

The **Path** Ahead

Driving the Future of Work



CHASEN™
ANNUAL REPORT 2021



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OUR VISION

To be a leading global integrated service provider with turnkey capabilities in supporting the development of manufacturing and service operation facilities.

OUR MISSION

To develop the capability and synergize the performance of our business units in achieving the corporate vision.

OUR SHARED VALUES

PROFIT-MINDEDNESS

Recognizing and maximizing the effective use of resources as a whole

MANAGEMENT EXCELLENCE

Art in achieving all stakeholders' needs from outside-in to inside-out to achieve a competitive advantage

TEAMWORK

To work with utmost co-operation to overcome and complete tasks promptly

INTEGRITY

Possessing strong moral values and principles, honest and upright to differentiate between right and wrong and being responsible and consistent

RESPECT

Positive feeling of esteem or deference for a person or other business unit

COMMITMENT

Responsibility of individual / business unit to put in extra efforts in completion / achievement of common goals / tasks

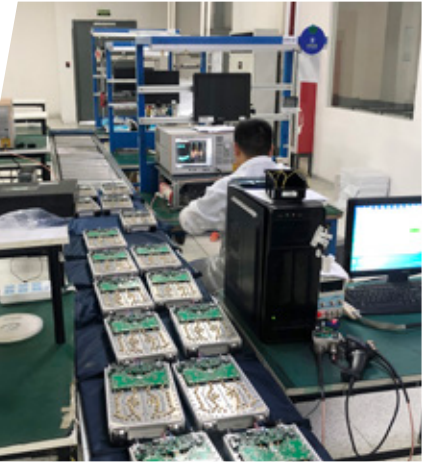
CORPORATE PROFILE



**Specialist
Relocation**



**Third Party
Logistics**



**Technical &
Engineering Services**

The Company was incorporated on 2 November 1999. It listed on SESDAQ on 8 August 2000 and was transferred from the SGX Catalist to Mainboard on 26 February 2013.

The Company changed its name from China Entertainment Sports Ltd to Chasen Holdings Limited ("Chasen") on 17 May 2007 following the completion of the reverse takeover exercise in February 2007 whereby the Company acquired the entire issued and paid up capital of Chasen Logistics Services Limited. As a result of the reverse takeover, the Company acquired a new core business in specialist relocation for the manufacturing industries that utilize sophisticated machineries and equipment.

Chasen is an investment holding company. Its Group businesses now extend further up the supply chain to include third party logistics, technical and engineering services in Singapore, Malaysia, Thailand, Vietnam, the People's Republic of China and USA. The Group's diversified revenue sources cover industries such as wafer fabrication, TFT display panel production, semi-conductor, chip testing and assembly, solar panel assembly, consumer electronics, telecommunications, marine, ordnance and construction sectors in the following business segments:

Specialist Relocation – providing specialist manpower equipped with specialized material handling tools, equipment and vehicles to relocate the machinery and equipment of our customers within their premises, from one location to another location within a country, or from one country to another. The Chasen Group acts as a strategic partner to its customers in the management of their global relocation needs through projects or maintenance contracts. The Group is equipped to handle very sensitive machinery and equipment in cleanroom and "raised floor" environment.

Third Party Logistics – including packing, packaging, trucking, distribution, freight forwarding, non-bonded and bonded warehousing (with in-house Customs clearance), cargo management and last mile services. We pack machinery and equipment to Original Equipment Manufacturer ("OEM") specifications utilizing specialized packaging material before they are transported to their new locations. Our seamless cross-border trucking services are capable of delivering goods from Singapore through Peninsular Malaysia into Thailand, Myanmar and across Indo-China, Vietnam and into the People's Republic of China. Most of our warehouses are air-conditioned and humidity-controlled, with floor load built for heavy equipment/machinery or racked for palletized goods storage.

Technical & Engineering – covering design, fabrication and installation of steel structures, mechanical and electrical installations including hook-up for production facilities, parts refurbishment, engineering and spares support, facilities management and maintenance, contract manufacturing, process engineering services, 4G & 5G telecommunications, ordnance, solar panel installation, scaffolding equipment and services and construction activities.

The Group's diversified revenue base and longstanding customer relationship provide a strong fundamental that would enable the Group to weather business cycles in specific industry. Its business model and growth strategy have positioned the Group to benefit from growth opportunities in the region and to increase the proportion of recurring income in Group revenue.

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S MESSAGE



Dear Shareholders,

I am pleased to present the annual report for the financial year ended 31 March 2021 (“FY2021”), a year that presented unprecedented challenges as well as fresh opportunities due to the COVID-19 pandemic. As I write this message, the situation remains uncertain amid reports of fresh variants and mutations of the virus, continued lockdowns or restrictions worldwide and ongoing vaccination programmes.

The supply chain disruptions caused by the pandemic, recovery of economic activity in the People’s Republic of China (“PRC”) since the early days of the outbreak, along with the Singapore Government’s economic support schemes have contributed to a commendable performance despite the challenges. We recorded a sharp swing from losses in FY2020 to profit in FY2021. In the process, we have taken actions to lower our costs in response to the challenges and continue to build a stronger foundation in the Group.

As manufacturing activity in the PRC began recovering, Specialist Relocation projects held back earlier by the outbreak of the pandemic were restarted. We also secured several other fresh high-value orders during the year. Electronic manufacturing activity in the PRC, including the production of display screens, remains vibrant due to worldwide demand for 4K and 8K displays and the increasing adoption of OLED, having reached attractive cost and performance at scale and better yield.

For the Third Party Logistics (“3PL”) sector, we have benefited from the disruptions to air and sea cargo transport caused by the pandemic. These disruptions persist even now, leading to unprecedented delays or cost increases due to labour or Customs clearance issues aggravated by the pandemic. By contrast, the trucking of goods overland has emerged as a more cost-effective and reliable option. At the same time, the stay-home restrictions due to the pandemic have increased e-commerce activity, which in turn led to higher utilisation of our warehouse capacity in Malaysia within the integrated 3PL and cross-border transportation services.



FINANCIAL PERFORMANCE

The Group recorded a revenue of S\$130.7 million in FY2021, an increase of 29% from S\$101.0 million in FY2020, driven largely by our Specialist Relocation and 3PL business segments. The third segment – Technical & Engineering (“T&E”) – experienced project delays and shortage of labour in Singapore in the early days of the pandemic. However, this was largely offset by strong orders from the segment’s component and parts manufacturing operations located in Singapore and the PRC.



Gross profit more than doubled to S\$24.2 million from S\$12.0 million a year ago. The recovery was more significant in 2HFY2021, with gross profit growing more than six-fold to S\$12.6 million from S\$1.9 million in 2HFY2020.

Due to the recent challenges, we have reviewed our cost structure and streamlined operations selectively. These efforts have yielded positive results in the year under review in conjunction with grants received from the Job Support Scheme and other financial support provided by the Singapore Government to cushion the impact of the pandemic.

The Group recorded a net profit after tax of S\$3.4 million, reversing the loss of S\$15.2 million a year ago, underscoring the resilience of Chasen’s diversified business and strong execution ability of its management.



Anticipating further volatility in the market, we have strengthened our balance sheet. Chasen’s cash and cash equivalents stood at S\$13.9 million as of 31 March 2021, more than double that of S\$5.8 million as of 31 March 2020. The Group’s property, plant and equipment recorded an increase of S\$22 million following our acquisition of a warehouse in Penang, and we recorded a revaluation gain in accordance with the Singapore Financial Reporting Standards.

The Specialist Relocation segment, the leading contributor, recorded revenue of S\$60.8 million, a 22.8% increase from S\$49.5 million in FY2020. FY2021 gross profit for this segment rose to S\$13.6 million (FY2020: S\$9.3 million) on resumption of backlogged projects as well as new order wins in Changsha and Guangzhou in 2HFY2021.

Revenue and gross profit for 3PL rose to S\$43.9 million (FY2020: S\$28.1 million) and S\$7.1 million (FY2020: S\$3.2 million) respectively. We continue to see higher demand for land transportation services amid signs of manufacturing activity relocating outward from the PRC to various parts of Southeast Asia for cost and strategic reasons. Our marketing slogan, ‘Cheaper than Air, Faster than Sea’ resonates well with these customers amid the ongoing disruptions. In March 2021, the Group successfully completed the acquisition of a warehouse to provide non-

bonded and bonded services in the Bayan Lepas industrial zone in Penang, expanding our 3PL capacity and capturing the strong growth in demand for warehousing. The Group continues to look out for warehouse assets in strategic locations preferred by our major customers.

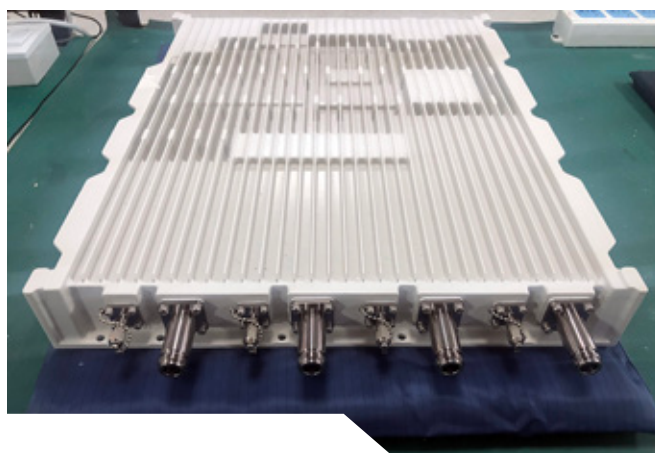
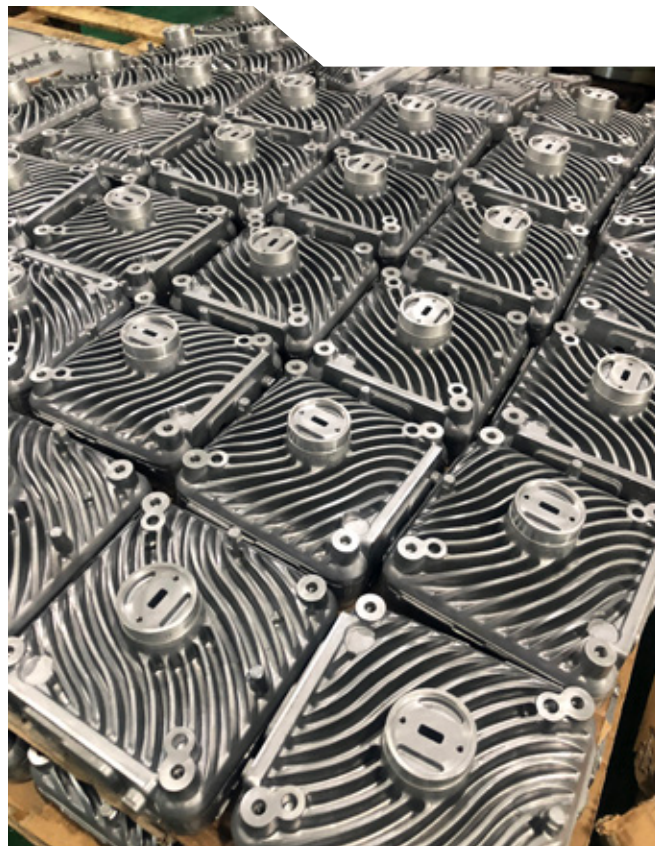
Revenue for T&E increased to S\$26.0 million (FY2020: S\$23.3 million) while gross profit of S\$3.6 million reversed from a loss of S\$0.4 million a year ago despite delays in on-site construction activity, which have led to cost increases. Nonetheless, this segment recorded higher sales for the component and parts manufacturing operations.

LOOKING AHEAD

As businesses adapt to work around the COVID-related restrictions, we are cautiously optimistic that the worst is behind us as the economies in our countries of operation gradually re-open. We have gained valuable experience and reviewed operations to become more *agile*, *resilient* and *opportunistic* in a post-COVID world. Specifically for each segment, our assessment are as follows:

SPECIALIST RELOCATION

This segment is expected to continue to be the main contributor to our financial performance. The PRC has posted the strongest recovery from the pandemic among



major economies back to pre-pandemic levels, and the momentum continues. We see opportunities arising from the growth of the OLED/AMOLED display panel manufacturing market. We are currently the only relocation specialist with a track record of moving the next generation OLED production line equipment of a leading South Korean manufacturer. This was achieved in November 2020 when our subsidiary in the PRC, Chasen (Chuzhou) Hi-Tech Machinery Services Pte Ltd, secured a contract to relocate equipment for a 6th Generation OLED module panel



assembly factory in Guangdong Province. Worth RMB5 million, the project was completed in February 2021.

In February 2021, Chasen Logistics Services Limited secured a month-long project to manage the relocation of a U.S.-owned Taiwan-based semiconductor plant from Hsinchu City to Zhubei. The project was worth approximately S\$0.6 million.

Just entering FY2022, we secured two more move-in projects for two TFT LCD manufacturers; the first is to support a 6th Generation AMOLED TFT LCD manufacturer in Fujian Province valued at RMB40 million (S\$8.2 million), while the second is a RMB14.3 million (S\$2.9 million) project for a 10.5th Generation TFT LCD manufacturer in Guangdong. The first project is due to begin in July 2021 while the second project would commence in September 2021. Both projects are scheduled for completion in March 2022 and May 2022 respectively.

As the growth rate for the PRC's TFT LCD sector begins to plateau, we intend to diversify to other electronic manufacturing sectors such as semiconductor manufacturing. As more manufacturers relocate either within the PRC or outbound to Southeast Asia, we will seek to move up the value chain by offering turnkey services creating adjacent opportunities for our 3PL segment.

3PL

The Group continues to strengthen its foothold within Malaysia, Thailand and Vietnam, as countries continue to relocate their supply chain operations out of the PRC.

Chasen's Penang-based subsidiary, City Zone Express Sdn Bhd, secured three significant contracts worth RM20 million (S\$6.6 million) to deliver electronic and semiconductor parts for two U.S. MNCs with manufacturing plants spanning Singapore, Malaysia and the PRC. Cross-border operations have started for the first two contracts in Q3 2021 while the third contract has commenced in Q4 FY2021.

Subsequently, towards the end of FY2021, City Zone won another cross-border contract worth RM3.5 million (S\$1.1 million) to truck power tools and related equipment for a German engineering and technology MNC from different locations in the PRC to Penang. The contract, which commenced in June 2021 will run till December 2021.

Even with recent orders we continue to sharpen our competitive edge and will increase our fleet of trucks by between 15-20% by the end of FY2022, with more fuel-efficient and environment-friendly vehicles in addition to digitalization and GPS-enabled tracking and monitoring systems to enhance security and operational efficiency.

We are working on pilot projects with the Royal Malaysian Customs Department to deliver a seamless cross-border land transportation service through the implementation of the ASEAN Customs Transit System (ACTS). These trials would connect Malaysia with our customers' destinations in Thailand and Cambodia. We have also commenced our warehouse operations under the AEO (Authorized Economic Operator) Program, whereby Customs clearance would be carried out in-house in our newly acquired non-bonded and bonded warehouse facility in the Bayan Lepas industrial zone in Penang.

T&E SERVICES

As the COVID-19 situation continues to restrict the entry to foreign workers, the outlook for the construction industry remains challenged due to continuing labour shortages and increased costs. Even as we hope for improvement in labour supply in the medium term, the immediate focus is to re-engineer workflows and re-organise current teams to achieve higher productivity per team as well as more teams formation with current resources.

We have re-aligned business strategies in the T&E segment to tap opportunities in solar panel installation, interior space and exterior façade cladding works using specialised industrial-grade glass and aluminium in the Singapore market.

Demand for green energy continues to grow, with the Singapore Government announcing a budget of S\$1 billion directed at renewable energy. We have and intend to continue tapping on the Government's plans to install solar panels in HDB rooftops, having completed solar panel installations on roofs for more than 10 HDB blocks in the initial phase. We are solidly positioned to start on the next phase with more than 32 HDB blocks and will explore the potential of solar panel installations in the region as countries pivot to be carbon-neutral in the long term.

Similarly, leveraging on the technical know-how and capability through a joint venture business two years back, we will continue to participate in interior decorations and façade cladding as Singapore extends and expands



its domestic rail network including the new Woodlands MRT project. We also expect the segment's components and parts manufacturing capability to continue capturing opportunities in emerging core technologies such as 5G, Internet of Things and electric and autonomous vehicles.

In summary, the Group has confidently navigated the challenges brought on by the health pandemic in the last year and is well positioned to capitalize on business opportunities in *the path ahead* with the re-opening of economies in our countries of operations. The geographically diversified sources of revenue and growth in the three business segments serve as a solid foundation to underpin the theme of this annual report, and decisively boost the resilience and agility of the Group to capture opportunities. In *driving the future of work*, our business strategies re-alignment would commensurate with emerging growth trends and continuing digitalization efforts to overcome labour constraints and boost productivity, and competitive edge, will be the key focus going forward.

APPRECIATION

On behalf of the Group, I would like to thank our customers, business partners for their support throughout the year. I would also like to extend my gratitude to the Board, management staff and our employees for their hard work and dedication; without their contribution, Chasen would not have surmounted the challenges posed by COVID-19. Our special thanks to the Singapore Government for aiding our SMEs to stay afloat during this pandemic in which Chasen owes its gratitude as well.

Last but not least, I would like to thank our shareholders for their loyalty and unwavering support during this challenging period. Together, we look forward to growing each of our business segments and adding value for our shareholders.

LOW WENG FATT

Managing Director & Chief Executive Officer



GEOGRAPHICAL REACH

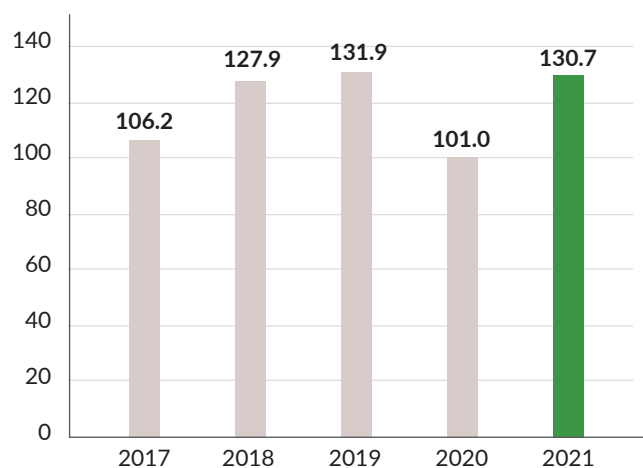
- ▶ U.S.A.
- ▶ EUROPE
- ▶ ASIA



FINANCIAL HIGHLIGHTS

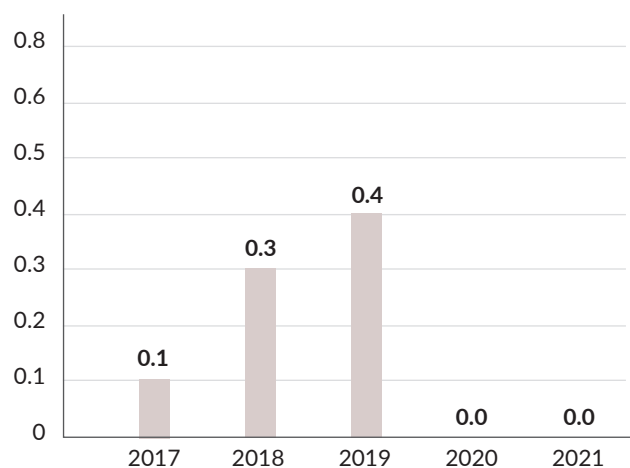
REVENUE ANALYSIS

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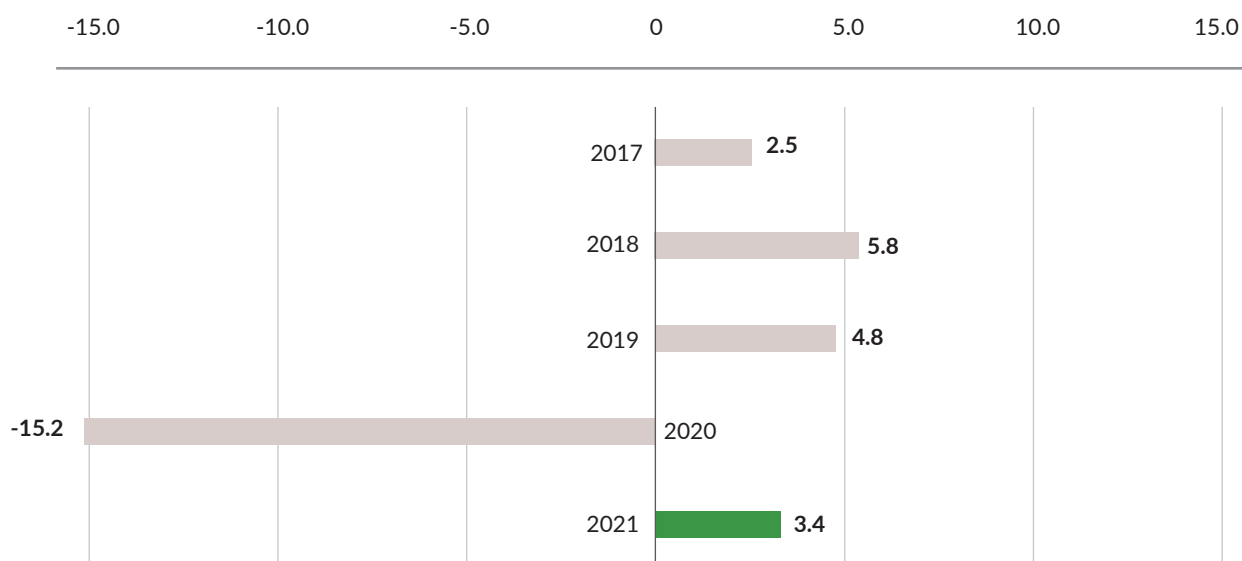
DIVIDEND PER SHARE

(CENTS)

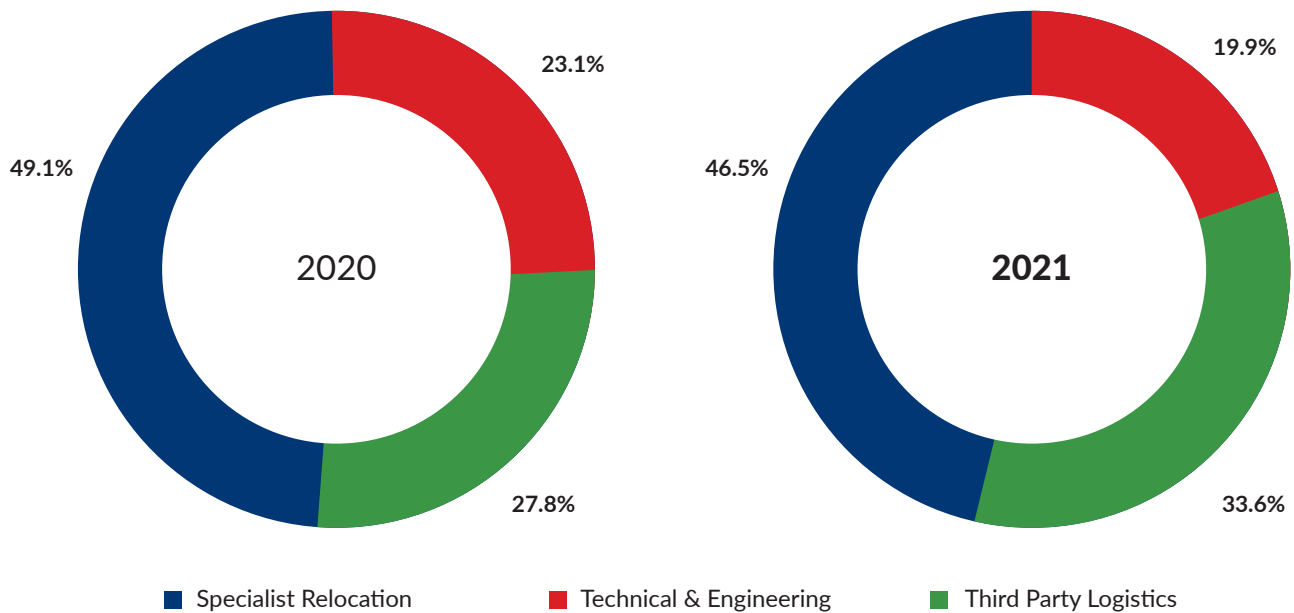


PROFIT / (LOSS) AFTER TAX

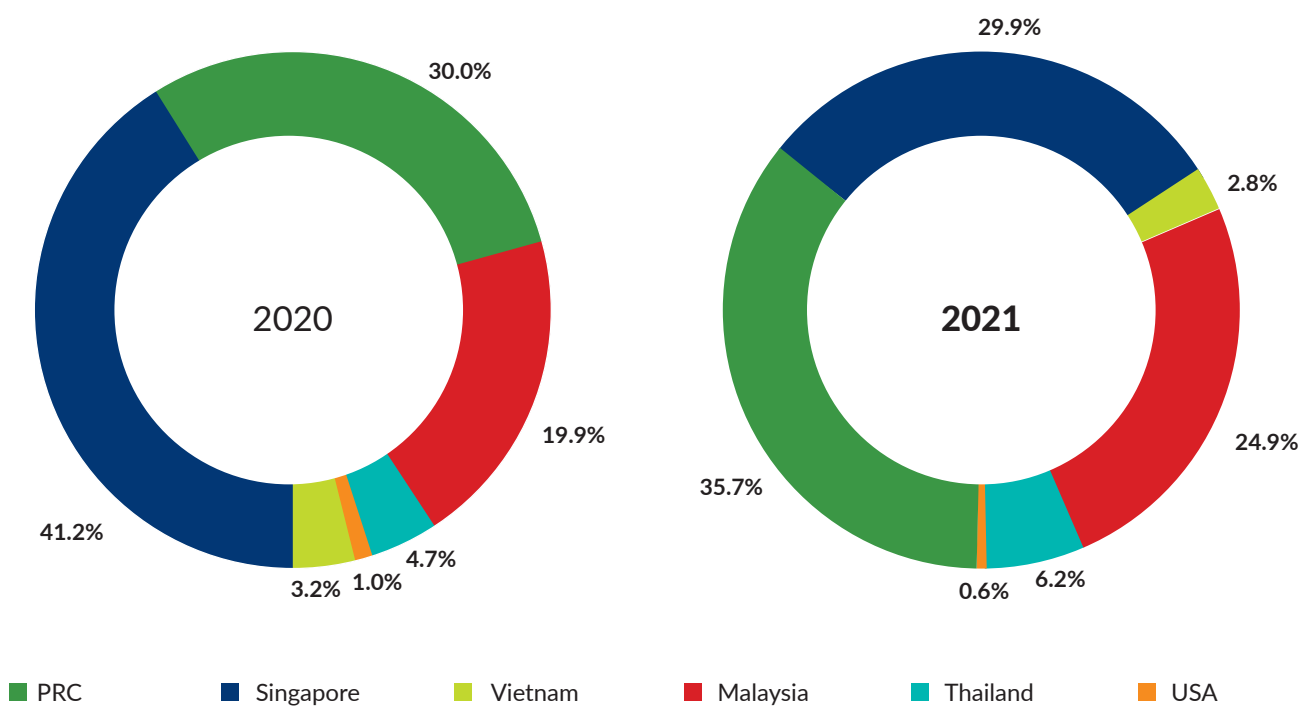
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REVENUE BREAKDOWN BY BUSINESS SEGMENT



REVENUE BREAKDOWN BY GEOGRAPHICAL



CORPORATE MILESTONES

1995

Chasen Logistics Services began business as a partnership operating from its office in Wallich Street

1999



Incorporated as Chasen Logistics Services Pte Ltd ("CLSPL")

2001

CLSPL was awarded first turnkey project consolidating several manufacturing facilities of customer to one location in Singapore
CLSPL was certified ISO 9001 for Quality Management System

2004

Set-up overseas operations in People's Republic of China ("PRC") through Chasen (Shanghai) Hi-Tech Machinery Services Pte Ltd ("HTS")
CLSPL was certified ISO 14001 for Environmental Management and OHSAS 18001 for Occupational Health and Safety Management System

2005

Established second overseas subsidiary, Chasen Logistics Sdn Bhd ("CLSB") in (mainland) Penang
CLSB secured its first contract to service a Singapore-based semiconductor MNC that transferred its operations to the Kulim IT Park in Kedah

2007

Chasen Holdings Limited ("CHL") listed on SGX SESDAQ (now known as Catalyst) via a reverse takeover of China Entertainment Sports Ltd

2012

Chasen Group achieved record historical high revenue of S\$99 million since listing (in 2007)

CHL was recognized as one of the World's Top 1000 Fastest Growing Public Companies in 2011 by the International Business Times (announced in January 2012)

2011

HTS was awarded first major Korean project to relocate an OLED (organic light-emitting diode) production line from Busan, South Korea to Shanwei, Guangdong Province, PRC

CHL was awarded the Certificate of Excellence in "Best Investor Relations by a SGX-Catalist Company" at the IR Magazine South East Asia Awards 2011

2010

Acquisition of "green" companies, Global Technology Synergy Pte Ltd ("GTS") and Towards Green Sdn Bhd ("TGSB")

2009

Chasen Group established footprint in Vietnam with the setting-up of Chasen Transport Logistics Co., Ltd ("CTL") in Ho Chi Minh City

Chasen Logistics Services Limited ("CLSG") was awarded bizSAFE STAR by Workplace Safety and Health Council

2008

Extended Third Party Logistics ("3PL") operations in Malaysia through acquisition of City Zone Express Sdn Bhd ("CZEM") and incorporation of DNKH Logistics Pte Ltd ("DNKH") in Singapore

2013

Chasen was transferred from Catalyst to the Main Board of the SGX-ST on 26 February 2013

Ho Chi Minh City-based CTL awarded its first major move-in and installation project worth of US\$0.9 million (S\$1.1 million) by a Japanese tyre manufacturer in Hai Phong, Vietnam

Singapore-based CLSG secured its maiden relocation project worth of US\$4.25 million (approximately S\$5.4 million) from the Middle East.

CLSG and REI Technologies Pte Ltd ("REI") collaborated in building 100k cleanroom to house a Facilitized Refurbishment and Testing Centre ("FRTC") and supporting logistics services for the refurbishment of wafer fab machine tools for a Japanese OEM (original equipment manufacturer)

2014

Chasen Group surpassed S\$100 million revenue mark for the first time in its corporate history

Chasen Group introduced Shared Values as the basis to develop our corporate culture and growth strategy

2015

Established a global marketing office, Chasen (USA), Inc. ("C-USA") in San Jose, California, USA

2016

Established a joint venture 3PL company in Thailand, City Zone Express Company Limited ("CZET") with operating offices in Bangkok and Songkhla

C-USA clinched US\$12 million (S\$17 million) project for handling of inbound cargo and move-in of equipment and materials for an electric vehicle product manufacturing plant

Incorporated Strategic Business Plan for each business unit that would support the Group strategy in achieving our Corporate Vision

2021

Recovered from previous year's negative growth to post a net profit of S\$3.4 million (Revenue – S\$130.7 million)

Acquired and operationalized a non-bonded and bonded 140,000 sqft warehouse facility in Penang costing RM40 million (S\$12.9 million) with in-house (AEO Program) Customs clearance

Secured several Relocation and 3PL projects valued at S\$12.4 million

2020

Posted a historical loss of S\$15.2 million (Revenue – S\$100.9 million) due to the pandemic

Specialist Relocation and 3PL captured projects worth S\$8.2 million

2019

Surpassed FY2018 historical high by 3% at S\$131.9 million

3PL subsidiary, CZEM secured MNC contracts for cross-border land freight from Malaysia to Vietnam and China to Singapore with complementary warehousing in Singapore and Malaysia

3PL CZE Group established an office in Shanghai

CLSG certified ISO 620:2016 for Good Distribution Practice for Medical Devices

2018

Chasen Group achieved its highest revenue to date at S\$127.9 million

HTS secured relocation contract for pilot phase of the world's first 11th Generation TFT LCD plant in Shenzhen, PRC

CZEM established bonded warehouse in Penang and office in Vietnam to manage cross-border land freight business

C-USA secured the third phase of automobile product manufacturing plant project valued at US\$9.3 million

2017

Chasen Group exceeded S\$100 million revenue benchmark for second time amassing S\$106.2 million

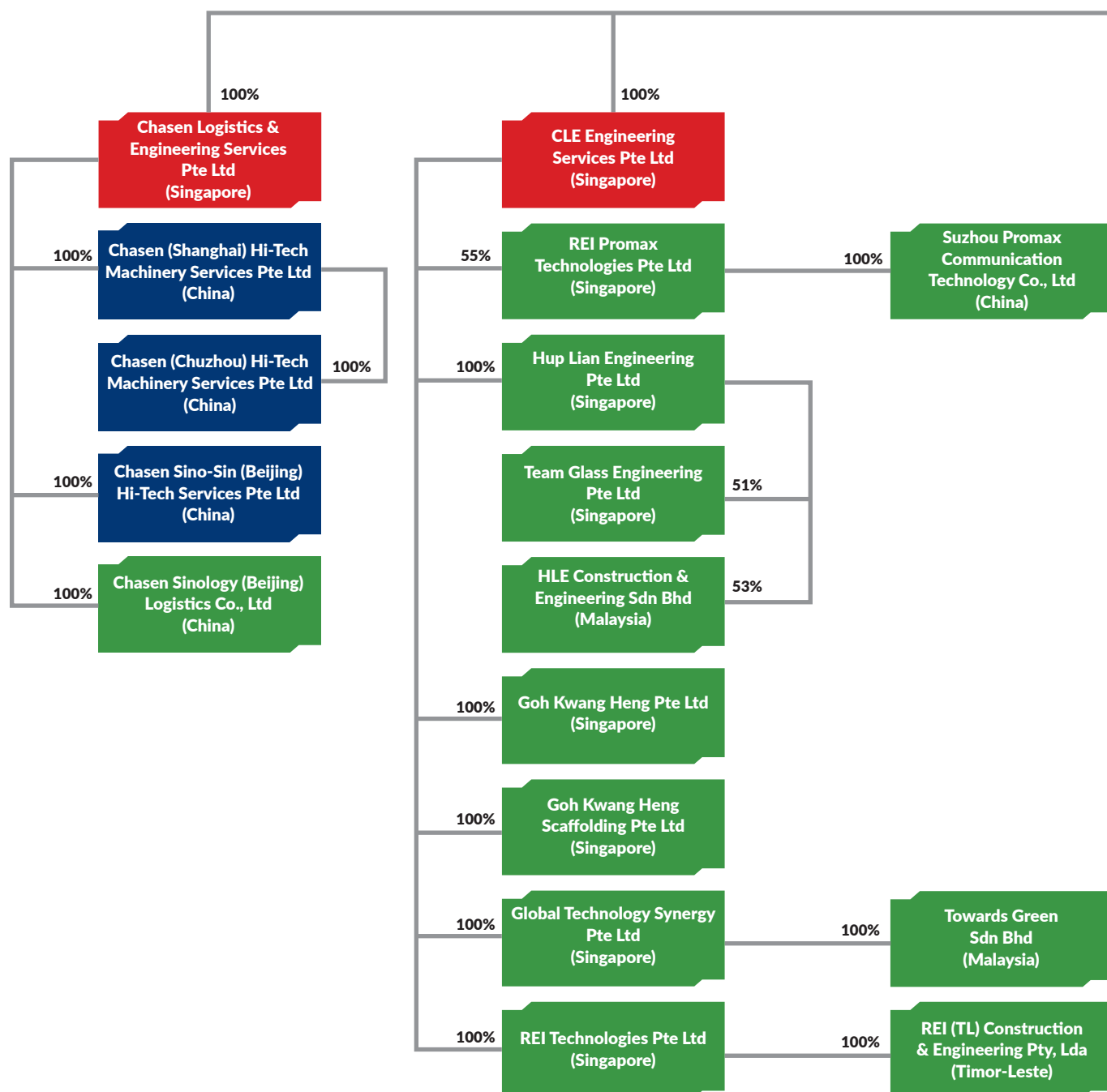
HTS achieved highest contracts secured totalling S\$50 million (RMB245 million)

