recognised	(1,507)	(518)
Total	(125)	(130)
Presented in the statement of financial position as:		
Deferred tax liabilities	(159)	(154)
Deferred tax assets	34	24
Net position	(125)	(130)
Company		
	2020 \$'000	2019 \$'000
<u>Deferred tax liabilities recognised in profit or loss:</u>		
Excess of net book value of property, plant and equipment over tax value	(68)	(54)
Provisions	3	4
Total	(65)	(50)
Presented in the statement of financial position as:		
Deferred tax liabilities	(65)	(50)

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. (LOSS) / EARNINGS PER SHARE

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

	Group	
	2020 \$'000	2019 \$'000
A. Numerators: (loss) / earnings attributable to equity:		
Continuing operations: attributable to equity holders	(6,111)	220
B. Denominators: weighted average number of equity shares:		
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
<u>Cost:</u>			
At 1 April 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
Additions	–	735	735
Arising from acquisition of a subsidiary (Note 30)	–	261	261
Disposals / write off	–	(1,064)	(1,064)
At 31 March 2020	19,864	5,510	25,374
<u>Accumulated depreciation and impairment losses:</u>			
At 1 April 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
Depreciation for the year	503	865	1,368
Arising from acquisition of a subsidiary (Note 30)	–	203	203
Impairment for the year	–	86	86
Disposals / write off	–	(900)	(900)
At 31 March 2020	1,604	3,156	4,760
<u>Carrying value:</u>			
At 1 April 2018	19,267	2,732	21,999
At 31 March 2019	18,763	2,676	21,439
At 31 March 2020	18,260	2,354	20,614

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

Allocation of the depreciation expense and impairment loss:

	Group	
	2020	2019
	\$'000	\$'000
Marketing and distribution costs	565	563
Administrative expenses	803	776
Other losses	86	-
Total	1,454	1,339

During the reporting year, plant and equipment amounting to \$86,125 (2019: Nil) from loss-making outlets were impaired.

Company

	Leasehold property \$'000	Plant, equipment and leasehold improvements \$'000	Total \$'000
<u>Cost:</u>			
At 1 April 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
Additions	-	230	230
Disposals / write off	-	(39)	(39)
At 31 March 2020	19,863	1,573	21,436
<u>Accumulated depreciation:</u>			
At 1 April 2018	598	353	951
Depreciation for the year	503	239	742
Disposals / write off	-	(164)	(164)
At 31 March 2019	1,101	428	1,529
Depreciation for the year	503	250	753
Disposals / write off	-	(38)	(38)
At 31 March 2020	1,604	640	2,244
<u>Carrying value:</u>			
At 1 April 2018	19,265	1,128	20,393
At 31 March 2019	18,762	954	19,716
At 31 March 2020	18,259	933	19,192

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

Allocation of the depreciation expense:

	Company	
	2020 \$'000	2019 \$'000
Marketing and distribution costs	44	37
Administrative expenses	709	705
Total	753	742

Certain items are under finance lease agreements (Note 27). The leasehold property is mortgaged or pledged as security for the bank facilities (see Note 28).

12. RIGHT-OF-USE ASSETS

The right-of-use assets in the statement of financial position. The details are as follows:

	Group		Company	
	Leasehold land and building \$'000	Retails outlets \$'000	Total \$'000	Leasehold land and building \$'000
<u>Cost</u>				
At 1 April 2019	8,335	3,139	11,474	8,335
Remeasurement	-	(268)	(268)	-
At 31 March 2020	8,335	2,871	11,206	8,335
<u>Accumulated depreciation</u>				
At 1 April 2019	-	-	-	-
Depreciation for the year	215	1,314	1,529	215
Remeasurement	-	(42)	(42)	-
At 31 March 2020	215	1,272	1,487	215
<u>Carrying value:</u>				
At 1 April 2019	8,335	3,139	11,474	8,335
At 31 March 2020	8,120	1,599	9,719	8,120
Allocation of the depreciation expense:				
Distribution expenses	-	1,314	1,314	-
Administrative expenses	215	-	215	215
Total	215	1,314	1,529	215

NOTES TO THE FINANCIAL STATEMENTS

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12. RIGHT-OF-USE ASSETS (CONT'D)

Other information about the leasing activities relating to the right-of-use assets are summarised as follows: The remaining term range from 2 to 36 years with an average of 19 years; there are usually no options to purchase or for extension; however, there are variable payments linked to an index.

There are restrictions or covenants imposed by the leases to sublet the asset to another party. The right-of-use assets can only be used by the lessee. Unless permitted by the owner, the lease prohibits from selling or pledging the underlying leased assets as security. Typically the leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. For leases over properties the leases require those properties in a good state of repair and return the properties in their original condition at the end of the lease. Insurance, and maintenance fees on right-of-use assets are usually required under the lease contracts.

13. INVESTMENT PROPERTY

	Group	
	2020 \$'000	2019 \$'000
<u>Cost:</u>		
At beginning of the year	6,453	6,453
Transfer to property held for sale (Note 14)	(6,453)	-
At end of the year	-	6,453
<u>Accumulated depreciation:</u>		
At beginning of the year	4,550	4,391
Transfer to property held for sale (Note 14)	(4,711)	-
Depreciation for the year included under administrative expenses in profit or loss	161	159
At end of the year	-	4,550
<u>Carrying value:</u>		
At beginning of the year	1,903	2,062
At end of the year	-	1,903
Fair value for disclosure purposes only:		
Fair value at end of the year	-	5,000
Rental and service income from investment property	231	419
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period	(157)	(7)

Investment property comprises a leasehold property located at 205A Kallang Bahru, Singapore 339342.

NOTES TO THE FINANCIAL STATEMENTS

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13. INVESTMENT PROPERTY (CONT'D)

During the year, the group has transferred the leasehold property at 205A Kallang Bahru to property held for sale. (See Note 14).

As of year-end, the operating lease income commitments for the investment property has not been disclosed in the financial statements as the tenancy agreements with the tenants will be novated to the purchaser of the investment property upon completion of divestment.

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 28).

