

# OUTLINING GROWTH STRATEGIES

ANNUAL REPORT 2022



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## *Vision & Mission Statement*

To be a resilient, robust, reliable and sustainable Wood Manufacturing and Property Group committed to creating sustainable and environmentally kinder products and homes for everyone, improving lives, communities and stakeholder value.

This annual report has been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

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

**The details of the contact person for the Sponsor are:**

Name: Howard Cheam Heng Haw, Registered Professional  
Address: 9 Straits View, Marina One West Tower, #06-07, Singapore 018937  
Telephone: 6232 0685



# CORPORATE PROFILE

HS Optimus Holdings Limited (“HS Optimus”) is an investment holding company that focuses on ***two core businesses*** in:



Door Manufacturing and Distribution



Property Investments and Property Developments

In December 2021, HS Optimus obtained the mandate from its shareholders to expand into Secured Property Financing business.

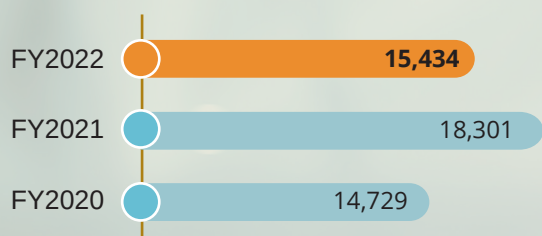
HS Optimus was incorporated in Singapore in 1995 and listed on the Catalist Board (formerly “SESDAQ”) of the Singapore Exchange in 1998.

# FINANCIAL HIGHLIGHTS

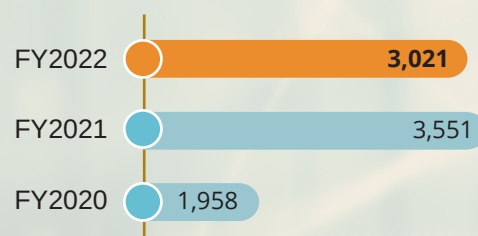
FINANCIAL HIGHLIGHTS	FY2019	FY2020	FY2021	FY2022
Revenue (\$'000)	30,295	14,729	18,301	<b>15,434</b>
Profit (Loss) after tax (\$'000)	(1,486)	(9,477)	1,816	<b>(1,996)</b>
Shareholders' equity (\$'000)	74,067	62,643	64,631	<b>62,442</b>
Earnings (Losses) per share "EPS" (cents)	(0.026)	(0.175)	0.039	<b>(0.033)</b>
Net asset value per share "NAV" (cents)	1.38	1.16	1.20	<b>1.16</b>

## THREE YEARS COMPARISON (\$'000)

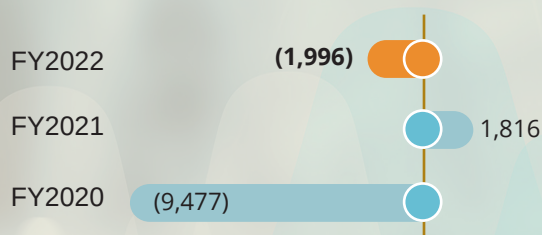
### REVENUE



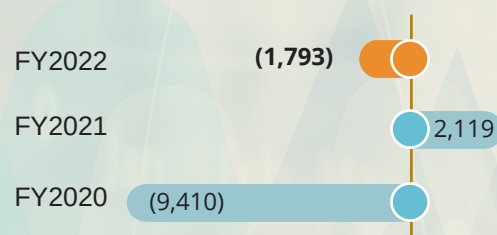
### GROSS PROFIT



### PROFIT / (LOSS) AFTER TAX



### PROFIT / (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY EXCLUDING NON-CONTROLLING INTERESTS



# OUR BUSINESSES

## Door Manufacturing & Distribution

Over the years, HS Optimus Group has not only built her name in the manufacturing and distribution of high-quality doors such as timber doors, fire doors, engineered doors, customized doors and door products, she has developed a robust, reliable and resilient reputation for high quality products, good delivery times and good customer satisfaction, making her the international supplier of premium doors of choice. She has been supplying our products to well-known quality home improvement DIY chain-stores, door distributors and development projects in Asia, Europe and USA.