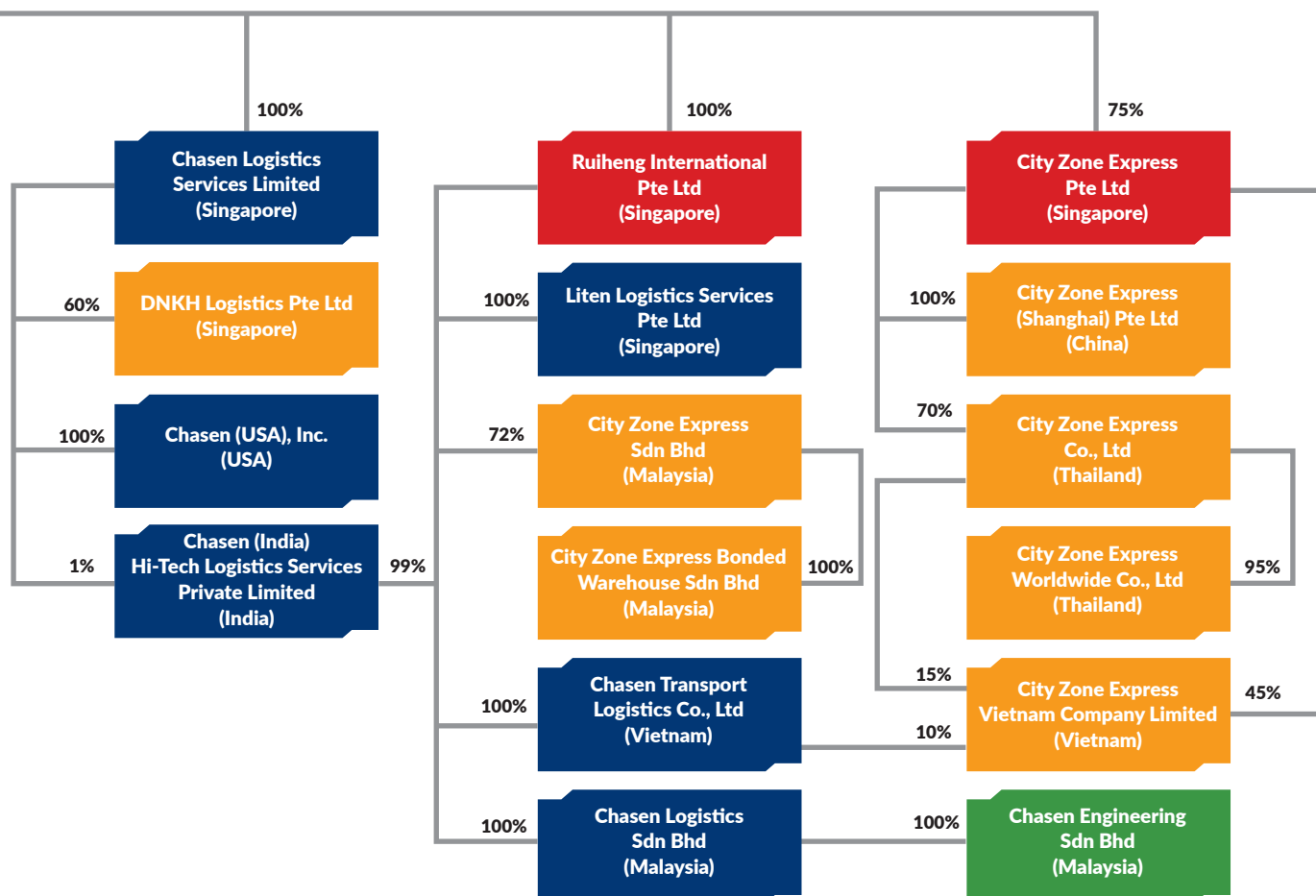
3PL established air and sea freight business in Thailand to complement its cross-border trucking operations

CORPORATE STRUCTURE

CHASEN™

Chasen Holdings Limited





Legends

■ Investment Holdings Companies

■ Third Party Logistics (3PL)

■ Specialist Relocation Services

■ Technical & Engineering

BOARD OF DIRECTORS



Low Weng Fatt (Justin)

Managing Director and CEO

1

Mr Low Weng Fatt ("Justin"), the Managing Director and CEO of the Group, was appointed to the Board of Chasen Holdings Limited since 2007. He was instrumental in ensuring the success of the reverse acquisition of China Entertainment Sports Ltd, which led to the listing of the Chasen Group on SESDAQ (now known as Catalist) and transferred to the Mainboard in February 2013. As Managing Director and CEO, Justin is responsible for executing the Group's business strategy as deliberated and approved by the Board, providing leadership to ensure success of the Group's operations in the region, identifying new business opportunities as well as managing and supervising the daily operation of the Group.

Justin joined Chasen Logistics Services as a Project Manager in 1996 when it operated as a partnership. He played a pivotal role in steering the growth of Company since he became its Managing Director in 2001. With his extensive experience in the logistics industry, Justin has exploited its first mover advantage in meeting the growing specialist relocation needs of semi-conductor manufacturers and other businesses, which use sophisticated and expensive

machinery and equipment in their operations locally and in this region and in building up a good track record and reputation for the Group.

His ability to anticipate business trend and demand has enabled the Group to offer the right type of skills, equipment and value-add services to meet the total relocation needs of customers. The development of this comprehensive range of services to meet customers' relocation needs also enabled the Group to replicate its services capabilities overseas in particular the People's Republic of China (2004), Malaysia (2005), Vietnam (2009) and in the United States of America (2015).

Justin continues to play an instrumental role in charting the Group's business development, growth and expansion globally, including extending its core business higher up the supply chain to include cross-border land freight in the third-party logistics as well as technical and engineering services to complement its logistics capability. This competitive advantage enabled the Company to generate revenue well past \$100 million in recent years.

Siah Boon Hock (Eddie)

Executive Director

2

Mr Siah Boon Hock ("Eddie"), the Executive Director of the Group, was appointed to the Board of Chasen Holdings Limited since 2007. Besides assisting the Managing Director and CEO in operational matters and following up new business opportunities, he is also the Managing Director for the Technical & Engineering Group comprising Goh Kwang Heng Group, Team Glass Engineering Pte Ltd and Hup Lian Engineering Pte Ltd.

As the Managing Director, Eddie has direct responsibility for the business success and growth of the abovenamed operating subsidiary group with the head of its subsidiaries reporting directly to him. He is also responsible for evaluating and securing Board approval, establishment of legal framework and successful execution of major projects in the Technical & Engineering business segment that

require specific project funding and resources procured through the parent company that is over and above the normal working capital of the subsidiary involved in the project.

Eddie brings with him more than 20 years of experience in sales and marketing, which include being a regional sales manager responsible for the sales and market development of supply chain management solutions to personal computer OEMs with internationally recognized brands such as Apple, IBM, Compaq (now known as Hewlett Packard) in Asia. Prior to joining Chasen, Eddie was a director with Ascomp Cyberware International Pte Ltd from 2000 to 2001, where he managed the sales development of the trading company.

Chew Mun Yew

Independent Director

3

Mr Chew Mun Yew ("Mun Yew") was appointed as an Independent Director of Chasen Holdings Limited on 5 August 2013. He is the Chairman of the Remuneration Committee since 17 December 2019. He is also a member of the Audit Committee and Nominating Committee.

Prior to his appointment, Mun Yew was a Non-Executive Director of the Group's pioneer subsidiary, Chasen Logistics Services Limited from September 2012 where he was in an advisory capacity on the growth and business strategies for the subsidiary.

Mun Yew brings with him a span of 36 years of experience in the Semiconductor Industry in Manufacturing, Quality, Engineering, Supply Chain & Procurement Management of which 22 years were at senior management level.

He had worked at TAS (now SingTel), then moved on to Hewlett-Packard Company and subsequently joined a greenfield DRAM wafer fab start-up, TECH Semiconductor (S) Pte Ltd that counts Texas Instrument as its technology partner. He was the Director of Procurement and Materials Management from 1991 at TECH Semiconductor and later moved on to the Director of Procurement in the Shared Services Centre of Micron Semiconductor Asia from 2010 till 2012.

Mun Yew holds a Bachelor of Engineering (2nd Class Upper Honours) in Electrical & Electronic from the Heriot-Watt University, Edinburgh, UK and a postgraduate Diploma in Business Administration from Singapore Institute of Management.

Chew Choy Seng (John)

Independent Director

4

Mr Chew Choy Seng ("John") was appointed as an Independent Director on 1 October 2018 and as the Chairman of the Audit Committee on 1 April 2019. He is also a member of the Remuneration Committee and Nominating Committee.

John is a Chartered Accountant and Secretary by training and has over 40 years of experience in corporate, finance and general management across various industries. He

has held various senior management roles including Deputy Chief Executive Officer, Group General Manager, Chief Financial Officer in both public-listed companies and MNCs. He was the Chief Financial Officer of Chasen Holdings Limited for the period April 2010 to October 2013.

John is a member of the Institute of Singapore Chartered Accountants.

Lim Yew Si

Independent Director

5

Mr Lim Yew Si ("Yew Si") was appointed as an Independent Director on 1 October 2020. He assumes the role of the Chairman for the Nominating Committee with effect from 15 October 2020. He is also a member of the Audit Committee and Remuneration Committee.

Yew Si is a Chartered Accountant by training and has more than 30 years of experience in accountancy and financial

management, taxation and business advisories. He was previously the Financial Controller of Chasen Holdings Limited for the period January 2005 to February 2007.

Mr Lim is a member of the Institute of Singapore Chartered Accountants, and the Chartered Institute of Management Accountants.

EXECUTIVE OFFICERS



Tan La Hiong (Cecilia)

Chief Financial Officer

Ms Tan La Hiong ("Cecilia") is responsible in providing leadership and direction for all aspects of financial planning, internal control compliance and financial reporting matters for the Group. This also includes communication of financial performance and forecast of the Group to the Board of Directors and SGX.

Cecilia is a Chartered Accountant and has more than 20 years of financial management experience in listed and multinational companies covering strategic planning, business negotiation, process improvement, project management, budgeting and forecasting, treasury, corporate governance, risk management, internal controls, taxation and audit.

Prior to joining Chasen Holdings Limited, Cecilia was with C.K. Tang Limited as Vice-President (Finance) and MTV Asia LDC as the Director (Finance).

Cecilia graduated with a Bachelor's degree in Accountancy (Second Class Honours – Upper Division) from the Nanyang Technological University. She is a member of the Institute of Singapore Chartered Accountants.



Yap Beng Geok Dorothy

Head of Corporate Administration

Ms Yap Beng Geok Dorothy is the Head of Corporate Administration of Chasen Holdings Limited. She is responsible for the day-to-day administrative workflow, human resource management and the general administration of the Group businesses in Singapore, Malaysia, Thailand and Vietnam. She also provides support to other regional operations whenever required. She provided invaluable assistance during the reverse listing of the Chasen Group and continues to be the main liaison with professional advisors in corporate activities of the Company in its continuing listing obligations.

Dorothy first joined Chasen Logistics Services in 1995 when it was still a partnership and over the past 25 years she has been with the Group, she has acquired in-depth knowledge of many aspects of the Group's business, including its operation and administration.

Prior to joining the Group, Dorothy had worked as an Administrative Officer with a Japanese MNC in Singapore. She is the daughter of Mr Yap Koon Bee @Louis Yap, a Substantial Shareholder of the Group.

OPERATION BUSINESS UNITS

SPECIALIST RELOCATION



ROBERT LIM

General Manager

Chasen Logistics Services Limited
("CLSG")

Mr Robert Lim ("Robert") joined CLSG in 1997 as a Supervisor and subsequently rose to become the Senior Manager (Operations) in 2009. Before joining CLSG, Robert was the Material Controller cum Supervisor in a plastic manufacturing company. Robert has been building up his forte in relocation

operations over the years and has managed many high value projects with MNC semi-conductor manufacturing companies in Singapore.

In 2014, he was promoted to Assistant General Manager. When the GM of CLSG relocated to the US in 2016, Robert took over the day-to-day operations and has since been responsible for the overall growth of the business unit.

Robert has been upgraded to the post of General Manager in January 2020.



KANG SWEE MENG

Country Manager

Chasen Transport Logistics Co., Ltd
("CTL")

Mr Kang Swee Meng ("Kang") joined the Company's pioneer subsidiary, CLSG in April 2002 as a relocation specialist.

He was deployed to set-up the Penang branch in 2005 as the Project Manager. Upon his return in 2006, Kang was assigned as a Project Coordinator.

With his working knowledge in the relocation business, Kang was subsequently seconded to Ho Chi Minh City in July 2009 to helm the company's new subsidiary, Chasen Transport Logistics Co., Ltd as the Branch Manager.

His appointment was upgraded to Country Manager in 2016. As Country Manager, Kang is responsible for the management and overall growth of the company's business concerns in Vietnam. He is also the Legal Representative for CTL.



ALVIN LAU KIN JONG

Country Manager

Chasen Logistics Sdn Bhd ("CLSB")
Chasen Engineering Sdn Bhd ("CESB")

Mr Alvin Lau ("Alvin") joined the Company's pioneer subsidiary, CLSG in April 2008 as the Assistant Project Manager.

In the following month, Alvin was posted to Penang to support the then fledgling CLSB and was subsequently

appointed as the Branch Manager. Within three years, he saw to the growth of CLSB and was upgraded to Country Manager in 2011. Alvin was instrumental in the expansion of the relocation business into Vietnam in 2009 when he initiated a relocation project for a US MNC from Penang to Ho Chi Minh City. In 2014, another subsidiary, CESB was placed under Alvin's portfolio. Prior to joining the Chasen Group, Alvin was a Project Engineer specializing in industrial gas system in a Singapore company.

Ever since helming CLSB, Alvin has amassed many high value projects mainly in the semi-conductor industry and of late in the solar panel manufacturing industry in Penang, and grown the business unit to be among the top few relocation companies in northern Peninsular Malaysia.

Alvin graduated with an Honors degree in Electrical and Electronic Engineering from the Leeds Beckett University in UK.



CHEONG TUCK NANG (BOBBY)

General Manager

Chasen (Chuzhou) Hi-Tech Machinery
Services Pte Ltd ("Chasen Chuzhou")
Chasen (Shanghai) Hi-Tech Machinery
Services Pte Ltd ("Chasen Hi-Tech")

Mr Bobby Cheong ("Bobby") is the General Manager and the legal representative of the Group's subsidiaries in the Specialist Relocation business segment in the People's Republic of China ("PRC"). He is

responsible for the overall management, sales and marketing, and project execution in the PRC, specializing in the relocation of sophisticated equipment for MNC and local companies.

Bobby has been with the Chasen Group since the partnership days of Chasen Logistics Services and he brings with him more than 25 years of experience in the logistics, warehousing management and Specialist Relocation business.

He was one of the pioneers in the setting-up of the Group's PRC operation and is responsible for securing and execution of major large-scale relocation projects that resulted in record revenues of RMB100 million and RMB185 million in FY2012 and FY2019 respectively.

**DIXZYQUO NURMAN***General Manager*

Chasen (USA), Inc ("C-USA")

Mr DixzyQuo Nurman ("Dixzy") is the General Manager in-charge of the Group's Global Marketing Office ("GMO") in the United States. He was instrumental in the setting up of the GMO and will continue to promote and market the Group's integrated service capabilities directly to the US and European head offices of MNCs that

currently operate or intend to operate in our region.

Prior to relocating to the US, Dixzy was the General Manager in-charge of the Group's subsidiaries in the Specialist Relocation business segment in Singapore, Malaysia and Vietnam. He joined the Group's subsidiary, Chasen Logistics Services Limited in 2000 as a Business Planning Manager and was promoted to General Manager for Singapore in 2004. Dixzy brings with him valuable experiences where he took charge of the execution of turnkey relocation projects for major international manufacturing companies from USA and Europe, which had relocated to Singapore, Malaysia and Vietnam or the PRC.

Dixzy is a *summa cum laude* graduate from the Bandung Institute of Technology, Indonesia where he graduated with a Bachelor of Science (Industrial Engineering) degree, majoring in Economics Engineering.

**LIM WUI LIAT (ANDREW)***Executive Director*

Liten Logistics Services Pte Ltd ("LLS")

Mr Andrew Lim ("Andrew") is the Executive Director of the Group's subsidiary, LLS since April 2011. He is responsible for the overall management, sales and operations for the entities under his charge. Andrew brings with him more than 20 years of experience in general logistics such as transportation, moving services for heavy machineries,

general warehousing, freight forwarding and packing and crating of machineries for the manufacturing and construction industries. Andrew is a major shareholder of LLS. In recent years, he has also took on the role as a secondhand dealer in condemned electronic parts primarily from the semi-conductor industry for recycling/trading purpose.

Andrew continues to facilitate complementary capabilities to extend the scope of logistics services for the Group in the regions.

THIRD PARTY LOGISTICS (3PL)**HENG KHIM SOON (KENNY)***General Manager*

DNKH Logistics Pte Ltd ("DNKH")

Mr Kenny Heng ("Kenny") is the General Manager of the Group's Singapore 3PL subsidiary, DNKH. He is also the minority shareholder. He is responsible for management and growth of the business of this entity under his charge. He brings with him a wealth of more than 20 years of marketing and operation experience in the freight forwarding and

third-party logistics businesses.

Kenny is tasked with the challenges to ensure the Group logistics services, such as freight, warehousing, transportation and distribution are competitive particularly, the air and sea shipment rates to and from Singapore and within the region. He also provides the other business units within the Group with value-added services to complement their services to customers who require supply chain services in third party logistics.

DNKH currently operates a fleet of more than 20 trucks of varying capacities and more than 80 field operation personnel in the distribution and warehousing businesses. In addition to storage, DNKH has value-add the de-installation of decommissioned escalators/elevators cum installation of new escalators/elevators to its service portfolio. This capability assists the Group to strengthen its global network in the freight industry.

**S. PIRITHIVARAJ SELVARAJOO***Executive Director/General Manager*

City Zone Express Pte Ltd ("CZE-S")
City Zone Express Sdn Bhd ("CZE-M")
City Zone Express Bonded Warehouse Sdn Bhd ("CZE-BW")
City Zone Express Co., Ltd ("CZE-T")
City Zone Express Worldwide Co., Ltd ("CZE-W")
City Zone Express (Shanghai) Pte. Ltd. ("CZE-C")
City Zone Express Vietnam Company Limited ("CZE-V")

Mr Pirithivaraj Selvarajoo ("Raj") is the Executive Director cum General Manager of the Group's Malaysian 3PL subsidiary, CZE-M. He is also a minority shareholder of CZE-M and CZE-S. Raj is responsible for the overall management and growth of the 3PL entities under his charge. CZE Group provides freight forwarding, warehousing (including bonded warehousing services), transportation, customs brokerage and other logistics supply chain services, operating out of Penang. He oversees the operation of a sizeable truck fleet comprising more than 106 trucks, which are deployed for daily interstate long and short haul overland transportation between Singapore and Peninsular Malaysia.

Raj continues to strengthen CZE-M's cross-border land freight business in broadening the Company's revenue base and enhancing its profitability. He also assists the Group in identifying business opportunities to grow the Group's business in Malaysia, Thailand and Vietnam to capture a larger share of the inland and cross-border transport business within Indo-China and into the PRC.

He is instrumental in setting-up joint venture companies with business partners in Thailand and Vietnam with operating offices in Bangkok, Songkhla, Ho Chi Minh, Hanoi and Shanghai.

TECHNICAL & ENGINEERING (T&E)



YEO SECK CHEONG (JEFFREY)

General Manager

Global Technology Synergy Pte Ltd ("GTS")
Chasen Sino-Sin (Beijing) Hi-Tech Services Pte Ltd ("Sino-Sin")
Chasen Sinology (Beijing) Co., Ltd ("Sinology")

Mr Jeffrey Yeo ("Jeffrey") is the General Manager of GTS and responsible for the general management, growth

and development of the business unit in Singapore. GTS is in the business of process and industrial plant engineering design and consultancy services as well as general contractors for alteration & addition (A&A) and mechanical & electrical (M&E) works.

Concurrently, Jeffrey is also the legal representative of the Group's PRC subsidiaries as well as Director of several subsidiaries in the Group.

Jeffrey joined Chasen Logistics in 2000 as a Project Manager responsible for executing relocation projects. Having been in the logistics and relocation industry for more than 15 years, he had successfully transferred this experience to the PRC when he set up the relocation business operations for the Group in the PRC.



HEIN KE LONG (HENRY)

Executive Director/General Manager

REI Promax Technologies Pte Ltd ("PMXS")
Suzhou Promax Communication Technology Co., Ltd ("PMXSZ")

Mr Henry Hein ("Henry") is the Executive Director cum General Manager of the Chasen Group subsidiaries in the contract manufacturing business in Singapore

and the PRC. Henry is responsible for the overall management and operational growth of the precision machining business.

Promax is in the business of providing solutions such as prototype designs, machining, precision engineering and machining for components such as molds, jigs and fixtures, mechanical sub-assemblies, design and fabrication of special purpose machines and reverse engineering for the telecommunication and ordnance industries. Promax has recently added to its portfolio the manufacturing of mechanical parts for conventional and electric cars.

Henry oversees the sales and marketing of the Group's T&E service capability for both factories in Singapore and Suzhou. He has more than 20 years of experience in the precision engineering manufacturing industry.



CHAN HOOI BENG (RYAN)

Director

Team Glass Engineering Pte Ltd ("TGE")

Mr Ryan Chan ("Ryan") joined the Chasen Group in July 2019 when he invested as a minority shareholder in the joint venture company, TGE. He was appointed as a director of TGE and is responsible for the overall sales, management and growth of the

business entity under his charge. Concurrently, Ryan reports to Mr Edwin Chionh of the GKH-HLE-REI group.

Ryan has more than 15 years of experience in the construction business particularly in the area of glass and aluminium works, primarily focusing in consultancy and building engineering design services for aluminium and glazing work for façade and cladding construction for buildings.



CHIONH HONG WEI EDWIN

Acting General Manager

Goh Kwang Heng Pte Ltd ("GKH")
Goh Kwang Heng Scaffolding Pte Ltd ("GKHS")
Hup Lian Engineering Pte Ltd ("HLE")
REI Technologies Pte Ltd ("REI")

Mr Edwin Chionh ("Edwin") first joined the Chasen Group in 2013 as the Sales Manager of GKH/GKHS.

Prior to joining GKH/GKHS, Edwin was in sales dealing in consumer electronics for a total of seven years. With his sales experience, he spearheaded the marketing and sales for GKH/GKHS and secured numerous projects in the construction industry. Among the projects he managed were Fusionopolis, Mediapolis, Metropolis, State Court Towers and Marina One.

With the many construction projects under his belt, Edwin was promoted to Assistant General Manager in 2018. HLE and REI were subsequently placed under the charge of Edwin in December 2019. Under Edwin, HLE secured a major contract for the fabrication and installation of steel frames for a solar panel project. With the departure of the previous GM in 2019, Edwin has been emplaced to the post of Acting General Manager in charge of the GKH-HLE-REI group of companies. The newly set-up joint venture company, Team Glass Engineering Pte Ltd, between HLE & Team Glass Construction Pte Ltd also comes under his operational purview.

Edwin graduated with a Diploma in Electrical and Electronic Engineering from Singapore Polytechnic.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Low Weng Fatt
Managing Director and CEO

Siah Boon Hock
Executive Director

Chew Mun Yew
Independent Director

Chew Choy Seng
Independent Director

Lim Yew Si
Independent Director

AUDIT COMMITTEE

Chew Choy Seng
Chairman

Chew Mun Yew

Lim Yew Si

REMUNERATION COMMITTEE

Chew Mun Yew
Chairman

Chew Choy Seng

Lim Yew Si

NOMINATING COMMITTEE

Lim Yew Si
Chairman

Chew Mun Yew

Chew Choy Seng

Low Weng Fatt

COMPANY SECRETARIES

Siau Kuei Lian

Fiona Lim Pei Pei

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

18 Jalan Besut
Singapore 619571
Tel: (65) 6266 5978
Fax: (65) 6262 4286
Website: www.chasen.com.sg

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Mazars LLP
Chartered Accountants of Singapore
135 Cecil Street
#10-01
Singapore 069536
Partner in charge: Lai Keng Wei
(a member of the Institute of Singapore Chartered Accountants)
(appointed with effect from the financial year ended 31 March 2017)

PRINCIPAL BANKER

DBS Bank Ltd
12 Marina Boulevard Level 43
Marina Bay Financial Centre Tower 3
Singapore 018982

CORPORATE SOCIAL RESPONSIBILITY



FOR OUR BUSINESS PARTNERS & STAKEHOLDERS

Transparency
& ethical practices



FOR OUR PLANET EARTH

Stewarding resources for
future generations



FOR OUR COMMUNITIES

Helping develop thriving,
resilient communities

As a responsible corporate citizen, Chasen has vigilantly upheld the principle of corporate social responsibility ("CSR") in serving the communities we operate in, looking after the welfare of our employees, and building goodwill for our Group.

We took full responsibility of all the environmental and social resources under our stewardship. As a result, the Company has established a CSR policy which encompassed the review of the Group's activities in the following areas:

- To review and recommend the Group's policy with regards to CSR issues;
- To review the Group's environmental policies and standards;
- To review the social impact of the Group's business practices in the communities that it operates in;
- To review and recommend policies and practices with regard to key stakeholders (suppliers, customers and employees); and
- To review and recommend policies and practices with regard to regulators.

OUR CSR FRAMEWORK

The Company aims to be recognized as an organization that is transparent and ethical in all its business operations as well as making a positive contribution to the communities, which it operates in. We are deeply committed to our Shared Values underpinning our CSR framework in the fulfilment of our social responsibility in achieving sustainable development for our future generations:

- Clear direction, strong leadership and open communication;
- Customer focus;
- Equality, fairness and transparency;
- Development of positive working relationships with others and respect for people
- Promote environmental, social and economic issues; and
- Contribution to the community

Over the years, the Company has been making contributions to aged and children's homes and sponsorship of social events in support of charitable causes.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “**Board**”) of Chasen Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to setting in place corporate governance practices which are in line with the recommendations of the Singapore Code of Corporate Governance 2018 (the “**Code**”) to provide the structure through which protection of the interests of its shareholders, stakeholders and investing public is met.

This Statement describes the practices the Company has undertaken with respect to each of the principles and guidelines and the extent of its compliance with the Code. The Board believes that the Company has complied in all material aspects with the principles and guidelines set out in the Code. Where the Company’s practices differ from any principle or guideline, the Company’s position in respect of the same is explained in this Statement.

BOARD MATTERS

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.

The Board is responsible for setting the strategic directions for the Company. The Board, in fulfilling its stewardship responsibility for the Company, met on a regular basis throughout the year to supervise the Management in areas such as budgeting and planning, organizational and financial performance, the achievement of strategic goals and objectives, risk management as well as communication with shareholders of the Company. The Board is also responsible for considering sustainability issues relating to the environment and social factors as part of the strategic direction of the Group.

The principal functions of the Board include, amongst other things, the following:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- provide the overall strategy of the Group;
- establish a framework of prudent and effective controls, which enables risks to be assessed and managed including safeguarding of shareholders’ interests and the Company’s assets;
- review the performance of the management;
- identify the key stakeholder groups and recognize that their perceptions affect the Company’s reputation;
- set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;
- assume the responsibilities of corporate governance framework of the Group.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company and hold Management accountable for performance and the Board is accountable to shareholders through effective governance of the business.

To assist the Board in the execution of its responsibilities, the Board is supported by three Board Committees, namely the Nominating Committee (“**NC**”), the Remuneration Committee (“**RC**”) and the Audit Committee (“**AC**”). Each Board Committee has its own set of defined terms of reference, which sets out the respective Board Committee’s duties and responsibilities.

CORPORATE GOVERNANCE STATEMENT

The Company has taken steps to ensure participation of all Directors when selecting Directors to the three Board Committees so as to maximize their effectiveness. All Board Committees are headed by Independent Directors.

Formal Board meetings are held at least four times a year to approve the half yearly result announcements and to oversee the business affairs of the Group. The Board is free to seek clarification and information from the Management on all matters under their purview. Ad-hoc meetings are convened when the circumstances require. During the financial year under review, the details of number of Board and Board Committee meetings held and attended by each Board member are set out as follows:

Names of Directors	Board		AC		NC		RC	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Ng Jwee Phuan @ Frederick (Eric)**	4	4	2	2	1	1	1	1
Low Weng Fatt	6	6	8	5*	1	1	1	N/A
Siah Boon Hock	6	6	8	5*	1	1*	1	N/A
Chew Mun Yew	6	6	9	9	1	1	1	1
Chew Choy Seng	6	6	9	9	1	1*	1	1
Lim Yew Si***	2	2	7	6	N/A	N/A	N/A	N/A

* By Invitation

** Ceased as Non-Executive Chairman and Independent Director on 25 September 2020

*** Appointed as Independent Director on 1 October 2020

The Company's Constitution provides for the Directors to participate in Board and Board Committee meetings by means of telephonic and video conference meetings or in such manner as the Board may determine.

As an added control mechanism, the Company has identified the following areas for which the Board's approval must be sought:

- Approval of half yearly and full-year results announcements for release to the Singapore Exchange Securities Trading Limited (the "SGX-ST");
- Approval of the annual reports and audited financial statements;
- Convening of shareholders' meetings;
- Approval of corporate strategies;
- Approval of material acquisitions and disposal of assets; and
- Approval of major investment and funding decisions.

The Board has and will continue to have in place, an orientation and training programme for newly appointed Directors to familiarize them with the Group's business operations, strategic directions, directors' duties and responsibilities, corporate governance practices, regulations and guidelines from SGX-ST to enable them to discharge their duties and responsibilities effectively.

Upon appointment of a new Director, a formal letter setting out his duties and responsibilities will be provided. The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of directors' duties and responsibilities.

CORPORATE GOVERNANCE STATEMENT

The Directors are also kept abreast of any relevant new laws, regulations and changing commercial risks, from time to time which are relevant to the Group and the training courses related to the aforesaid will be arranged and funded by the Company. News releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (“ACRA”) which are relevant to the Company are circulated to the Directors.

Board Composition and Guidance

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

The current Board of Directors consists of two Executive Directors and three Independent Directors. The Directors as at the date of this report are listed as follows:

Executive Directors

Low Weng Fatt (Managing Director and Chief Executive Officer)
Siah Boon Hock

Independent Directors

Chew Mun Yew
Chew Choy Seng
Lim Yew Si

The criterion for independence is based on the definition set out in the Code. The Board considers an “Independent Director” as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related companies, 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 with a view to the best interests of the Company.

The independence of each Director is reviewed annually by the NC. Under Rule 210(5)(d)(i) and 210(5)(d)(ii) which took effect on 1 January 2019, it stipulates that a director will not be independent if he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company.

The Company has been progressive and proactive in fulfilling this Principle. Commencing in 2018, the Board identified and appointed Chew Choy Seng as an Independent Director and subsequently elected him as AC Chairman on 1 April 2019. Further, the Board also identified and appointed Lim Yew Si as an Independent Director and elected him as NC Chairman on 15 October 2020 following Ng Jwee Phuan @ Frederick (Eric) cessation as Non-Executive Chairman and Independent Director on 25 September 2020. Therefore, the Board had discharged its fiduciary duty to identify suitable candidates as Independent Director and take the necessary actions to achieve the appropriate level of independence in its composition.

The Board takes into account the scope and nature of the Company’s operations. It also takes into account the evolving Corporate Governance Code and as articulated above is taking actions to refresh the Board to facilitate effective deliberations, decision making of the Board while enhancing the independent element on the Board. The Independent Directors would constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitoring the reporting of performance.

The NC has reviewed the forms on confirmation of independence completed by each Independent Director and concurred with their confirmation. The NC is satisfied that there is a strong and independent element in the Board even as the Board refreshes its members on the Board and committees. None of the Independent Directors has served on the Board beyond nine years as at the end of the financial year from the date of his appointment.

The respective Directors had abstained from the discussions pertaining to the review of his independence.

CORPORATE GOVERNANCE STATEMENT

The composition of the Board is reviewed at least annually by the NC. The NC is of the view that there is a strong element of independence in the Board as the independent directors currently form the majority of the Board. Chew Choy Seng and Lim Yew Si are accountancy and financial professional throughout their career and Chew Mun Yew has extensive engineering and senior management experience from major MNC players in the semi-conductor industry that forms the specialist relocation customer base in Singapore and the Asia region. Therefore, there is diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company. The Board comprises Directors who have the appropriate balance and diversity of skills, expertise and experience, knowledge of the industries the Group does business in and collectively possess the necessary core competencies for effective functioning and informed decision-making. Notwithstanding the lack of gender diversity at the Board level due to scarce/limited pool of experienced female senior executives in the logistics and construction related sectors in Singapore to draw from, the Board is always on the lookout. The Board aside, it is to be noted that 2 female key management personnel (out of a total of 6) in the Company's management bench.

The Independent Directors are encouraged to meet regularly without the presence of Management so as to facilitate a more effective check on Management.

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.

Following the cessation of Ng Jwee Phuan @ Frederick (Eric) as Non-Executive Chairman and Independent Director on 25 September 2020, the Board has yet to appoint a new Chairman. Currently, the responsibilities of the Chairman are shared among the Board members to:

- (a) lead the Board to ensure that its effectiveness of the Board in all aspects of its role;
- (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promote a culture of openness and debate at the Board;
- (d) ensure that the directors receive complete, accurate, timely and clear information;
- (e) ensure effective communication with shareholders;
- (f) encourage constructive relations within the Board and between the Board and Management;
- (g) facilitate the effective contribution of Non-Executive Directors in particular; and
- (h) promote high standards of corporate governance.

The roles of a Chairman and the Chief Executive Officer ("CEO") are separate and distinct, each having his own areas of responsibilities. As the highest-ranking executive officer of the Group, Low Weng Fatt being the Managing Director and CEO of the Company, has executive responsibilities for the Group's businesses. He is responsible for the effective management and supervision of the daily business operations of the Group as well as taking a key leadership role in executing the Group's business strategy as deliberated and approved by the Board.

The Board has set clear guidelines in respect of decisions that are to be made by the Board, decisions that are to be made by the Managing Director and CEO in consultation with the Board while leaving it to the judgement of Management as to other matters that ought to be referred to the Board. The Board is of the opinion that the decision-making process by the Board has been independent and has been based on collective decisions without any individual exercising any considerable concentration of power or influence.

CORPORATE GOVERNANCE STATEMENT

The Independent Directors are encouraged to meet periodically without the presence of the Executive Directors and Management, and provide feedback to the CEO after such meetings.

As there is no Chairman being appointed at this juncture, the relationship between the Chairman and CEO are not applicable.