In prior year, 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:	2019: \$5,000,000. Level 3
Valuation technique for recurring fair value measurements:	Direct comparison method.
Date of valuation:	2019: 31 March 2019
Significant observable inputs and range:	2019: \$173 per square foot
Sensitivity on management's estimates – 10% variation from estimate:	Impact – lower by \$500,000; higher by \$500,000.

NOTES TO THE FINANCIAL STATEMENTS

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14. PROPERTY HELD FOR SALE

	Group	
	2020 \$'000	2019 \$'000
<u>Cost:</u>		
At beginning of the year	-	-
Transfer from investment property (Note 13)	1,742	-
At end of the year	1,742	-

On 18 February 2020, the group entered into an option to purchase agreement (“OTP”) in relation to the divestment of the leasehold property located at 205A Kallang Bahru, Singapore 339342. On 2 March 2020, the purchaser has accepted the option. Consequently, the leasehold property was transferred from investment property to asset held for sale at year end.

15. INTANGIBLE ASSETS

Group	Licensed brands \$'000	Trademarks \$'000	Total \$'000
	<u>Cost:</u>		
At 1 April 2018, 31 March 2019 and 31 March 2020	864	652	1,516
<u>Accumulated amortisation:</u>			
At 1 April 2018	587	652	1,239
Amortisation for the year	35	-	35
At 31 March 2019	622	652	1,274
Amortisation for the year	34	-	34
At 31 March 2020	656	652	1,308
<u>Carrying value:</u>			
At 1 April 2018	277	-	277
At 31 March 2019	242	-	242
At 31 March 2020	208	-	208

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 Heusen, 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 6 years (2019: 7 years).

NOTES TO THE FINANCIAL STATEMENTS

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16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 \$'000	2019 \$'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	15,280	22,109
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 and end of the 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	
	2020 \$'000	2019 \$'000	2020 %	2019 %
	Demarco Pte Ltd ^(a) Singapore Importers, exporters, manufacturers and wholesalers of luggage bags and travelling accessories	2,880	2,880	100
YG Marketing Pte. Ltd. ^(a) Singapore Trading in garments and other related products	13,004	13,004	87.3	87.3
JIT Distribution Pte. Ltd. ^(a) Singapore Provision of logistic services	– ^(c)	– ^(c)	100	100
SYI Co (Pte) Ltd ^(a) Singapore Franchisor and master licensor	331	331	100	100
Fashion Way Sdn. Bhd. ^(b) Malaysia Sale and distribution of footwear, knitwear, wallets and all types of leather goods	– ^(c)	– ^(c)	100	100
YGM Marketing Sdn. Bhd. ^(b) Malaysia Dormant	– ^(c)	– ^(c)	100	100

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16. 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	
	2020	2019	2020	2019
	\$'000	\$'000	%	%
<u>Held by Demarco Pte. Ltd.</u>				
Global Brands Studio Co., Ltd. ^{(b)(d)}				
Kingdom of Cambodia				
Trading in luggage, travel bags and accessories, apparels and other related products	13	–	100	–
<u>Held by YG Marketing Pte. Ltd.</u>				
Singapore Crocodile (1968) Pte Ltd ^(a)				
Singapore				
Wholesale and retailing of ready-made apparel	2,808	2,808	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.

(d) On 9 December 2019, the company through its wholly owned subsidiary obtained control of Global Brands Studio Co., Ltd (“GBS”) by increasing its equity interest from 50% to 100% and accordingly GBS became a subsidiary 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	
	2020 \$'000	2019 \$'000
Name of the subsidiary: YG Marketing Pte. Ltd.		
Total (loss) / profit allocated to non-controlling interests of the subsidiary during the reporting year	(92)	21
Accumulated non-controlling interests of the subsidiary at the end of the reporting year	1,136	1,228

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:

NOTES TO THE FINANCIAL STATEMENTS

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16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

	2020 \$'000	2019 \$'000
Statement of financial position		
Current assets	11,473	11,392
Non-current assets	4,455	5,236
Current liabilities	(3,772)	(4,089)
Non-current liabilities	(415)	(91)
Statement of profit or loss		
Revenues	17,129	20,135
(Loss)/profit for the reporting year	(706)	205
Total comprehensive (loss)/income	(706)	205
Statement of cash flows		
Operating cash flows, increase	360	1,837
Net cash flows, (decrease)/increase	(564)	1,134

	2020 \$'000	2019 \$'000
Name of the subsidiary: Singapore Crocodile (1968) Pte Ltd		
Total profit allocated to non-controlling interests of the subsidiary during the reporting year	5	37
Accumulated non-controlling interests of the subsidiary at the end of the reporting year	2,344	2,339

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:

	2020 \$'000	2019 \$'000
Statement of financial position		
Current assets	5,171	5,189
Non-current assets	473	525
Current liabilities	(869)	(967)
Non-current liabilities	(25)	(35)
Statement of profit or loss		
Revenues	7,843	7,793
Profit for the reporting year	39	106
Total comprehensive income	39	106
Statement of cash flows		
Operating cash flows, increase	46	803
Net cash flows, (decrease) / increase	(183)	607

NOTES TO THE FINANCIAL STATEMENTS

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17. INVESTMENTS IN ASSOCIATES

	Group	
	2020 \$'000	2019 \$'000
Movements in carrying value:		
Balance at beginning of the year	169	105
Additions	57	54
Share of post-acquisition profit	13	10
Balance at end of the year	239	169
Carrying value comprising:		
Unquoted equity shares at cost	275	218
Share of post-acquisition loss	(36)	(49)
	239	169

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	
	2020 %	2019 %
Beijing U-Sibei Trading Co., Ltd ^(a) People's Republic of China Dormant	45	45
Delsey Singapore Pte. Ltd. ^(d) Singapore Distribution, wholesale and retail of Delsey luggage and travel accessories CA Trust PAC	35	35
Delsey Luggage Malaysia Sdn. Bhd. ^{(b) (e)} Malaysia Distribution, wholesale and retail of Delsey luggage and travel accessories	–	35
BYN International Co., Ltd ^(c) 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 2020, 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) The associate was acquired by Delsey Singapore Pte. Ltd. on 28 August 2017 for RM100. As of December 2019, Delsey Singapore Pte Ltd disposes all its equity interest in Delsey Luggage Malaysia Sdn. Bhd. at cost.