Our door business operates in the following bases:



### Malaysia Manufacturing Operations

Plo 34, Kawasan Perindustrian  
Simpang Renggam, 86200 Simpang  
Renggam, Johor, Malaysia

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



### Singapore Project Management and Supply and Installation

2 Kallang Ave #07-03  
Singapore 339407

## Property Investments and Developments

The Group also has property investments and developments in Melbourne, Australia and Jakarta, Indonesia, and provides financing and marketing support for a property in Melbourne.



### Lincoln Square Carlton, Australia

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

This is a property situated close to central business district area and the University of Melbourne. The 5 storey fully refurbished heritage building is freehold and has a building area of approximately 3,745 square metres sitting on land area of approximately 906 square metres. The Group is currently looking for appropriate tenants to lease out the property.



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

### South Jakarta, Indonesia

Jalan RA. Kartini No. 18, Jakarta,  
Indonesia

The land which the Group has a 65% stake in is located in a prime district of South Jakarta which is surrounded by well-developed infrastructure and future MRT track and depot. In addition, it is also surrounded with existing amenities such as shopping mall, international school and affluent neighbourhood. It has an aggregate area of approximately 7,913 square metres and the focus is to develop into condominium and SOHO/office units for sale.



### Investment (Debt) and Marketing Agreement

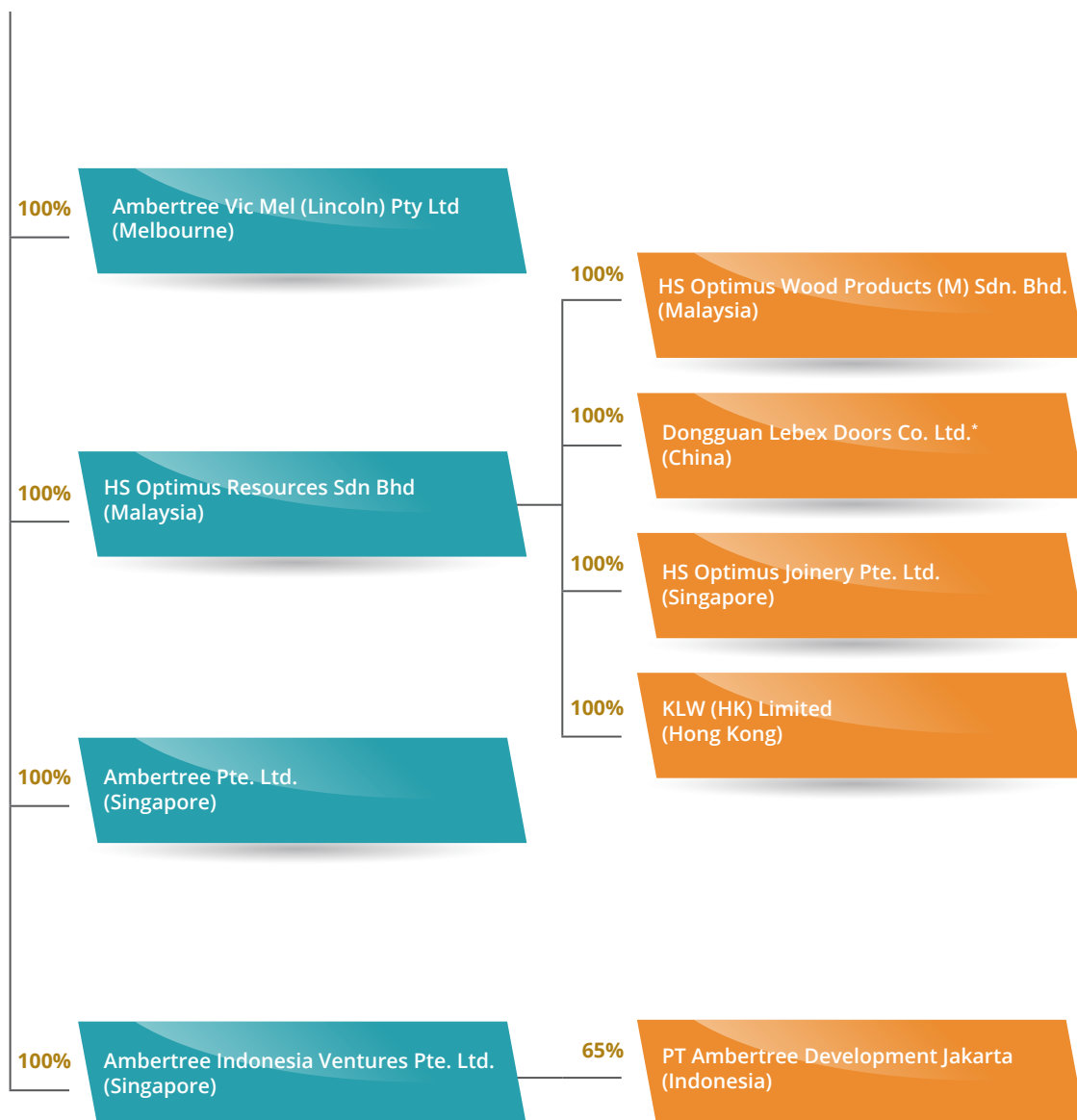
82 Westgarth Street, Fitzroy,  
Victoria, Australia