Board Membership

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

The NC currently comprises the following four members, the majority of whom including the Chairman, are Independent Directors:

Lim Yew Si (Chairman)	(Appointed as Chairman on 15 October 2020)
Chew Mun Yew	
Chew Choy Seng	
Low Weng Fatt	

The NC is governed by its written terms of reference. In accordance with the requirements of the Code, the Chairman of the NC is an independent director. The NC reviews board succession plans for Directors, makes recommendations to the Board on all nominations for appointments and re-appointments of Directors to the Board. In addition, the NC will review, as and when circumstances require, to arrange for training and professional development programs for the Board. It also ascertains the independence of Directors and evaluates the Board's performance. The NC assesses the independence of Directors, based on the guidelines set out in the Code and any other salient factors.

Given the time needed in the rigorous evaluation of potential candidates to Board appointment, the NC's review of independent status of Directors is necessarily forward-looking in particular for long-serving Directors. As mentioned in Principle 2, the NC is progressive and proactive in this formal and transparent process. The NC, in recommending the nomination of any Director for re-election and/or re-appointment, considers the contribution of each Director, based on, *inter alia*, his attendance record, overall participation, expertise, strategic vision, business judgement and sense of accountability.

The NC ensures that the members of the Board and its Board Committee are best suited for their respective appointments and are able to discharge their responsibilities as members of the Board and/or Board Committees. In addition, the selection of Directors requires careful assessment to ensure there is an equitable distribution of responsibilities among the Directors.

In the nomination and selection process, the NC reviews the composition of the Board by taking into consideration the mix of expertise, skills attributes and length of service of existing Board members, so as to identify desirable competencies and criterion for a particular appointment. In so doing, it strives to source for candidates who possess the skills and experience that will further strengthen the Board, and who are able to contribute to the Company in relevant strategic business areas, in line with the growth and development of the Group. This process also takes into account the evolving Corporate Governance landscape with the aim to achieving compliance progressively and proactively.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, as none of the Director has multiple listed company board representations. Therefore, there is presently no need to implement internal guidelines to address the competing time commitments. This matter is reviewed on an annual basis by the NC. Pursuant to the Company's Constitution, every Director (except the Managing Director and CEO) must retire from office at least once every three years by rotation. Directors who are due for retirement are eligible to offer themselves for re-election. New Directors who are appointed by way of Board resolution are subject to retire at the Annual General Meeting ("AGM") following his/her appointment and he/she shall be eligible for re-election by shareholders at the AGM. With effect from 1 January 2019, Rule 720(5) of the Listing Manual of the SGX-ST requires all directors of an issuer to submit themselves for re-nomination and re-appointment at least once every three years.

CORPORATE GOVERNANCE STATEMENT

Each member of the NC shall abstain from deliberation in respect to his re-nomination as a Director.

Siah Boon Hock and Lim Yew Si shall retire from office pursuant to Regulations 110 and 120 of the Company's Constitution respectively at the forthcoming AGM to be held on 29 July 2021. Both Siah Boon Hock and Lim Yew Si, the retiring Directors shall be eligible for re-election pursuant to Regulation 113 of the Company's Constitution at the forthcoming AGM. The Board supports the re-election of both Directors. Both Siah Boon Hock and Lim Yew Si have consented for re-election and the resolutions for their re-election would be tabled for re-election at the forthcoming AGM.

Key information on directors proposed to be re-elected to the Board under Appendix 7.4.1 of the Listing Manual are as follows:

Name of Directors	Siah Boon Hock	Lim Yew Si
Date of Appointment	6 February 2007	1 October 2020
Date of last re-election (if applicable)	27 July 2018	Nil
Age	61	56
Country of principal residence	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has accepted and approved the NC's recommendation, who has reviewed and considered Mr Siah's contribution and performance as Executive Director of the Company	The Board of Directors of the Company has accepted and approved the NC's recommendation, who has reviewed and considered Mr Lim's contribution and performance as Independent Director of the Company
Shareholding interest in the listed issuer and its subsidiaries	<u>The Company</u> Direct: 10,824,901 ordinary shares <u>Subsidiaries of the Group</u> Nil	<u>The Company</u> Nil <u>Subsidiaries of the Group</u> 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	Son-in-law of substantial shareholder, Mr Yap Koon Bee @ Louis Yap, brother-in-law of Head of Corporate Administration, Ms Yap Beng Geok Dorothy and General Manager, Mr Cheong Tuck Nang	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7 of Listing Rules) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships	<u>Past Directorships (for the last five years)</u> REI Technologies Pte Ltd <u>Other Principal Commitments</u> Nil	<u>Past Directorships (for the last five years)</u> Aviation Safety and Training Pte Ltd Lifevantage Asia Pte Ltd Lifevantage Singapore Pte Ltd <u>Other Principal Commitments</u> Nil

CORPORATE GOVERNANCE STATEMENT

	<u>Present Directorships</u> Chasen group of companies <u>Other Principal Commitments</u> Nil	<u>Present Directorships</u> Chasen Holdings Limited APTA Management Services Pte Ltd Ang Chin Moh Foundation YFK Public Accounting Corporation M21 International Pte Ltd Fairtry Technology (S) Pte Ltd Chinaeon Biotech Pte Ltd <u>Other Principal Commitments</u> Nil
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The retiring Independent directors had responded negative to items (a) to (k) listed in Appendix 7.4.1 of the Listing Manual of the SGX-ST.

Lim Yew Si, if re-elected, will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

None of the Independent Director has served on the Board beyond nine (9) years from the date of their first appointment.

Where a vacancy arises, the NC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting potential candidates. The NC will consider each candidate for directorship based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification and experience of such candidate, his ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives. Thereafter, the NC will recommend the candidate to the Board for approval.

Key information regarding the Directors is set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Directorship and Chairmanship in Other Listed Companies and Major Appointments (Present and held over preceding 3 years)
Low Weng Fatt	6 February 2007	30 July 2019	Nil
Siah Boon Hock	6 February 2007	27 July 2018	Nil
Chew Mun Yew	5 August 2013	25 September 2020	Nil
Chew Choy Seng	1 October 2018	30 July 2019	Nil
Lim Yew Si	1 October 2020	N/A	Nil

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.

In line with the principles of good corporate governance, the NC had implemented and continued with an annual performance evaluation for assessing the effectiveness of the Board as a whole and has completed the assessment without the engagement of an external facilitator. The purpose of the evaluation process is to increase the overall effectiveness of the Board. In view of the current size of the Board and that all Independent Directors are members of the Board Committees, the assessment of the Board Committees was incorporated into the assessment of the Board as a whole.

CORPORATE GOVERNANCE STATEMENT

The NC had decided unanimously, that there would be no separate assessment of the Board Committees and individual Directors. The NC, in considering the re-nomination of any Director, had considered but not limited to the extent of their attendance, participation and contribution in the proceedings of the meetings.

Each Director was requested to complete evaluation forms to assess the overall effectiveness of the Board as a whole. The appraisal process focused on the evaluation of factors such as the size and composition of the Board, the Board's access to information, Board processes and accountability, communication with key management personnel and Directors' standard of conduct. The results of the evaluation are used constructively by the NC to identify areas of improvements and recommend to the Board the appropriate action. No external facilitator has been used for the purpose of Board assessment in the financial year 2021. The Board Evaluation Questionnaires will be reviewed and updated as necessary from time to time.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the necessary experience, knowledge and expertise critical to the Group's business.

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.

The RC currently comprises the following three members, all of whom are Independent Directors:

Chew Mun Yew (Chairman)
Chew Choy Seng
Lim Yew Si

The RC is governed by its written terms of reference. The principal functions of the RC are, *inter alia*:

- (a) review and recommend to the Board a general framework of remuneration for the Board and key management personnel of the Group;
- (b) review and recommend to the Board specific remuneration packages for each Director, key management personnel and employees who are related to the Executive Directors and/or substantial shareholders covering all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;
- (c) review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses, which are not overly generous; and
- (d) review and submit its recommendations for endorsement by the Board, the awards granted under the Chasen Performance Share Plan or any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.

It was noted that the Chasen Performance Share Plan 2017 was adopted and approved by the shareholders of the Company at an extraordinary general meeting held on 28 July 2017. The duration of the Plan 2017 is a maximum period of 10 years commencing on the date of adoption, that is, 10 years commencing on 28 July 2017.

CORPORATE GOVERNANCE STATEMENT

Each member of the RC refrains from voting on any deliberations in respect of the assessment of his remuneration. No Director was involved in determining his own remuneration.

The RC has full authority to engage any external independent professional advice on matters relating to remuneration as and when the need arises.

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.

The RC will take into account the industry norms relevant to the size of the Company and geographical areas which the Group operates, the Group's performance as well as the contribution and performance of each Director and key management personnel when determining their remuneration packages.

In structuring and reviewing the remuneration packages, the RC seeks to align interests of Directors and key management personnel with those of shareholders and link rewards to corporate and individual performance as well as their roles and responsibilities. Such performance-related remuneration should be aligned with the interest of shareholders and promote long term success of the Company. Individual performance reviews for key management personnel are completed annually.

The Independent Directors receive Directors' fees and share awards under the Chasen Performance Share Plan, in accordance with their contributions, taking into account factors such as efforts and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised. All Directors are paid Directors' fees that are subject to shareholders' approval at the AGM.

The remuneration for the Executive Directors and key management personnel comprised a basic salary component and a variable component, namely, director's fees, annual bonus and the share awards under the Chasen Performance Share Plan. The latter is based on the performance of the Group as a whole and their individual performances. The grants of share awards are vested over a period of time through a prescribed vesting schedule. The details of grants of share awards under the Chasen Performance Share Plan are disclosed in the Directors' Statement on page 44.

The Company entered into a service agreement with our Managing Director and CEO, Low Weng Fatt for a fixed appointment period and it does not contain onerous removal clauses. The service agreement allows for termination by either party giving not less than six months' notice in writing to the other. The RC is responsible for the review of compensation commitments, if any, the service agreement may entail in the event of early termination.

The Board is of the view that the remuneration offered to the Directors and key management personnel is fair and competitive, and 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 RC will carry out annual reviews of the remuneration packages of the Directors and key management personnel, having due regard to their contributions as well as the financial and commercial needs of the Group.

The RC may recommend the Company to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

CORPORATE GOVERNANCE STATEMENT

Disclosure on Remuneration

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

The remuneration of the Executive Directors and key management personnel are set out in incremental bands of S\$250,000 with further analysis showing the composition between Fee; Salary; Bonus and Other benefits. The Company's Directors and key management personnel receiving remuneration from the Group for the financial year ended 31 March 2021 are as follows:

Remuneration Band	Number of Directors	
	2021	2020
Directors		
\$500,000 and above	0	1
\$250,000 to below \$500,000	1	1
Below \$250,000	5	4
Total	6	6
Key Management Personnel		
\$250,000 to below \$500,000	2	4
Below S\$250,000	4	2
Total	6	6

A breakdown of each individual Director's and key management personnel's remuneration, in percentage terms showing the level and mix for the financial year ended 31 March 2021, is as follows:

	Fees %	Salary %	Bonus %	Other benefits %	Total %
Directors					
\$250,000 to below \$500,000					
Low Weng Fatt	9.7	82.8	7.5	-	100
Below \$250,000					
Siah Boon Hock	18.6	74.8	6.6	-	100
Ng Jwee Phuan @ Frederick (Eric)*	100	-	-	-	100
Chew Mun Yew	100	-	-	-	100
Chew Choy Seng	100	-	-	-	100
Lim Yew Si**	100	-	-	-	100

* Ceased as Non-Executive Chairman and Independent Director on 25 September 2020

** Appointed as Independent Director on 1 October 2020

CORPORATE GOVERNANCE STATEMENT

	Fees %	Salary %	Bonus %	Other benefits %	Total %
Key Management Personnel					
\$250,000 to below \$500,000					
Cheong Tuck Nang	-	78.7	7.1	14.2	100
Tan La Hiong	-	86.6	8.0	5.4	100
Below \$250,000					
DixzyQuo Nurman	-	74.9	-	25.1	100
Yeo Seck Cheong	-	58.6	5.0	36.4	100
Heng Khim Soon	-	79.4	7.0	13.6	100
Yap Beng Geok Dorothy	-	81.6	7.1	11.3	100

The aggregate total remuneration paid to the above-mentioned key management personnel (who are not Directors or the Managing Director and CEO) for the financial year ended 31 March 2021 is approximately S\$1,327,835.

None of the Directors (including the Managing Director and CEO) and the top six key management personnel (who are not Directors or the Managing Director and CEO) of the Company has received any termination, retirement, post-employment benefits for the financial year ended 31 March 2021.

Save for Cheong Tuck Nang and Yap Beng Geok Dorothy who are the son-in-law and daughter of Yap Koon Bee @ Louis Yap, a substantial shareholder of the Company, there is no other employee who is a substantial shareholder of the Company, or an immediate family member of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 for the financial year ended 31 March 2021.

The process of remuneration administration is led by the RC which provides critical oversight in assuring alignment of individual, enterprise and Group's performance to long term shareholders' interest and value creation in a sustainable manner.

This level of disclosure is consistent with the intent of transparency on the company's remuneration policies taking into account evolving industry trends and forces, competition for talent recruitment and retention. It is prudent and in the shareholders' interest to protect this competitive advantage through an appropriate level of transparency in the Company's compliance regime and compensation practices.

The Company has not disclosed exact details of the remuneration of each individual Director as maintaining confidentiality on such matters is desirable in the overall interest of the business. Attracting and retaining capable professional are top priorities for the Group operating in a highly competitive industry.

The RC has reviewed and approved the remuneration packages of the Directors and key management personnel, having due regard to their contributions as well as the financial and commercial needs of the Group and has ensured that the Directors are adequately but not excessively remunerated.

CORPORATE GOVERNANCE STATEMENT

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.

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. The Company will consider the need to establish a risk management committee to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies when the need arises.

Although the Board acknowledges that it is responsible for the Group's overall system of internal controls, the Board also recognises that no internal control system will preclude all errors and irregularities. The Group's system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology controls, as well as risk management systems and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and that assets are safeguarded.

Relying on the reports from the external auditors, internal auditors and the representation letters from the Management, the AC carries out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the external auditors and internal auditors to further improve the internal controls would be reported to the AC. The AC will follow up on the actions taken by the Management and on the recommendations made by the external and internal auditors.

Material associates and joint ventures which the Company does not control are not dealt with for the purposes of this Board opinion.

The Directors have received the management representation letters from the Executive Directors and the Chief Financial Officer ("CFO") of the Company and from the Executive Directors, General Managers and Heads of Finance, Operations and Sales of the key subsidiaries as well as Heads of Group functions in relation to the financial information for the financial year ended 31 March 2021.

For the financial year ended 31 March 2021, the Board has received assurance from the Managing Director and CEO as well as the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and the Group's risk management and internal control systems are sufficiently adequate and effective.

Based on the various management controls put in place, the reports from the external auditors (to the extent as required by them to form an audit opinion on the statutory financial statements), representation letters from the Management, periodic reviews by the Management, and the findings of the internal auditors, the Board with the concurrence of the AC is of the opinion that the system of internal controls addressing financial, operational, compliance, information technology control and risk management systems, maintained by the Company during the year are adequate and effective.

The Board also notes that all internal control systems and risk management systems contain inherent limitations and no system of internal controls or risk management could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, and/or other irregularities.

As the Group continues to grow its business, the Board will continue to review and take appropriate steps to strengthen the Group's overall system of internal controls and risk management to minimise risks and safeguard shareholders' interests.

CORPORATE GOVERNANCE STATEMENT

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC currently comprises the following three members, all of whom are Independent Directors:

Chew Choy Seng (Chairman)
Chew Mun Yew
Lim Yew Si

None of the AC members is a former partner or director of the Company's existing auditing firm within a period of two years nor has any financial interest in the auditing firm. The Company has adopted and has complied with the principles of corporate governance under the Code in relation to the roles and responsibilities of the AC.

The Board is of the view that the members of the AC are appropriately qualified, having the necessary accounting or related financial management expertise or experience to discharge the AC's responsibilities.

The AC is governed by its written terms of reference and will focus principally on assisting the Board in fulfilling its duties by providing an independent and objective review of the financial management process, internal controls and the audit function. The AC will meet at least four times a year to perform, *inter alia*, the following authorities and functions:

(a) Financial Reporting

The AC reviews the assurance from the CEO and CFO on the financial records and financial statements. The AC also reviews the half yearly and annual results announcements, as well as any formal announcements relating to the Company's financial performance, with the Management and external auditors before submission to the Board for approval, focusing in particular on significant financial reporting issues and judgements; changes in accounting policies and practices, major risk areas; significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements.

(b) External Audit

The AC reviews, with the external auditors, the audit plans, the audit report and Management's response and actions to correct any noted deficiencies; to discuss problems and concerns, if any, arising from the review and audits; to review the independence of the external auditors annually; and to recommend to the Board the appointment, re-appointment or removal of the external auditors and approving the remuneration and terms of the engagement of the external auditors. In addition, the AC meets with the external auditors without the presence of Management at least once a year to discuss any matter that the external auditors may raise during such a meeting.

(c) Internal Audit

The AC reviews, with the internal auditors, the internal audit plan, the scope and results of the internal audit including the effectiveness of the internal audit process. It ensures that the internal audit function is adequately resourced and has appropriate standing within the Group. It also reviews annually to ensure the adequacy and effectiveness of the internal audit process and monitors the implementation of Management's response to the internal audit findings to ensure that appropriate follow-up measures are taken.

(d) Internal Controls

The AC reviews and evaluates with external auditors and internal auditors on the adequacy and effectiveness of the Company's system of internal controls, including financial, operational, compliance, information technology controls and risk management systems. The AC may commission an independent audit on internal controls for its assurance, or where it is not satisfied with the system of internal controls.

CORPORATE GOVERNANCE STATEMENT

(e) Interested Person Transactions

The AC regularly reviews if the Group will be entering into any interested person transactions (“IPT”) and if it does, to ensure that the Group complies with the requisite rules under Chapter 9 of the Listing Manual of the SGX-ST.

(f) Whistle-blowing

The AC reviews arrangements by which employee of the Company and of the Group may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.

The Company has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters, which they become aware and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) appropriate action is taken to correct the weaknesses in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

The AC has full access to the Management and also full discretion to invite any Director or key management personnel to attend its meetings, and has been given reasonable resources to enable it to discharge its function.

The Company’s internal audit function is outsourced to TRS Forensics Pte Ltd (“**TRS**”). TRS is a technology-based risk consulting firm with operations in Singapore, Malaysia and China. They are currently the internal auditors for more than 10 listed companies in Singapore. Other than internal audit and risk management, their professional expertise include cybersecurity, forensic technology, investigation and data protection. TRS is a corporate member of the Institute of Internal Auditors, Singapore. They are also awarded the Data Protection Trustmark by the InfoComm Media Development Authority.

The Head of Internal Audit, who is a Certified Internal Auditor and Chartered Accountant of Singapore, has more than 15 years of external and internal audit experience after graduating from Nanyang Technological University with a Bachelor of Accountancy degree. He was formerly the Head of Internal Audit at Nexia TS Pte Ltd before joining TRS. The team members supporting the Head of Internal Audit include members of the Institute of Internal Auditors, cybersecurity and forensic professionals. The internal audit team is guided by the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out its functions.

The AC conducts regular meetings with TRS to evaluate the system of internal controls, the review of cyber-security, their audit findings, the adequacy and the effectiveness of financial, operational and compliance controls at subsidiary level as well as overall risk management of the Company.

The AC is satisfied with the independence, adequacy and effectiveness of its outsourced internal auditors.

In July 2010, SGX and ACRA had launched the “Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors” which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the said Guidance such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group’s audit, the size and complexity of the Group.

CORPORATE GOVERNANCE STATEMENT

In addition, in October 2015, with the support from SGX and Singapore Institute of Directors, ACRA had introduced the “Audit Quality Indicators (“AQIs”) Disclosure Framework to assist the AC in evaluating the re-appointment of external auditors based on eight quality markers that correlate closely with audit quality. Accordingly, the AC had evaluated the external auditors based on the eight AQIs at engagement and/or firm-level.

The AC has reviewed the key audit matters disclosed in the independent external auditors’ report and is of the view that there is no material inconsistency between the audit procedures adopted by the independent external auditors and Management’s assessment and is satisfied that the key audit matters have been appropriately dealt with.

The AC has also undertaken a review of the independence and objectivity of the external auditors. The Company has paid S\$254,300 to Messrs Mazars LLP, the external auditors, for the financial year ended 31 March 2021. There is no non-audit fee paid to Mazars LLP.

The Company has complied with Rules 715 and 716 of the Listing Manual of the SGX-ST as all significant Singapore based subsidiaries of the Company are audited by Messrs Mazars LLP for the purposes of the consolidated financial statements of the Company and its subsidiaries. The Board and the AC are satisfied that the appointment of different auditing firms for the Company’s other subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

Accordingly, the AC is satisfied that Rules 712, 715 and 716 of the Listing Manual of the SGX-ST are complied with and has recommended to the Board of Directors, the re-appointment of the external auditors for approval at the forthcoming AGM.

During the financial year ended 31 March 2021, the AC has met with the external auditors, and with the internal auditors, separately without the presence of the Management.

In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast by the Management, external auditors on changes to accounting standards, stock exchange rules and other codes and regulations, which could have an impact on the Group’s business and financial statements.

There was no IPT during the financial year ended 31 March 2021, the AC is of the opinion that Chapter 9 of the Listing Manual of the SGX-ST has been complied with. The AC has nevertheless established the necessary review procedures should IPT arise.

In the event that a member of our AC is interested in any matter being considered by our AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC has, within its terms of reference, the authority to obtain independent professional advice at the Company’s expense as and when the need arises.

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.

Shareholders are encouraged to attend the AGM to ensure a high level of accountability by the Board and Management and to stay informed of the Group’s strategies and growth. The participation of shareholders is encouraged at the Company’s AGM. The Chairmen of the AC, RC and NC will be available at the AGM to answer questions relating to the work of these Board Committees. The external auditors will also be present to assist the Directors in addressing any shareholders’ queries, including those relating to the conduct of audit and the preparation and content of the external auditors’ report. The Group fully supports the Code’s principle to encourage active shareholders’ participation.

CORPORATE GOVERNANCE STATEMENT

During the pandemic period, the Company upholds this principle and encourages shareholders to send in their questions ahead of the AGM held virtually so that the Company's responses can be read out to the shareholders during the virtual AGM.

If any shareholder is unable to attend, he/she may appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. The Company's Constitution currently does not allow a member to appoint more than two proxies to attend and vote at the same general meeting unless the member is a relevant intermediary.

A Relevant Intermediary¹ may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the general meeting in person. CPF and SRS Investors, who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Each item of special business included in the notice of the annual general meeting will be accompanied by an explanation of the effects of the proposed resolution. Separate resolutions are proposed for substantially separate issues at general meetings.

In view of the COVID-19 pandemic in 2020, the Company's last AGM held on 25 September 2020 ("**2020 AGM**") was held by way of electronic means, through "live webcast" and "audio-only means", pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**"). The notice of AGM was not published in the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding of the AGM pursuant to the COVID-19 Order. The Company had also published a notice to Shareholders, together with the notice of AGM, detailing the alternative arrangements for the 2020 AGM, during the COVID-19 pandemic.

Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member of the Company (whether individual or corporate and including a relevant intermediary) entitled to vote at the AGM must appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate and including a relevant intermediary) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. Shareholders participated in the 2020 AGM via electronic means, voting by appointing the Chairman of the 2020 AGM as proxy and their questions (if any) in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the 2020 AGM, and responses to the questions were provided via announcement on SGXNet and the Company's corporate website. The Company did not receive any question from Shareholders before the 2020 AGM.

All Directors, Management, Company Secretary and external auditors were present at the 2020 AGM.

¹ A Relevant Intermediary is:

- a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or
- c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CORPORATE GOVERNANCE STATEMENT

The Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. Minutes of the 2020 AGM held in 2020 had been published by the Company on its corporate website and on the SGXNet within one (1) month from the date of the 2020 AGM.

The Company has not formally instituted a dividend policy. The issue of payment of dividend is deliberated by the Board at each half yearly result review having regard to various factors, such as operating result, cashflow, capital expenditure, operating expense and business expansion needs.

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.

In line with the continuous disclosure obligations of the Group, the Company is committed to engage in regular and effective communication with its shareholders. It is the Board's policy that shareholders are informed of all major developments that may have an impact on the Group. Pertinent information is communicated to shareholders on a timely basis and is made through:

- annual reports that are prepared and issued to all shareholders;
- periodic announcements on business progress and operating results;
- media and investment analysts meetings;
- circulars and notices to the shareholders;
- corporate website at <http://www.chasen.com.sg>; and
- disclosures to the SGX-ST via SGXNet.

The Company does not practice selective disclosure as all material and price-sensitive information is released through SGXNet.

Presently, the Company does not have an investor relations policy or protocol in place nor a dedicated inhouse investor relations team. The Company will assess the need to establish an investor policy or protocol or investor relations team as and when it deems necessary. Notwithstanding so, taking into account the communication and dialogue with Shareholders undertaken by the Company as set out above including the engagement of a professional investor relations firm to advise the Company, the Board is of the view that the Company complies with Principle 12 of the Code.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

The Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address their concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

CORPORATE GOVERNANCE STATEMENT

Detailed approach to stakeholder engagement and materiality assessment will be disclosed in the Company's sustainability report FY2021, which will be published to keep stakeholders informed on the Company's business and operations.

The Company maintains a corporate website at <http://www.chasen.com.sg> to communicate and engage stakeholders.

DEALINGS IN SECURITIES

The Company has complied with Listing Rule 1207(19) in relation to the best practices on dealings in the securities:

- (a) The Company had devised and adopted its own internal compliance code to provide guidance to its officers with regards to dealings by the Company and its officers in its securities;
- (b) Officers of the Company are reminded not to deal in the Company's securities on short-term considerations; and
- (c) The Company and its officers should not deal in the Company's shares (i) during the periods commencing one month before the announcement of the Company's half yearly and full year financial statements, ending on the date of the announcement of the relevant results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

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

INTERESTED PERSON TRANSACTIONS

Details of IPT, if any, for the financial year ended 31 March 2021 are disclosed in the audited financial statements. To ensure compliance with the relevant rules under Chapter 9 of the Listing Manual of the SGX-ST on IPTs, the Board and AC regularly reviews if the Company will be entering into any IPT and if it does, to ensure that the Company complies with the requisite rules under Chapter 9 of the Listing Manual of the SGX-ST. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

There was no IPT exceeding S\$100,000 for the financial year under review.

MATERIAL CONTRACTS

Other than disclosed in the audited financial statements, there was no material contract entered into by the Company or its subsidiaries involving the interest of any Director or controlling shareholder subsisting as at the end of the financial year ended 31 March 2021.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Chasen Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2021.

1. Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date, in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Executive directors

Low Weng Fatt
Siah Boon Hock

Independent directors

Chew Choy Seng
Chew Mun Yew
Lim Yew Si (Appointed on 1 October 2020)

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4, 5 and 6 below.

4. Directors' interests in shares, warrants or debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital, warrants and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as disclosed below:

Name of the directors and respective companies in which interests are held	Direct interest		Deemed interest	
	At beginning of the financial year	At end of the financial year	At beginning of the financial year	At end of the financial year
The Company	Number of ordinary shares			
Low Weng Fatt ⁽ⁱ⁾	50,883,708	50,883,708	662,500	662,500
Siah Boon Hock	10,824,901	10,824,901	-	-

DIRECTORS' STATEMENT

4. Directors' interests in shares, warrants or debentures (Continued)

There was no change in any of the above mentioned interests between the end of the financial year and 21 April 2021.

Notes:

- (i) Low Weng Fatt is deemed to be interested in the 662,500 shares held by his spouse.

5. Chasen Performance Share Plan

The Chasen Performance Share Plan 2017 (the "Plan 2017") which was proposed to replace the expired Chasen Performance Share Plan 2007 (the "Plan 2007"), was approved and adopted by the members of the Company at the Extraordinary General Meeting held on 28 July 2017. Under the new Plan 2017, there is no significant change in terms of administration, rights and rationale as compared to the expired Plan 2007.

The Plan 2017 is administered by the Remuneration Committee which comprises Chew Mun Yew (Chairman), Chew Choy Seng and Lim Yew Si.

Under the Plan 2017, eligible participants are conferred rights by the Company on shares to be issued or transferred ("Awards"). The Plan 2017 contemplates the award of fully paid shares free of charge when and after pre-determined performance or service conditions are accomplished and/or due recognition is given to any good work performance and/or any significant contribution to the Company.

The rationale of the share-based incentive scheme is to provide an opportunity for the directors and full-time employees of the Group to participate in the equity of the Company so as to align their interest with that of the shareholders. It would also give recognition to employees of the Group who have contributed to its success and to motivate them to greater dedication, loyalty and higher standard of performance. The participants are not required to pay for the grant of Awards or for the shares allocated pursuant to the Awards.

As at 31 March 2021, no performance shares are awarded under the Plan 2017.

6. Share options

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

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

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

7. Audit Committee

The Audit Committee ("AC") of the Company comprises three non-executive directors. The members of the AC at the date of this statement are:

Chew Choy Seng (Chairman)
Chew Mun Yew
Lim Yew Si

The AC has convened nine meetings during the financial year with key management. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

The AC carried out its functions in accordance with Section 201B(5) of the Act. In performing those functions, the AC review:

- (i) the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group, and the assistance given by the Group's and the Company's management to the external auditors;

DIRECTORS' STATEMENT

7. Audit Committee (Continued)

- (ii) the audit plan of the internal auditors of the Group, the evaluation of the adequacy of the Group's system of internal accounting controls, and the assistance given by the Group's and the Company's management to the internal auditors;
- (iii) the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the Board of Directors;
- (iv) the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
- (v) the effectiveness of the Group's and the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems via reviews carried out by the internal auditors;
- (vi) met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- (vii) the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators;
- (viii) the interested person transactions in accordance with Singapore Exchange Securities Trading Limited's Listing Manual;
- (ix) the nomination of external auditors recommended to the Board of Directors and approves their compensation; and
- (x) the submission of report of actions and minutes of the AC to the Board of Directors with any recommendations as the AC considers appropriate.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Mazars LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

8. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Low Weng Fatt
Director

Singapore
12 July 2021

Siah Boon Hock
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHASEN HOLDINGS LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Chasen Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 March 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 52 to 138.

In our opinion, the accompanying consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified 10 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

Out of the 10 significant components, 7 were audited by component auditors under our instructions and the remaining 3 were audited by us. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgements and estimates to be made by directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHASEN HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters include the salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matter	Audit response
Impairment of goodwill (refer to Note 3.2 and Note 15 to the financial statements)	
<p>As at 31 March 2021, the Group has recognized goodwill on consolidation with carrying value amounting to S\$10,559,000 (2020: S\$10,559,000).</p> <p>In accordance with SFRS(I) 1-36 <i>Impairment of Assets</i>, goodwill acquired in a business combination is required to be tested for impairment, at least annually.</p> <p>The goodwill acquired in a business combination is allocated to the groups of cash-generating units ("CGU") that are expected to benefit from the synergies of that business combination. The management assessed the groups of CGU for impairment annually or more frequently when there is an indication that the unit may be impaired.</p> <p>The recoverable amounts of the groups of CGU are determined based on estimates of forecasted revenues, growth rates, gross margins and discount rates. These estimates require significant judgement and hence the management's determination of the recoverable amounts is a key focus area for our audit.</p>	<p>Our audit procedures included, and were not limited to, the following:</p> <ul style="list-style-type: none">• We evaluated the process by which management prepared its cash flow forecasts and compared them against the latest Board approved financial budgets and management approved forecast;• We discussed with management on their planned strategies, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers, and obtained the list of secured and tendered contracts;• We evaluated the reasonableness of management's estimate of expected future cash flows and challenged management's key assumptions and estimates applied in the value-in-use models, with comparison to recent performance, trend analysis, market expectations, and historical accuracy of the plans and forecasts; and• We reviewed the sensitivity analysis to assess the impact on the recoverable amount of the CGU subsequent to reasonably possible changes to the key assumptions for adequacy of disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHASEN HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

Matter	Audit response
Impairment of trade receivables (refer to Note 3.2, Note 22 and Note 41 to the financial statements)	
<p>As at 31 March 2021, the Group reported trade receivables with carrying amount of approximately S\$43,680,000 (2020: S\$35,254,000), net of allowance for expected credit losses ("ECL"), which represents 53.1% (2020: 51.4%) of the Group's current assets.</p> <p>Consequent to the adoption of SFRS(I) 9 <i>Financial Instruments</i> ("SFRS(I) 9"), the Group used an allowance matrix to estimate ECL for trade receivables. The ECL rates were based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that were assessed through an age analysis and by geographical locations, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables.</p> <p>As the determination of the ECL requires significant judgement of management and in consideration of the significance of trade receivables in the Group, we consider management's assessment and application of SFRS(I) 9 to the impairment of trade receivables as a key audit matter.</p>	<p>Our audit procedures included, and were not limited to, the following:</p> <ul style="list-style-type: none">• We obtained an understanding of the Group's process in assessing and determining the loss rates used in their allowance matrix;• We reviewed the appropriateness of the bases of the Group for determining the loss rates, with reference to also the historical payment trends of its customers in the past 3 financial years analyzed by past due dates and the customers' geographical locations, adjusted for the Group's outlook of the macro-economic environment and conditions in which its customers operate in, and considered the subsequent receipts, where applicable;• For long outstanding receivables, we performed background checks on the customers to assess whether the receivables could be credit impaired;• Compared management's assumptions for both collective and individual impairment allowances to externally available industry, financial and economic data and our own assessments in relation to key inputs, including background checks on the corresponding customers' financial standing and researched for any adverse news relating to these customers' operations or financial positions; and• We reviewed the appropriateness and sufficiency of the corresponding disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHASEN HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

Matter	Audit response
Fair value of land and buildings (refer to Note 2.1, Note 3.2, Note 12 and Note 40 to the financial statements)	
<p>As at 31 March 2021, the Group's land and buildings amounted to S\$39,111,000 (2020: S\$18,849,000) which represents 43.6% (2020: 27.6%) of the Group's non-current assets.</p> <p>On 31 March 2021, the Group changed its accounting policy of its land and buildings from cost model to revaluation model to reflect the fair value of the land and buildings. Accordingly, the Group appointed independent professional valuers to carry out the valuation exercise on the fair value of these assets.</p> <p>Following the valuation exercise, the Group recorded revaluation gain of approximately S\$7.1 million in its assets revaluation reserve. The valuation process involves significant judgement in determining the appropriate valuation methodology, key inputs and assumptions.</p> <p>In preparing the valuation reports, some of the factors considered by the professional valuers include the current market conditions of the land and buildings, the recent market sales of the similar properties, the specifications, and conditions of each property as well as the cost to a market participant buyer to acquire or construct a substitute asset of comparable properties, adjusted for obsolescence of the properties.</p> <p>Due to high level of judgement involved in estimating the fair value and the significance of the carrying amount of the assets, we determined this as a key audit matter.</p>	<p>Our audit procedures included, and were not limited to, the following:</p> <ul style="list-style-type: none">• We assessed the competence, capabilities and objectivity of the valuers engaged by the Group;• We obtained an understanding of the different techniques used by the valuers in determining the valuations of the assets;• We discussed the critical assumptions made by the professional valuers for the key inputs used in the valuation techniques and assessed the reasonableness of the key assumptions used by the valuers in the valuation; and• We reviewed the appropriateness and sufficiency of the corresponding disclosures made in the financial statements due to the change in accounting policies.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHASEN HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHASEN HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 financial year and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Lai Keng Wei.