(c) 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 \$57,000 into the associate.

(d) 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.

(e) Held by Delsey Singapore Pte. Ltd.

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17. INVESTMENTS IN ASSOCIATES (CONT'D)

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	
	2020 \$'000	2019 \$'000
<u>Aggregate for all non-material associates:</u>		
Profit / (loss) from continuing operations	279	(135)
Other comprehensive loss	–	(3)
Total comprehensive income / (loss)	279	(138)
Net assets of the associates	917	360

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.

18. INVESTMENT IN JOINT VENTURE

	Group	
	2020 \$'000	2019 \$'000
<u>Carrying value:</u>		
Unquoted equity shares at cost	–	13
Share of post-acquisition loss	–	(13)
	–	–

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	
	2020 %	2019 %
Global Brands Studio Co., Ltd. ^{(a)(b)} Kingdom of Cambodia Trading in luggage, travel bags and accessories, apparels and other related products	–	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.

(b) As a result of a step acquisition completed on 9 December 2019, Global Brands Studio Co., Ltd. became a subsidiary and therefore been fully consolidated.

NOTES TO THE FINANCIAL STATEMENTS

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18. INVESTMENTS IN JOINT VENTURE (CONT'D)

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
	2019
	\$'000
Loss	(67)
Other comprehensive loss	-
Total comprehensive loss	(67)
Net liabilities of the joint venture	(138)

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.

19. INVENTORIES

	Group	
	2020	2019
	\$'000	\$'000
Finished goods and goods for resale	15,418	12,165
Inventories are stated after allowance. Movements in allowance:		
Balance at beginning of the year	1,090	1,045
Charged to profit or loss included in other losses	333	131
Used/Written off	(51)	(84)
Foreign exchange adjustments	-	(2)
Balance at end of the year	1,372	1,090
The amount of inventories included in cost of sales	22,807	22,032
Inventories written off	-	47

Certain inventories were purchased under trust receipts (Note 28).

NOTES TO THE FINANCIAL STATEMENTS

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20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Trade receivables:</u>				
Outside parties	11,359	11,004	-	-
Less allowance for impairment – outside parties	(4,728)	(412)	-	-
Subsidiaries (Note 3)	-	-	2,851	2,081
Less allowance for impairment – subsidiaries	-	-	(78)	(51)
Related parties (Note 3)	-	210	-	50
Net trade receivables, sub-total	6,631	10,802	2,773	2,080
<u>Other receivables:</u>				
Related parties (Note 3)	24	406	-	-
Less allowance for impairment – related parties	-	(73)	-	-
Deposits to secure services	725	1,054	44	414
Staff advances	3	6	-	-
Income tax refundable	-	3	-	-
Outside parties	324	662	66	8
Less allowance for impairment – outside parties	(27)	(32)	-	-
Subsidiaries (Note 3)	-	-	1,500	1,184
Less allowance for impairment – subsidiaries	-	-	(960)	(965)
Government grant receivables	604	-	40	-
Net other receivables, sub-total	1,653	2,026	690	641
Total trade and other receivables	8,284	12,828	3,463	2,721
Disclosed as:				
Trade and other receivables, current	8,281	12,576	3,463	2,721
Other receivables, non-current	3	252	-	-
	8,284	12,828	3,463	2,721
<u>Movements in above allowances:</u>				
Balance at beginning of the year	517	487	1,016	904
Charge for trade and other receivables to profit or loss included in other losses	4,447	30	22	112
Used	(209)	-	-	-
Balance at end of the year	4,755	517	1,038	1,016

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20. TRADE AND OTHER RECEIVABLES (CONT'D)

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 \$1,480,000 (2019: \$1,595,000) against a major trade customer balance amounting to \$7,496,000 (2019: \$6,305,000). In the event that the customer does not fulfil the obligation to pay the debts, the group has the right to dispose the collateral and collect the sales proceed arising from the disposal without the approval by the customer. Subsequent to the end of the reporting year, the group has an undertaking with the customer to create a floating charge over certain assets of the customer. This is still pending.

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 life time expected credit losses because there has been a significant increase in credit risk since initial recognition. A loss allowance balance of the group amounting to \$4,728,000, (2019: \$412,000) and the company amounting to \$78,000 (2019: \$51,000) 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.

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

	Group	
	2020 \$'000	2019 \$'000
Trade receivables:		
Less than 60 days	412	1,256
61 - 90 days	606	457
91 - 120 days	1,003	785
Over 120 days	8,231	6,408
Total	10,252	8,906

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

	Group	
	2020 \$'000	2019 \$'000
Trade receivables:		
Over 120 days	4,728	412
Total	4,728	412

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20. TRADE AND OTHER RECEIVABLES (CONT'D)

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 (2019: 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:

	Group	
	2020 \$'000	2019 \$'000
Top 1 customer	7,578	6,357
Top 2 customers	9,255	7,311

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

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 \$27,000, (2019: \$105,000) and \$960,000 (2019: \$965,000) of the group and the company were recognised respectively.

21. OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Prepayments	415	597	23	21

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not restricted in use	5,493	9,924	141	1,597
Interest earning balances	364	2,360	69	1,182

The rate of interest for the cash on interest earning balances ranged from 0.1% – 3.75% (2019: 0.1% – 3.75%) per annum.

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22. CASH AND CASH EQUIVALENTS (CONT'D)

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

	Group	
	2020 \$'000	2019 \$'000
As shown above	5,493	9,924
Bank overdrafts (Note 28)	(395)	–
Cash restricted in use over 3 months	(100)	(450)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	4,998	9,474

22B. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of \$130,000 (2019: \$50,000) acquired by means of finance leases.