In July 2021, HS Optimus Group entered into an Investment (Debt) and Marketing Agreement ("IDMA") with 82 Westgarth Pty Ltd (as trustee for the 82 Westgarth St Unit Trust). The IDMA involved a loan disbursement by the Group to finance the acquisition of a freehold property in Melbourne by 82 Westgarth Pty Ltd and the Group providing marketing support services to 82 Westgarth Pty Ltd in return for fees.



# HS OPTIMUS GROUP STRUCTURE

as at 31 March 2022



\* Voluntary winding up completed on 1 August 2021

# CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS,

### FYE22 Economic Conditions

The financial year ended 31 March 2022 ("FYE22") was fraught with the uncertainty of another year of the global COVID-19 pandemic, global economic and macro-economic difficulties and continued supply chain and raw material disruptions and the ongoing Russian – Ukraine conflict that continues to affect the global economy. These developments tested our resilience and financial strength and our reputation as the global door manufacturer and supplier of choice and the ability of our people to work through the pandemic and keep our commitment to our global customers was a testament to the same.

### Updates on Operations

In our last annual report for the financial year ended 31 March 2021 ("FYE21"), I referred to the affected by various movement control orders by the Malaysian Government including factory shut downs and restrictions on the amount of workforce allowed to resume work in relation to our manufacturing factory located in Johor Bahru, Malaysia. On 1 June 2021, the Company announced that its Malaysian factory would need to comply with the directive of the Malaysian Government to cease all production activities with immediate effect in order to deal with the new Omicron strain. This closure was only lifted on 13 September 2021 with the Company obtaining permission from the Ministry of International Trade and Industry of Malaysia to resume manufacturing operations and production activities on 14 September 2021, bringing an end to the three and a half months lockdown on production activities. The Group also continued to face other challenges such as the global supply bottleneck in container shipping services, the rising container costs, rising raw material prices and raw material shortages.

### Updates on Melbourne Property

On 22 October 2021, Melbourne and Victoria exited from nearly 9 months of restrictions during 6 separate lockdowns since March 2020, representing the longest cumulative lockdown for any city in the world. Our attempts to lease out our fully refurbished five-storey freehold heritage building in Lincoln Square, Melbourne for rental income were impeded and met initially with low enquiries and viewing requests from potential tenants.

### Updates on Indonesian Property

The situation in Jakarta, Indonesia was similarly uncertain and challenging. The last 3 months of 2021 saw a decrease in the 7-day average of COVID-19 cases but there was

an increasing uptick of COVID-19 cases and infections from January 2022 onwards. Given the uncertainty and continued social restriction orders implemented by the Indonesian Government including the imposition of a level II community-level restriction, which, amongst others, capped the return of the workforce to the office to 50%, the Group has continued to face delays in the various permits and license stage for the development of its land parcels in Simatupang, Jakarta, Indonesia. Given the continued delay and uncertainty and softening of the Indonesia's property market, the Company registered an impairment loss on development property amounting to S\$0.45 million for FYE22.