MAZARS LLP

Public Accountants and
Chartered Accountants

Singapore
12 July 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2021

	Note	2021 S\$'000	2020 S\$'000
Revenue	4	130,723	100,957
Cost of sales		(106,464)	(88,948)
Gross profit		24,259	12,009
Other operating income	5	5,444	2,822
Distribution and selling expenses		(6,745)	(5,733)
Administrative expenses		(14,460)	(15,066)
Other operating expenses		(1,769)	(7,020)
Finance expenses	6	(2,099)	(2,333)
Profit/(Loss) before income tax	7	4,630	(15,321)
Income tax (expense)/credit	9	(1,188)	77
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		3,442	(15,244)
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss			
Net loss on fair value changes of other investments	19	(523)	(61)
Gain on revaluation of property, plant and equipment	2.1	6,101	-
Realization of reserve upon deregistration of subsidiaries		(20)	-
Other comprehensive income/(loss) for the financial year that will not be reclassified to profit or loss, net of tax		5,558	(61)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(122)	85
Other comprehensive (loss)/income for the financial year that may be reclassified to profit or loss, net of tax		(122)	85
Total other comprehensive income for the financial year, net of tax		5,436	24
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		8,878	(15,220)
Profit/(Loss) for the financial year attributable to:			
Owners of the Company		1,737	(15,477)
Non-controlling interests		1,705	233
Profit/(Loss) for the financial year		3,442	(15,244)
Total comprehensive income/(loss) for the financial year attributable to:			
Owners of the Company		7,196	(15,497)
Non-controlling interests		1,682	277
Total comprehensive income/(loss) for the financial year		8,878	(15,220)
Earning/(Loss) per share attributable to owners of the Company (cents per share)			
Basic	10	0.45	(4.00)
Diluted	10	0.45	(4.00)

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

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2021

	Note	Group 2021 S\$'000	2020 S\$'000	Company 2021 S\$'000	2020 S\$'000
ASSETS					
Non-current assets					
Investment properties	11	850	850	5,900	6,100
Property, plant and equipment	12	70,877	49,253	594	624
Investments in subsidiaries	13	-	-	37,150	37,150
Investment in associate	14	-	-	-	-
Goodwill on consolidation	15	10,559	10,559	-	-
Intangible assets	16	-	-	-	-
Land use rights	17	1,254	908	-	-
Club membership	18	2	3	-	-
Other investments	19	4,632	5,155	-	523
Other receivables, deposits and prepayments	23	279	358	-	-
Deferred tax assets	31	1,244	1,264	-	-
Total non-current assets		89,697	68,350	43,644	44,397
Current assets					
Inventories	20	6,243	5,929	-	-
Contract assets	21	1,009	784	-	-
Trade receivables	22	43,680	35,254	-	-
Other receivables, deposits and prepayments	23	15,301	18,939	52	60
Amounts due from subsidiaries	24	-	-	46,405	49,382
Cash and cash equivalents	25	16,070	7,695	470	307
Total current assets		82,303	68,601	46,927	49,749
Total assets		172,000	136,951	90,571	94,146
EQUITY AND LIABILITIES					
Equity					
Share capital	26	53,086	53,086	82,614	82,614
Treasury shares	27	(145)	(145)	(145)	(145)
Other reserves	28	(834)	(6,354)	(5,120)	(4,597)
Retained profits		9,075	7,267	2,228	3,371
Equity attributable to owners of the Company		61,182	53,854	79,577	81,243
Non-controlling interests		5,486	4,368	-	-
Total equity		66,668	58,222	79,577	81,243
Non-current liabilities					
Bank loans	29	21,115	5,569	5,120	4,249
Lease liabilities	30	8,272	7,183	591	612
Deferred tax liabilities	31	2,367	1,145	-	-
Total non-current liabilities		31,754	13,897	5,711	4,861

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

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2021

	Note	Group 2021 S\$'000	2020 S\$'000	Company 2021 S\$'000	2020 S\$'000
Current liabilities					
Bank loans	29	36,701	38,155	4,826	7,543
Lease liabilities	30	6,332	6,182	22	21
Trade payables	32	20,670	12,261	-	-
Other payables and accruals	33	9,104	7,936	435	478
Provision	34	-	-	-	-
Income tax payable		771	298	-	-
Total current liabilities		73,578	64,832	5,283	8,042
Total liabilities		105,332	78,729	10,994	12,903
Total equity and liabilities		172,000	136,951	90,571	94,146

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2021

Attributable to owners of the Company												
		Equity attributable to owners of the Company, total S\$'000	Share capital S\$'000	Treasury shares S\$'000	Retained profits S\$'000	Other reserves, total S\$'000	Capital reserve S\$'000	Assets revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Fair value adjustment reserve S\$'000	Non-controlling interests S\$'000	
2021 Group	Equity, total S\$'000											
		58,222	53,854	53,086	(145)	7,267	(6,354)	(560)	-	(1,097)	(4,697)	4,368
		3,442	1,737	-	-	1,737	-	-	-	-	-	1,705

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2021

↔ Attributable to owners of the Company ↔														
2021 Group	Equity, total S\$'000	Note	Equity attributable to owners of the Company, total S\$'000			Share capital S\$'000	Treasury shares S\$'000	Retained profits S\$'000	Other reserves, total S\$'000	Attributable to owners of the Company			Non-controlling interests S\$'000	
			Equity, total S\$'000	Capital reserve S\$'000	Assets revaluation reserve S\$'000					Foreign currency translation reserve S\$'000	Fair value adjustment reserve S\$'000			
Changes in ownership interests in subsidiaries														
13(a)	(401)		132	-	-	-	-	-	132	140	-	(8)	-	(533)
	(31)		-	-	-	-	-	-	-	-	-	-	-	(31)
	(432)		132	-	-	-	-	-	132	140	-	(8)	-	(564)
Total change in ownership interest in subsidiaries														
Total transactions with owners in their capacity as owners														
	(432)		132	-	-	-	-	-	132	140	-	(8)	-	(564)
Balance at 31 March 2021														
	66,668		61,182	53,086	(145)	9,075	(834)	(491)	6,101	(1,224)	(5,220)		5,486	

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2021

Attributable to owners of the Company											
	Equity, total S\$'000	Note	Equity attributable to owners of the Company, total S\$'000	Share capital S\$'000	Treasury shares S\$'000	Retained profits S\$'000	Other reserves, total S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Fair value adjustment reserve S\$'000	Non- controlling interests S\$'000
2020 Group											
Balance at 1 April 2019	75,208		70,543	53,086	(145)	23,905	(6,303)	(530)	(1,137)	(4,636)	4,665
(Loss)/Profit for the financial year	(15,244)		(15,477)	-	-	(15,477)	-	-	-	-	233
Other comprehensive income/(loss)											
Net loss on fair value changes of financial assets through other comprehensive income	(61)	19	(61)	-	-	-	(61)	-	-	(61)	-
Exchange differences on translating foreign operations	85		41	-	-	-	41	-	41	-	44
Other comprehensive income/(loss) for the financial year, net of tax	24		(20)	-	-	-	(20)	-	41	(61)	44
Total comprehensive (loss)/income for the financial year	(15,220)		(15,497)	-	-	(15,477)	(20)	-	41	(61)	277

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2021

		Attributable to owners of the Company										
		Equity attributable to owners of the Company, total S\$'000	Share capital S\$'000	Treasury shares S\$'000	Retained profits S\$'000	Other reserves, total S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Fair value adjustment reserve S\$'000	Non-controlling interests S\$'000		
2020 Group	Equity, total S\$'000	Note										
Contributions by and distributions to owners												
		43	(1,715)	(1,161)	-	(1,161)	-	-	-	(554)		
Total contributions by and distributions to owners												
			(1,715)	(1,161)	-	(1,161)	-	-	-	(554)		
Changes in ownership interests in a subsidiary												
		13(e)	(124)	(31)	-	-	(31)	(30)	(1)	-	(93)	
Total changes in ownership interest in a subsidiary												
			(124)	(31)	-	-	(31)	(30)	(1)	-	(93)	
Transaction with non-controlling interests												
			73	-	-	-	-	-	-	73		
Total transaction with non-controlling interests												
			73	-	-	-	-	-	-	73		
Total transactions with owners in their capacity as owners												
			(1,766)	(1,192)	-	(1,161)	(31)	(30)	(1)	-	(574)	
Balance at 31 March 2020												
			58,222	53,854	53,086	(145)	7,267	(6,354)	(560)	(1,097)	(4,697)	
											4,368	

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2021

2021 Company	Note	Equity, total S\$'000	Share capital S\$'000	Treasury shares S\$'000	Retained profits S\$'000	Other reserves, total S\$'000	Capital reserve S\$'000	Fair value adjustment reserve S\$'000
Balance at 1 April 2020		81,243	82,614	(145)	3,371	(4,597)	100	(4,697)
Loss for the financial year		(1,143)	-	-	(1,143)	-	-	-
<u>Other comprehensive loss</u>								
Net loss on fair value changes of financial assets through other comprehensive income	19	(523)	-	-	-	(523)	-	(523)
Other comprehensive loss for the financial year, net of tax		(523)	-	-	-	(523)	-	(523)
Total comprehensive loss for the financial year		(1,666)	-	-	(1,143)	(523)	-	(523)
Balance at 31 March 2021		79,577	82,614	(145)	2,228	(5,120)	100	(5,220)

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2021

2020 Company	Note	Equity, total S\$'000	Share capital S\$'000	Treasury shares S\$'000	Retained profits S\$'000	Other reserves, total S\$'000	Capital reserve S\$'000	Fair value adjustment reserve S\$'000
Balance at 1 April 2019		85,296	82,614	(145)	7,363	(4,536)	100	(4,636)
Loss for the financial year		(2,831)	-	-	(2,831)	-	-	-
<u>Other comprehensive loss</u>								
Net loss on fair value changes of financial assets through other comprehensive income	19	(61)	-	-	-	(61)	-	(61)
Other comprehensive loss for the financial year, net of tax		(61)	-	-	-	(61)	-	(61)
Total comprehensive loss for the financial year		(2,892)	-	-	(2,831)	(61)	-	(61)
<u>Contributions by and distributions to owners</u>								
Dividends paid		(1,161)	-	-	(1,161)	-	-	-
Total contributions by and distributions to owners		(1,161)	-	-	(1,161)	-	-	-
Balance at 31 March 2020		81,243	82,614	(145)	3,371	(4,597)	100	(4,697)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2021

	Note	2021 S\$'000	2020 S\$'000
Operating activities			
Profit/(Loss) before income tax		4,630	(15,321)
Adjustments for:			
Amortization of club membership	18	1	1
Amortization of land use rights	17	19	18
Bad debts written off (trade)	7	92	73
Bad debts written off (non-trade)	7	11	-
Contract assets written off	7	-	259
Depreciation of property, plant and equipment	12	11,041	11,870
Fair value loss on investment property	11	-	50
Gain on remeasurement of operating lease liabilities	5	-	(26)
Loss allowance on financial assets	41	630	5,744
Reversal of loss allowance on financial assets	41	(561)	-
Interest income	5	(50)	(159)
Interest expense	6	2,099	2,333
Gain on disposal of property, plant and equipment, net	5	(40)	(293)
Gain on divestment of a subsidiary	5	(8)	-
Reversal of expected losses on onerous contract	34	-	(19)
Operating cash flows before movements in working capital		17,864	4,530
Changes in working capital:			
Inventories		(314)	(1,285)
Contract assets		(225)	567
Trade and other receivables		(4,881)	(3,360)
Trade and other payables		9,481	(902)
Cash generated from/(used in) operations		21,925	(450)
Income taxes paid		(874)	(1,233)
Net cash generated from/(used in) operating activities		21,051	(1,683)
Investing activities			
Acquisition of a subsidiary without a change in control	13(a)/(f)	(305)	(124)
Additional capital investment by non-controlling interest		-	73
Net cash outflows from deregistration of subsidiaries	13(d)	(27)	-
Interest received		50	159
Proceeds from disposal of property, plant and equipment		195	715
Purchase of property, plant and equipment	12	(16,478)	(3,118)
Effect of foreign currency re-alignment on investing activities		(253)	691
Net cash used in investing activities		(16,818)	(1,604)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2021

	Note	2021 \$'000	2020 \$'000
Financing activities			
Dividends paid to owners of the Company		-	(1,161)
Dividend paid to non-controlling interest		-	(554)
Interest paid		(2,099)	(2,333)
Proceeds from bank loans		75,874	59,141
Repayment of bank loans		(61,732)	(49,785)
Repayment of lease liabilities		(7,802)	(7,950)
Pledge of fixed deposits with banks		(271)	(645)
Net cash generated from/(used in) financing activities		3,970	(3,287)
Net increase/(decrease) in cash and cash equivalents		8,203	(6,574)
Effect of exchange rate changes on cash and cash equivalents		(99)	262
Cash and cash equivalents at beginning of financial year		5,772	12,084
Cash and cash equivalents at end of financial year	25	13,876	5,772

Reconciliation of liabilities arising from financing activities

	At beginning of financial year S\$'000	Financing cashflows ¹ S\$'000	Non-cash movements				At end of financial year S\$'000
			Purchase of property, plant and equipment S\$'000	Interest expense S\$'000	Termination of lease S\$'000	Others S\$'000	
2021							
Bank loans	43,724	12,649	-	1,493	-	(50)	57,816
Lease liabilities	13,365	(8,364)	9,803	562	-	(762)	14,604
2020							
Bank loans	33,414	7,699	-	1,657	-	954	43,724
Lease liabilities	16,054	(8,610)	5,985	660	(731)	7	13,365

¹ Net of proceeds from interest bearing borrowings, repayment of interest-bearing borrowings, interest paid and repayment of lease liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

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

1. General

Chasen Holdings Limited (the "Company") (Registration Number: 199906814G) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The registered office and principal place of business of the Company is located at 18 Jalan Besut, Singapore 619571.

The principal activity of the Company is that of investment holding. The principal activities of the respective subsidiaries and associate are disclosed in Notes 13 and 14 respectively to the financial statements.

The consolidated financial statements of Chasen Holding Limited and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2021, and the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 March 2021 were authorized for issue by the Board of Directors on 12 July 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I)s INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity is measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are presented in Singapore dollar ("S\$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("S\$'000"), unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I)s INT that are relevant to its operations and effective for annual periods beginning on or after 1 April 2020. The adoption of these new or revised SFRS(I)s and SFRS(I)s INT did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I)s INT that are relevant to the Group were issued but not yet effective:

SFRS (I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1	Amendment to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
SFRS(I) 1-16	Amendment to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
SFRS(I) 1-37	Amendment to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
SFRS(I) 16	Amendment to SFRS(I) 16: <i>Covid-19 Related Rent Concessions</i>	1 June 2020
Various	Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Various	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022

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

The Group and the Company do not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned new/revised standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

Change in accounting policy

On 31 March 2021, the Group changed its accounting policy with respect to the subsequent measurement of land and buildings and land use rights from cost model to revaluation model.

Any revaluation increase arising from the revaluation of land and buildings and land use rights is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings and land use rights is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Change in accounting policy (Continued)

This change the fair value of the land and buildings and land use rights of the Group as at 31 March 2021. The change in accounting policy was applied prospectively. The effects of the change on the Group's financial statements are as follows:

	Land and buildings S\$'000	Land use rights S\$'000	Deferred tax expense through other comprehensive income S\$'000	Assets revaluation reserve S\$'000
Balance as at 31 March 2021	31,967	896	-	-
Revaluation gain	7,144	358	(1,401)	6,101
Revalued balance as at 31 March 2021	39,111	1,254	(1,401)	6,101

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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

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

Investments in subsidiaries are carried at cost less any impairment loss that has been recognized in profit or loss in the Company's separate financial statements.

2.3 Business combinations

Business combinations from 1 January 2017

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognized amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognized in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* ("SFRS(I) 3") are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* ("SFRS(I) 5"), which are recognized and measured at the lower of cost and fair value less costs to sell.

The Group recognizes any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 January 2017 (Continued)

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

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

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

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

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

Business combinations before 1 January 2017

As part of transition to SFRS(I)s, the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I)s, i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations before 1 January 2017 (Continued)

In comparison to the above-mentioned requirements under SFRS(I)s, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognized in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.4 Revenue recognition

The Group is principally in the business of specialist relocation solutions, third party logistics and technical and engineering. Revenue from contracts with its customers is recognized when or as the Group satisfies a performance obligation by transferring a promised good or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the good or service and that is allocated to that performance obligation. The good or service is transferred when or as the customer obtains control of the good or service. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

Specialist relocation services

Revenue from a contract to provide specialist relocation services is recognized over time, using the output method to measure progress towards complete satisfaction of the service, as the Group has a right to consideration from customers in an amount that corresponds directly with the performance completed to date.

Third-party logistics services

The Group's third-party logistics segment generates revenue from providing supply chain services for its customers including packing, packaging, trucking, distribution, freight forwarding, warehousing and related services. Revenue from third-party logistics services are satisfied over time as customers simultaneously receive and consume the benefits of the Group's services. In general, revenue is recognized using the output method which commensurate with the pattern of transfer of provision of services to the customers. A corresponding receivable is recognized for the consideration that is unconditional when only the passage of time is required before the payment is due.

Sale of goods

Revenue from the sale of goods is recognized at a point in time when the control of the goods is transferred to the end customers (i.e. when the goods are delivered in accordance with the applicable incoterms or/and terms and conditions and significant risks and rewards of ownership of the goods have been transferred to the customer). A corresponding receivable is recognized for the consideration that is unconditional when only the passage of time is required before the payment is due. Revenue is not recognized to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Supply and installation of scaffold

Revenue from the supply and installation of scaffold is recognized at a point in time when the supply and installation of scaffold, identified as one performance obligation, have been rendered to the customers. A corresponding receivable is recognized for consideration that is unconditional when only the passage of time is required before payment is due.

Engineering services

Revenue from the engineering service is recognized over time, using the input method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group. In the application of the input method, the Group has used cost-to-cost method (i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated contract costs). Contract costs are mainly driven by labour costs. Accordingly, in view of the nature of the engineering service, management considers that this input method is most appropriate in measuring the progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contract with Customers* ("SFRS(I) 15").

Construction contract revenue

Revenue from construction contracts are recognized over time, using the input method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group. In the application of the input method, the Group has used cost-to-cost method (i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated contract costs). Contract costs are mainly driven by material and labour costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress. Accordingly, in view of the nature of the construction contract, management considers that this input method is most appropriate in measuring the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Capitalized cost

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I)s (e.g. Inventories), these have been accounted for in accordance with those other SFRS(I)s. If these are not within the scope of another SFRS(I)s, the Group will capitalize these as contract costs assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognized in profit or loss in the period in which they are incurred.

Capitalized contract costs are subsequently amortized on a systematic basis as the Group recognizes the related revenue over time. An impairment loss is recognized in the profit or loss to the extent that the carrying amount of capitalized contract costs exceeds the expected remaining consideration less any directly related costs not yet recognized as expenses.

Rental income

Rental income from investment property and leasing of working tools are recognized on a straight-line basis over the term of the relevant lease (see Note 2.22). The aggregate cost of incentives provided to lessees is recognized as a reduction of rental income over the lease term on a straight-line basis.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalized by applying a capitalization rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.6 Retirement benefit costs

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

The Group participates in the national pension schemes as defined by the laws of the People's Republic of China ("PRC"). Subsidiaries incorporated in PRC are required to provide staff pension benefits to their employees under existing PRC legislation. These subsidiaries are required to contribute a certain percentage of their payroll costs to the pension scheme to fund the benefits. The pension funds are managed by government agencies, which are responsible for paying pensions to the retired employees. Contributions under the pension scheme are charged to the profit or loss as they become payable in accordance with the rules of the pension scheme.

2.7 Employee leave entitlements

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

2.8 Share-based payments

Employee performance share plan allows Group employees to acquire shares of the Company. The fair value of shares is recognized as an employee expense with a corresponding increase in equity. The fair value is measured based on the market value at grant date and spread over the vesting period during which the employees become unconditionally entitled to the shares. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognizes the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

2.9 Income tax

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

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

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

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

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.9 Income tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.10 Dividends

Equity dividends are recognized when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.11 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.12 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value and changes in the fair value are included in profit or loss for the financial year in which they arise. Fair values are determined annually by independent professional valuers.

Costs of major renovations and improvements to the investment property are capitalized as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

Upon its disposal or retirement, the difference between the net disposal proceeds and the carrying amount of the investment property is recognized in profit or loss.

2.13 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Land and buildings are revalued by independent professional valuers with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the end of the financial year.

Any revaluation increase arising from the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

At the end of the financial year, a transfer of the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is made from the revaluation reserve to accumulated profits.

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

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the 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 repair and maintenance expenses are recognized in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

- Leasehold land and buildings	Remaining leasehold tenure
- Renovation	5 – 10 years
- Transportation equipment	5 – 10 years
- Tools and equipment	3 – 10 years
- Furniture, fittings, and office equipment	1 – 10 years

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.13 Property, plant and equipment (Continued)

No depreciation is charged on building under construction as this asset is not yet in use as at the end of the financial year.

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

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

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

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

2.14 Club membership

Club membership is stated at cost less accumulated amortization and any accumulated impairment losses. Club membership is amortized on a straight-line basis over its estimated useful lives of 5 to 15 years. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.15 Intangible assets

Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition over the net fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity carried at the date of acquisition. Goodwill is at cost less any accumulated impairment losses.

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

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

On acquisition of an investment in an associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture is recognized as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of net fair value of the identifiable assets and liabilities of the associate or joint venture over the cost of investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill. The cost of such intangible assets is their fair value as at the acquisition date.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.15 Intangible assets (Continued)

Intangible assets acquired in a business combination (Continued)

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives, on the following bases:

- Know-how	8 years
- Non-contractual customer relationship	6 – 7.5 years

The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.16 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are shown at their revalued amounts, being the fair value, less any subsequent accumulated amortization, and where applicable, accumulated impairment losses. The land use rights are amortized on a straight-line basis over the lease term of 50 years.

2.17 Investment in associate

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of these policies, and generally accompanying a shareholding of between 20% or more of the voting rights.

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investments in associates are carried at cost less any impairment loss that has been recognized in profit or loss in the Company's separate financial statements.

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under SFRS(I) 5. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see Note 2.15).

Unrealized profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated in the same way as unrealized gains, but only to the extent that there is no impairment.

The Company has accounted for its investment in associate at cost in its separate financial statements.

2.18 Impairment of tangible and intangible assets excluding goodwill

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.18 Impairment of tangible and intangible assets excluding goodwill (Continued)

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

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (CGU) in prior financial years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.19 Financial Instruments

The Group recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognized on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

Initial recognition and measurement

All financial assets are recognized on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 in Note 2.4.

Financial assets are classified as subsequently measured at amortized cost and fair value through other comprehensive income ("FVTOCI"). The classification at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest on the principal amount outstanding to determine the classification of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.19 Financial Instruments (Continued)

Financial assets (Continued)

Financial assets at amortized cost

A financial asset is subsequently measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and 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.

Subsequent to initial recognition, the financial asset at amortized cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets held at FVTOCI

A financial asset that is an investment in debt instrument is subsequently measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. Gains or losses are recognized in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognized in profit or loss.

At initial recognition, the Group may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which SFRS(I) 3, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis.

Upon derecognition, other than the aforementioned equity instruments for which their subsequent cumulative fair value changes would be transferred to accumulated profits, the cumulative fair value changes recognized in other comprehensive income is recycled to profit or loss.

Dividend income

Dividends from equity instruments are recognized in profit or loss only when the Group's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Interest income

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

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses ("ECL") on financial assets measured at amortized cost and debt instruments measured at FVTOCI. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.19 Financial Instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognize the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized in profit or loss.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 41.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity.

Treasury shares

When shares recognized as equity are reacquired, the amount of consideration paid is recognized directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.19 Financial Instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments (Continued)

Treasury shares (Continued)

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realized gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognized in the capital reserve of the Company.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, where applicable, using the effective interest method, with interest expense recognized on an effective yield basis. A gain or loss is recognized in profit or loss when the liability is derecognized and through the amortization process.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.5). A gain or loss is recognized in profit or loss when the liability is derecognized and through the amortization process.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognized less cumulative amortization in accordance with SFRS(I) 15 or FRS 18 Revenue previously.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.19 Financial Instruments (Continued)

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statements of financial position when and only when, an entity:

- (a) currently has a legally enforceable right to set-off the recognized amounts; and
- (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.20 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis, comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Work-in-progress is stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all attributable production overheads. In arriving at the net realizable value, due allowance is made for obsolete, damaged and slow-moving items.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.21 Cash and cash equivalents

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

2.22 Leases

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

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognizes a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Group recognizes the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. For right-of-use assets relates to property, plant and equipment to which the Group applies the revaluation model, the Group elected not to apply the revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.22 Leases (Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented within “property, plant and equipment”.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortized cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assesses and classifies each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.23 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognized in profit or loss as they arise.

2.24 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. Management makes decision about resources to be allocated to the segment and assess its performance. Segment managers report directly to the management of the Group. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grant shall be recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other operating income".

2.26 Contingencies

A contingent liability is:

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

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

Contingencies are not recognized on the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (Continued)

2.27 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effect of the Group's and the Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of that company.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

Classification of interest in Eons Global Holdings Pte Ltd ("EGH")

The determination of the level of significant influence the Group has over the investee is often a mix of contractually defined and subjective factors that can be critical to the appropriate accounting treatment of investee in the Group's financial statements. The management exercises significant judgement in analyzing and evaluating relevant, subjective, diverse and sometimes contrasting qualitative and quantitative facts and circumstances surrounding its involvement in the investee, in determining whether the Group has significant influence over the investee. Such evaluation and assessment processes do take into consideration the transactions and events in accordance with its substance and economic reality, and not merely its legal forms.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

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

3.1 Critical judgements made in applying the Group's accounting policies (Continued)

Classification of interest in Eons Global Holdings Pte Ltd ("EGH") (Continued)

The Group considered SFRS(I) 1-28 *Investments in Associates and Joint Ventures* to determine whether it exercises significant influence over EGH and considered factors, including but not limited to, its representation on the board of directors of EGH and its participation in policy-making decisions including the financial and operating policies. The directors have determined that they do not have significant influence over EGH even though the Group owns 40% of the issued capital of EGH. In making their judgement, the directors have considered the Group's ability to exercise its power to participate in the financial and operating policy decisions of EGH.

Following the assessment, the directors concluded that the Group does not have significant influence in EGH's financial and operating policies and therefore classified the investment in EGH as FVTOCI and recognize the changes in fair values of all its equity investment not held for trading, in other comprehensive income.

Differing conclusions around these judgements may impact how the investment is presented in the consolidated financial statements. If the directors were to conclude that the 40% interest was sufficient to give the Group significant influence, EGH would instead have been classified as an associate and the Group would have accounted for it using the equity method of accounting.

Fair value of financial instruments

Where the fair values of financial instruments recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing the fair values. The judgments include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more details in Note 40.

Revenue recognition from construction contracts

The Group recognizes revenue from construction contracts when the performance obligation is satisfied over time, using the input method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group. In determining the revenue recognition policy for such contracts entered into with its customers, the Group applied SFRS(I) 15, in consideration that its performance does not create an asset with an alternative use and its enforceability of right to payment for performance completed to date.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of investment properties and land and buildings

The Group carries its investment properties and land and buildings at fair value. The fair values are determined by independent professional valuers using recognized valuation techniques, including the comparable market approach, depreciated replacement cost approach and income capitalization approach. The determination of the fair values requires the use of estimates such as future cash flows from the assets, capitalization rate and discount rates applicable to those assets. The estimates are based on local market conditions existing as at the reporting date. The carrying amounts of investment properties (Note 11) and land and buildings (Note 12) at 31 March 2021 are stated at S\$850,000 (2020: S\$850,000) and S\$39,111,000 (2020: S\$18,849,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

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

3.2 Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's and Company's property, plant and equipment as at 31 March 2021 were S\$70,877,000 (2020: S\$49,253,000) and S\$594,000 (2020: S\$624,000) respectively (Note 12).

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired. Where necessary, the Company's and the Group's assessments are based on the estimation of the value-in-use of the assets defined in SFRS(I) 1-36 *Impairment of Assets* by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 31 March 2021 was S\$37,150,000 (2020: S\$37,150,000) (Note 13).

Impairment of goodwill

The Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGU to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The carrying amount of the Group's goodwill on consolidation as at 31 March 2021 was S\$10,559,000 (2020: S\$10,559,000) (Note 15).

Inventory valuation method

Inventory is valued at the lower of cost and net realizable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 March 2021 was S\$6,243,000 (2020: S\$5,929,000). There was no allowance made on inventory for the financial years ended 31 March 2021 and 2020 (Note 20).

Measurement of ECL of trade receivables

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (i.e. Singapore, China, Malaysia, Vietnam) and the growth rates of the major industries in which its customers operate. The Group adjusts, as necessary, the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 31 March 2021 is S\$5,907,000 (2020: S\$5,933,000) (Note 41).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

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

3.2 Key sources of estimation uncertainty (Continued)

Recognition and recoverability of prepayments for service fees paid

The Group records the service fees paid to external project managers for procurement of revenue contracts in the People's Republic of China as prepayments under current assets. Management estimates the amounts to be amortized by matching the pattern of revenue recognized over the period of the relevant contracts. In addition, management reviews the list of projects and monitors the status of each project under negotiations with the target customers as well as its past collection history of each contract. The carrying amount of the Group's prepayments for service fees paid as at 31 March 2021 was S\$4,368,000 (2020: S\$4,798,000) (Note 23).

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses, unutilized capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts for the next 5 years.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognized on the unused tax losses, unutilized capital allowances and other temporary differences. The carrying amount of the Group's deferred tax assets as at 31 March 2021 was S\$1,244,000 (2020: S\$1,264,000) (Note 31).

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amount of the Group's current tax payable and deferred tax liabilities as at 31 March 2021 was S\$771,000 (2020: S\$298,000) and S\$2,367,000 (2020: S\$1,145,000) (Note 31) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

4. Revenue (Continued)

Transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations on 31 March and expected to be realized in the following financial years:

	2021 S\$'000	Group 2020 S\$'000
Within one year	2,042	3,109

The Group has applied the practical expedient permitted under SFRS(I) 15 for those performance obligations which are part of contracts that have an original expected duration of one year or less.

5. Other operating income

	Note	2021 S\$'000	Group 2020 S\$'000
Compensation received		11	522
Gain on disposal of property, plant and equipment, net		40	293
Gain on foreign exchange differences		632	1,119
Gain on remeasurement on lease liabilities		-	26
Gain on divestment of a subsidiary		8	-
Grants received from government		3,257	137
Interest income from banks		50	159
Rental income from investment property	11	42	42
Rental income from leasing of working tools		308	337
Reimbursement of costs		175	46
Reversal of loss allowance on trade receivables	41	438	-
Reversal of loss allowance on other receivables	41	123	-
Sale of scrap materials		220	50
Miscellaneous income		140	91
		<u>5,444</u>	<u>2,822</u>

Included in government grants is an amount of S\$3,102,000 (2020: S\$Nil) which was recognized during the financial year under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

6. Finance expenses

	2021 S\$'000	Group 2020 S\$'000
Bank loans interest	1,493	1,657
Factoring interest and charges	44	16
Lease liabilities interest	562	660
	<u>2,099</u>	<u>2,333</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

7. Profit/(Loss) before income tax

The following charges/(credits) were included in the determination of profit/(loss) before income tax:

	<u>Note</u>	<u>2021</u> <u>S\$'000</u>	<u>Group</u> <u>2020</u> <u>S\$'000</u>
Audit fees paid to auditors:			
- Auditors of the Company		254	272
- Other auditors		76	95
Non-audit fees paid to auditors:			
- Other auditors		6	7
Amortization of club membership	18	1	1
Amortization of land use rights	17	19	18
Depreciation of property, plant and equipment	12	11,041	11,870
Provision for expected losses on onerous contract	34	-	19
Directors' fees	38	303	400
Inventories recognized as an expense in cost of sales		7,006	4,422
Key management personnel remuneration	38	1,976	2,049
Staff costs (including key management personnel remuneration)	8	35,730	39,105
Included in other operating expenses:			
Loss allowance for trade receivables	41	467	4,494
Loss allowance for other receivables	41	163	1,250
Bad debts written off (trade)		92	73
Bad debts written off (non-trade)		11	-
Contract assets written off		-	259
Fair value loss on investment property	11	-	50
Loss on foreign exchange differences		1,442	756
Property, plant and equipment written off		-	1

8. Staff costs (including key management personnel remuneration)

	<u>2021</u> <u>S\$'000</u>	<u>Group</u> <u>2020</u> <u>S\$'000</u>
Salaries and bonuses	30,031	30,069
Employers' contribution to defined contribution plan	2,854	5,890
Other related staff costs	2,845	3,146
	<u>35,730</u>	<u>39,105</u>

Included in "Staff costs" are labour costs of approximately S\$24,316,000 (2020: S\$27,421,000) directly associated with the generation of revenue for the financial year ended 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

9. Income tax expense/(credit)

	2021 S\$'000	Group 2020 S\$'000
Current income tax		
- Current	1,250	681
- Under/(Over)-provision in prior financial years	97	(165)
	<u>1,347</u>	<u>516</u>
Deferred income tax (Note 31)		
- Current	(96)	(647)
- (Over)/Under-provision in prior financial years	(63)	54
	<u>(159)</u>	<u>(593)</u>
Total income tax expense/(credit)	<u>1,188</u>	<u>(77)</u>

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2020: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. There were no changes in the enterprise income tax of the difference applicable jurisdictions in the current financial year from the last financial year.

Reconciliation of effective tax rate is as follows:

	2021 S\$'000	Group 2020 S\$'000
Profit/(Loss) before income tax	<u>4,630</u>	<u>(15,321)</u>
Income tax at statutory rate	787	(2,605)
Tax effect of:		
Expenses not deductible for tax purposes	860	2,033
Income not subject to tax	(710)	(24)
Different tax rates of overseas operations	201	727
Tax exemption	(49)	(39)
Unrecognized deferred tax benefits	69	(54)
Over/(Under)-provision in prior financial years	34	(111)
Others	(4)	(4)
Total income tax expense/(credit)	<u>1,188</u>	<u>(77)</u>

At the end of the reporting period, the aggregate amount of temporary differences associated with the undistributed earnings of the subsidiaries for which deferred tax liabilities have not been recognized is approximately S\$887,000 (2020: S\$774,000). No liability has been recognized in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

10. Basic and diluted earning/(loss) per share

Basic earning/(loss) per share is calculated by dividing profit/(loss) for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit/(loss) and share data used in the computation of basic earning/(loss) per share:

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
Profit/(Loss) for the financial year attributable to owners of the Company (S\$'000)	1,737	(15,477)
Weighted average number of ordinary shares outstanding for basic earning/(loss) per share ('000)	387,027	387,027
Basic earning/(loss) per share (cents)	<u>0.45</u>	<u>(4.00)</u>

There are no dilutive potential ordinary shares for the financial year ended 31 March 2021 and 2020. Hence, the basic earning/(loss) per share is the same as the diluted earning/(loss) per share.