22C. Reconciliation of liabilities arising from financing activities:

	2019 \$'000	Cash flows \$'000	Non-cash changes \$'000	2020 \$'000
Lease liabilities, non-current	35	–	8,746 ^(a)	8,781
Lease liabilities, current	68	(1,825)	2,983 ^(a)	1,226
Long-term borrowings	10,466	–	(394) ^(b)	10,072
Short-term borrowings	13,966	(564)	1,169 ^(c)	14,571
Total liabilities from financing activities	24,535	(2,389)	12,504	34,650

	2018 \$'000	Cash flows \$'000	Non-cash changes \$'000	2019 \$'000
Lease liabilities, non-current	–	–	35	35
Lease liabilities, current	148	(95)	15	68
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

(a) Adoption of new financial reporting standard on leases effective from 1 April 2019 and subsequent measurement of lease liabilities. See Note 27.

(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 \$775,000 (2019: \$690,000).

NOTES TO THE FINANCIAL STATEMENTS

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23. SHARE CAPITAL

Group and Company

	Number of shares issued '000	Share capital \$'000
Balance at 1 April 2018, 31 March 2019 and 31 March 2020	63,106	21,831

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

	Number of treasury shares '000	Cost \$'000
Number at 1 April 2018, 31 March 2019 and 31 March 2020	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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

23. SHARE CAPITAL (CONT'D)

Capital management (cont'd):

	2020 \$'000	2019 \$'000
Net debt:		
All current and non-current borrowings including finance leases	34,650	24,535
Less cash and cash equivalents	(5,493)	(9,924)
Net debt	29,157	14,611
Net capital:		
Equity	22,050	28,254
	%	%
Debt-to-adjusted capital ratio	132.2	51.7

The unfavourable change of the group as shown by increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in net debt due to the adoption of the new financial reporting standards on leases effective from 1 April 2019 (See Note 27).

In order to maintain its listing on the Singapore Stock Exchange, it 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 continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

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24. OTHER RESERVES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Foreign currency translation reserve (Note 24A)	168	174	-	-
Gain on acquisition/disposal of non-controlling interests (Note 24B)	248	248	-	-
Loss on reissuance of treasury shares (Note 24C)	(82)	(82)	(82)	(82)
Total at the end of the year	334	340	(82)	(82)

24A. Foreign currency transaction reserve:

	Group	
	2020 \$'000	2019 \$'000
At beginning of the year	174	155
Exchange difference on translating foreign currencies	(6)	19
At end of the year	168	174

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

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

	Group	
	2020 \$'000	2019 \$'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.

24C. Loss on reissuance of treasury shares:

	Group and Company	
	2020 \$'000	2019 \$'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.

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25. PROVISIONS

	Group	
	2020 \$'000	2019 \$'000
Provision for dismantling and removing the item and restoring the site relating to plant and equipment	195	160
Movements in above provision:		
Balance at beginning of the year	160	180
Additions	53	17
Used	(18)	(37)
Balance at end of the year	195	160

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

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	3,439	5,339	292	1,101
<u>Other payables:</u>				
Related parties (Note 3)	6	222	97	-
Director (Note 3)	400	-	-	-
Outside party	57	-	57	-
Deposits received	381	396	331	346
Other payables, sub-total	844	618	485	346
Total trade and other payables	4,283	5,957	777	1,447

Deposits received relate to security deposits refundable to the tenants at the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

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27. LEASE LIABILITIES

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Lease liabilities, current	1,226	68	152	-
Lease liabilities, non-current	8,781	35	8,176	-
	10,007	103	8,328	-

Movements of lease liabilities for the reporting year are as follows:

	Group	Company
	2020 \$'000	2020 \$'000
Total lease liabilities recognised at 1 April 2019	11,577	8,335
Remeasurement	(95)	129
Accretion of interest	350	263
Lease payments – principal portion paid	(1,475)	(136)
Interest paid	(350)	(263)
Total lease liabilities at end of reporting year	10,007	8,328

The new standard on leases has been applied using the modified retrospective transition approach. Therefore no comparative amounts for the year ended 31 March 2019 are presented.

On transition to the new standard on leases the weighted average incremental borrowing rate applied to lease liabilities recognised ranged from 3.06% to 3.50% per year. The finance leases, the right-of-use asset and lease liability before the date of initial application are measured at the same amounts as under the new standard.

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-to-use assets. The right-to-use assets are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

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27. LEASE LIABILITIES (CONT'D)

Only variable lease payments that depend on an index or a rate; payments that vary to reflect changes in market rental rates are included in the measurement of the lease liability. Such variable amounts that are unpaid at the commencement date are included in the measurement of lease liability. Variable lease payments would also include extension options and termination options. The variable lease payments that based on revenue are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

Certain leases are secured by a legal charge over the leased assets.

Reconciliation of lease commitments and lease liability at the date of initial application:

	Group	Company
	2020	2020
	\$'000	\$'000
Operating lease commitments at 31 March 2019	15,705	13,900
Relief option for short term leases	(18)	-
Other minor adjustment	187	197
Subtotal – Operating lease liabilities before discounting	15,874	14,097
Discounted at incremental borrowing rate	(11,804)	(11,646)
Operating lease liabilities, net	4,070	2,451
Reasonably certain extension option	7,404	5,884
Finance lease obligation recognised as at 31 March 2019	103	-
Total lease liabilities recognised at 1 April 2019	11,577	8,335

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

Group	Minimum payments	Finance charges	Present value
	\$'000	\$'000	\$'000
2020			
Minimum lease payments payable:			
Not later than one year	1,516	(290)	1,226
Between 1 and 3 years	1,431	(521)	910
Between 3 and 5 years	757	(488)	269
Later than five years.	11,826	(4,224)	7,602
Total	15,530	(5,523)	10,007

NOTES TO THE FINANCIAL STATEMENTS

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27. LEASE LIABILITIES (CONT'D)

Assets	Group
	2020
	\$'000
Net book value of plant and equipment under lease liabilities	244
Net book value of right-of-use assets under lease liabilities	9,719
	9,963

Group	Minimum payments	Finance charges	Present value
	\$'000	\$'000	\$'000
2019			
Minimum lease payments payable:			
Due within 1 year	71	(3)	68
Due within 2 to 5 years	38	(3)	35
Total	109	(6)	103