### FYE22 Financial Results

Against this back-drop, the Group presents a weakened set of financial results for FYE22 compared with FYE21.

The Group posted a net loss attributable to shareholders of S\$1.80 million in FYE22 compared to profit attributable to shareholders in FYE21 of S\$2.15 million from continuing operations. Our revenue from continuing operations decreased by 16% from \$18.30 million in FYE21 to \$15.43 million in FYE22 due to lower export sales and the three and a half-month factory closure and production shut-down in compliance with the Malaysian Government directives. Our total other income decreased by 59% from S\$2.73 million in FYE21 to S\$1.13 million in FYE22 due to the absence of a one-off gain on disposal of Key-Bay factory, Vietnam in the previous year.

On 13 July 2021, the Group announced its entry into an Investment (Debt) and Marketing Agreement ("IMDA") with 82 Westgarth Pty Ltd to finance its acquisition of an existing single storey freehold warehouse building located at 82 Westgarth, Fitzroy, Victoria with a view to subsequently developing such property into a residential development, pursuant to which the Group will be providing marketing support services to 82 Westgarth Pty Ltd in connection with the development and sale of residential units of the property. As a result, the Group earned and recorded interest income and marketing fees in relation of a loan provided to 82 Westgarth Pty Ltd to complete the acquisition of the land.

Our administrative expenses increased by 52% from S\$3.75 million in FYE21 to S\$5.71 million in FYE22 due to the high foreign exchange gain recorded last year resulting from the appreciation of the Australian Dollar against the Singapore dollar, which has since reversed to a foreign exchange loss in the current year.

### Door Business

The continued pandemic, inflation and continuing Russian-Ukraine conflict that threatens to escalate further, have affected the buying trend and consumption

# CHAIRMAN'S STATEMENT

behaviour of our main customers in Europe, especially the United Kingdom. The Group will continue to explore other options to position our product in what we see as a weakening market. While the Group continues to try to onboard new customers, we will continue to monitor costs to remain competitive, given the weakening demand and aggressive pricing by competitors.

## Property Business

With the reopening of borders, the Group will step up marketing efforts for the Lincoln Square property with a view to leasing the same for rental income to complement our traditional revenue streams from the door business. In addition, the Group continues to accrue and earn interest income and performance fees pursuant to the IMDA. The Group continues to be on the look out for similar asset light opportunities to generate more income from the property business.

For our development property in Jakarta, Indonesia, there is less visibility, and the market continues to be weak. I would like to highlight that the Group is lowly geared and that the Group's investment properties and development properties in Australia and Indonesia have no bank borrowings and have been fully paid for.

## Secured Property Financing Business

On 13th December 2021, the Group obtained shareholders' approval at an extraordinary general meeting for the proposed diversification of the Group's business into the provision of financing to Singapore incorporated or registered corporations and LLPs, in the form of a loan secured by (i) a first mortgage over commercial, industrial, or residential property owned by the borrowing entity or its shareholder; and (ii) personal guarantees provided by the shareholder(s) and/or the director(s) or the partners (as the case may be) of the borrowing entity ("**Secured Property Financing Business**").

While the Group is expected to continue to rely substantially on its existing businesses (namely door manufacturing and distribution and property investment and development) for the short and medium term, given the continued uncertainties and the current global economic outlook impacted by the COVID-19 pandemic, the Secured Property Financing Business is expected to enhance shareholder value by adding new revenue streams to the Group and leveraging on the Group's successful track record, experience and knowledge built from its existing businesses where the Group has developed a good understanding of the property market.

## Conclusion of CAD Investigation

As an update on the investigation by the Commercial Affairs Department of the Singapore Police Force ("CAD"), CAD has announced on 21 September 2021 that it completed its investigation into the matter concerning possible breaches of laws by a former managing director of the Company. This brings closure to the above investigation which the Company has rendered its co-operation since the receipt of notice from the CAD on 19 November 2015 requesting for access to certain documents and information of the Group as previously announced.