11. Investment properties

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
At beginning of financial year	850	900	6,100	6,300
Fair value loss	-	(50)	(200)	(200)
At end of financial year	<u>850</u>	<u>850</u>	<u>5,900</u>	<u>6,100</u>

The following amounts are recognized in profit or loss:

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Rental income from investment property (Note 5)	42	42	283	329
Direct operating expenses (including repairs and maintenance) arising from rental generating investment properties	<u>(6)</u>	<u>(6)</u>	<u>(61)</u>	<u>(72)</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

11. Investment properties (Continued)

Investment properties of the Group and the Company are stated at fair value, which have been determined based on valuation performed as at the end of the financial year. The valuations were performed by Teho Properties Consultant Pte Ltd and SRE Global Pte Ltd; both are independent professional valuers with recognized and relevant professional qualification and with recent experience in the location and category of property being valued. The valuations are based on the properties' highest-and-best-use using the comparable market approach.

As at 31 March 2021, the investment properties are mortgaged to secure bank loans (Note 29).

The details of the investment properties are as follows:

Description and location	Tenure	Unexpired lease term
Group		
Commercial property located at 7030 Ang Mo Kio Avenue 5, #04-46 Northstar @ AMK, Singapore 569880	60 years	45 years and 9 months
Company		
Factory cum office located at 56 Senoko Road Woodlands East Industrial Estate Singapore 758120	28 years	19 years and 9 months

12. Property, plant and equipment

Group	Leasehold premises/ Renovation	Leasehold land and buildings	Renovation	Transportation equipment	Tools and equipment	Furniture, fittings, and office equipment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost or valuation							
At 1 April 2019	39,209	-	-	25,551	32,209	3,826	100,795
Additions	3,401	-	-	3,569	1,878	255	9,103
Disposals / Written-off	(24)	-	-	(1,167)	(811)	(52)	(2,054)
Derecognition	(958)	-	-	-	(13)	-	(971)
Exchange translation differences	64	-	-	112	248	13	437
At 31 March 2020	41,692	-	-	28,065	33,511	4,042	107,310
Additions	21,062	-	-	3,374	1,523	322	26,281
Disposals / Written-off	-	-	-	(514)	(235)	(42)	(791)
Derecognition	(2,979)	-	-	(40)	-	-	(3,019)
Reclassification	(59,768)	55,285	4,483	(64)	(2)	66	-
Revaluation	-	2,498	-	-	-	-	2,498
Exchange translation differences	(7)	-	-	(131)	85	(10)	(63)
At 31 March 2021	-	57,783	4,483	30,690	34,882	4,378	132,216

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

12. Property, plant and equipment (Continued)

Group	Leasehold premises/ Renovation S\$'000	Leasehold land and buildings S\$'000	Renovation S\$'000	Transportation equipment S\$'000	Tools and equipment S\$'000	Furniture, fittings, and office equipment S\$'000	Total S\$'000
Comprising:							
31 March 2021							
At cost	-	18,672	4,483	30,690	34,882	4,378	93,105
At valuation	-	39,111	-	-	-	-	39,111
	-	57,783	4,483	30,690	34,882	4,378	132,216
31 March 2020							
At cost	41,692	-	-	28,065	33,511	4,042	107,310
Accumulated depreciation							
At 1 April 2019	6,141	-	-	16,807	21,860	2,927	47,735
Depreciation	7,037	-	-	2,260	2,264	309	11,870
Disposals / Written-off	(24)	-	-	(793)	(767)	(48)	(1,632)
Derecognition	(262)	-	-	-	(4)	-	(266)
Exchange translation differences	36	-	-	92	211	11	350
At 31 March 2020	12,928	-	-	18,366	23,564	3,199	58,057
Depreciation	6,970	-	-	1,903	2,251	397	11,521
Disposals / Written-off	-	-	-	(322)	(249)	(65)	(636)
Derecognition	(2,979)	-	-	(40)	-	-	(3,019)
Reclassification	(16,942)	13,223	3,719	-	-	-	-
Revaluation	-	(4,646)	-	-	-	-	(4,646)
Exchange translation differences	23	-	-	(54)	93	-	62
At 31 March 2021	-	8,577	3,719	19,853	25,659	3,531	61,339
Carrying amount							
At 31 March 2021	-	49,206	764	10,837	9,223	847	70,877
At 31 March 2020	28,764	-	-	9,699	9,947	843	49,253

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

12. Property, plant and equipment (Continued)

Company	Leasehold premises S\$'000
Cost	
At 1 April 2019, 31 March 2020 and 31 March 2021	654
Accumulated depreciation	
At 1 April 2019	-
Depreciation	30
At 31 March 2020	30
Depreciation	30
At 31 March 2021	60
Carrying amount	
At 31 March 2021	594
At 31 March 2020	624

During the financial year, the Group received rent concessions of S\$480,000 for the leases from its respective landlords as assistance to tide over the impact of COVID-19. The Group applied the practical expedient for eligible rent concessions. The rent concessions received were netted off against the depreciation of property, plant and equipment in profit or loss.

Property, plant and equipment of the Group and Company includes right-of-use assets of S\$16,111,000 and S\$594,000 (2020: S\$15,703,000 and S\$624,000) respectively which are presented together with the owned assets of the same class as the underlying assets. Details of the right-of-use assets are disclosed in Note 30(a).

During the financial year, the Group acquired property, plant and equipment and right-of-use assets with an aggregate cost of S\$26,281,000 (2020: S\$9,103,000) of which S\$9,803,000 (2020: S\$5,985,000) were acquired by means of leases. Cash payments of S\$16,478,000 (2020: S\$3,118,000) were made to purchase property, plant and equipment.

In addition, the Group's leasehold land and buildings with carrying amount of S\$34,096,000 (2020: S\$14,671,000) are mortgaged to secure the Company's bank loans (Note 29) and certain credit facilities granted from banks.

As at 31 March 2021, leasehold land and buildings were revalued by independent professional valuers based on the presumption that the Group's current use of the properties is their highest and best use in the absence of other factors proving otherwise.

The fair value are generally derived using the following methods:

- Income capitalization approach - Properties are valued by capitalizing net rental income after property tax at a rate which reflects the present and potential income growth and over the unexpired lease term.
- Comparable market approach - Properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with adjustment made for differences in location, tenure, size, shape, design, age and condition of buildings, date of transactions and the prevailing market condition.
- Depreciated replacement cost approach - Current replacement cost of properties, less accumulated depreciation calculated on the basis of such cost to reflect the consumed or expired future economic benefits of the properties.

The professional valuers are of the view that the valuation methods and estimates are reflective of current market conditions and have taken into account the impact of COVID-19 pandemic outbreak based on information available as at 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

12. Property, plant and equipment (Continued)

Included in carrying amount of leasehold land and buildings at cost is right-of-use assets of S\$10,095,000 as at 31 March 2021. If the leasehold land and buildings stated at valuation were included in the financial statements at cost, the carrying amount would have been approximately S\$31,967,000.

The movements in the assets revaluation reserve for leasehold land and buildings as at 31 March as follows:

	Group 2021 S\$'000
At beginning of year	-
Additions during the year	7,144
At end of the year	7,144

Details of the leasehold land and buildings held by the Group as at 31 March 2021 are set out below:

Entity	Description and location	Tenure	Unexpired lease term
Chasen Holdings Limited	Factory cum office located at 56 Senoko Road Woodlands East Industrial Estate Singapore 758120	28 years	19 years and 9 months
Chasen Logistics Services Limited	Factory cum office building located at 18 Jalan Besut Singapore 619571	21 years	3 years
Chasen Logistics Services Limited	Factory located at 6 Tuas Avenue 20 Singapore 638820	60 years	32 years
Chasen Logistics Sdn. Bhd.	Warehouse cum office building located at Number 1099, Solok Perindustrian Bukit Minyak, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, West Malaysia	60 years	49 years and 11 months
City Zone Express Bonded Warehouse Sdn. Bhd.	Bonded warehouse located at Plot 99-A, Solok Bayan Lepas, Kawasan Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang, Malaysia	60 years	42 years and 3 months
Chasen (Chuzhou) Hi-Tech Machinery Services Pte Ltd	Warehouse cum office building located at No 5, Zhenjiang Road, ChuZhou, Anhui, China	50 years	46 years and 6 months

13. Investments in subsidiaries

	Company 2021 S\$'000	2020 S\$'000
Unquoted equity share, at cost		
At beginning of year	37,150	38,150
Less: Allowance for impairment loss	-	(1,000)
At end of year	37,150	37,150

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

13. Investments in subsidiaries (Continued)

Movements in the Company's provision of impairment losses for its investments in subsidiaries as at 31 March are as follows:

	Company	
	2021	2020
	S\$'000	S\$'000
At beginning of year	1,000	-
Additions during the year	-	1,000
At end of year	1,000	1,000

An assessment is made on whether there are indicators that the Company's investments are impaired. Consequently, an impairment loss of S\$1,000,000 was recognized in the previous financial year for its investment in subsidiary, REI Technologies Pte. Ltd.

The details of the subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Place of business / Country of incorporation</u>	<u>Principal activities</u>	<u>Effective interest held by the Group</u>	
			<u>2021</u>	<u>2020</u>
			%	%
Held by the Company				
Chasen Logistics & Engineering Services Pte. Ltd. ⁽ⁱ⁾	Singapore	Investment holding	100	100
Chasen Logistics Services Limited ⁽ⁱ⁾	Singapore	Relocation services, industrial packing, warehousing, transportation, freight forwarding and shipping	100	100
City Zone Express Pte. Ltd. ⁽ⁱ⁾	Singapore	Investment holding and freight forwarding, logistics, relocation, warehousing and general contractors	75	75
CLE Engineering Services Pte. Ltd. ⁽ⁱ⁾	Singapore	Investment holding	100	100
Ruiheng International Pte. Ltd. ⁽ⁱ⁾	Singapore	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

13. Investments in subsidiaries (Continued)

<u>Name of subsidiary</u>	<u>Place of business / Country of incorporation</u>	<u>Principal activities</u>	<u>Effective interest held by the Group</u>	
			<u>2021</u> %	<u>2020</u> %
Held by subsidiaries				
Chasen (Chuzhou) Hi-Tech Machinery Services Pte Ltd ⁽ⁱⁱ⁾	PRC	General activities related to high value machinery and equipment	100	100
Chasen (India) Hi-Tech Logistics Services Private Limited ^(vi)	India	Specialist relocation solutions, provision of specialist relocation solutions	100	100 (Note e)
Chasen (Shanghai) Hi-Tech Machinery Services Pte Ltd ⁽ⁱⁱ⁾	PRC	General activities relating to high value machinery and equipment	100	100
Chasen (USA), Inc. ^(vi)	United States of America	Relocation services, industrial packing, warehousing, transportation, freight forwarding and shipping	100	100
Chasen Engineering Sdn. Bhd. ⁽ⁱⁱⁱ⁾	Malaysia	Providing services on cryogenic pump	100	100
City Zone Express (Shanghai) Pte Ltd ^(vi)	PRC	Providing third party logistics services	100	100
Chasen Logistics Sdn. Bhd. ⁽ⁱⁱⁱ⁾	Malaysia	Provider of logistics and transportation services	100	100
Chasen Sinology (Beijing) Logistics Co., Ltd ^(vi)	PRC	Provision of artifact packaging and transportation services	100	100
Chasen Sino-Sin (Beijing) Hi-Tech Services Pte Ltd ^(vi)	PRC	General activities relating to high tech machinery and equipment, and relocation services	100	100
Chasen Transport Logistics Co., Ltd ^(iv)	Vietnam	Provider of third-party logistics services and warehousing	100 (Note a)	70
City Zone Asiatrans Corporation ^{(vi)*}	Vietnam	Freight forwarding and local trucking	- (Note b)	48.6
City Zone Express Vietnam Company Limited ^{(vi)*}	Vietnam	Freight forwarding and local trucking	51.6 (Note c)	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

13. Investments in subsidiaries (Continued)

Name of subsidiary	Place of business / Country of incorporation	Principal activities	Effective interest held by the Group	
			2021 %	2020 %
Held by subsidiaries (Continued)				
City Zone Express Bonded Warehouse Sdn. Bhd. ⁽ⁱⁱⁱ⁾	Malaysia	Bonded warehousing, transportation, freight forwarding, rigging and others related logistics	72	72 (Note f)
City Zone Express Co., Ltd ^(v)	Thailand	Freight forwarding	52.5	52.5
City Zone Express Sdn. Bhd. ⁽ⁱⁱⁱ⁾	Malaysia	Provider of third-party logistics services, transporting and warehousing service	72	72
City Zone Express Worldwide Co., Ltd ^{(v)^}	Thailand	Freight forwarding	49.9	49.9
DNKH Logistics Pte. Ltd. ⁽ⁱ⁾	Singapore	Provider of freight forwarding, logistics, transportation and general warehousing services	60	60
Global Technology Synergy Pte. Ltd. ⁽ⁱ⁾	Singapore	General building engineering service, process engineering and construction	100	100
Goh Kwang Heng Pte Ltd ⁽ⁱ⁾	Singapore	Scaffolding service provider to construction industries	100	100
Goh Kwang Heng Scaffolding Pte Ltd ⁽ⁱ⁾	Singapore	Scaffolding equipment services	100	100
HLE Construction and Engineering Sdn. Bhd. ⁽ⁱⁱⁱ⁾	Malaysia	Construction and engineering, projects and general trading	53	53
Team Glass Engineering Pte. Ltd. ⁽ⁱ⁾	Singapore	General building engineering design and consultancy services and general contractor for aluminium and glazing work for carrying out facade and cladding construction	51	51 (Note g)
Hup Lian Engineering Pte Ltd ⁽ⁱ⁾	Singapore	Engineering and structural steel fabrication supplier and installer	100	100

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

13. Investments in subsidiaries (Continued)

<u>Name of subsidiary</u>	<u>Place of business / Country of incorporation</u>	<u>Principal activities</u>	<u>Effective interest held by the Group</u>	
			<u>2021</u> %	<u>2020</u> %
Held by subsidiaries (Continued)				
Liten Logistics Services Pte Ltd ⁽ⁱ⁾	Singapore	Machinery and equipment moving, general warehouse and logistics management	100	100
REI Technologies Pte. Ltd. ⁽ⁱ⁾	Singapore	Engineering services	100	100
REI (TL) Construction & Engineering Pty, Lda ^(v)	Timor-Leste	Construction and engineering services	100	100
REI Promax Technologies Pte. Ltd. ⁽ⁱ⁾	Singapore	Precision manufacturing of machine tool accessories	55	55
Shanghai FengChuang Enterprise Management Consultant Co., Ltd ^(vi)	PRC	Management consultancy	- (Note d)	100
Shanghai FengChuang M & E Equipment Co., Ltd ^(vi)	PRC	Design, engineering, installation of machinery and equipment	- (Note d)	100
Suzhou Promax Communication Technology Co., Ltd ⁽ⁱⁱⁱ⁾	PRC	Contract manufacturing	55	55
Towards Green Sdn. Bhd. ⁽ⁱⁱⁱ⁾	Malaysia	Engineering and contracting work	100	100

(i) Audited by Mazars LLP, Singapore.

(ii) Audited by Mazars Shanghai, PRC for consolidation purposes.

(iii) Audited by Grant Thornton, Malaysia.

(iv) Audited by Mazars Vietnam for consolidation purposes.

(v) Audited by CDP Accounting & Consultancy Partnership.

(vi) Not audited as insignificant to the Group.

* City Zone Express Vietnam Company Limited (2020: City Zone Asiatrans Corporation) is considered to be a subsidiary as it is 70% collectively held by City Zone Express Pte. Ltd., City Zone Express Co., Ltd and Chasen Transport Logistics Co., Ltd who are substantially owned by the Company.

^ City Zone Express Worldwide Co., Ltd. is considered to be a subsidiary as it is 95% held by City Zone Express Co., Ltd, which is 70% held by City Zone Express Pte. Ltd. who in turn is 75% directly owned by the Company.

For the purpose of Rule 716(1) of the Listing Manual, the Directors and the Audit Committee of the Company are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and efficiency of the audit of the Company, having regard to the size and experience of the audit firms.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

13. Investments in subsidiaries (Continued)

Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of Subsidiary	Proportion of ownership interest held by NCI		Profit/(Loss) allocated to NCI during the financial year		Accumulated NCI at the end of financial year		Dividends paid to NCI	
	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
City Zone Express Sdn. Bhd.	28	28	757	195	1,759	1,022	-	-
City Zone Express Pte. Ltd.	25	25	33	29	382	350	-	-
Chasen Transport Logistics Co., Ltd	-	30	-	130	-	547	-	554
DNKH Logistics Pte. Ltd.	40	40	334	326	1,104	770	-	-
REI Promax Technologies Pte. Ltd.	45	45	529	(530)	2,499	1,958	-	-
Team Glass Engineering Pte. Ltd.	49	49	(334)	53	(232)	126	-	-

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group except for cash and bank balances held in the People's Republic of China of S\$2,368,000 (2020: S\$462,000) which are subject to local exchange control regulations which restrict the amount of currency to be exported other than through dividends.

Summarized financial information about subsidiaries with material NCI

Summarized financial information before intercompany eliminations are as follows:

	City Zone Express Sdn. Bhd.		City Zone Express Pte. Ltd.		Chasen Transport Logistics Co., Ltd		DNKH Logistics Pte. Ltd.		Team Glass Engineering Pte. Ltd.		REI Promax Technologies Pte. Ltd.	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Assets:												
Non-current assets	5,029	4,576	78	104	-	627	4,669	2,141	76	86	7,035	7,286
Current assets	12,445	7,109	2,298	1,782	-	1,676	3,138	3,240	1,008	1,945	11,082	10,441
Liabilities:												
Non-current liabilities	1,761	2,174	-	-	-	-	2,350	404	-	-	533	455
Current liabilities	9,432	5,859	844	486	-	480	2,699	3,052	1,559	1,773	12,032	12,921
Net assets	6,281	3,652	1,532	1,400	-	1,823	2,758	1,925	(475)	258	5,552	4,351
Results:												
Revenue	30,700	16,616	1,311	539	-	3,055	8,792	8,529	1,751	2,539	20,220	12,984
Profit/(Loss) before income tax	3,475	933	133	142	-	562	834	814	(674)	1,260	1,245	(1,220)
Profit/(Loss) for the financial year	2,702	696	131	117	-	434	834	814	(682)	1,260	1,176	(1,177)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

13. Investments in subsidiaries (Continued)

Financial year ended 31 March 2021

(a) Acquisition of non-controlling interests – Chasen Transport Logistics Co., Ltd (“CTL”)

Before 4 June 2020, the Company’s subsidiary, Ruiheng International Pte. Ltd. (“RHI”) owned 70% equity interest in CTL.

On 4 June 2020, RHI purchased from an individual, Mr Vo Quoc Vu, 30% equity interest in CTL for a total consideration of VND6.67 billion (equivalent to S\$401,000).

As a result of this acquisition, CTL is 100% owned subsidiary of the Group.

The effect of the change in the Group’s ownership interest in CTL on the equity attributable to owners of the Company has been recognized in “Capital reserve” within equity as summarized below:

	S\$’000
Consideration paid for acquisition of non-controlling interests	(305)
Consideration payable for acquisition of non-controlling interest	(96)
Decrease in equity attributable to non-controlling interests	533
Increase in equity attributable to owners of the Company	132

(b) De-registration of a subsidiary – City Zone Asiatrans Corporation (“CZAT”)

On 21 March 2021, CZAT was de-registered from the Registrar of Companies in Socialist Republic of Vietnam.

(c) Incorporation of a subsidiary – City Zone Express Vietnam Company Limited (“CZEV”)

On 21 April 2020, City Zone Express Pte. Ltd., City Zone Express Co. Ltd. and CTL incorporated a subsidiary known as CZEV jointly with Mr Tran Van Hao which held 30% equity interest in CZEV. This is to complement the Group’s current land cross-border business and extend the Group third party logistics capability into Vietnam and Indo-China to enhance long term sustainable growth in this business segment.

(d) De-registration of subsidiaries – Shanghai FengChuang M & E Equipment Co., Ltd (“SHFCME”) and Shanghai FengChuang Enterprise Management Consultant Co., Ltd (“SHFCMC”)

On 10 November 2020, SHFCME was de-registered from the agency of Shanghai Municipal Administration for Market Regulation. Following the de-registration of SHFCME, SHFCMC, being the wholly-owned subsidiary of SHFCME ceased as the indirect wholly-owned subsidiary of the Group. Net cash outflow in de-registration amounted to S\$27,000.

Financial year ended 31 March 2020

(e) Acquisition of a subsidiary – Chasen (India) Hi-Tech Logistics Services Private Limited (“Chasen India”)

On 9 March 2020, Chasen Logistics Services Limited and Ruiheng International Pte Ltd completed the acquisition of 5,000 shares representing 100% equity interest in Chasen India, a company incorporated in India from Ms Meena Shanmugam and Mr Muthukrishnapillay Rajakumar Sanjay Kumar (the “Vendors”) for a total consideration of INR50,000 (equivalent to S\$955).

Chasen India was incorporated on 5 October 2018 by the Vendors and has been dormant. Following the acquisition, Chasen India will focus on specialist relocation solutions and undertake logistics consultancy services to manage the global relocation needs of the Group’s customers in India. No goodwill has arisen from this acquisition as the Company has been dormant up till acquisition date. No transaction costs related to the acquisition was recognized in the Group’s profit or loss for the financial year ended 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

13. Investments in subsidiaries (Continued)

Financial year ended 31 March 2020 (Continued)

(f) Acquisition of non-controlling interests – City Zone Express Bonded Warehouse Sdn. Bhd. (“CZEBW”)

Before 13 February 2020, the Company’s subsidiary, City Zone Express Sdn. Bhd. (“CZEM”) owns 70% equity interest in CZEBW.

On 13 February 2020, CZEM purchased from an individual, Ms Rasyidah Binti Shaffie, 375,000 shares representing 30% equity interest in CZEBW for a total consideration of MYR375,000 (equivalent to S\$124,000).

As a result of this acquisition, CZEBW is 72% owned subsidiary of the Group.

The effect of the change in the Group’s ownership interest in HLE on the equity attributable to owners of the Company has been recognized in “Capital reserve” within equity as summarized below:

	S\$’000
Consideration paid for acquisition of non-controlling interests	(124)
Decrease in equity attributable to non-controlling interests	93
Decrease in equity attributable to owners of the Company	(31)

(g) Partial divestment of a subsidiary and subscription of shares – Team Glass Engineering Pte. Ltd. (“TGE”) formerly known as HLE International Pte. Ltd.

Before 22 July 2019, the Company’s wholly-owned subsidiary, Hup Lian Engineering Pte. Ltd. (“HLE”) owns 100% equity interest in TGE.

On 22 July 2019, HLE divested 49% equity interest in TGE to Mr Chan Hooi Beng for a cash consideration of S\$49. Upon completion of this transaction, TGE is 51% owned subsidiary of the Group.

Furthermore, on 25 March 2020 HLE and Mr Chan Hooi Beng entered into a Joint Venture and Shareholder Agreement (the “Agreement”). Upon the signing of the Agreement, TGE will increase its issued and paid-up share capital from S\$100 to S\$150,000 by issuing and allotment of 149,900 ordinary shares at S\$1.00 for each ordinary share. Consequently, HLE has on 25 March 2020 subscribed for an additional of 76,449 ordinary shares in the capital of TGE, at a subscription price of S\$1.00 for each ordinary share. The subscription monies amounting to S\$76,449 is paid by cash consideration (the “Subscription”).

After this Subscription, TGE is still a 51% owned subsidiary of the Group.

14. Investment in associate

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$’000</u>	<u>S\$’000</u>	<u>S\$’000</u>	<u>S\$’000</u>
Unquoted equity shares, at cost				
At beginning and end of financial year	409	409	-	-
Share of accumulated post-acquisition results				
At beginning and end of financial year	(409)	(409)	-	-
Carrying amount	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

14. Investment in associate (Continued)

The details of the associate are as follows:

Name of associate	Place of business / Country of incorporation	Principal activities	Proportion of ownership interest	
			2021 %	2020 %
Held by Chasen Sino-Sin (Beijing) Hi-Tech Services Pte Ltd				
Amber Digital Solutions (Beijing) Pte Ltd ⁽ⁱ⁾	PRC	Providing 3D high resolution digital imaging of cultural heritage relics and museum	30	30

(i) Not audited as insignificant to the Group.

Summarized financial information of the Group's associate

The summarized financial information in respect of Amber Digital Solutions (Beijing) Pte Ltd based on its SFRS(I) financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	2021 S\$'000	2020 S\$'000
Assets and liabilities:		
Non-current assets	3	5
Current assets	672	654
Total assets	675	659
Current liabilities	(3,433)	(3,214)
Total liabilities	(3,433)	(3,214)
Net liabilities	(2,758)	(2,555)
Group's share of associate's net liabilities	(827)	(767)
Goodwill on acquisition	371	371
Other adjustments	456	396
Carrying amount of the investment	-	-

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For The Financial Year Ended 31 March 2021

14. Investment in associate (Continued)

The summarized financial information in respect of Amber Digital Solutions (Beijing) Pte Ltd based on its SFRS(I) financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows: (Continued)

	<u>2021</u> S\$'000	<u>2020</u> S\$'000
Results:		
Revenue	402	605
Loss for the financial year	<u>(182)</u>	<u>(158)</u>
Current year's share of losses:		
Unrecognized losses	<u>(55)</u>	<u>(47)</u>
Movement of cumulative share of unrecognized losses:		
At beginning of financial year	642	595
Loss during the financial year	<u>55</u>	<u>47</u>
At end of financial year	<u>697</u>	<u>642</u>

The Group has not recognized losses relating to Amber Digital Solutions (Beijing) Pte Ltd where its share of losses exceed the Group's carrying amount of its investment in this associate. The Group's cumulative share of unrecognized losses were S\$697,000 (2020: S\$642,000). The Group has no obligation in respect of those losses.

15. Goodwill on consolidation

	<u>2021</u> S\$'000	<u>2020</u> S\$'000
At beginning and end of financial year	<u>10,559</u>	<u>10,559</u>

Goodwill acquired through business combinations is allocated, at acquisition, to the respective CGU that are expected to benefit from the synergies of those business combinations.

The carrying amount of goodwill had been allocated by CGU or groups of CGU as follows:

	<u>2021</u> S\$'000	<u>2020</u> S\$'000
Global Technology Synergy Pte. Ltd. / Towards Green Sdn. Bhd. ("GTS Group")	2,908	2,908
Goh Kwang Heng Pte Ltd / Goh Kwang Heng Scaffolding Pte Ltd ("GKH Group")	1,311	1,311
Liten Logistics Services Pte Ltd / Chasen Logistics Services Limited ("LLS & CLSG")	4,186	4,186
Hup Lian Engineering Pte Ltd ("HLE")	2,006	2,006
Others	<u>148</u>	<u>148</u>
	<u>10,559</u>	<u>10,559</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

15. Goodwill on consolidation (Continued)

The carrying amount of goodwill had been allocated by reportable operating segments and geographical areas as follows:

	Specialist Relocation Solutions	Technical & Engineering	Total
	S\$'000	S\$'000	S\$'000
2021			
Singapore	4,186	6,224	10,410
PRC	66	-	66
Vietnam	83	-	83
	<u>4,335</u>	<u>6,224</u>	<u>10,559</u>
2020			
Singapore	4,186	6,224	10,410
PRC	66	-	66
Vietnam	83	-	83
	<u>4,335</u>	<u>6,224</u>	<u>10,559</u>

Impairment testing of goodwill

The Group tests CGU for impairment annually, or more frequently if there is an indication of impairment.

The recoverable amounts of the CGU are determined from value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by Board of Directors covering a five-year period. The key assumptions for these value-in-use calculations are those regarding the discount rates, growth rates and expected changes to gross margins during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in gross margins are based on past practices and expectations of future changes in the market.

Key assumptions on which management has based its cash flow projections for the respective periods of the significant CGU are as follows:

	GTS Group		GKH Group		LLS & CLSG		HLE	
	2021	2020	2021	2020	2021	2020	2021	2020
Gross margin ⁽ⁱ⁾	27%	35%	25%	18%	41% 33% to 52%		18%	18%
Growth rates ⁽ⁱⁱ⁾	5% to 53%	15% to 18%	5% to 299%	0% to 163%	3% -17% to 28%		5% to 324%	0% to 226%
Discount rates ⁽ⁱⁱⁱ⁾	9%	9.4%	9.6%	9.6%	3.3% to 4.7%	4% to 8%	9.6%	9.6%
Terminal growth rates ^(iv)	1%	1%	1%	1%	1%	1%	1%	1%

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

15. Goodwill on consolidation (Continued)

Impairment testing of goodwill (Continued)

Key assumptions used in the value-in-use calculations

- (i) *Budgeted gross margins* – Budgeted gross margins are determined based on past performance and its expectations of market developments.
- (ii) *Growth rates* – The forecasted growth rates are based on published industry research relevant to the CGUs, taking into account of the forecasted growth rates relevant to the environment where the CGUs operate in.
- (iii) *Discount rates* – The discount rates used are based on the weighted average cost of the CGU's capital (the "WACC"), adjusted for the specific circumstances of the CGU and based on management's experience, and re-grossed back to arrive at the pre-tax rates.
- (iv) *Terminal growth rates* – The terminal growth rates are determined based on management's estimate of the long-term industry growth rates.

Sensitivity to changes in assumptions

Management is of the view that any reasonable possible change in any of the above key assumptions are not likely to materially cause the CGU's carrying amount to exceed its recoverable amount.

Impairment loss recognized

No impairment loss was recognized during the current financial year ended 31 March 2021 and 2020.

16. Intangible assets

	Know-how*	Non-contractual customer relationship**	Total
	S\$'000	S\$'000	S\$'000
Cost			
At 1 April 2019, 31 March 2020 and 2021	440	966	1,406
Accumulated amortization			
At 1 April 2019, 31 March 2020 and 2021	440	966	1,406
Carrying amount			
At 31 March 2021 and 2020	-	-	-

* Cost of Know-how is attributable to the skills and technical talent in relation to the artifact packaging and transportation business.

** Cost of Non-contractual customer relationships is attributable to long-term relationship with its major customers since incorporation.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

17. Land use rights

	Group S\$'000
Cost	
At 1 April 2019	943
Exchange translation differences	10
At 31 March 2020	953
Revaluation	292
Exchange translation differences	9
At 31 March 2021	<u>1,254</u>
Accumulated amortization	
At 1 April 2019	27
Amortization charge for the financial year	18
At 31 March 2020	45
Amortization charge for the financial year	19
Revaluation	(66)
Exchange translation differences	2
At 31 March 2021	<u>-</u>
Carrying amount	
At 31 March 2021	<u>1,254</u>
At 31 March 2020	<u>908</u>

The Group has land use rights over a plot of state-owned land in PRC to house the factory and warehouse of one of its subsidiaries in PRC operating in the Specialist Relocation Business Segment. The land use rights are transferable and have a remaining tenure of 46 years and 6 months (2020: 47 years and 6 months).

Land use rights is revalued by an independent professional valuation firm, by reference to market evidence of recent transactions for similar properties. The valuation is based on the land use rights' highest-and-best-use using both the Depreciated Replacement Cost approach and Income Capitalization approach.

If the land use rights stated at valuation were included in the financial statements at cost, the carrying amount would have been approximately S\$896,000 (2020: S\$908,000). The movements in the assets revaluation reserve for land use rights as at 31 March as follows:

	Group 2021 S\$'000
At beginning of year	-
Additions during the year	358
At end of the year	<u>358</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

18. Club Membership

	Group 2021 S\$'000
Cost	
At 1 April 2019, 31 March 2020 and 2021	15
Accumulated amortization	
At 1 April 2019	11
Amortization charge for the financial year	1
At 31 March 2020	12
Amortization charge for the financial year	1
At 31 March 2021	13
Carrying amount	
At 31 March 2021	2
At 31 March 2020	3

The club membership was paid for by the Group for the benefit of a director in accordance with his Service Agreement ("Agreement"). Accordingly, the director held the membership in trust for the Group. Pursuant to the Agreement, the director is entitled to benefit from the membership as long as he maintains his role as an Executive Director of the Group up to 31 March 2023 for 15 years' term. Upon completion of the specified term (15 years), the benefit of the club will be entirely vested in the director. Consequently, the membership will be deemed disposed.

19. Other investments

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
At beginning of financial year	5,155	5,216	523	584
Loss on fair value changes recognized in other comprehensive income	(523)	(61)	(523)	(61)
At end of financial year	4,632	5,155	-	523
Details of other investments at FVTOCI				
Unquoted equity instruments – at FVTOCI	4,632	4,632	-	-
Quoted equity securities – at FVTOCI	-	523	-	523
Total financial assets held at FVTOCI	4,632	5,155	-	523

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

19. Other investments (Continued)

The unquoted equity instrument (2020: quoted equity securities) measured at FVTOCI. The carrying amount of investment in GBM Gold Ltd ("GBM") as at 31 March 2021 was S\$Nil (2020: S\$523,000).

The quoted equity securities was measured at the price before the trading halt as it is not practicable to determine with sufficient reliability, its fair value.

On 13 October 2020, GBM was delisted and removed from the Official List of ASX under the Listing Rule 17.12. Consequently, an application for winding up was filed against GBM by a creditor on the Australia Securities & Investments Commission ("ASIC"). The application was subsequently withdrawn and dismissed by the ASIC.

In view of the above, management is unable to obtain any latest financial information of GBM and hence its inability to estimate the fair value of the unquoted instrument reliably. Having considered this and GBM has been delisted due to its inability to secure an extension of its listing status beyond the second anniversary of the suspension of trading of its shares as well as the ongoing administration of Kralcopic Pty Ltd, a subsidiary of GBM, management is of the view that the fair value of this investment would be S\$Nil.

As at 31 March 2021, GBM's issued number of ordinary shares is 1,118,319,556 (2020: 1,118,319,556) and the Company's shareholding in GBM is 6.76% (2020: 6.76%).

* AU\$: Australian dollars

The investment in unquoted equity instrument measured at FVTOCI relates to investment in one private company, Eons Global Holdings Pte Ltd ("EGH"), incorporated in Singapore which is engaged in the provision of management consultancy services and have no fixed maturity date or coupon rate and are denominated in Singapore dollars.

On 21 November 2018, the Company and its wholly-owned subsidiary, GTS had entered into a conditional SPA with a third party ("Purchaser"), to dispose an additional 37% of its equity interest in EGH for an aggregate cash consideration of RMB25 million (equivalent to S\$4.94 million). The decision was consistent with the Company's strategic plan to rationalize its investments, taking into consideration the financial positions and business prospects of EGH.

As at 31 March 2021, the sales is not completed as the Group has not received the full payment of RMB25 million. The Group would transfer the shares in EGH to the Purchaser upon receipt of the full payment of RMB25 million.

For the financial year ended 31 March 2021 and 2020, the fair value of this equity instrument was determined based on the market approach which uses prices and other relevant information that have been generated by market transactions that involve identical or comparable assets and also taking into account the lack of liquidity of the unquoted equity instrument.

20. Inventories

	Group	
	2021	2020
	S\$'000	S\$'000
Raw materials	744	838
Work-in-progress	2,215	2,345
Finished goods	1,945	1,720
Consumables	1,339	1,026
	<u>6,243</u>	<u>5,929</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

21. Contract assets

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Contract assets from contracts with customers		
Unbilled revenue	1,009	784

The unbilled revenue relates to the revenue recognized to date but has not been invoiced to the customers as at the financial year end and is transferred to trade receivables at the point when it is invoiced to the customers.