Assets	Group
	2020
	\$'000
Net book value of plant and equipment under lease liabilities	193

Company	Minimum payments	Finance charges	Present value
	\$'000	\$'000	\$'000
2020			
Minimum lease payments payable:			
Not later than one year	407	(255)	152
Between 1 and 3 years	814	(509)	305
Between 3 and 5 years	757	(488)	269
Later than five years.	11,826	(4,224)	7,602
Total	13,804	(5,476)	8,328

Assets	Company
	2020
	\$'000
Net book value of plant and equipment under lease liabilities	173
Net book value of right-of-use assets under lease liabilities	8,120
	8,293

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27. LEASE LIABILITIES (CONT'D)

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

These are leases for certain of its plant and equipment under finance leases. The average lease terms range is 3 to 5 years (2019: 3 to 5 years). The effective borrowing rates range from 3.5% to 6.8% (2019 3.5% 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.

Total cash outflows for leases for the year ended 31 March 2020 are shown in the statement of cash flows.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The future cash outflows commitments to which the lessee is potentially exposed are not reflected in the measurement of lease liabilities above. This includes exposure arising from: (1) variable lease payments and (2) extension options and termination options.

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	Group
	2020
	\$'000
Expense relating to short-term leases included in other expenses	269
Expense relating to leases of low-value assets included in other expenses	52
Expense relating to variable lease payments not included in lease liabilities included in other expenses	206
	527

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).

28. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Non-current:				
Financial instruments with floating interest rate:				
Bank loans (secured) (Note 28A)	10,072	10,466	10,072	10,466
Non-current, total	10,072	10,466	10,072	10,466

NOTES TO THE FINANCIAL STATEMENTS

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28. OTHER FINANCIAL LIABILITIES (CONT'D)

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Current:</u>				
<u>Financial instruments with floating interest rate:</u>				
Bank loans (secured) (Note 28A)	8,178	8,208	8,178	8,208
Bank overdrafts (Note 28B)	395	-	-	-
Bills payable to banks (Note 28C)	5,998	5,758	-	-
Current, total	14,571	13,966	8,178	8,208
Total	24,643	24,432	18,250	18,674
<u>The non-current portion is repayable as follows:</u>				
Due within 2 to 5 years	2,446	2,770	2,446	2,770
After 5 years	7,626	7,696	7,626	7,696
Total non-current portion	10,072	10,466	10,072	10,466

The range of floating interest rates paid was as follows:

	Group	
	2020 %	2019 %
Bank loans (secured)	1.98 – 3.50	1.98 – 3.29
Bank overdrafts	5.00 – 6.25	5.00 – 6.25
Bills payable to banks	3.10 – 4.16	3.11 – 3.72

28A. 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.

28B. Bank overdrafts

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

28C. 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.

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29. DEFERRED GRANT INCOME

Income deferred relating to Job Support Scheme (“JSS”) was announced at the Budget 2020 (the “Unity Budget”) on 18 February 2020. The purpose of the JSS is to provide wage support to employers to help them retain their local employees during this period of economic uncertainty amid COVID-19. Employers who have made CPF contributions for their local employees will qualify for the payouts under JSS.

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance at the beginning of the year	-	-	-	-
Addition	604	-	40	-
Balance at the end of the year	604	-	40	-

30. ACQUISITION OF A SUBSIDIARY

On 9 December 2019, Demarco Pte Ltd, a wholly-owned subsidiary of the company, had acquired 500 shares, representing the 50% of the total issued and paid-up share capital of Global Brands Studio Co., Ltd (“GBS”) from That Vay at a nominal purchase consideration of US\$1.00 (equivalent to approximately S\$1.36). Prior to the Acquisition, Demarco held 500 shares, representing 50% of the total issued and paid-up share capital of GBS. Following the Acquisition, GBS has become a wholly-owned subsidiary of Demarco. The net assets acquired are as follows:

	At Fair Values \$'000	Before Combination \$'000
Plant and equipment	58	58
Inventories	313	313
Trade and other receivables	118	118
Other non-financial assets	26	26
Cash and cash equivalents	174	174
Trade and other payables	(692)	(692)
Net identifiable liabilities	(3)	(3)
Goodwill arising on consolidation	8	
Consideration	5	
Less consideration payable in FY2014	(13)	
Less consideration payable in FY2020	*	
Total consideration transferred	(8)	
Less: cash and cash equivalents acquired	(174)	
Net cash outflow on acquisition	(182)	

* denotes amount less than S\$1'000.

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30. ACQUISITION OF A SUBSIDIARY (CONT'D)

The contribution from the acquired subsidiary for the period between the date of acquisition and the statement of financial position date was as follows:

Group	From date of acquisition in 2020 \$'000
Revenue	981
Profit before tax	42

31. CONTINGENT LIABILITIES

The company has issued corporate guarantees to banks in respect of banking facilities extended to certain subsidiaries amounting to \$9,856,000 (2019: \$10,678,000).

32. CAPITAL COMMITMENTS

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

	Group	
	2020 \$'000	2019 \$'000
Commitment to purchase plant and equipment	64	133
Commitment to purchase shares in BYN International Co., Ltd	–	55

NOTES TO THE FINANCIAL STATEMENTS

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33. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

A maturity analysis of the undiscounted lease amounts to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years is as follows:

2020 – Operating lease income under SFRS (I) 16

	Group and company
	2020 \$'000
Not later than 1 year	312
Between 1 and 2 years	34
Between 2 and 3 years	34
Between 3 and 4 years	14

2019 – Operating lease income under SFRS (I) 17

	Group and company
	2019 \$'000
Not later than 1 year	441
Later than 1 year and not later than 5 years	281

	Group	
	2020 \$'000	2019 \$'000
Rental income for the year	970	1,251

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.

The management has not entered into contractual obligations for the maintenance or enhancement of the leasehold and investment properties.