These are uncertain times, and we continue to navigate a highly volatile and uncertain global operating environment still ravaged by the COVID-19 pandemic, macro-economic challenges, and the escalating Russian-Ukraine conflict. We remain determined, steadfast and anchored in our commitment to return the Group to sustainable profitability and growth. To all our shareholders, partners, suppliers, customers, employees and stakeholders, thank you for your continuous support. Together, we can be resilient and outlast these tumultuous times.

**Pengiran Muda Abdul Qawi**  
Non-Executive Chairman



# OPERATIONAL AND FINANCIAL REVIEW

## Business Overview

HS Optimus Group is synonymous with the manufacturing and global distribution of high-quality doors such as timber doors, fire doors, engineered doors and customized doors to international customers in the United Kingdom, the United States and Asia. In 2014, the Group obtained a mandate from shareholders to diversify into the business of property investment and property development to capture opportunities for capital gain and investment returns prevalent in the real estate markets as well as the Investment Business which involved engaging in financial investment activities as principal including investing in quoted and/or unquoted securities. In FYE22, the Group obtained a mandate from shareholders to further expand into secured property financing business. This is a strategic initiative by the Group to diversify its income streams. Currently, the Group has 3 business segments (i) Investment segment (ii) Door business segment and (iii) Property business segment, of which 2 are core business segments are namely (i) Door Manufacturing and Distribution Business and (ii) Property Business.

## Revenue from Continuing Operations

Revenue for the financial year ended 31 March 2022 ("FYE22") decreased by 16% from S\$18.30 million for the financial year ended 31 March 2021 ("FYE21") to S\$15.43 million in FYE22. The decrease was due to the implementation of movement control orders by the Malaysian Government whereby the Group's factory in Johor, Malaysia was closed for operations from 1 June 2021 to 13 September 2021 (3.5 months). There were also global supply chain challenges including the global supply bottleneck in container shipping services, the rising container costs and raw material prices and raw material shortage that have impeded the delivery of finished goods to the Group's overseas customers. In FYE21, the Group's factory operations were affected by various movement control orders by the Malaysian Government including factory shut downs and restrictions on the amount of workforce allowed to resume work.

## Cost of Sales and Gross Profit

Cost of sales decreased by 16% from \$14.75 million in FYE21 to \$12.41 million in FYE22 mainly due to the drop in raw materials usage, factory overheads and labour costs, resulting from reduced overtime and piece-rate incentive. This coincided with the temporary closure of its factory in Johor, Malaysia from 1 June 2021 to 13 September 2021, arising from movement control orders by the Malaysian Government in response to the COVID-19 pandemic. Year-on-year, the decrease in revenue and cost of sales were both 16%, hence the Group's full year gross profit margin remained constant at 20% for FYE22 as compared to 19% for FYE21.

## Other Income

Other income decreased by 59% from \$2.73 million in FYE21 to \$1.13 million in FYE22. The decrease was largely due to the absence of a gain on disposal group classified as held for sale of approximately \$2.08 million in FYE21, as well as decrease in various government grants in FYE22. These were offset against rental income, reversal of impairment loss on contract assets and gain on disposal of liquidation (which relates to the voluntary winding up of our subsidiary in China, Dongguan Lebox Doors Co. Ltd., the completion of which was previously announced on 1 August 2021 via SGXNet) in FYE22.

## Expenses

Selling and distribution expenses decreased by 21% from \$0.47 million in FYE21 to \$0.37 million in FYE22. The decrease was primarily due to lower marketing support fee, handling fee for export containers of doors in relation to the decrease in revenue as explained above.

Administrative expenses increased by 52% to \$5.71 million in FYE22 as compared to \$3.75 million in FYE21. The increase was mainly due to unrealized foreign exchange loss of \$0.08 million in FYE22 as compared to an unrealized foreign exchange gain of \$2.17 million in FYE21. In addition, there were higher land tax and depreciation expenses incurred in FYE22, which were offset against a lower impairment loss on development properties in Jakarta, Indonesia in FYE22.