Contract assets for the financial year ended 31 March 2021 increased due to more works being done but not yet billed as of year end.

The Group's revenue recognized in the financial years that was included in the contract liabilities balance at the beginning of the respective financial years is as follow:

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Construction contracts	-	79
Engineering services	-	9
	-	88

22. Trade receivables

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Third parties	49,062	40,450
Retention receivables	525	737
Less: Loss allowance on trade receivables	(5,907)	(5,933)
	43,680	35,254

Trade receivables are non-interest bearing and the average credit period on sale of goods ranges from 30 to 90 (2020: 30 to 90) days according to the terms agreed with the customers. They are recognized at their original invoice amounts which represent their fair values on initial recognition.

The Group's trade receivables are denominated in the following currencies as at reporting date:

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Singapore dollar	16,936	16,183
Chinese Renminbi	11,766	9,870
Malaysian Ringgit	4,746	4,526
Thai Baht	2,712	603
United States dollar	6,024	3,529
Vietnamese Dong	1,496	543
	43,680	35,254

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

23. Other receivables, deposits and prepayments

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Non-current				
Other receivables	1,051	1,130	-	-
Less: Loss allowance on other receivables	(772)	(772)	-	-
	279	358	-	-
Current				
Deposits paid	2,132	2,793	6	6
Other receivables	8,405	9,919	26	29
Less: Loss allowance on other receivables	(1,081)	(1,061)	-	-
	7,324	8,858	26	29
Prepayments for service fees	4,368	4,798	-	-
Other prepayments	1,477	2,490	20	25
	5,845	7,288	20	25
	15,301	18,939	52	60
Total	15,580	19,297	52	60

Other receivables (non-current) were unsecured, interest-free, and not expected to be repaid within the next twelve months.

The Group's and the Company's other receivables, deposits and prepayments are denominated in the following currencies as at reporting date:

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Singapore dollar	4,188	5,313	52	60
Chinese Renminbi	9,137	10,868	-	-
Malaysian Ringgit	1,199	1,899	-	-
United States dollar	748	864	-	-
Vietnamese Dong	106	264	-	-
Thai Baht	202	89	-	-
	15,580	19,297	52	60

24. Amounts due from subsidiaries

The amounts due from subsidiaries (net) are non-trade in nature, unsecured, interest-free, repayable on demand, except for certain amounts due from subsidiaries amounting to S\$17,698,000 (2020: S\$17,115,000) which bears effective interest rate at 4.25% (2020: 4.25%) per annum. Amounts due from subsidiaries are denominated in Singapore dollar as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

25. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	13,711	5,440	470	161
Fixed deposits placed with banks	2,359	2,255	-	146
	<u>16,070</u>	<u>7,695</u>	<u>470</u>	<u>307</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The fixed deposits of S\$2,194,000 (2020: S\$1,923,000) were pledged to financial institutions as securities for banking facilities and performance guarantees of the Group.

Fixed deposits of the Group bear interest rates ranging from 0.05% to 2.1% (2020: 0.05% to 3.1%) per annum with average maturity period ranging from one to twelve months (2020: one to twelve months) at the end of the financial year.

The Group's and the Company's cash and cash equivalents are denominated in the following currencies as at reporting date:

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore dollar	7,760	4,106	463	154
Chinese Renminbi	2,163	433	-	-
Malaysian Ringgit	3,116	1,385	-	-
United States dollar	1,592	1,073	7	153
Vietnamese Dong	471	445	-	-
Thai Baht	968	253	-	-
	<u>16,070</u>	<u>7,695</u>	<u>470</u>	<u>307</u>

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Group	
	2021	2020
	S\$'000	S\$'000
Cash and bank balances	16,070	7,695
Fixed deposits pledged	(2,194)	(1,923)
Cash and cash equivalents	<u>13,876</u>	<u>5,772</u>

26. Share capital

	Group		Company	
	No. of shares		No. of shares	
	'000	S\$'000	'000	S\$'000
Issued and fully paid, with no par value				
At beginning and end of financial year	<u>388,867</u>	<u>53,086</u>	<u>388,867</u>	<u>82,614</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

26. Share capital (Continued)

Chasen Performance Share Plan

The Chasen Performance Share Plan 2017 (the "Plan 2017") which was proposed to replace the expired Chasen Performance Share Plan 2007 (the "Plan 2007"), was approved and adopted by the members of the Company at the Extraordinary General Meeting held on 28 July 2017. Under the new Plan 2017, there is no significant change in terms of administration, rights and rationale as compared to the expired Plan 2007.

The Plan 2017 is administered by the Remuneration Committee which comprises Chew Mun Yew (Chairman), Chew Choy Seng and Lim Yew Si.

Under the Plan 2017, eligible participants are conferred rights by the Company on shares to be issued or transferred ("Awards"). The Plan 2017 contemplates the award of fully paid shares free of charge when and after pre-determined performance or service conditions are accomplished and/or due recognition is given to any good work performance and/or any significant contribution to the Company.

The rationale of the share-based incentive scheme is to provide an opportunity for the directors and full-time employees of the Group to participate in the equity of the Company so as to align their interest with that of the shareholders. It would also give recognition to employees of the Group who have contributed to its success and to motivate them to greater dedication, loyalty and higher standard of performance. The participants are not required to pay for the grant of Awards or for the shares allocated pursuant to the Awards.

As at 31 March 2021, no performance shares are awarded under the Plan 2017.

27. Treasury shares

	Group and Company			
	2021		2020	
	No. of shares		No. of shares	
	'000	S\$'000	'000	S\$'000
At beginning and end of financial year	1,841	145	841	145

Treasury shares relate to ordinary shares of the Company that is held by the Company.

28. Other reserves

Capital reserve

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Shanghai FengChuang Enterprise Management Consultant Co., Ltd ⁽ⁱ⁾	-	71	-	-
Liten Logistics Services Pte Ltd ⁽ⁱⁱ⁾	1,298	1,298	-	-
Global Technology Synergy Pte Ltd ⁽ⁱⁱⁱ⁾	70	70	-	-
Amber Digital Solutions (Beijing) Pte Ltd ⁽ⁱⁱⁱ⁾	409	409	-	-
City Zone Express Pte Ltd ^{(ii),(iv)}	(348)	(348)	100	100
Hup Lian Engineering Pte Ltd ⁽ⁱⁱⁱ⁾	(2,030)	(2,030)	-	-
City Zone Bonded Warehouse Sdn. Bhd.	(30)	(30)	-	-
Chasen Transport Logistic Co., Ltd	140	-	-	-
	<u>(491)</u>	<u>(560)</u>	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

28. Other reserves (Continued)

Capital reserve (Continued)

- (i) Represented a contingent payment to the former owner of the acquired subsidiary in the previous financial year.
- (ii) Represents net gain/(loss) on fair value changes arising from the net assets or liabilities of subsidiaries acquired.
- (iii) Represents fair value of consideration injected in an associate.
- (iv) Capital reserve at Company level represents allotment of ordinary shares to a wholly-owned subsidiary via capitalization of its retained profits at the sole discretion of the Company's directors and accordingly classified as deemed equity.

Foreign currency translation reserve

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

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of financial assets at FVTOCI until they are disposed of or impaired.

Assets revaluation reserve

Assets revaluation reserve represents increases in the fair value of land use rights, leasehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognized in equity.

29. Bank loans

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Bank loans	57,816	43,724	9,946	11,792

Bank loans are repayable over a period of 1 month to 15 years, as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Within one year	36,701	38,155	4,826	7,543
After one year but within five years	11,432	4,416	4,839	3,782
After five years	9,683	1,153	281	467
	21,115	5,569	5,120	4,249
	57,816	43,724	9,946	11,792

The effective interest rates per annum are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Bank loans	1.68% to 8.84%	2.39% to 8.04%	2.00% to 3.37%	3.00% to 6.25%

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

29. Bank loans (Continued)

The banking facilities are secured by the following:

- (a) legal mortgage of the Group's investment properties and leasehold buildings;
- (b) corporate guarantee by the Company and a subsidiary, Chasen Logistics Services Limited;
- (c) pledge of fixed deposits amounting to about S\$2,194,000 (2020: S\$1,923,000) (Note 25);
- (d) personal guarantee from directors of certain subsidiaries that are not wholly-owned by the Group.

The carrying amounts of the Group's and the Company's bank loans approximate their fair values.

Three of the Company's subsidiaries were required by a bank to maintain a gearing ratio of 1.50 times at Group level for their bank loans. The required ratio is based on total liabilities over net worth. As at 31 March 2021, the ratio was 1.58 times. Subsequent to the financial year ended 31 March 2021, each subsidiary has obtained a letter of waiver from the said bank to temporarily waive the breach of the foregoing covenant, in respect of gearing ratio for the financial year ended 31 March 2021. Accordingly, the bank loans of these subsidiaries from the said bank of S\$3,125,000 had been reclassified from non-current liabilities to current liabilities in the balance sheet as at 31 March 2021. As at the date of this report, management is of the opinion that the said bank will continue to support the subsidiaries. The bank had not requested for immediate repayment of the outstanding bank loans as at the date when these financial statements were authorized for issue.

The Group's and the Company's bank loans are denominated in the following currencies as at reporting date:

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore dollar	37,439	34,964	9,946	11,792
Chinese Renminbi	6,788	6,723	-	-
Malaysia Ringgit	13,589	2,037	-	-
	<u>57,816</u>	<u>43,724</u>	<u>9,946</u>	<u>11,792</u>

30. The Group as a lessee

The Group leases land under a 21 to 43 year lease arrangement, with no option to renew the lease after that date. The Group has made an upfront payment to secure the right-of-use of the 21 to 43 year leasehold land. This lease also contains a variable lease payment that are based on a percentage of the land rent paid by the landlord to Jurong Town Corporation.

The Group leases building, warehouse and certain equipment for 1 to 5 years and rentals are fixed for an average of 1 to 5 years.

The Group leases motor vehicles and certain plant and machinery for 3 to 7 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under such leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

Extension options

The Group has several lease contracts with extension options exercisable by the Group up to 180 days before the end of the non-cancellable contract period. These extension options are exercisable by the Group and not by the lessors. The extension options are used by the Group to provide operation flexibility in terms of managing the assets used in the Group's operation. As at 31 March 2021, the Group is not reasonably certain that they will exercise these extension options.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

30. The Group as a lessee (Continued)

Recognition exemptions

The Group has certain office leases, warehouse leases and rented apartments with lease terms of 12 months or less and/or of low value. For such leases, the Group has elected not to recognize right-of-use assets and lease liabilities.

(a) Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment are as follows:

	Leasehold land and buildings	Transportation equipment	Tools and equipment	Furniture, fittings and office equipment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>					
At 1 April 2019	12,383	3,635	2,373	42	18,433
Additions	3,046	2,659	73	181	5,959
Expiry of lease	(696)	(448)	(89)	(20)	(1,253)
Depreciation	(6,049)	(987)	(293)	(97)	(7,426)
Exchange translation differences	(3)	(12)	5	-	(10)
At 31 March 2020	8,681	4,847	2,069	106	15,703
Additions	7,371	1,295	908	-	9,574
Expiry of lease	-	(642)	(993)	-	(1,635)
Depreciation	(5,937)	(1,136)	(311)	(99)	(7,483)
Exchange translation differences	(20)	(33)	6	(1)	(48)
At 31 March 2021	10,095	4,331	1,679	6	16,111
				Leasehold land and buildings	
				S\$'000	
<u>Company</u>					
At 1 April 2019					654
Depreciation					(30)
At 31 March 2020					624
Depreciation					(30)
At 31 March 2021					594

The total cash outflows for leases during the financial year ended 31 March 2021 is S\$7,802,000 (2020: S\$7,950,000).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

30. The Group as a lessee (Continued)

Recognition exemptions (Continued)

(b) Lease liabilities

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Lease liabilities - non-current	8,272	7,183	591	612
Lease liabilities - current	6,332	6,182	22	21
	<u>14,604</u>	<u>13,365</u>	<u>613</u>	<u>633</u>

The maturity analysis of lease liabilities is disclosed in Note 41.

Lease liabilities are denominated in the following currencies as at reporting date:

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Singapore dollar	11,030	9,070	613	633
Chinese Renminbi	170	882	-	-
Malaysian Ringgit	3,096	3,413	-	-
Thai Baht	308	-	-	-
	<u>14,604</u>	<u>13,365</u>	<u>613</u>	<u>633</u>

(c) Amounts recognized in profit or loss

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Expense relating to low value assets	-	2
Expense relating to short-term leases	<u>12,203</u>	<u>7,917</u>

31. Deferred tax

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Deferred tax assets	1,244	1,264
Deferred tax liabilities	<u>(2,367)</u>	<u>(1,145)</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

31. Deferred tax (Continued)

Deferred tax assets

The movements in deferred tax position for the financial year are as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
At beginning of financial year	1,264	1,101
(Charged)/Credit to profit or loss	(83)	209
Over-provision in prior financial year	63	(54)
Exchange translation differences	-	8
At end of financial year	<u>1,244</u>	<u>1,264</u>

Deferred tax assets are recognized to the extent that realization of the related tax benefits through future taxable profits is probable.

Unrecognized deferred income tax assets

The following deferred income tax assets are not recognized in the statements of financial position as it is presently uncertain the extent timing and quantum of future taxable profit that will be available against which the Group can utilize the benefits as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
Unabsorbed tax losses	14,576	13,714
Unutilized capital allowances	1,470	1,445
Property, plant and equipment	57	504
	<u>16,103</u>	<u>15,663</u>
Unrecognized deferred tax benefits	<u>2,684</u>	<u>2,615</u>

Tax losses do not expire under current legislation and are available for set-off against future taxable profits subject to meeting certain statutory requirements by those companies with unrecognized tax losses in their respective country of incorporation. These losses may be carried indefinitely subject to the conditions imposed by law.

Deferred tax liabilities

The movements in deferred tax position for the financial year are as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
At beginning of financial year	(1,145)	(1,590)
Credited to profit or loss	179	438
Charged to other comprehensive income - fair value adjustment on land and building	(1,401)	-
Exchange translation differences	-	7
At end of financial year	<u>(2,367)</u>	<u>(1,145)</u>

Deferred tax liabilities principally arise as a result of excess of carrying amount over tax written down value of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

32. Trade payables

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Third parties	20,670	12,261

Trade payables are non-interest bearing and the average credit period on purchases of goods is 30 (2020: 30) days according to the terms agreed with the suppliers.

The Group's trade payables are denominated in the following currencies as at reporting date:

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Singapore dollar	4,769	4,361
Chinese Renminbi	7,035	5,588
Malaysian Ringgit	2,591	1,281
Thai Baht	2,801	275
United States dollar	1,498	335
Vietnamese Dong	1,976	421
	20,670	12,261

33. Other payables and accruals

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Amounts due to directors	274	304	-	44
Advance consideration for disposal of other investment	510	510	-	-
Deposits received	1,105	288	-	-
Accruals	5,834	4,340	355	370
Other payables	1,381	2,494	80	64
	9,104	7,936	435	478

Amounts due to directors are unsecured, interest-free, and are repayable on demand.

Accruals mainly consist of accrued operating expenses.

Other payables are non-trade in nature, unsecured, interest-free, repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

33. Other payables and accruals (Continued)

The Group's and the Company's other payables and accruals are denominated in the following currencies as at reporting date:

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore dollar	3,890	4,709	435	478
Chinese Renminbi	1,317	1,714	-	-
Malaysian Ringgit	2,371	1,070	-	-
Vietnamese Dong	148	52	-	-
United States dollar	926	328	-	-
Thai Baht	452	63	-	-
	<u>9,104</u>	<u>7,936</u>	<u>435</u>	<u>478</u>

34. Provision

	Group	
	2021	2020
	S\$'000	S\$'000
<u>Provision of onerous contracts</u>		
At beginning of financial year	-	19
Reversal of provision	-	(19)
At end of financial year	<u>-</u>	<u>-</u>

Provision for onerous contracts is made when it is assessed that the costs to fulfil the performance obligation is unavoidable for loss-making contracts. It is expected that these costs will be incurred in the next financial year.

35. Operating lease commitments

The Group as lessee

As of 31 March 2020, the Group has commitments for future minimum lease payments under non-cancellable operating leases in respect of the warehouses, office equipment and other operating facilities as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
Future minimum lease payments payable:		
Within one year	2	370
After one year but within five years	-	2
	<u>2</u>	<u>372</u>

The leases have its tenure of 1 year with some having an option to renew the lease subject to certain conditions being met. Lease payments may vary upon renewal to reflect market rentals. There are no restrictions placed upon the Company by entering into these leases.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

35. Operating lease commitments (Continued)

The Group as lessor

The Group has entered into commercial property leases on its investment property and warehouses. These non-cancellable leases have remaining lease terms of one to two years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

At the end of the financial year, future minimum rental receivables under non-cancellable operating leases are as follows:

	Group	
	<u>2021</u>	<u>2020</u>
	S\$'000	S\$'000
Future minimum lease payments payable:		
Within one year	41	45

36. Capital commitments

	Group	
	<u>2021</u>	<u>2020</u>
	S\$'000	S\$'000
Capital commitments contracted but not provided for:		
- Leasehold building	-	12,736
- Software	40	50
- Plant and equipment	800	601

37. Contingencies

Financial guarantees

As at 31 March 2021, the Company has given corporate guarantees amounting to S\$71,731,000 (2020: S\$54,713,000) to certain banks and financial institutions in respect of banking facilities granted to the subsidiaries.

The Company has evaluated the fair value of the corporate guarantee. Consequently, the Company is of the view that the fair value of the guarantees to the banks and financial institutions with regard to the subsidiaries is not significant. The Company has not recognized any liability in respect of the guarantees given to the banks for banking facilities granted to the subsidiaries as the Company's directors have assessed that the likelihood of the subsidiaries defaulting on repayment is remote.

As at the end of the financial year, the total amount of banking facilities utilized and outstanding covered by the guarantees is S\$50,852,000 (2020: S\$36,036,000). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilization of the banking facility.

As at the end of the financial year, the Company has also given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to meet their obligations as and when they fall due so that they will continue to operate as going concerns in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

37. Contingencies (Continued)

Legal claims

On 25 January 2021, DNKH Logistics Pte Ltd ("Defendant"), a subsidiary of the Group was served with a Writ of Summons ("Writ") filed by the landlord ("Plaintiff"). In the Writ, the Plaintiff had filed claims of S\$3,441,541 for repair/reinstatement costs of the demised premises ("Warehouse"), loss of rental and loss adjuster's and consultant's fees allegedly suffered by the Plaintiff as a result of a fire incident at the Warehouse on 9 August 2015. The Plaintiff had brought these claims at the instance of its insurer against the Defendant.

Currently, both the Plaintiff and Defendant are in the discovery and inspection process in the suit. The Group has been advised by its lawyer that it has a good chance of successfully defending the above case. Accordingly, the Group is of the view that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Hence, no provision of liability has been recognized as at financial year ended 31 March 2021.

38. Significant related party transactions

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Company entered into the following transactions with related parties:

	Company	
	2021	2020
	S\$'000	S\$'000
<i>Subsidiaries</i>		
Interest income	603	711
Management fee income	1,386	2,018
Loan to subsidiaries	1,067	6,893
	<hr/>	<hr/>
<i>Key management personnel remuneration</i>		
	Group	
	2021	2020
	S\$'000	S\$'000
Salaries and bonuses	1,621	1,690
Employers' contribution defined contribution plan	114	120
Other allowances	241	239
	<hr/>	<hr/>
	1,976	2,049
	<hr/>	<hr/>
<i>Comprise amounts paid to:</i>		
Directors of the Company	648	691
Other key management personnel	1,328	1,358
	<hr/>	<hr/>
	1,976	2,049
	<hr/>	<hr/>
<i>Directors' fees</i>		
Directors of the Company	303	400
	<hr/>	<hr/>

The key management personnel comprise directors of the Company and its subsidiaries, senior management of the Company such as Chief Financial Officer, General Managers and others, and their compensation is disclosed as above.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

39. Segment information

The Group is organized into business units based on their products and services, and has three reportable segments as follows:

- (a) Specialist Relocation Solutions – being the provision of machinery and equipment moving services through projects or maintenance contracts;
- (b) Third Party Logistics – being the provision of packing services and the supply of packaging and crating materials, the provision of warehousing of customers' new or replaced machinery and equipment in our premises or open yard prior to installation in the customers' premises or shipping out of the country and land transportation services using specialized conveyance vehicles and material handling equipment; and
- (c) Technical & Engineering – being the provision of turnkey facilities and engineering solutions, repair and maintenance services to customers in the high tech electronic industries, construction projects of customers in the marine, property development, oil and gas industries and contract manufacturing services in the electronics, telecommunications and other high technology industries.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The Group's reportable segments are strategic business units that are organized based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance expenses) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment revenue and expense are the operating revenue and expense reported in the Group's consolidated statement of comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets consist principally of property, plant and equipment and trade receivables that are directly attributable to a segment.

Unallocated items comprise property, plant and equipment, other receivables, deposits and prepayments, fixed deposits, cash and cash equivalents, bank loans and overdrafts, trade payables, other payables and accruals, deferred tax liabilities, income tax payable, lease liabilities, other operating income and expenses.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.24.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

39. Segment information (Continued)

Analysis by business segment

	Specialist Relocation Solutions		Third Party Logistics		Technical & Engineering		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:								
External customers	62,733	51,157	56,806	34,473	26,871	24,583	146,410	110,213
Inter-segment revenue	(1,935)	(1,615)	(12,914)	(6,413)	(838)	(1,228)	(15,687)	(9,256)
Total revenue	60,798	49,542	43,892	28,060	26,033	23,355	130,723	100,957
Results:								
Gross profit/(loss)	13,566	9,272	7,055	3,169	3,638	(432)	24,259	12,009
Unallocated other operating income							5,867	2,663
Unallocated expenses							(11,719)	(10,113)
Loss allowance on financial assets							(630)	(5,744)
Bad debts written off							(103)	(73)
Depreciation and amortization							(11,061)	(11,889)
Interest income							116	159
Interest expense							(2,099)	(2,333)
Profit/(Loss) before income tax							4,630	(15,321)
Reportable segment assets:								
Allocated assets	74,924	69,088	42,373	17,883	48,906	45,752	166,203	132,723
Unallocated assets							5,797	4,228
Total assets							172,000	136,951
Reportable segment liabilities:								
Allocated liabilities	43,721	39,514	29,872	8,813	20,301	17,475	93,894	65,802
Unallocated liabilities							11,438	12,927
Total liabilities							105,332	78,729
Other material non-cash items:								
Depreciation and amortization	5,770	6,436	2,887	3,107	2,404	2,346	11,061	11,889
Capital expenditure								
Property, plant and equipment	1,345	2,543	16,274	1,970	1,162	1,217	18,781	5,730

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

39. Segment information (Continued)

Analysis by geographical segment

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

	<u>Revenue</u>		<u>Non-current assets</u>		<u>Capital expenditure</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Singapore	39,102	41,633	52,461	45,861	1,273	2,344
PRC	46,627	30,284	11,916	12,462	1,058	1,411
Malaysia	32,500	20,087	22,360	7,646	15,469	1,642
Thailand	8,118	4,720	898	411	654	300
United States of America	744	1,043	132	161	49	2
Vietnam	3,632	3,190	686	545	278	31
	<u>130,723</u>	<u>100,957</u>	<u>88,453</u>	<u>67,086</u>	<u>18,781</u>	<u>5,730</u>

Information about a major customer

Revenue from one major customer amounted to S\$8,048,000 (2020: S\$4,784,000) arising from sales in the Technical and Engineering (2020: Specialist Relocation Solutions) business segment.

40. Fair value of assets and liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, non-current and current bank loans (secured) at floating rate (Note 29), non-current and current lease liabilities at prevailing market rate (Note 30), approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of applicable assets and liabilities are determined and categorized using a fair value hierarchy as follows:

- (a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- (b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.
- (c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

40. Fair value of assets and liabilities (Continued)

The table below analyzes the Group's assets and liabilities that are measured at fair value after initial recognition at the end of the reporting period:

	Note	<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>Group</u>							
<i>Financial assets:</i>							
Financial assets at FVTOCI	19	-	523	-	-	4,632	4,632
<i>Non-financial assets:</i>							
Investment property	11	-	-	850	850	-	-
Property, plant and equipment							
- Leasehold land and buildings	12	-	-	-	-	39,111	-
Land use rights	17	-	-	-	-	1,254	-
		-	-	850	850	40,365	-
<u>Company</u>							
<i>Financial assets:</i>							
Financial assets at FVTOCI	19	-	523	-	-	-	-
<i>Non-financial assets:</i>							
Investment properties	11	-	-	-	6,100	5,900	-

Level 2

Investment property

For investment property of the Group, the valuation technique has been described in Note 11.

There has been no change in the valuation techniques from the last financial year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

40. Fair value of assets and liabilities (Continued)

Level 3

The fair value of unquoted equity instruments, land and buildings and land use rights included in Level 3 is determined as follows:

<u>Description</u>	<u>Fair value at 31 March S\$'000</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range of unobservable inputs</u>	<u>Relationship of unobservable input to fair value</u>
<u>2021</u>					
Unquoted equity security	4,632	Comparable market approach	Price to book ratio	1.49-2.59	An increase will result in an increase in fair value
Land and buildings and land use rights	40,365	Comparable market approach	Price per square meter	S\$36 - S\$462 (Singapore) S\$20 - S\$42 (Malaysia) S\$35 (PRC)	An increase will result in an increase in fair value
		Depreciated replacement cost approach	Unit cost of construction	S\$10 - S\$67 (Malaysia) S\$463 - S\$556 (PRC)	An increase will result in an increase in fair value
<u>2020</u>					
Unquoted equity security	4,632	Comparable market approach	Price to book ratio	0.90-2.78	An increase will result in an increase in fair value

Reconciliation of movements in Level 3 fair value measurement

<u>Company</u>	<u>Investment property S\$'000</u>
At 1 April 2019 and 31 March 2020	-
Transfer to Level 3	6,100
Recognized in profit or loss	(200)
At 31 March 2021	<u>5,900</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

40. Fair value of assets and liabilities (Continued)

Valuation policies and techniques

The management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regards, the management reports to the Group's Audit Committee.

It is the Group's policy that where assessed necessary by the management, the Group would engage experts to perform significant financial reporting valuations. The management is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement*.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. The management also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

The analysis and results of the external valuations are then reported to the Audit Committee for the latter's comments before presenting the results to the Board of Directors for approval.

During the financial year, there is no change in the applicable valuation techniques.

41. Financial instruments and financial risks

The Group's activities expose it to credit risk, market risk (including foreign currency risk, interest rate risk and equity price risk) and liquidity risk. The Group's overall risk management strategy seeks to minimize adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposure is measured using sensitivity analysis indicated below.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises mainly from bank balances, trade and other receivables and other debt instruments carried at amortized cost. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorizes the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

The Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

41. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The Group has established credit limits for each customer under which these customers are analysed for credit worthiness before the Group's standard payment, and delivery terms are offered. The Group's reviews include external ratings, where available and in some cases bank references. Customers that fail to meet the Group's benchmark are only allowed to transact with the Group on a prepayment or cash basis. Most of the customers have been with the Group for many years and losses have occurred infrequently. The Group does not require collateral in respect of trade and other receivables.

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognizing ECL
1	Low credit risk ^{Note 1}	12-months ECL
2	Non-significant increase in credit risk since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition ^{Note 2} or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4}	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial asset has a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc.) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are > 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

41. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 3. Credit impaired

In determining whether financial asset is credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

During the financial year ended 31 March 2021, the Group wrote off S\$92,000 and S\$11,000 (2020: S\$73,000 and S\$Nil) of trade and other receivables respectively. The amounts were trade and other receivables from third parties which had been long outstanding and were not secured. In consideration of the aforementioned factors and the financial ability of the debtors, the Group assessed there was no reasonable expectation of recovery.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

With reference to Note 37, the Company provides financial guarantees to certain banks in respect of bank facilities granted to certain subsidiaries. The date when the Company becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Company considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

As at the end of the financial year, other than as disclosed above, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade receivables (Note 22) and contract assets (Note 21)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables and contract assets, where the loss allowance is equal to lifetime ECL.

The ECL for trade receivables and contract assets are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Company assesses, for example, the gross domestic production growth rates of the countries (e.g. Singapore, China, Vietnam, Malaysia) and the growth rates of the major industries which its customers operate in.

Trade receivables and contract assets are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there are no reasonable expectations for recovering the outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

41. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 4. Write off (Continued)

Trade receivables (Note 22) and contract assets (Note 21) (Continued)

In the prior financial year, allowance made related to debtors with significant financial difficulties. The management estimated the irrecoverable amounts by reference to past default experience. If repeated reminders and letters of demand to settle overdue payments fail to yield results, the Group will make allowances or write off the debts on a case-by-case basis.

The loss allowance for trade receivables and contract assets are determined as follows:

	Current	Past due 1 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 90 days	Total
31 March 2021						
Expected credit loss rates	0%	0%	0%	0%	80%	
Trade receivables (S\$'000)	31,959	4,437	2,978	2,862	7,351	49,587
Contract assets (S\$'000)	1,009	-	-	-	-	1,009
Loss allowance (S\$'000)	-	-	-	-	5,907	5,907
31 March 2020						
Expected credit loss rates	0%	0%	0%	0%	78%	
Trade receivables (S\$'000)	25,108	3,687	2,284	2,541	7,567	41,187
Contract assets (S\$'000)	784	-	-	-	-	784
Loss allowance (S\$'000)	-	-	-	-	5,933	5,933

Other receivables and deposits paid (Note 23)

As of 31 March 2021, the Group recorded other receivables and deposits paid of S\$9,735,000 (2020: S\$12,009,000). Other than credit-impaired receivables classified under category 4, the Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. The Group assessed that the other receivables and deposits paid are made to parties with good credit reputation and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial asset. Using 12-month ECL, the Group determined that the ECL is insignificant.

Amounts due from subsidiaries (Note 24)

As of 31 March 2021, the Company recorded amounts due from subsidiaries of S\$46,405,000 (2020: S\$49,382,000) consequent to an extension of loans to the subsidiaries. The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 31 March 2021, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

41. Financial instruments and financial risks (Continued) Credit risk (Continued)

The movement in the loss allowance during the financial year and the Group's and Company's exposure to credit risk in respect of the trade receivables and accrued revenue, other receivables and sundry deposits are as follows:

Group	Internal credit risk grading	Trade receivables			Contract assets		Other receivables and deposits									
		Note (i) S\$'000	Category 4	Category 5	Total S\$'000	Note (i) S\$'000	Total S\$'000	Category 1		Category 4		Category 5		Total S\$'000		
			S\$'000	S\$'000				S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000
Loss allowance																
At 1 April 2019																
	Reclassification between categories	-	1,397	-	1,397	-	-	-	-	-	703	-	-	-	703	
	Currency realignment	-	-	-	-	-	-	-	-	-	(117)	117	-	-	-	
	Allowance for impairment loss	-	42	-	42	-	-	-	-	-	(3)	-	-	-	(3)	
	Write-off of receivables	-	4,494	-	4,494	-	-	-	-	-	1,250	-	-	-	1,250	
		-	-	-	-	-	-	-	-	-	-	(117)	-	-	(117)	
At 31 March 2020																
	Reclassification between categories	-	5,933	-	5,933	-	-	-	-	-	1,833	-	-	-	1,833	
	Currency realignment	586	(653)	67	-	-	-	-	-	-	(11)	11	-	-	-	
	Allowance for impairment loss	-	12	-	12	-	-	-	-	-	(9)	-	-	-	(9)	
	Write-off of receivables	37	430	-	467	-	-	-	-	163	-	-	-	-	163	
	Write-back of receivables	-	-	(67)	(67)	-	-	-	-	-	-	(11)	-	-	(11)	
		-	(438)	-	(438)	-	-	-	-	-	(123)	-	-	-	(123)	
At 31 March 2021																
		623	5,284	-	5,907	-	-	-	-	163	1,690	-	-	-	1,853	
Gross carrying amount																
	At 31 March 2020	34,063	7,124	-	41,187	784	784	11,651	2,191	-	-	-	-	-	13,842	
	At 31 March 2021	44,302	5,285	-	49,587	1,009	1,009	9,112	2,476	-	-	-	-	-	11,588	
Net carrying amount																
	At 31 March 2020	34,063	1,191	-	35,254	784	784	11,651	358	-	-	-	-	-	12,009	
	At 31 March 2021	43,679	1	-	43,680	1,009	1,009	8,949	786	-	-	-	-	-	9,735	

Note (i): For trade receivables and contract assets, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

41. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Company Internal credit risk grading	Other receivables		Amounts due from subsidiaries	
	Category 1	Total	Category 1	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Loss allowance				
At 1 April 2019, 31 March 2020 and 31 March 2021	-	-	-	-
Gross carrying amount				
At 31 March 2020	35	35	49,382	49,382
At 31 March 2021	32	32	46,405	46,405
Net carrying amount				
At 31 March 2020	35	35	49,382	49,382
At 31 March 2021	32	32	46,405	46,405

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Foreign currency risk

The Group transacts business in various foreign currencies, including, Singapore dollar ("SGD"), Chinese Renminbi ("RMB"), Vietnamese Dong ("VND"), Malaysian Ringgit ("MYR"), Thai Baht ("THB"), and United States dollar ("USD"), other than the respective functional currencies of the Group, and hence is exposed to foreign currency risk. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Monetary assets				
SGD	714	302	-	-
MYR	65	77	-	-
THB	112	51	-	-
USD	6,625	4,854	7	153
Monetary liabilities				
SGD	2	24	-	-
RMB	-	3	-	-
USD	1,159	175	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

41. Financial instruments and financial risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to SGD, RMB, VND, MYR, THB and USD.

The following table details the Group's sensitivity to a 10% change in various foreign currencies against the respective functional currencies of the Group entities. The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from the end of the financial year, with all variables held constant.

	Increase/Decrease in Profit or Loss	
	2021	2020
	S\$'000	S\$'000
Monetary liabilities		
Group		
Strengthens/weakens against SGD		
MYR	7	8
USD	168	252
Strengthens/weakens against RMB		
USD	189	125
Strengthens/weakens against MYR		
SGD	71	28
THB	11	5
USD	173	76
Strengthens/weakens against VND		
USD	16	15
Company		
Strengthens/weakens against SGD		
USD	1	15

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Group's interest rate risk relates to interest-bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

The Group's interest rate risk arises primarily from the floating rate borrowings with financial institutions.

The Group's and the Company's exposure to interest rate risk are disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

41. Financial instruments and financial risks (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for both derivatives and non-derivative instruments at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 1% change in the interest rates from the end of the financial year, with all variables held constant.

	Increase/Decrease in Profit or Loss			
	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Bank loans	495	436	80	118

Equity price risk

The Group is exposed to equity risk arising from equity investments classified as FVTOCI. FVTOCI investments are held for strategic rather than trading purposes. The Group does not actively trade in FVTOCI investments.

Further details of these equity investments can be found in Note 19 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the financial year.

The sensitivity analysis assumes an instantaneous 10% change in the equity prices from the reporting date, with all variables held constant.