As the lessor, the group manages the risk associated with any rights it retains in the underlying assets by having insurance coverage to reduce that risk.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial assets:				
Financial assets at amortised cost	13,777	22,749	3,604	4,318
At end of the year	13,777	22,749	3,604	4,318
Financial liabilities:				
Financial liabilities at amortised cost	38,933	30,492	27,355	20,121
At end of the year	38,933	30,492	27,355	20,121

Further quantitative disclosures are included throughout these financial statements.

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 analyses 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

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, receivables and other financial assets. 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.

Cash and cash equivalents are also subject to the impairment requirements of the standards on financial instruments.

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. 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 days (2019: 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		Total \$'000
	1 year \$'000	2 - 5 years \$'000	
2020			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	14,669	12,123	26,792
Gross lease liabilities	1,516	14,014	15,530
Trade and other payables	4,283	–	4,283
At end of the year	<u>20,468</u>	<u>26,137</u>	<u>46,605</u>
2019			
<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	<u>20,351</u>	<u>11,776</u>	<u>32,127</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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
2020			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	8,277	12,123	20,400
Gross lease liabilities	407	13,397	13,804
Trade and other payables	777	–	777
Financial guarantee contracts	9,856	–	9,856
At end of the year	19,317	25,520	44,837
2019			
<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	20,609	11,737	32,346

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.

Financial guarantee contracts - For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. 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 from financial guarantees:

Company	Less than		
	1 year \$'000	2 - 5 years \$'000	Total \$'000
2020			
Financial guarantee contracts – in favour of subsidiaries	9,856	–	9,856
Total	9,856	–	9,856
2019			
Financial guarantee contracts – in favour of subsidiaries	10,678	–	10,678
Total	10,678	–	10,678

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

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

Banking facilities

	Group	
	2020 \$'000	2019 \$'000
Undrawn borrowing facilities	7,157	7,992

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.

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:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Financial assets:</u>				
Floating rate	364	2,360	69	1,182
Total at end of the year	364	2,360	69	1,182
<u>Financial liabilities:</u>				
Fixed rate	10,007	103	8,328	–
Floating rate	24,643	24,432	18,250	18,674
Total at end of the year	34,650	24,535	26,578	18,674

The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group	
	2020 \$'000	2019 \$'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	4	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	347	245

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

34F. Interest rate risk (cont'd)

	Company	
	2020 \$'000	2019 \$'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	1	12
<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	266	187

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 risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

34G. Foreign currency risks (cont'd)

Analysis of amounts denominated in non-functional currencies:

Group	US Dollar \$'000	Ringgit Malaysia \$'000	China Renminbi \$'000	Total \$'000
2020				
<u>Financial assets:</u>				
Cash and bank balances	171	275	–	446
Loans and receivables	1,055	472	–	1,527
Total financial assets	1,226	747	–	1,973
<u>Financial liabilities:</u>				
Trade and other payables	(45)	(614)	(431)	(1,090)
Total financial liabilities	(45)	(614)	(431)	(1,090)
Net financial assets/(liabilities) at end of the year	1,181	133	(431)	883
2019				
<u>Financial assets:</u>				
Cash and bank balances	1,253	61	–	1,314
Loans and receivables	609	–	–	609
Total financial assets	1,862	61	–	1,923
<u>Financial liabilities:</u>				
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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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

34G. Foreign currency risks (cont'd)

Company	US Dollar \$'000	Ringgit Malaysia \$'000	Total \$'000
2020			
<u>Financial assets:</u>			
Cash and bank balances	–	69	69
Total financial assets	–	69	69
2019			
<u>Financial assets:</u>			
Cash and bank balances	1,058	29	1,087
Total financial assets	1,058	29	1,087

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

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

	Group	
	2020 \$'000	2019 \$'000
United States Dollars	(118)	(144)
Ringgit Malaysia	(13)	(4)
China Renminbi	43	59
	Company	
	2020 \$'000	2019 \$'000
United States Dollars	–	(106)
Ringgit Malaysia	(7)	(3)

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

31 March 2020

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	
	2020 \$'000	2019 \$'000
Fees on audit services to independent auditors:		
- Company's independent auditor	155	155
- Other independent auditor	2	4
Total	157	159
Other fees to independent auditors:		
- Company's independent auditor	21	21
- Other independent auditor	2	2
Total	23	23

36. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

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 except as disclosed in Notes 27 and 39.

SFRS(I) No.	Title
SFRS (I) 16	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)
SFRS(I) 1-28	Amendments to Long-term Interests in Associates and Joint Ventures
SFRS (I) INT 23	Uncertainty over Income Tax Treatments
SFRS (I) 1-12	Improvements (2017) – Amendments: Income Taxes
SFRS (I) 1-23	Improvements (2017) – Amendments: Borrowing Costs
SFRS (I) 3	Improvements (2017) – Amendments: Business Combinations
SFRS (I) 11	Improvements (2017) – Amendments: Joint Arrangements

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

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 may have on the entity's financial statements in the period of initial application.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 3	Definition of a Business – Amendments	1 January 2020
SFRS (I) 1-1 and 1-8	Definition of Material – Amendments to The Conceptual Framework for Financial Reporting	1 January 2020
SFRS (I) 16	Amendment to SFRS (I) 16: COVID-19 Related Rent Concessions	1 June 2020
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

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

39. CHANGES IN ACCOUNTING POLICIES

Leases:

The financial reporting standard on leases is effective for annual periods beginning on or after 1 April 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessee almost all leases are brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Thus, the entity has recognised a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. The amount by which each financial statement line item is impacted (debits / (credits)) in the current reporting year 2020 by the application of the new standard on leases are disclosed in the relevant notes to the financial statements. The reporting entity elected to apply the modified retrospective approach for this standard new standard on leases. Under the modified retrospective approach the comparative information is not restated and therefore there is no presentation of a third column for the statement of financial position.

STATISTICS OF SHAREHOLDINGS

As At 31 August 2020

SHARE CAPITAL

Issued and fully paid capital	- S\$23,399,825.76	Class of shares	- Ordinary shares
Total number of issued shares (including treasury shares and subsidiary holdings)	- 63,106,209	Voting rights	- 1 vote per share
Number of treasury shares	- 7,800	Number of subsidiary holdings held	- Nil
% of the number of treasury shares held against the total number of issued shares (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 46.73% of the issued ordinary shares of the Company were held in the hands of the public as at 31 August 2020 and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	2	0.39	90	0.00
100 - 1,000	341	66.73	203,220	0.32
1,001 - 10,000	100	19.57	331,400	0.53
10,001 - 1,000,000	53	10.37	7,085,692	11.23
1,000,001 and above	15	2.94	55,478,007	87.92
TOTAL	511	100.00	63,098,409	100.00

STATISTICS OF SHAREHOLDINGS

As At 31 August 2020

TWENTY LARGEST SHAREHOLDERS

S/N	Name of Shareholders	Shares Held	%
1	THANG TECK JONG	17,360,385	27.51
2	PHILLIP SECURITIES PTE LTD	12,870,920	20.40
3	CITIBANK NOMINEES SINGAPORE PTE LTD	3,150,600	4.99
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	NG SEENG EENG	588,000	0.93
18	LIM ANDY	529,200	0.84
19	DBS NOMINEES PTE LTD	505,200	0.80
20	OCBC SECURITIES PRIVATE LTD	500,400	0.79
	TOTAL	58,501,407	92.72

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	10,276,600	16.29
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 8,791,600 shares registered in the name of nominee accounts, namely Phillip Securities Pte Ltd, Citibank Nominees 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 by way of electronic means on 25 September 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the Statement by Directors and Audited Financial Statements for the financial year ended 31 March 2020 together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$40,000 for the financial year ended 31 March 2020 (2019: S\$65,000). **(Resolution 2)**
3. To re-elect Mr Foong Daw Ching, a Director retiring pursuant to Regulation 107 of the Company’s Constitution. (see explanatory note 1) **(Resolution 3)**
4. To approve Mr Foong Daw Ching’s continued appointment as an Independent Director of the Company pursuant to Rule 210(5)(d)(iii) of the listing manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Manual**”). (see explanatory note 2) **(Resolution 4)**
5. To re-elect Dr Clemen Chiang Wen Yuan, a Director retiring pursuant to Regulation 117 of the Company’s Constitution. (see explanatory note 3) **(Resolution 5)**
6. To re-appoint RSM Chio Lim LLP as auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

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

7. That pursuant to Section 161 of the Companies Act, Chapter 50 (“**Companies Act**”) and Rule 806 of the Listing Manual, the Directors be authorised and empowered to: **(Resolution 7)**
 - (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,

NOTICE OF ANNUAL GENERAL MEETING

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);
- (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 which were issued and outstanding or subsisting at the time this Resolution is passed;
 - (b) new Shares arising from exercising share options or vesting of share awards which were issued and 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; 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 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 at 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 4)

8. That:

(Resolution 8)

- (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 as may for the time being be applicable (the “**Share Buy Back Mandate**”);

NOTICE OF ANNUAL GENERAL MEETING

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company at a 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;
- (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 5)

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

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

Wee Woon Hong
Wong Pooi Kuan
Company Secretaries

10 September 2020
Singapore

Explanatory Notes:

1. Mr Foong Daw Ching will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company. He is considered independent for the purposes of Rule 704(8) of the Listing Manual. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(6) of the Listing Manual.
2. Pursuant to Rule 210(5)(d)(iii) of the Listing Manual which will be effective from 1 January 2022, Mr Foong Daw Ching, who has been a Director of the Company for more than nine years will, subject to the passing of Resolution 3, upon the passing of Resolution 4, continue to serve as an Independent Director of the Company, until the earlier of his retirement or resignation, or the conclusion of the third AGM of the Company following the passing of Resolution 4. For the purpose of Resolution 4, the Directors and Chief Executive Officer of the Company, and their respective associates are not allowed to vote.
3. Dr Clemen Chiang Wen Yuan will, upon re-election as a Director of the Company, 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. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(6) of the Listing Manual.
4. Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next AGM of the Company, the date by which the next AGM of the Company is required by law to be held, or the date on which such authority is varied or revoked by the Company at a general meeting, whichever is the 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.
5. Ordinary Resolution 8 proposed in item 8 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 by the Company at a general meeting, 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:

On 3 April 2020, the Singapore Government announced the implementation of "circuit breaker" measures (enhanced safe distancing measures and closure of non-essential workplace premises) to curb the further spread of COVID-19. The COVID-19 (Temporary Measures) Act 2020 was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 was issued by the Minister for Law on 13 April 2020 which provide, among others, legal certainty to enable issuers to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). A joint statement was also issued on 13 April 2020, and subsequently updated on 27 April 2020, by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation providing guidance for listed and non-listed entities on the manner in which general meetings are to be conducted during the period when elevated safe distancing measures are in place.

Printed copies of this notice and the accompanying Annual Report, Addendum and Proxy Form will NOT be sent to members. Instead, these documents will be sent to members solely by electronic means via publication on the Company's website at the URL www.etravelite.com and will also be made available on the SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

NOTICE OF ANNUAL GENERAL MEETING

Alternative arrangements relating to members' participation at the AGM are:

- (a) observing and/or listening to the AGM proceedings contemporaneously via a live webcast and live audio feed of the AGM proceedings ("**Live AGM Webcast**" and "**Live AGM Audio Feed**", respectively);
- (b) submitting questions in advance in relation of the resolutions set out in the Notice of AGM; and
- (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM.

Members will be able to participate in the AGM in following manner set out in the paragraphs below.

Live AGM Webcast and Live AGM Audio Feed:

In light of the above developments, the Company is arranging for the Live AGM Webcast and the Live AGM Audio Feed which will take place on Friday, 25 September 2020 at 10.00 a.m. in place of the physical AGM. Members will be able to watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed via mobile phone, tablet, computer or any such electronic device. The Company will not accept any physical attendance by members. Any member seeking to attend the AGM physically in person will be turned away.

In order to do so, members must pre-register online at the URL <https://sg.conveneagm.com/travelite> by 10.00 a.m. on 22 September 2020 (the "**Registration Deadline**"), being not less than 72 hours before the time appointed for holding the AGM, to enable the Company to verify their members' status.