Group and Company	Increase/Decrease in Profit or Loss / Equity	
	2021	2020
	S\$'000	S\$'000
Financial assets at FVTOCI	-	52

Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company monitor their liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

41. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

The repayment terms of bank loans and finance lease payables are disclosed in Notes 29 and 30 to these financial statements respectively.

The Group has access to credit facilities as follows:

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Unutilized credit facilities		
Bank overdraft facilities	500	829
Trade facilities	4,410	4,905
Finance lease facilities	-	786
Term loan facilities	<u>7,665</u>	<u>6,003</u>

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

<u>Group</u>	<u>1 year or less</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
2021				
<i>Financial assets:</i>				
Trade and other receivables	53,136	279	-	53,415
Cash and cash equivalents	<u>16,070</u>	<u>-</u>	<u>-</u>	<u>16,070</u>
	<u>69,206</u>	<u>279</u>	<u>-</u>	<u>69,485</u>
<i>Financial liabilities:</i>				
Bank loans	37,016	11,536	9,811	58,363
Lease liabilities	6,801	6,706	3,164	16,671
Trade and other payables	<u>29,774</u>	<u>-</u>	<u>-</u>	<u>29,774</u>
	<u>73,591</u>	<u>18,242</u>	<u>12,975</u>	<u>104,808</u>
Total net undiscounted financial liabilities	<u>(4,385)</u>	<u>(17,963)</u>	<u>(12,975)</u>	<u>(35,323)</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

41. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

Group	1 year or less S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
2020				
<i>Financial assets:</i>				
Trade and other receivables	46,905	358	-	47,263
Cash and cash equivalents	7,695	-	-	7,695
	<u>54,600</u>	<u>358</u>	<u>-</u>	<u>54,958</u>
<i>Financial liabilities:</i>				
Bank loans	38,221	4,512	1,294	44,027
Lease liabilities	6,498	5,522	3,312	15,332
Trade and other payables	20,197	-	-	20,197
	<u>64,916</u>	<u>10,034</u>	<u>4,606</u>	<u>79,556</u>
Total net undiscounted financial liabilities	<u>(10,316)</u>	<u>(9,676)</u>	<u>(4,606)</u>	<u>(24,598)</u>

Company

2021

<i>Financial assets:</i>				
Other receivables	31	-	-	31
Amounts due from subsidiaries	46,405	-	-	46,405
Cash and cash equivalents	470	-	-	470
	<u>46,906</u>	<u>-</u>	<u>-</u>	<u>46,906</u>
<i>Financial liabilities:</i>				
Bank loans	4,826	4,839	281	9,946
Lease liabilities	43	173	638	854
Trade and other payables	435	-	-	435
	<u>5,304</u>	<u>5,012</u>	<u>919</u>	<u>11,235</u>
Total net undiscounted financial assets/(liabilities)	<u>41,602</u>	<u>(5,012)</u>	<u>(919)</u>	<u>35,671</u>

2020

<i>Financial assets:</i>				
Other receivables	35	-	-	35
Amounts due from subsidiaries	49,382	-	-	49,382
Cash and cash equivalents	307	-	-	307
	<u>49,724</u>	<u>-</u>	<u>-</u>	<u>49,724</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

41. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

Company	1 year or less S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
<i>Financial liabilities:</i>				
Bank loans	7,543	3,782	467	11,792
Lease liabilities	43	173	681	897
Trade and other payables	478	-	-	478
	<u>8,064</u>	<u>3,955</u>	<u>1,148</u>	<u>13,167</u>
Total net undiscounted financial assets/(liabilities)	<u>41,660</u>	<u>(3,955)</u>	<u>(1,148)</u>	<u>36,557</u>

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Financial assets at amortized cost				
Trade and other receivables	59,260	54,551	52	60
Less: Prepayments	<u>(5,845)</u>	<u>(7,288)</u>	<u>(20)</u>	<u>(25)</u>
	53,415	47,263	32	35
Amounts due from subsidiaries	-	-	46,405	49,382
Cash and cash equivalents	<u>16,070</u>	<u>7,695</u>	<u>470</u>	<u>307</u>
Total	<u>69,485</u>	<u>54,958</u>	<u>46,907</u>	<u>49,724</u>
Financial assets classified as:				
- FVTOCI	<u>4,632</u>	<u>5,155</u>	<u>-</u>	<u>523</u>
Financial liabilities at amortized cost				
Bank loans	57,816	43,724	9,946	11,792
Lease liabilities	14,604	13,365	613	633
Trade and other payables	<u>29,774</u>	<u>20,197</u>	<u>435</u>	<u>478</u>
Total	<u>102,194</u>	<u>77,286</u>	<u>10,994</u>	<u>12,903</u>

42. Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through optimization of debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 29 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in Notes 26, 27 and 28.

The Group's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends to shareholders, return capital to shareholders or issue new shares and share buy-backs. The Group's overall strategy remains unchanged from 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2021

42. Capital management policies and objectives (Continued)

Management monitors capital based on a gearing ratio of less than one. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (excluding bank overdrafts, income tax payable and deferred tax liabilities as shown in the statements of financial position), less cash and cash equivalents (net of bank overdrafts and fixed deposits pledged). Total capital is calculated as total equity as shown in the statements of financial position, plus net debt.

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Total debts	102,194	77,286	10,994	12,903
Less: Cash and cash equivalents (Note 25)	(13,876)	(5,772)	(470)	(307)
Net debt	88,318	71,514	10,524	12,596
Total equity	66,668	58,222	79,577	81,243
Total capital	154,986	129,736	90,101	93,839
Gearing ratio	0.57	0.55	0.12	0.13

The Group and the Company are not subjected to any externally imposed capital requirements during the financial years ended 31 March 2021 and 2020.

43. Dividends

	<u>Company</u>	
	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Declared and paid during the financial year		
<i>Dividend on ordinary shares:</i>		
Final exempt (one-tier) dividend for 2020: S\$Nil (2019: S\$0.003) per share	-	1,161

44. Development of COVID-19 outbreak and its impact on the Group

COVID-19 outbreak has brought about an unprecedented challenge for many entities, with increased uncertainty in the global economy. As the situation is still evolving, the full effect of the outbreak is still uncertain and the Group is therefore unable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The Group continues to monitor and evaluate any possible impact on the Group's business and will consider implementation of various measures to mitigate the effects arising from the COVID-19 situation. Based on management's latest assessment, there is no indicator that the going concern assumption used by the Group in preparing the financial statement is inappropriate.

Despite of uncertainty in the economy, with an on-going roll-out of COVID-19 vaccines and balance of governments policies placed between public health and countries' economy, the Group is being optimistic towards the economy recovery.

STATISTICS OF SHAREHOLDINGS

As At 22 June 2021

SHAREHOLDERS' INFORMATION

Class of equity securities	Number of equity securities	Voting Rights
Ordinary Shares	387,026,748*	One vote per share (excluding treasury shares)
Treasury Shares	1,841,107	Nil

* Excludes non-voting treasure shares

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding		Number of Shareholders	%	Number of Shares	%
1	99	541	10.34	12,649	0.00
100	1,000	1,846	35.30	915,511	0.24
1,001	10,000	1,679	32.10	7,042,714	1.82
10,001	1,000,000	1,120	21.42	123,696,761	31.96
1,000,001	and above	44	0.84	255,359,113	65.98
		5,230	100.00	387,026,748	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Low Weng Fatt	50,883,708	13.15
2.	Yap Koon Bee @ Louis Yap	35,002,583	9.04
3.	Yeo Seck Cheong	15,198,165	3.93
4.	Lim Chin Hock	14,479,565	3.74
5.	Siah Boon Hock	10,824,901	2.80
6.	Lim Wui Liat	9,969,704	2.58
7.	Phillip Securities Pte Ltd	9,456,171	2.44
8.	Teo Chor Kok	8,773,000	2.27
9.	Cheong Tuck Nang (Zhang Deneng)	7,945,912	2.05
10.	DBS Nominees (Private) Limited	7,913,084	2.04
11.	Lim Lay Hoon	5,306,900	1.37
12.	Ong Eng Hong	4,840,500	1.25
13.	UOB Kay Hian Private Limited	4,773,050	1.23
14.	Poh Yong Heng	4,482,000	1.16
15.	Ng Tong Chye	4,350,000	1.12
16.	Lim Jit Sing, Jackson (Lin RiSheng, Jackson)	4,188,553	1.08
17.	Ng Aik Cheng	4,183,000	1.08
18.	OCBC Securities Private Limited	4,155,715	1.07
19.	Lim & Tan Securities Pte Ltd	3,444,500	0.89
20.	Tay Hui San	3,012,500	0.78
	Total	213,183,511	55.07

STATISTICS OF SHAREHOLDINGS

As At 22 June 2021

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Low Weng Fatt ⁽¹⁾	50,883,708	13.15	662,500	0.17
Yap Koon Bee @ Louis Yap	35,002,583	9.04	-	-

Note:

(1) Mr Low Weng Fatt is deemed to be interested in the 662,500 shares held by his spouse.

The percentage of shareholding above is computed based on the total issued and paid-up ordinary share capital of 387,026,748 Shares (excluding 1,841,107 treasury shares).

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 22 June 2021, approximately 68.80% of the Company's total number of issued shares excluding treasury shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **CHASEN HOLDINGS LIMITED** (the “**Company**”) will be held on the 29th day of July 2021 at 11.00 a.m. via electronic means, for the purpose of considering and if thought fit, passing the following resolutions as Ordinary Resolutions, with or without any modifications:

AS ORDINARY BUSINESSES

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and of the Group for the financial year ended 31 March 2021 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Mr Siah Boon Hock, a Director retiring pursuant to Regulation 110 of the Constitution of the Company. [See Explanatory Note (i)] **(Resolution 2)**
3. To re-elect Mr Lim Yew Si, a Director retiring pursuant to Regulation 120 of the Constitution of the Company. [See Explanatory Note (ii)] **(Resolution 3)**
4. To approve the payment of Directors’ fees of up to S\$400,000 for the financial year ending 31 March 2022, with payment to be made quarterly in arrears. (2021: S\$450,000) **(Resolution 4)**
5. To re-appoint Messrs Mazars LLP as the Auditors of the Company and to authorize the Directors of the Company to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESSES

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

7. **Authority to allot and issue shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorized and empowered to:

- (a) (i) allot and issue shares in 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 of the Company may in 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 of the Company while this Resolution was in force; and
- (c) complete and do all such acts and things, including without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they may consider necessary, desirable or expedient to give effect to this Resolution;

provided that:

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

NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such manner of calculations as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the number of issued Shares and Instruments shall be based on the number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
 - (4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next annual general meeting ("**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 or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.
- [See Explanatory Note (iii)]

(Resolution 6)

8. **Renewal of Share Buyback Mandate**

That:

- (a) for the purposes of the Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the 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) on-market purchases, transacted on the SGX-ST or through one or more duly licensed stockbrokers appointed by the Company for the purpose (each a "**Market Purchase**"); and/or
 - (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Rules (each an "**Off-Market Purchase**").

(the "**Share Buyback Mandate**")
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback 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 earlier of:
 - (i) the date on which the next AGM is held or required by law to be held;
 - (ii) the date on which the share buybacks are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;
- (c) In this Resolution:

NOTICE OF ANNUAL GENERAL MEETING

“Prescribed Limit” means 10% of the total number of ordinary shares in the Company (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, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company 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;

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, 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;
- (ii) in the case of an Off-Market Purchase : 120% of the Average Closing Price, where:

“Average Closing Price” refers to the average of the closing market prices of the Share over the last 5 market days, on which transactions in the Shares were recorded, before the day on which the Market Purchases are made or the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the date of the Market Purchase, or the date of the making of the offer pursuant to the Off-Market Purchase, as the case may be;

“day of the making of the offer” refers to the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders 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

- (d) The Directors of the Company be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.
[See Explanatory Note (iv)]

(Resolution 7)

By Order of the Board

Siau Kuei Lian
Fiona Lim Pei Pei
Company Secretaries
Singapore, 13 July 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Siah Boon Hock, if re-elected, will remain as Executive Director of the Company. Please refer to page 30 of the Corporate Governance Statement in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
- (ii) Mr Lim Yew Si, if re-elected, will remain as the Chairman of the Nominating Committee, a member of Audit Committee and Remuneration Committee respectively, will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to page 30 of the Corporate Governance Statement in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
- (iii) Resolution 6, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, 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 aggregate 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iv) Resolution 7, if passed, will empower the Directors of the Company to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the AGM at which this Ordinary Resolution is passed. The rationale for, the authority and limitation on, the sources of the funds to be used for the purchase or acquisition, including the amount of financing and financial effects of the purchase or acquisition of the ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 March 2021 are set out in greater detail in the Appendix despatched together with the Annual Report 2021.

Notes:

1. Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member of the Company (including a Relevant Intermediary*) entitled to vote at the AGM must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting. The Chairman of the Meeting, as proxy, need not be a member of the Company.
2. The instrument appointing the Chairman of the Meeting as proxy must be submitted (a) by post to the Company's Share Registrar's office, Boardroom Corporate & Advisory Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or (b) by email to CorpAdmin@chasen-logistics.com, in either case, by 11.00 a.m. on 26 July 2021, being not less than 72 hours before the time appointed for holding the Meeting.
3. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or of his/her attorney duly authorized in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act (Chapter 50) or under the hand of the attorney or an officer duly authorized, or in some other manner approved by the Directors. Where the instrument appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
4. Investors who hold shares through Relevant Intermediaries*, including under the Central Provident Fund Investment Scheme ("**CPF Investors**") or the Supplementary Retirement Scheme ("**SRS Investors**"), and who wish to appoint the Chairman of the Meeting as their proxy should approach their respective Relevant Intermediaries*, including CPF Agent Banks or SRS Operators, to submit their votes at least seven (7) working days before the Meeting (i.e. by 11.00 a.m. on 19 July 2021)

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM of the Company via a "live" audio-visual webcast or a "live" audio-only stream (the **"Live AGM Webcast"**), or (c) submitting any question prior to the AGM of the Company in accordance with the procedures set out in a separate announcement dated 13 July 2021 entitled "Important Notice to Shareholders regarding the Company's Annual General Meeting to be held on 29 July 2021", 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 following the purposes:

- (i) processing, administration and analysis by the Company (or its agents or service providers) of the instruments appointing the Chairman of the Meeting as proxy for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the Live AGM Webcast to observe the proceedings of the AGM of the Company and providing them with any technical assistance where necessary;
- (iii) addressing substantial and relevant questions from members received before the AGM of the Company 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, regulations and/or guidelines by the relevant authorities.

The member'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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CHASEN HOLDINGS LIMITED

(Company Registration No. 199906814G)

(Incorporated in the Republic of Singapore)

PROXY FORM**ANNUAL GENERAL MEETING**

(Please see notes overleaf before completing this 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. If a member (whether individual or corporate) wishes to exercise his/her/its votes, he/she/it must submit a proxy form to appoint the Chairman of the AGM to vote on his/her/its behalf. A member (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment for that resolution will be treated as invalid.
2. Alternative arrangements to, among others, attendance, submission of questions in advance, voting by proxy at the Meeting, are set out in the Notice of Annual General Meeting dated 13 July 2021.
3. Persons, who would have been able to be appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act, such as Central Provident Fund Investment Scheme ("CPF Investors") and Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) and wishes to appoint the Chairman of the AGM as their proxy should approach their respective relevant intermediaries (e.g. CPF/SRS Approved Nominees such as CPF Agent Banks or SRS Operators) to submit their votes by 11.00 a.m. on 19 July 2021, being seven (7) working days before the AGM.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We _____ (Name) _____ (NRIC/Passport No./

Company Registration No./UEN No.) of _____ (Address)

being a *member/members of **CHASEN HOLDINGS LIMITED** (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company (the "**AGM**") to be held by way of electronic means on Thursday, 29 July 2021 at 11.00 a.m. and at any adjournment thereof.

*I/We direct the Chairman of the AGM, being *my/our proxy, to vote for or against, or to abstain on the Resolutions to be proposed at the AGM as indicated hereunder. **If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of Chairman of the AGM as proxy for that Resolution will be treated as invalid.**

No.	Resolutions relating to:	Number of votes For**	Number of votes Against**	Number of votes Abstain**
Ordinary Businesses				
1	Adoption of the Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2021 together with the Auditors' Report thereon			
2	Re-election of Mr Siah Boon Hock as a Director of the Company			
3	Re-election of Mr Lim Yew Si as a Director of the Company			
4	Approval of Directors' fees for the financial year ending 31 March 2022, with payment to be made quarterly in arrears			
5	Re-appointment of Messrs Mazars LLP as Auditors of the Company and authority to Directors to fix their remuneration			
Special Businesses				
6	Authority to allot and issue shares in the capital of the Company			
7	Renewal of Share Buyback Mandate			

*Delete where inapplicable.

**If you wish to exercise all your votes "For" or "Against" or to abstain from voting on the Ordinary Resolutions, please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes that the Chairman of the AGM as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2021

Signature of Member(s)
and/or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.

Total Number of Shares	
CDP Register	
Register of Members	



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the AGM as a proxy shall be deemed to relate to all the Shares held by you.
2. **Due to the current COVID-19 situation and the related safe distancing measures in Singapore, a member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he /she/it must submit an instrument of proxy to appoint the Chairman of the AGM as proxy to attend and vote on his/her/its behalf at the AGM.** A member of the Company (including a Relevant Intermediary*) entitled to participate and vote at the AGM of the Company must appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. A member (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as his/her/its manner of voting, or abstentions from voting, in the 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, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the AGM as proxy, together with the letter or power of attorney or other authority under which it is signed (if applicable) or a duly certified company thereof must:
 - a) if sent personally or by post be lodge at the Company's Share Registrar, Boardroom Corporate & Advisory Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - b) if by email, be received by the Company at CorpAdmin@chasen-logistics.com,

in either case, by 11.00 a.m. on 26 July 2021 (being 72 hours before the time fixed for the AGM), in default the instrument of proxy shall not be treated as valid.
5. The instrument appointing the Chairman of the AGM as the proxy must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing the Chairman of the AGM as a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing the Chairman of the AGM as the proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorized shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. Persons, who would have been able to be appointed as proxies by Relevant Intermediaries* under Section 181(1C) of the Companies Act, such as Central Provident Fund Investment Scheme ("**CPF Investors**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable), and wishes to appoint the Chairman of the AGM as their proxy should approach their respective Relevant Intermediaries*, (e.g. CPF/ SRS Approved Nominees such as CPF Agent Banks or SRS Operators), to submit their votes at least seven (7) working days before the AGM (i.e. by 11.00 a.m. on 19 July 2021).
8. Relevant Intermediaries other than CPF/SRS Approved Nominees instructed to appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM together with the instrument appointing a proxy, shall provide to the Company an official cover letter and a list of attendees in excel format who would like to attend the AGM by way of a "live" webcast and/or "live" audio feed with each attendee's full name, NRIC/Passport No./Company Registration No., address, email address and no. of Shares for verification purposes. Upon successful registration, authenticated attendees will receive an email confirmation by 5.00 p.m. on 28 July 2021 with their user log-in details, access password and the link to access the "live" webcast and/or telephone number for "live" audio feed of the AGM proceedings.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as the proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as the proxy 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 PROTECTION

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing the Chairman of the AGM as a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 July 2021.



CHASEN™

CHASEN HOLDINGS LIMITED

18 Jalan Besut, Singapore 619571

Tel.: (65) 6266 5978

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www.chasen.com.sg

APPENDIX DATED 13 JULY 2021

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately send this Appendix, the Notice of AGM and the Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Appendix was prepared by the Company with assistance from RHTLaw Asia LLP. RHTLaw Asia LLP has not independently verified the contents of this Appendix.

The Singapore Exchange Securities Trading Limited (the “SGX-ST”) has not examined the contents of this Appendix. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix.



CHASEN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199906814G)

APPENDIX TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

The purpose of this Appendix is to provide information and explain to shareholders of the Company the rationale for the proposed renewal of the Share Buyback Mandate to be tabled at the Annual General Meeting of the Company to be held by way of electronic means on **29 July 2021 at 11 a.m..**

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

<i>"Appendix"</i>	This appendix dated 13 July 2021
<i>"AGM"</i>	An annual general meeting of the Company
<i>"Annual Report"</i>	The annual report of the Company for FY2021
<i>"Associate"</i>	<p>(a) In relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) would mean his immediate family, the trustees of any trust of which he or his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, or any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and</p> <p>(b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) would mean any company that is:</p> <p>(i) its subsidiary;</p> <p>(ii) its holding company;</p> <p>(iii) a subsidiary of its holding company; or</p> <p>(iv) a company in the equity of which the Controlling Shareholder and/or one or more of the entities listed in sub-paragraphs (i) to (iii) above taken together (directly or indirectly) have an interest of 30% or more</p>
<i>"Board"</i>	The board of Directors of the Company for the time being
<i>"CDP"</i>	The Central Depository (Pte) Limited
<i>"CEO"</i>	The chief executive officer of the Company
<i>"Companies Act"</i>	The Companies Act (Chapter 50) of Singapore, as may be amended, supplemented or modified from time to time
<i>"Company"</i>	Chasen Holdings Limited

DEFINITIONS

<i>"Constitution"</i>	The constitution of the Company, as may be amended, supplemented or modified from time to time
<i>"Control"</i>	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>"Controlling Shareholder"</i>	<p>A person who:</p> <p>(a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the Company); or</p> <p>(b) in fact exercises Control over the Company</p>
<i>"Directors"</i>	The directors of the Company for the time being
<i>"FY"</i>	The financial year for the Company ended or ending 31 March
<i>"Group"</i>	The Company and its subsidiaries
<i>"Latest Practicable Date"</i>	29 June 2021, being the Latest Practicable Date prior to the printing of this Appendix for ascertaining information included herein
<i>"Listing Manual"</i>	The listing manual of the SGX-ST, or the rules contained therein, as may be amended, supplemented or modified from time to time
<i>"LPS"</i>	Loss per Share
<i>"Market Day"</i>	A day on which the SGX-ST is open for trading in securities
<i>"Market Purchase"</i>	Has the meaning ascribed to it in section 2.4.3(a) of this Appendix
<i>"Notice of AGM"</i>	Notice of the forthcoming AGM
<i>"NTA"</i>	Net tangible assets

DEFINITIONS

<i>"Off-Market Purchase"</i>	Has the meaning ascribed to it in section 2.4.3(b) of this Appendix
<i>"Ordinary Resolution"</i>	The ordinary resolution as set out in the Notice of AGM
<i>"Register of Members"</i>	The principal register of members (duly registered holders of Shares)
<i>"Regulations"</i>	The regulations of the Company contained in the Constitution for the time being in force, as may be amended, supplemented or modified from time to time
<i>"Relevant Period"</i>	The period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date the resolution relating to the Share Buyback Mandate is passed
<i>"Securities Account"</i>	A securities account maintained by a Depositor with the CDP
<i>"SFA"</i>	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, supplemented or modified from time to time
<i>"SGX-ST"</i>	Singapore Exchange Securities Trading Limited
<i>"Share Buyback Mandate"</i>	A general mandate given by Shareholders to authorise the Directors to purchase Shares on behalf of the Company in accordance with the terms set out in the Appendix as well as the rules and regulations set forth in the Companies Act and the Listing Manual
<i>"Share Plan 2017"</i>	The Chasen Performance Share Plan 2017 approved and adopted by the Company on 28 July 2017
<i>"Shareholders"</i>	Persons (not being Depositors) who are registered as holders of Shares in the Register of Members of the Company and Depositors, who have Shares entered against their names in the Depository Register except where the registered holder is the CDP, the term "Shareholders" shall in relation to such Shares mean the Depositors whose Securities Accounts are credited with the Shares

DEFINITIONS

<i>"Shares"</i>	Ordinary shares in the share capital of the Company
<i>"SIC"</i>	The Securities Industry Council
<i>"Substantial Shareholder"</i>	A person who has an interest or interests in one or more voting shares in the Company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares of the Company
<i>"Take-over Code"</i>	The Singapore Code on Take-overs and Mergers, as may be amended, supplemented or modified from time to time
<i>"S\$" or "\$", and "cents"</i>	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
<i>"%"</i>	Percentage or per centum

DEFINITIONS

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms **“subsidiary”** and **“treasury shares”** shall have the meanings ascribed to them respectively in the Companies Act.

The term **“subsidiary holdings”** shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the other genders. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to an enactment is a reference to that enactment as for the time being amended or re-enacted.

Any word defined under the Companies Act or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Companies Act or such modification, as the case may be, unless the context otherwise requires.

Any reference in this Appendix to a time of day and date shall be a reference to Singapore time and date respectively, unless otherwise stated.

References to **“section”** are to the sections of this Appendix, unless otherwise stated.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any discrepancies in figures included in this Appendix between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

CHASEN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199906814G)

Directors:

Low Weng Fatt (Managing Director and CEO)
Siah Boon Hock (Executive Director)
Chew Mun Yew (Independent Director)
Chew Choy Seng (Independent Director)
Lim Yew Si (Independent Director)

Registered Office:

18 Jalan Besut
Singapore 619571

To : The Shareholders of Chasen Holdings Limited

Date : 13 July 2021

Dear Sir / Madam

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

- 1.1** The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the Share Buyback Mandate to be tabled at the AGM and to seek Shareholders' approval for the same.
- 1.2** This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.
- 1.3** The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Introduction

We refer to (a) the notice of the AGM of the Shareholders of Chasen Holdings Limited dated 13 July 2021 convening the AGM to be held on 29 July 2021; and (b) Ordinary Resolution No. 7 under the heading "Special Business" set out in the Notice of AGM.

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At the AGM held on 25 September 2020, Shareholders had approved the adoption of the Share Buyback Mandate to enable the Company to purchase or otherwise acquire issued Shares. The rationale for, the authority and limitations on, and the financial effects of, the Share Buyback Mandate were set out in the Company's appendix dated 3 September 2020.

The Share Buyback Mandate will expire on the date of the forthcoming AGM, being 29 July 2021. The Directors propose that the Share Buyback Mandate be renewed at the forthcoming AGM.

The Share Buyback Mandate is a general mandate given by Shareholders that allows the Company to purchase or acquire Shares at any time during the duration and on the terms of the Share Buyback Mandate.

Any purchase or acquisition of Shares by the Company has to be made in accordance with, and in the manner prescribed by the Companies Act and the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

It is also a requirement under the Companies Act that before a company purchases or acquires its own shares, its constitution must expressly permit to do so. Regulation 17 of the Constitution permits the Company to purchase or otherwise acquire Shares.

A company that wishes to purchase or otherwise acquire its own shares should obtain approval from its shareholders to do so at a general meeting of its shareholders. Accordingly, approval is being sought from Shareholders at the AGM for the renewal of the Share Buyback Mandate.

If the renewal of the Share Buyback Mandate is approved by Shareholders, the Share Buyback Mandate will take effect from the date of the AGM and continue in force until the date of the next AGM is held or such date as the next AGM is required by law to be held, whichever is the earlier, unless prior thereto, purchases or acquisitions of Shares pursuant to the Share Buyback Mandate is revoked or varied by the Company in general meeting. Further renewal of the Share Buyback Mandate may be put to Shareholders for approval at each subsequent AGM.

2.2 Shares Purchased or Acquired during the Previous 12 Months

No purchases or acquisitions of Shares have been made or effected by the Company in the 12 months preceding the Latest Practicable Date.

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2.3 Rationale

The proposed Share Buyback Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares during the period when the Share Buyback Mandate is in force, if and when circumstances permit. The Share Buyback Mandate may also be used to purchase existing Shares which may then be held in treasury, and such treasury shares may consequently be used, amongst other things, to satisfy any awards already given and/or to be given under the Share Plan 2017.

The purchases or acquisitions of Shares may, depending on market conditions and funding arrangements at the time, allow the Directors to better manage the Company's capital structure with a view to enhancing the earnings per share and/or net asset value per share of the Group. The purchases or acquisitions of Shares may, in appropriate circumstances, also help to mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence.

The Directors will decide whether to effect the purchases or acquisitions of its Shares after taking into account the prevailing market conditions, the financial position of the Group and other relevant factors.

2.4 Terms of the Share Buyback Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate (if approved at the AGM), are summarised below:

2.4.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company shall not exceed 10% of the total number of Shares (excluding treasury shares and subsidiary holdings) in issue as at the date of the AGM.

2.4.2 Duration of Authority

Purchases or acquisitions of Shares by the Company may be made, at any time and from time to time, on and from the date of the AGM at which the renewal of the Share Buyback Mandate is approved, up to the earliest of:

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- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated; or
- (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by Shareholders in general meeting.

2.4.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares by the Company may be made by way of:

- (a) an on-market purchase transacted through the SGX-ST trading system through one or more duly licensed stockbrokers appointed by the Company for the purpose (**"Market Purchase"**); and/or
- (b) an off-market purchase in accordance with an equal access scheme as defined in the Companies Act (**"Off-Market Purchase"**).

In an Off-Market Purchase, the Directors may impose such terms and conditions, which are not inconsistent with the Share Buyback Mandate, the Constitution, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme.

Under section 76C of the Companies Act, an equal access scheme must satisfy all the following conditions:

- (a) the offers under the scheme are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;
- (b) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that the offers relate to shares with different accrued dividend entitlements;
 - (ii) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each member is left with a whole number of shares.

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In addition, Rule 885 of the Listing Manual provides that an issuer making an off-market acquisition in accordance with an equal access scheme must issue an offer document to all shareholders containing at least the following information:

- (a) terms and conditions of the offer;
- (b) period and procedures for acceptances;
- (c) the reasons for the proposed share buy-back;
- (d) the consequences, if any, of share purchases by the issuer that will arise under the Takeover Code or other applicable takeover rules;
- (e) whether the share buy-back, if made, could affect the listing of the issuer's equity securities on the SGX-ST;
- (f) details of any share buy-back made by the issuer in the previous 12 months (whether market acquisitions or off-market acquisitions in accordance with an equal access scheme), giving the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the shares purchased by the issuer will be cancelled or kept as treasury shares.

2.4.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors, provided that such purchase price shall not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

(the **"Maximum Price"**) in either case, excluding related expenses of the purchase or acquisition.

For this purpose:

"Average Closing Price" refers to the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Share were

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recorded, before the day on which the Market Purchases are made or the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the date of the Market Purchase, or the date of the making of the offer pursuant to the Off-Market Purchase, as the case may be; and

“date of the making of the offer” refers to the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, 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.

2.5 Status of Purchased or Acquired Shares: Held in Treasury or Cancelled

Any Shares purchased or acquired pursuant to the Share Buyback Mandate will be dealt with in such manner as may be permitted by the Companies Act.

Under the Companies Act, any Share purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share shall expire on cancellation), unless such Share is held by the Company in treasury in accordance with the Companies Act.

2.5.1 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Certain provisions on treasury shares under the Companies Act are summarised below:

- (a) **Maximum Holding:** The aggregate number of Shares held by the Company as treasury shares shall not at any time exceed 10% of the total number of Shares in issue at that time. In the event that the aggregate number of treasury shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess treasury shares within six months from the day the aforesaid limit is first exceeded.
- (b) **Voting and Other Rights:** The Company cannot exercise any right in respect of the treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

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In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

- (c) Disposal or Cancellation: Where Shares are held as treasury shares, the Company may at any time:
 - (i) sell the shares (or any of them) for cash;
 - (ii) transfer the shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
 - (iii) transfer the shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
 - (iv) cancel the shares (or any of them); or
 - (v) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

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2.5.2 Purchased or Acquired Shares Cancelled

Under the Companies Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled, which shall include any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of Shares.

Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

2.6 Source of Funds

In purchasing or acquiring its Shares, the Company may only apply funds legally available for such purchase or acquisition as provided in the Constitution of the Company and in accordance with applicable laws in Singapore. Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

The Company intends to use the Group's internal resources to finance its purchases or acquisitions of Shares pursuant to the Share Buyback Mandate.

The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such an extent that would materially and adversely affect the working capital requirements, the financial position of the Group taken as a whole, the financial flexibility or the investment ability of the Group.

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2.7 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, amongst others, the number of Shares purchased or acquired, the price paid for such Shares, and whether the Shares purchased or acquired are held as treasury shares or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Group for FY2021, are based on the assumptions set out below.

2.7.1 Purchase or Acquisition of Shares made out of Capital or Profits

Where the purchase or acquisition of Shares is made out of capital, the profits available for distribution as dividends by the Company will not be reduced. Where the purchase or acquisition of Shares is made out of profits, the purchase price paid by the Company for the Shares will correspondingly reduce the profits available for distribution as dividends by the Company.

Based on the audited financial statements of the Company for FY2021, the Company had retained profits of about S\$2,228,000 as at 31 March 2021. In respect of the Share Buyback Mandate sought at the upcoming AGM, it is expected that any purchase or acquisition of Shares will be made out of profits and not out of capital.

For the purposes of section 2.7 of this Appendix, the purchase price paid by the Company for the Shares does not include any expenses (including brokerage or commission) incurred in such purchase or acquisition of the Shares.

2.7.2 Number of and Maximum Price paid for Shares Purchased or Acquired

Based on 387,026,748 Shares in issue and disregarding 1,841,107 Shares held in treasury as at the Latest Practicable Date and assuming that no further Shares are issued, no Shares are purchased or acquired and held by the Company as treasury shares and there are no subsidiary holdings on or prior to the forthcoming AGM, the purchase or acquisition by the Company of up to the maximum limit of 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings) will result in the purchase or acquisition by the Company of up to 38,702,674 Shares.

The financial effects of the purchase or acquisition of Shares by the Company set out in this section are on the basis of the purchase or acquisition of 38,702,674 Shares made entirely out of the capital of the Company.

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In the case of Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 38,702,674 Shares at the Maximum Price of S\$0.067 for each Share (being the price equivalent to 105% of the Average Closing Price, the maximum amount of funds required for the purchase or acquisition of 38,702,674 Shares is approximately S\$2,593,079.

In the case of Off-Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 38,702,674 Shares at the Maximum Price of S\$0.076 for each Share (being the price equivalent to 120% of the Average Closing Price), the maximum amount of funds required for the purchase or acquisition of 38,702,674 Shares is approximately S\$2,941,403.

2.7.3 Illustrative Financial Effects

It is not possible for the Company to realistically calculate or quantify the financial effects of Share purchases or acquisitions that may be made pursuant to the Share Buyback Mandate as the resultant effect would depend on, amongst others, the aggregate number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Shareholders should note that the financial effects set out below, based on the respective assumptions stated below, are for illustration purposes only and are not necessarily representative of future financial performance. In addition, the actual impact will depend on, amongst others, the actual number and price of Shares that may be purchased or acquired by the Company, whether the purchase or acquisition of Shares is made out of the profits or capital of the Company and whether the Shares purchased or acquired are held in treasury or cancelled.

Although the Share Buyback Mandate would authorise the Company to purchase up to 10% of the total number of the Company's issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of the issued Shares (excluding treasury shares and subsidiary holdings) as mandated. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

The Directors would emphasise that they do not propose to exercise the Share Buyback Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group taken as a whole, or result in the Company being delisted from the SGX-ST.