Following the verification and upon the closure of pre-registration, authenticated members will receive email instructions to access the Live AGM Webcast and the Live AGM Audio Feed of the AGM proceedings by 10.00 a.m. on 24 September 2020 (being 24 hours before the time appointed for the holding of the AGM).

Members are reminded that the AGM proceedings are private. Accordingly, members must not forward the abovementioned email instructions to other persons who are not members and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast and the Live AGM Audio Feed.

Members who register by the Registration Deadline but do not receive the abovementioned email instructions by 10.00 a.m. on 24 September 2020 may contact the Share Registrar at 6236 3550 / 6236 3555 for assistance.

Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including investors who buy Shares using CPF and/or SRS monies ("**CPF and SRS Investors**"), and who wish to participate in the AGM should, in addition to pre-registering online, contact their respective relevant intermediaries (which would include CPF and SRS Operators) through which they hold such Shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

Submission of Questions in Advance:

Please note that members will not be able to raise questions at the AGM during the Live AGM Webcast or the Live AGM Audio Feed, and therefore it is important for members to pre-register their participation in order to be able to submit their questions in advance of the AGM.

Members may submit questions relating to the Annual Report, Addendum and resolutions set out in the Notice of AGM in advance at (i) <https://sg.conveneagm.com/travelite>; (ii) by post to the registered office of the Company at 53 Ubi Avenue 3, Travelite Building, Singapore 408863; or (iii) via email to thl_agm@travelite.com. All questions must be submitted by 10.00 a.m. on 22 September 2020 (being 72 hours before the time appointed for the holding of the AGM).

A member who wishes to submit his/her/its questions by post or by email is required to indicate his/her/its full name (for individuals)/company name (for corporates), NRIC/passport number/company registration number, contact number, shareholding type and number of Shares held together with his/her/its submission of questions, to the office address or email address provided.

Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including CPF and SRS Investors, can also submit their questions based on the abovementioned instructions.

The Company will endeavour to address the substantial and relevant questions before or during the AGM. The responses to questions from members will be posted on the SGXNET and the Company's website soonest possible before the AGM, or if answered during the AGM, to be included in the minutes of the AGM which will be published on the SGXNET and the Company's website within one month after the date of the AGM.

Submission of Proxy Forms to Vote:

Members will not be able to vote online or through the Live AGM Webcast or the Live AGM Audio Feed on the resolutions to be tabled for approval at the AGM. Members who wish to exercise their votes must submit a Proxy Form to appoint the Chairman of the AGM to cast votes on their behalf.

Members (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.

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

NOTICE OF ANNUAL GENERAL MEETING

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.

The Proxy Form, duly executed together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a notarially certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted:

- (a) by post to the office of the Share Registrar at 80 Robinson Road, #11-02, Singapore 068898; or
- (b) by email to sg.is.proxy@sg.tricorglobal.com

in each case, not less than 48 hours before the time appointed for holding the AGM, i.e. by 10.00 a.m. on 23 September 2020. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

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

Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including CPF and SRS Investors, who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include CPF and SRS Operators) through which they hold such Shares in order to submit their voting instructions at least seven working days before the time appointed for holding the AGM (i.e. by 10.00 a.m. on 16 September 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf by 10.00 a.m. on 23 September 2020.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

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.

IMPORTANT NOTICE: Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNET. Members are advised to check the SGXNET regularly for updates on the AGM.

The Company wishes to thank all members for their patience and co-operation in enabling the Company to hold the AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

Personal Data Privacy:

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

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

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 abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

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TRAVELITE HOLDINGS LTD.

(Registration Number 200511089K)

(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:

1. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live webcast or live audio feed), submission of questions in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM dated 10 September 2020.
3. CPF and SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF and SRS Operators to submit their votes by 10.00 a.m. on 16 September 2020 (being seven working days before the time appointed for holding AGM).

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

being a member/members* of TRAVELITE HOLDINGS LTD. (the “**Company**”) hereby appoint 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 by electronic means on Friday, 25 September 2020 at 10.00 a.m. and at any adjournment thereof to vote for, against or abstain from the resolutions to be proposed at the AGM as indicated hereunder. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.**

NO.	RESOLUTIONS	FOR**	AGAINST**	ABSTAIN**
	ORDINARY BUSINESS			
1.	To receive and adopt the Statement by Directors and Audited Financial Statements for the financial year ended 31 March 2020 together with the Independent Auditor’s Report thereon			
2.	To approve the payment of Directors’ fees of S\$40,000 for the financial year ended 31 March 2020			
3.	To re-elect Mr Foong Daw Ching as a Director of the Company			
4.	To approve Mr Foong Daw Ching’s continued appointment as an Independent Director of the Company			
5.	To re-elect Dr Clemen Chiang Wen Yuan as a Director of the Company			
6.	To re-appoint RSM Chio Lim LLP as auditor of the Company and to authorise the Directors to fix its remuneration			
	SPECIAL BUSINESS			
7.	To authorise the Directors to allot and issue shares and convertible securities			
8.	To approve the renewal of Share Buy Back Mandate			

* Delete accordingly

** If you wish to exercise all your votes “For”, “Against” or “Abstain”, please indicate with a tick [✓] within the boxes provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020.

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. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this instrument of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
3. The Chairman of the AGM, being a proxy, need not be a member of the Company.
4. This instrument appointing a proxy or proxies, duly executed, must be submitted:
 - (a) by post to the office of the Share Registrar at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) by email to sg.is.proxy@sg.tricorglobal.com,not less than 48 hours before the time appointed for holding the AGM. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
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. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50), including investors who buy shares using CPF and/or SRS monies and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries, including CPF and SRS Operators, to submit their voting instructions at least seven working days before the time appointed for holding the AGM (i.e. by 10.00 a.m. on 16 September 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by 10.00 a.m. on 23 September 2020.
9. 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 10 September 2020.



TRAVELITE HOLDINGS LTD

COMPANY REGISTRATION NO.: 200511089K

53 UBI AVENUE 3 | TRAVELITE BUILDING | SINGAPORE 408863

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VICTORINOX