For illustrative purposes only, on the basis of 387,026,748 Shares (excluding 1,841,107 treasury shares currently held) in issue as at the Latest Practicable Date, and on the basis of the assumptions set out below, the financial effects of the:

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- (a) acquisition of 38,702,674 Shares (excluding 1,841,107 treasury shares currently held) by the Company pursuant to the Share Buyback Mandate by way of purchases made entirely out of capital and held as treasury shares;
- (b) acquisition of 38,702,674 Shares (excluding 1,841,107 treasury shares currently held) by the Company pursuant to the Share Buyback Mandate by way of purchases made entirely out of distributable profits and cancelled;
- (c) acquisition of 38,702,674 Shares (excluding 1,841,107 treasury shares currently held) by the Company pursuant to the Share Buyback Mandate by way of purchases made entirely out of capital and cancelled; and
- (d) acquisition of 38,702,674 Shares (excluding 1,841,107 treasury shares currently held) by the Company pursuant to the Share Buyback Mandate by way of purchases made entirely out of distributable profits and held as treasury shares,

on the audited financial statements of the Group and the Company for FY2021 are set out below:

- (aa) Purchases made entirely out of capital and Shares purchased held as treasury shares

For illustrative purposes only, in a Market Purchase, assuming that the Maximum Price is S\$0.067, which is 5% above the Average Closing Price of a Share over the last 5 Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 38,702,674 Shares (representing approximately 10% of the total issued share capital of the Company as at the Latest Practicable Date, which is the maximum number of Shares the Company is able to purchase), excluding 1,841,107 treasury shares currently held under and during the duration of the ShareBuyback Mandate, is approximately S\$2,593,079.

For illustrative purposes only, in an Off-Market Purchase, assuming that the Maximum Price is S\$0.076, which is 20% above the Average Closing Price of a Share over the last 5 Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 38,702,674 Shares (representing approximately 10% of the total issued share capital of the Company as at the Latest Practicable Date, which is the maximum number of Shares the Company is able to purchase), excluding 1,841,107 treasury shares currently held under and during the duration of the Share Buyback Mandate, is approximately S\$2,941,403.

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On these assumptions and assuming the following:

- (i) the purchase of Shares took place at the beginning of the financial year on 1 April 2020;
- (ii) the purchase of Shares was financed entirely by the internal resources of the Group;
- (iii) the transaction costs incurred for the purchase of Shares pursuant to the Share Buyback Mandate were insignificant and have been ignored for the purpose of computing the financial effects; and
- (iv) there were no issuances of Shares after the Latest Practicable Date,

the impact of the purchase of Shares by the Company undertaken in accordance with the Share Buyback Mandate on the Company's and the Group's audited financial statements for FY2021 are as follows:

<u>As at 31 March 2021</u>	Group			Company		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
		Market Purchase	Off- Market Purchase		Market Purchase	Off- Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	53,086	53,086	53,086	82,614	82,614	82,614
Capital Reserve	(491)	(491)	(491)	100	100	100
Asset Revaluation Reserve	6,101	6,101	6,101	-	-	-
Currency Translation Reserve	(1,224)	(1,224)	(1,224)	-	-	-
Fair Value Reserve	(5,220)	(5,220)	(5,220)	(5,220)	(5,220)	(5,220)
Revenue Reserve	9,075	9,075	9,075	2,228	2,228	2,228
	61,327	61,327	61,327	79,722	79,722	79,722
Non-controlling Interest	5,486	5,486	5,486	-	-	-
	66,813	66,813	66,813	79,722	79,722	79,722
Treasury Shares	(145)	(2,738)	(3,086)	(145)	(2,738)	(3,086)
Total Equity	66,668	64,075	63,727	79,577	76,984	76,636

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<u>As at 31 March 2021</u>	Group			Company		
	Before Share Buyback	After Share Buyback	Off- Market Purchase	Before Share Buyback	After Share Buyback	Off- Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total Equity	66,668	64,075	63,727	79,577	76,984	76,636
Less: Non-controlling Interest	(5,486)	(5,486)	(5,486)	-	-	-
Total Shareholders' Funds	61,182	58,589	58,241	79,577	76,984	76,636
Current Assets	82,303	79,710	79,362	46,927	46,927	46,927
Current Liabilities	73,578	73,578	73,578	5,283	7,876	8,223
Cash and Cash Equivalents	13,876	11,283	10,935	470	470	470
Total Debts ⁽¹⁾	102,194	102,194	102,194	10,994	13,587	13,934
Net Debts ⁽²⁾	88,318	90,911	91,259	10,524	13,117	13,464
Total Capital ⁽³⁾	154,986	154,986	154,986	90,101	90,101	90,100
NTA ⁽⁴⁾	50,623	48,030	47,682	79,577	76,984	76,636
Net Profit/ (Loss) After Tax Attributable to Shareholders	1,737	1,737	1,737	(1,142)	(1,142)	(1,142)
Number of Shares ('000)	387,027	348,325	348,325	387,027	348,325	348,325
Weighted Average Number of Shares ('000)	387,027	348,325	348,325	387,027	348,325	348,325

Financial Ratios

NTA per Share (cents) ⁽⁵⁾	13.1	13.8	13.7	20.6	22.1	22.0
Gearing (%) ⁽⁶⁾	57	59	59	12	15	15
Current Ratio (times) ⁽⁷⁾	1.1	1.1	1.1	8.9	6.0	5.7
EPS/(LPS) (cents) ⁽⁸⁾	0.4	0.5	0.5	(0.3)	(0.3)	(0.3)

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Notes:

- (1) Total Debts equal Total Liabilities excluding Bank Overdraft, Income Tax Payable and Deferred Tax Liabilities.
- (2) Net Debts equal Total Debts less Cash and Cash Equivalents (Net of Bank Overdraft and Fixed Deposit pledged).
- (3) Total Capital equals Total Equity plus Net Debts.
- (4) NTA equals Total Shareholders' Funds less Intangible Assets.
- (5) NTA per Share equals NTA divided by Total Number of Shares as at the Latest Practicable Date.
- (6) Gearing equals Net Debts divided by Total Capital.
- (7) Current Ratio equals Current Assets divided by Current Liabilities.
- (8) EPS/(LPS) equals Net Profit/(Loss) After Tax attributable to Shareholders divided by the Weighted Average Number of Shares as at the Latest Practicable Date.

(ab) Purchases made entirely out of distributable profits and Shares purchased cancelled

For illustrative purposes only, in a Market Purchase, assuming that the Maximum Price is S\$0.067, which is 5% above the Average Closing Prices of a Share over the last 5 Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 38,702,674 Shares (representing approximately 10% of the total issued share capital of the Company as at the Latest Practicable Date, which is the maximum number of Shares the Company is able to purchase), excluding 1,841,107 treasury shares currently held under and during the duration of the Share Buyback Mandate, is approximately S\$2,593,079.

However, having regard to:

- (1) the amount of the Company's distributable profits as at 31 March 2021 of approximately S\$2,228,000; and
- (2) the Maximum Price of S\$0.067, as at the Latest Practicable Date,

the Company will be able to acquire up to 33,253,731 Shares (representing approximately 8.59% of the total issued share capital of the Company as at the Latest Practicable Date, which is the maximum number of Shares the Company is able to purchase excluding 1,841,107 treasury shares currently held under and during the duration of the Share Buyback Mandate in a Market Purchase.

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For illustrative purposes only, in an Off-Market Purchase, assuming that the Maximum Price is S\$0.076, which is 20% above Average Closing Price of a Share over the last 5 Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 38,702,674 Shares (representing approximately 10% of the total issued share capital of the Company as at the Latest Practicable Date, which is the maximum number of Shares the Company is able to purchase), excluding 1,841,107 treasury shares currently held under and during the duration of the Share Buyback Mandate, is approximately S\$2,941,403.

However, having regard to:

- (1) the amount of the Company's distributable profits as at 31 March 2021 of approximately S\$2,228,000; and
- (2) the Maximum Price of S\$0.076, as at the Latest Practicable Date,

the Company will be able to acquire up to 29,315,789 Shares (representing approximately 7.57% of the total issued share capital of the Company as at the Latest Practicable Date, which is the maximum number of Shares the Company is able to purchase excluding 1,841,107 treasury shares currently held under and during the duration of the Share Buyback Mandate in an Off-Market Purchase.

On these assumptions and assuming the following:

- (i) the purchase of Shares took place at the beginning of the financial year on 1 April 2020;
- (ii) the purchase of Shares was financed entirely by the internal resources of the Group;
- (iii) the transaction costs incurred for the purchase of Shares pursuant to the Share Buyback Mandate were insignificant and have been ignored for the purpose of computing the financial effects; and
- (iv) there were no issuances of Shares after the Latest Practicable Date,

the impact of the purchase of Shares by the Company undertaken in accordance with the Share Buyback Mandate on the Company's and the Group's audited financial statements for FY2021 are as follows:

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<u>As at 31 March 2021</u>	Group			Company		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
		Market Purchase	Off- Market Purchase		Market Purchase	Off- Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	53,086	53,086	53,086	82,614	82,614	82,614
Capital Reserve	(491)	(491)	(491)	100	100	100
Asset Revaluation Reserve	6,101	6,101	6,101	-	-	-
Currency Translation Reserve	(1,224)	(1,224)	(1,224)	-	-	-
Fair Value Reserve	(5,220)	(5,220)	(5,220)	(5,220)	(5,220)	(5,220)
Revenue Reserve	9,075	6,847*	6,847*	2,228	-*	-*
	61,327	59,099	59,099	79,722	77,494	77,494
Non-controlling Interest	5,486	5,486	5,486	-	-	-
Total Equity	66,813	64,585	64,585	79,722	77,494	77,494
Total Equity	66,813	64,585	64,585	79,722	77,494	77,494
Less: Non-controlling Interest	(5,486)	(5,486)	(5,486)	-	-	-
Total Shareholders' Funds	61,327	59,099	59,099	79,722	77,494	77,494
Current Assets	82,303	80,075	80,075	46,927	46,927	46,927
Current Liabilities	73,578	73,578	73,578	5,283	7,511	7,511
Cash and Cash Equivalents	13,876	11,648	11,648	470	470	470
Total Debts ⁽¹⁾	102,194	102,194	102,194	10,994	13,222	13,222
Net Debts ⁽²⁾	88,318	90,546	90,546	10,524	12,752	12,752
Total Capital ⁽³⁾	155,131	155,131	155,131	90,246	90,246	90,246
NTA ⁽⁴⁾	50,768	48,540	48,540	79,722	77,494	77,494
Net Profit/(Loss) After Tax Attributable to Shareholders	1,737	1,737	1,737	(1,142)	(1,142)	(1,142)
Number of Shares ('000)	387,027	348,325	348,325	387,027	348,325	348,325
Weighted Average Number of Shares ('000)	387,027	348,325	348,325	387,027	348,325	348,325

* Capped by revenue reserve available for buyback.

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<u>As at 31 March 2021</u>	Group			Company		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
		Market Purchase	Off- Market Purchase		Market Purchase	Off- Market Purchase

Financial Ratios

NTA per Share (cents) ⁽⁵⁾	13.1	13.9	13.9	20.6	22.2	22.2
Gearing (%) ⁽⁶⁾	57	58	58	12	14	14
Current Ratio (times) ⁽⁷⁾	1.1	1.1	1.1	8.9	6.2	6.2
EPS/(LPS) (cents) ⁽⁸⁾	0.4	0.5	0.5	(0.3)	(0.3)	(0.3)

Notes:

- (1) Total Debts equal Total Liabilities excluding Bank Overdraft, Income Tax Payable and Deferred Tax Liabilities.
- (2) Net Debts equal Total Debts less Cash and Cash Equivalents (Net of Bank Overdraft and Fixed Deposit pledged).
- (3) Total Capital equals Total Equity plus Net Debts.
- (4) NTA equals Total Shareholders' Funds less Intangible Assets.
- (5) NTA per Share equals NTA divided by Total Number of Shares as at the Latest Practicable Date.
- (6) Gearing equals Net Debts divided by Total Capital.
- (7) Current Ratio equals Current Assets divided by Current Liabilities.
- (8) EPS/(LPS) equals Net Profit/(Loss) After Tax attributable to Shareholders divided by the Weighted Average Number of Shares as at the Latest Practicable Date.

(ac) Purchases made entirely out of capital and Shares purchased cancelled

For illustrative purposes only, in a Market Purchase, assuming that the Maximum Price is S\$0.067, which is 5% above the Average Closing Price of a Share over the last 5 Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 38,702,674 Shares (representing approximately 10% of the total issued share capital of the Company as at the Latest Practicable Date, which is the maximum number of Shares the Company is able to purchase), excluding 1,841,107 treasury shares currently held under and during the duration of the Share Buyback Mandate, is approximately S\$2,593,079.

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For illustrative purposes only, in an Off-Market Purchase, assuming that the Maximum Price is S\$0.076, which is 20% above the Average Closing Price of a Share over the last 5 Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 38,702,674 Shares (representing approximately 10% of the total issued share capital of the Company as at the Latest Practicable Date, which is the maximum number of Shares the Company is able to purchase), excluding 1,841,107 treasury shares currently held under and during the duration of the Share Buyback Mandate, is approximately S\$2,941,403.

On these assumptions and assuming the following:

- (i) the purchase of Shares took place at the beginning of the financial year on 1 April 2020;
- (ii) the purchase of Shares was financed entirely by the internal resources of the Group;
- (iii) the transaction costs incurred for the purchase of Shares pursuant to the Share Buyback Mandate were insignificant and have been ignored for the purpose of computing the financial effects; and
- (iv) there were no issuances of Shares after the Latest Practicable Date,

the impact of the purchase of Shares by the Company undertaken in accordance with the Share Buyback Mandate on the Company's and the Group's audited financial statements for FY2021 are as follows:

<u>As at 31 March 2021</u>	Group			Company		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
		Market Purchase	Off- Market Purchase		Market Purchase	Off- Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital ⁽¹⁾	52,941	50,348	50,000	82,469	79,876	79,528
Capital Reserve	(491)	(491)	(491)	100	100	100
Asset Revaluation Reserve	6,101	6,101	6,101	-	-	-
Currency Translation Reserve	(1,224)	(1,224)	(1,224)	-	-	-
Fair Value Reserve	(5,220)	(5,220)	(5,220)	(5,220)	(5,220)	(5,220)

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As at 31 March 2021	Group			Company		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
		Market Purchase	Off-Market Purchase		Market Purchase	Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue Reserve	9,075	9,075	9,075	2,228	2,228	2,228
	61,182	58,589	58,241	79,577	76,984	76,636
Non-controlling Interest	5,486	5,486	5,486	-	-	-
Total Equity	66,668	64,075	63,727	79,577	76,984	76,636
Total Equity	66,668	64,075	63,727	79,577	76,984	76,636
Less: Non-controlling Interest	(5,486)	(5,486)	(5,486)	-	-	-
Total Shareholders' Funds	61,182	58,589	58,241	79,577	76,984	76,636
Current Assets	82,303	79,710	79,362	46,927	46,927	46,927
Current Liabilities	73,578	73,578	73,578	5,283	7,876	8,224
Cash and Cash Equivalents	13,876	11,283	10,935	470	470	470
Total Debts ⁽²⁾	102,194	102,194	102,194	10,994	13,587	13,935
Net Debts ⁽³⁾	88,318	90,911	91,259	10,524	13,117	13,465
Total Capital ⁽⁴⁾	154,986	154,986	154,986	90,101	90,101	90,101
NTA ⁽⁵⁾	50,623	48,030	47,682	79,577	76,984	76,636
Net Profit/(Loss) After Tax Attributable to Shareholders	1,737	1,737	1,737	(1,142)	(1,142)	(1,142)
Number of Shares ('000)	387,027	348,325	348,325	387,027	348,325	348,325
Weighted Average Number of Shares ('000)	387,027	348,325	348,325	387,027	348,325	348,325

Financial Ratios

NTA per Share (cents) ⁽⁶⁾	13.1	13.8	13.7	20.6	22.1	22.0
Gearing (%) ⁽⁷⁾	57	59	59	12	15	15
Current Ratio (times) ⁽⁸⁾	1.1	1.1	1.1	8.9	6.0	5.7
EPS/(LPS) (cents) ⁽⁹⁾	0.4	0.5	0.5	(0.3)	(0.3)	(0.3)

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Notes:

- (1) Share Capital excludes 1,841,107 treasury shares which are "deemed" as cancelled.
- (2) Total Debts equal to Total Liabilities excluding Bank Overdraft, Income Tax Payable and Deferred Tax Liabilities.
- (3) Net Debts equal Total Debts less Cash and Cash Equivalents (Net of Bank Overdraft and Fixed Deposit pledged).
- (4) Total Capital equals Total Equity plus Net Debts.
- (5) NTA equals Total Shareholders' Funds less Intangible Assets.
- (6) NTA per Share equals NTA divided by Total Number of Shares as at the Latest Practicable Date.
- (7) Gearing equals Net Debts divided by Total Capital.
- (8) Current Ratio equals Current Assets divided by Current Liabilities.
- (9) EPS/(LPS) equals Net Profit/(Loss) After Tax attributable to Shareholders divided by the Weighted Average Number of Shares as at the Latest Practicable Date.

(ad) Purchases made entirely out of distributable profits and Shares purchased held as treasury shares

For illustrative purposes only, in a Market Purchase, assuming that the Maximum Price is S\$0.067, which is 5% above the Average Closing Price of a Share over the last 5 Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 38,702,674 Shares (representing approximately 10% of the total issued share capital of the Company (excluding 1,841,107 treasury shares) as at the Latest Practicable Date which is the maximum number of Shares the Company is able to purchase) under and during the duration of the Share Buyback Mandate, is approximately S\$2,593,079.

However, having regard to:

- (1) the amount of the Company's distributable profits as at 31 March 2021 of approximately S\$2,228,000; and
- (2) the Maximum Price of S\$0.067, as at the Latest Practicable Date,

the Company will be able to acquire up to 33,253,731 Shares (representing approximately 8.59% of the total issued share capital of the Company as at the Latest Practicable Date, which is the maximum number of Shares the Company is able to purchase excluding 1,841,107 treasury shares currently held under and during the duration of the Share Buyback Mandate) in a Market Purchase.

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For illustrative purposes only, in an Off-Market Purchase, assuming that the Maximum Price is S\$0.076, which is 20% above the Average Closing Price of a Share over the last 5 Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 38,702,674 Shares (representing approximately 10% of the total issued share capital of the Company as at the Latest Practicable Date, which is the maximum number of Shares the Company is able to purchase), excluding 1,841,107 treasury shares currently held under and during the duration of the Share Buyback Mandate, is approximately S\$2,941,403.

However, having regard to:

- (1) the amount of the Company's distributable profits as at 31 March 2021 of approximately S\$2,228,000; and
- (2) the Maximum Price of S\$0.076, as at the Latest Practicable Date,

the Company will be able to acquire up to 29,315,789 Shares (representing approximately 7.57% of the total issued share capital of the Company as at the Latest Practicable Date, which is the maximum number of Shares the Company is able to purchase excluding 1,841,107 treasury shares currently held under and during the duration of the Share Buyback Mandate) in an Off-Market Purchase.

On these assumptions and further assuming:

- (i) the purchase of Shares took place at the beginning of the financial year on 1 April 2020;
- (ii) the purchase of Shares was financed entirely by the internal resources of the Group;
- (iii) the transaction costs incurred for the purchase of Shares pursuant to the Share Buyback Mandate were insignificant and have been ignored for the purpose of computing the financial effects; and
- (iv) there were no issuances of Shares after the Latest Practicable Date,

the impact of the purchase of Shares by the Company undertaken in accordance with the Share Buyback Mandate on the Company's and the Group's audited financial statements for FY2021 are as follows:

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As at 31 March 2021	Group			Company		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
		Market Purchase	Off- Market Purchase		Market Purchase	Off- Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	53,086	53,086	53,086	82,614	82,614	82,614
Capital Reserve	(491)	(491)	(491)	100	100	100
Asset Revaluation Reserve	6,101	6,101	6,101	-	-	-
Currency Translation Reserve	(1,224)	(1,224)	(1,224)	-	-	-
Fair Value Reserve	(5,220)	(5,220)	(5,220)	(5,220)	(5,220)	(5,220)
Revenue Reserve	9,075	9,075	9,075	2,228	2,228	2,228
	61,327	61,327	61,327	79,722	79,722	79,722
Non-controlling Interest	5,486	5,486	5,486	-	-	-
	66,813	66,813	66,813	79,722	79,722	79,722
Treasury Shares	(145)	(2,373)*	(2,373)*	(145)	(2,373)*	(2,373)*
Total Equity	66,668	64,440	64,440	79,577	77,349	77,349
Total Equity	66,668	64,440	64,440	79,577	77,349	77,349
Less: Non-controlling Interest	(5,486)	(5,486)	(5,486)	-	-	-
Total Shareholders' Funds	61,182	58,954	58,954	79,577	77,349	77,349
Current Assets	82,303	80,075	80,075	46,927	46,927	46,927
Current Liabilities	73,578	73,578	73,578	5,283	7,511	7,511
Cash and Cash Equivalents	13,876	11,648	11,648	470	470	470
Total Debts ⁽¹⁾	102,194	102,194	102,194	10,994	13,222	13,222
Net Debts ⁽²⁾	88,318	90,546	90,546	10,524	12,752	12,752
Total Capital ⁽³⁾	154,986	154,986	154,986	90,101	90,101	90,101
NTA ⁽⁴⁾	50,623	48,395	48,395	79,577	77,349	77,349
Net Profit/(Loss) After Tax Attributable to Shareholders	1,737	1,737	1,737	(1,142)	(1,142)	(1,142)

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<u>As at 31 March 2021</u>	Group			Company		
	Before Share Buyback	After Share Buyback	Off-Market Purchase	Before Share Buyback	After Share Buyback	Off-Market Purchase
Number of Shares ('000)	387,027	348,325	348,325	387,027	348,325	348,325
Weighted Average Number of Shares ('000)	387,027	348,325	348,325	387,027	348,325	348,325

**Capped by revenue reserve available for buyback.*

Financial Ratios

NTA per Share (cents) ⁽⁵⁾	13.1	13.9	13.9	20.6	22.2	22.2
Gearing (%) ⁽⁶⁾	57	58	58	12	14	14
Current Ratio (times) ⁽⁷⁾	1.1	1.1	1.1	8.9	6.2	6.2
EPS/(LPS) (cents) ⁽⁸⁾	0.4	0.5	0.5	(0.3)	(0.3)	(0.3)

Notes:

- (1) Total Debts equal Total Liabilities excluding Bank Overdraft, Income Tax Payable and Deferred Tax Liabilities.
- (2) Net Debts equal Total Debts less Cash and Cash Equivalents (Net of Bank Overdraft and Fixed Deposit pledged).
- (3) Total Capital equals Total Equity plus Net Debts.
- (4) NTA equals Total Shareholders' Funds less Intangible Assets.
- (5) NTA per Share equals NTA divided by Total Number of Shares as at the Latest Practicable Date.
- (6) Gearing equals Net Debts divided by Total Capital.
- (7) Current Ratio equals Current Assets divided by Current Liabilities.
- (8) EPS/(LPS) equals Net Profit/(Loss) After Tax attributable to Shareholders divided by the Weighted Average Number of Shares as at the Latest Practicable Date.

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Shareholders should note that the financial effects set out above are based on the abovementioned assumptions and are purely for illustrative purposes only. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased, or hold all or part of the Shares repurchased in treasury. The above analysis is based on historical figures for FY2021 and is not necessarily representative of the Company's or the Group's future financial performance.

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the purchase or acquisition of Shares by the Company, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.9 Listing Manual

2.9.1 No Purchases during Price-Sensitive Developments

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision until the price-sensitive information has been publicly announced.

In particular, in line with Rule 1207(19)(c) of the Listing Manual, the Company and its officers should not and will not deal in the Company's securities during the period commencing one month before the announcement of the half year and full year financial statements, and if they are in possession of unpublished price sensitive information of the Group.

2.9.2 Listing Status of the Shares

Rule 723 of the Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

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As at the Latest Practicable Date, approximately 68.80% of the issued Shares are held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

A share buyback will not be carried out if it will adversely affect the financial condition of the Company.

2.9.3 Reporting Requirements

Pursuant to Rule 886 of the Listing Manual, an issuer must notify the SGX-ST of any share buyback as follows:

- (a) In the case of a market acquisition, by 9.00 am on the Market Day following the day on which it purchased shares; and
- (b) In the case of an off-market acquisition under an equal access scheme, by 9.00 am on the second Market Day after the close of acceptances of the offer.

Notification must be in the form of Appendix 8.3.1. Such notification must include details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares (excluding treasury shares and subsidiary holdings) after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

2.10 Take-over Code implications arising from the Proposed Share Purchase Mandate

Certain take-over implications arising from the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are summarised below.

If, as a result of any purchase or acquisition of Shares made by the Company under the Share Purchase Mandate, the proportionate interest of a Shareholder and persons acting in concert with him in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the

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Take-over Code. Consequently, a Shareholder or group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a take-over offer for the Company under Rule 14.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the Take-over Code presumes amongst others, the following individuals and companies to be acting in concert with each other: (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second-mentioned company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

The circumstances under which Shareholders, including Directors and persons acting in concert with them, will incur an obligation to make a take-over offer as a result of a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 is that unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of a purchase or acquisition of Shares by the Company:

- (a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or
- (b) if the Directors and their concert parties hold between 30% and 50% of the Company's voting rights, and their voting rights increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% to 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

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Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentages of voting rights under the Take-over Code referred to above.

2.11 Interests of Directors and Substantial Shareholders

The interests of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, as recorded in the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders respectively, are as follows:

	Direct Interest	Shareholding %	Deemed Interest	%
Directors				
Low Weng Fatt ⁽¹⁾	50,883,708	13.15	662,500	0.17
Siah Boon Hock	10,824,901	2.80	-	-
Chew Mun Yew	-	-	-	-
Chew Choy Seng	-	-	-	-
Lim Yew Si	-	-	-	-

Substantial Shareholders (excluding Directors)

Yap Koon Bee @ Louis Yap	35,002,583	9.04	-	-
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Note:

(1) Low Weng Fatt is deemed to be interested in the 662,500 Shares held by his spouse, Chua Kim Eng.

Save as disclosed in this Appendix and other than through their respective shareholdings in the Company, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the share capital of the Company or any of its subsidiaries.

2.12 Consequences of Share Purchases or Acquisitions by the Company

On 12 February 2007, pursuant to a reverse take-over, the Company acquired Chasen Logistics Services Limited from Low Weng Fatt, Siah Boon Hock, Yap Koon Bee @ Louis Yap, Yeo Seck Cheong, and Cheong Tuck Nang. Low Weng Fatt, Siah Boon Hock, Yap Koon Bee @ Louis Yap, Yeo Seck Cheong, and Cheong Tuck Nang (the **"Concert Parties"**) are presumed to be acting in concert with each other in relation to the Company for the purposes of the Take-over Code.

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As at the Latest Practicable Date, the direct shareholding interest of each of Low Weng Fatt and his concert parties, Siah Boon Hock, Yap Koon Bee @ Louis Yap, Yeo Seck Cheong and Cheong Tuck Nang are 13.15%, 2.80%, 9.04%, 3.93% and 2.05% respectively, amounting to an aggregate of approximately 30.97%. The shareholdings of the Concert Parties before and after the proposed Share Buyback Mandate (assuming for a Market Purchase (a) the Company purchases a maximum 38,702,674 Shares, being 10% of the total number of Shares in issue, (b) the 38,702,674 Shares are not held as treasury shares and are cancelled and (c) there was no change in the number of Shares held or deemed to be held by the Concert Parties and (d) there is no exercise of warrants; and for an Off-Market Purchase (a) the Company purchases a maximum 38,702,674 Shares, being 10% of the total number of Shares in issue, (b) the 38,702,674 Shares are not held as treasury shares and are cancelled and (c) there is no exercise of warrants) are set out as follows:

MARKET PURCHASE	Before Share Buyback ⁽¹⁾		After Share Buyback ⁽²⁾	
	Direct Interest		Direct Interest	
	No. of Shares	%	No. of Shares	%
Concert Parties				
Low Weng Fatt	50,883,708	13.15	50,883,708	14.61
Siah Boon Hock	10,824,901	2.80	10,824,901	3.11
Yap Koon Bee @ Louis Yap	35,002,583	9.04	35,002,583	10.05
Yeo Seck Cheong	15,198,165	3.93	15,198,165	4.36
Cheong Tuck Nang	7,945,912	2.05	7,945,912	2.28
TOTAL	119,855,269	30.97	119,855,269	34.41

Notes:

- (1) The percentages are calculated on the basis of the existing issued share capital of 387,026,748 ordinary shares (excluding 1,841,107 treasury shares).
- (2) The percentages are calculated on the basis of the issued share capital of 348,324,074 after a share buyback of 38,702,674 Shares, being 10% of the existing issued share capital of the Company as at the Latest Practicable Date.

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OFF-MARKET PURCHASE	Before Share Buyback ⁽¹⁾		After Share Buyback ⁽²⁾	
	Direct Interest		Direct Interest	
	No. of Shares	%	No. of Shares	%
Concert Parties				
Low Weng Fatt	50,883,708	13.15	45,795,337	13.15
Siah Boon Hock	10,824,901	2.80	9,742,411	2.80
Yap Koon Bee @ Louis Yap	35,002,583	9.04	31,502,325	9.04
Yeo Seck Cheong	15,198,165	3.93	13,678,349	3.93
Cheong Tuck Nang	7,945,912	2.05	7,151,321	2.05
TOTAL	119,855,269	30.97	107,869,743	30.97

Notes:

(1) The percentages are calculated on the basis of the existing issued share capital of 387,026,748 ordinary shares (excluding 1,841,107 treasury shares).

(2) The percentages are calculated on the basis of the issued share capital of 348,324,074 after a share buyback of 38,702,674 shares, being 10% of the existing issued share capital of the Company as at the Latest Practicable Date.

Therefore (i) the direct interests of Low Weng Fatt, (ii) the aggregate direct interests of Low Weng Fatt and one or more of Siah Boon Hock, Yeo Seck Cheong and Cheong Tuck Nang, and (iii) the aggregate direct interests of one or more Siah Boon Hock, Yeo Seck Cheong and Cheong Tuck Nang, and their concert parties will increase by more than 1% within a 6 month period.

Accordingly, under the Take-over Code, the Concert Parties and the parties acting in concert with them (collectively the **“Relevant Persons”**), unless exempted, will become obliged to make a general offer under the Take-over Code for the Shares not owned by them, if as a result of the exercise of the Share Buyback Mandate, their interest in the voting rights of the Company increase by more than 1% within a 6-month period.

As the present total shareholding of the Relevant Persons is not less than 30% but not more than 50%, they will be exempted from the requirement under Rule 14 and Appendix 2 of the Take-over Code to make a general offer for the Company in the event that their total shareholding increases by more than 1% in any 6-month period as a result of the Company acquiring its own shares under the Share Buyback Mandate (the **“Relevant Scenario”**), subject to the following conditions:

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- (a) the circular to Shareholders on the resolution to authorise a buy-back to contain advice to the effect that by voting for the buy-back resolution, Shareholders are waiving their rights to a general offer at the required price from the Relevant Persons who, as a result of the Company buying back its Shares, would increase their voting rights by more than 1% in any 6-month period; and the names of the Relevant Persons, their voting rights at the time of the resolution and after the proposed buy-back to be disclosed in the same circular;
- (b) the resolution to authorise a share buy-back to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buy-back;
- (c) the Relevant Persons abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the share buy back;
- (d) within 7 days after the passing of the resolution to authorise a buy-back, each of the Directors to submit to the SIC a duly signed form as prescribed by the SIC; and
- (e) the Relevant Persons, together holding between 30% and 50% of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of:
 - (aa) the date on which the authority of the share buy-back expires; and
 - (ab) the date on which the Company announces it has brought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

(the **"relevant period"**)

if such acquisitions, taken together with the share buyback under the Share Buyback Mandate, would cause their aggregate voting rights in the Company to increase by more than 1% in the any 6-month period.

It follows that where the aggregate voting rights held by the Relevant Persons increase by more than 1% solely as a result of the Relevant Scenario and none of them has acquired any shares of the Company during the relevant period defined in paragraph (e) above, then the Relevant Persons would be eligible for an exemption from the requirement to make a general offer under Rule 14, or where already exempted, would continue to be exempted.

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If the Company ceases to buy back its Shares under the Share Buyback Mandate and the increase in the aggregate voting rights held by the Relevant Persons as a result of the Company repurchasing its Shares at the time of such cessation is less than 1% in any 6 month period, the Relevant Persons will be allowed to acquire voting shares in the Company. However, any increase in the Relevant Persons' percentage of voting rights in the Company as a result of the share buyback will be taken into account together with any Shares acquired by the Relevant Persons (by whatever means) in determining whether the Relevant Parties have increased their aggregate voting rights in the Company by more than 1% in any 6 month period.

Shareholders should therefore note that by voting in favour of the resolution to approve the Share Buyback Mandate, they will be waiving their rights to a general offer at the required price by Relevant Persons in the circumstances set out above.

For the purposes of this Appendix, “**required price**” shall mean in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the offer shall be in cash or be accompanied by a cash alternative at a price in accordance with Rule 14.3 of the Take-over Code which is the highest of the highest price paid by the Relevant Persons for the Shares (i) within 6 months of the offer and during the offer period, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within 6 months of the offer and during the offer period, or (iii) acquired through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within 6 months of the offer and during the offer period; or at such price as determined by the SIC under Rule 14.3 of the Take-over Code.

Save as disclosed, the Directors confirm that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buyback Mandate.

Shareholders are advised to consult their professional advisers and or the SIC at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share buybacks by the Company.

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3. DIRECTORS' RECOMMENDATION

Having considered the rationale for the Share Buyback Mandate, the Directors, save for Low Weng Fatt, and Siah Boon Hock, who are members of the Relevant Persons, are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company.

Accordingly, the Directors, save for Low Weng Fatt, and Siah Boon Hock, recommend that Shareholders vote in favour of ordinary resolution relating to the proposed renewal of the Share Buyback Mandate.

4. ABSTENTION FROM VOTING

The Relevant Persons will abstain from voting at the AGM in respect of ordinary resolution relating to the proposed renewal of the Share Buyback Mandate in view of Appendix 2 of the Take-over Code and would not accept nominations as proxy or otherwise for voting at the AGM in respect of the said resolution.

The Relevant Persons have also undertaken to ensure that their Associates will abstain from making any recommendation and from voting at the AGM in respect of the said ordinary resolution and would not accept nominations as proxy or otherwise for voting at the AGM relating to the renewal of the Share Buyback Mandate.

5. ANNUAL GENERAL MEETING

The AGM, notice of which is enclosed with the Annual Report, will be held on 29 July 2021 by electronic means at 11 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out in the Notice of AGM.

6. APPROVALS AND RESOLUTIONS

Shareholders' approval for the proposed renewal of the Share Buyback Mandate is sought at the AGM. The ordinary resolution relating to the proposed renewal of the Share Buyback Mandate is contained in the Notice of AGM.

7. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders will find enclosed with the Annual Report the Notice of AGM and a Proxy Form.

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Due to current movement restriction orders in Singapore, Shareholders will not be able to attend the AGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy, to vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM, in accordance with the instructions printed on the Proxy Form.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

9. DOCUMENTS FOR INSPECTION

Copies of the following may be inspected by Shareholders at the registered office of the Company at 18 Jalan Besut, Singapore 619571 during normal business hours from the date of this Appendix up to the date of the AGM:

- (a) the Constitution; and
- (b) the Annual Report.

In view of the movement restrictions pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020, access to the registered office of the Company may not be possible during this period. Shareholders who wish to inspect the above documents should contact the Company so that arrangements can be made.

Yours faithfully
For and on behalf of the Board

Low Weng Fatt
Managing Director and CEO

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