# OPERATIONAL AND FINANCIAL REVIEW

Finance costs decreased by 48% from \$0.21 million in FYE21 to \$0.11 million in FYE22. The decrease was mainly due to lower interest cost resulting from lower foreign currency loan against import drawn down and restructuring of a term loan.

## Loss for the year

Loss for the financial year from continuing operations was \$2.00 million in FYE22 compared to a profit of \$1.85 million in FYE21. With the inclusion of the result from discontinued operations (as set out below), the Group's loss for the year was S\$2.00 million as compared to a profit of S\$1.82 million in the previous year.

## Discontinued Operations

Discontinued operations relate to Dongguan Lebex Doors Co. Ltd and K LW (HK) Limited. These two entities are considered as part of a cash generating unit. In FYE22, it recorded a profit of \$0.01 million due to reversal of provision which is no longer required.

## Balance Sheet Highlights

### Non-Current Assets

Investment properties increased by 19% from \$15.15 million as at 31 March 2021 to \$17.99 million as at 31 March 2022. This was mainly due to the transfer from right-of-use assets to investment property due to a change in use of a leasehold building located in Singapore in compliance with SFRS(I) 1-40 which was offset against the depreciation incurred on investment properties.

Right-of-use assets decreased by 47% mainly due to depreciation incurred on right-of-use assets and the transfer to investment property as the leasehold building began its tenancy in April 2021.

Contract assets decreased by \$0.03 million due to payment received from customers for certain local supply and installation projects.

### Current Assets

Trade and other receivables decreased by 6% from \$6.21 million as at 31 March 2021 to \$5.87 million as at 31 March 2022 mainly due to decrease in export sales of doors as a result of the Group's Malaysia factory closure from 1 June 2021 to 13 September 2021 due to the Malaysian Government's directive following the resurgence of COVID-19 cases in Malaysia. This was offset against an increase in other receivables due to the entry by the Group's wholly owned subsidiary in Australia entering into an Investment Debt and Marketing Agreement ("IDMA"), which was previously announced on 13 July 2021 via SGXNet. Under the terms of the IDMA, the Group extended a secured loan of AUD2.0 million to the borrower to finance the acquisition of a freehold property in Melbourne and provided marketing support services to the borrower for fees.

As at 31 March 2022, contract assets decreased by \$0.12 million due to payment received from customers for certain local supply and installation projects.

### Non-Current Liabilities

Loans and borrowings decreased by 6% from \$2.85 million as at 31 March 2021 to \$2.68 million as at 31 March 2022 mainly due to repayment of term loan.

### Current Liabilities

Trade and other payables decreased by 18% from \$6.12 million as at 31 March 2021 to \$5.00 million as at 31 March 2022 mainly due to payments made to suppliers using foreign currency loans against import and lower accrued operating expenses such as salaries and bonus and professional fees. Loans and borrowings increased from \$0.51 million as at 31 March 2021 to \$2.50 million as at 31 March 2022. This was mainly due to the increase in the usage of the foreign currency loan against import.

# OPERATIONAL AND FINANCIAL REVIEW

As at 31 March 2022, there was no longer any provision for restructuring as the Company has completed the voluntary winding up of its subsidiary in China, Dongguan Lebex Doors Co. Ltd., which was previously announced on 1 August 2021 via SGXNet.

## Equity

Total equity decreased by 3% from \$73.62 million as at 31 March 2021 to \$71.45 million as at 31 March 2022 mainly due to the full year loss recognized in FYE22.

## Cash Flow Review

The Group's net cash used in operating activities for FYE22 was \$1.75 million as compared to \$10.18 million for FYE21. Net cash used in operating activities in FYE22 was mainly due to changes in working capital for development properties, inventories, trade and other receivables and payables.

Net cash used in investing activities for FYE22 was \$0.16 million as compared to net cash generated of \$9.28 million for FYE21. Net cash used in investing activities in FYE22 was for building improvements for its investment property in Australia and purchase of property, plant and equipment.

Net cash generated from financing activities for FYE22 was \$1.70 million as compared to net cash used of \$0.46 million for FYE21. Net cash generated from financing activities in FYE22 was mainly due to the proceeds from loans and borrowings.

As a result of the above, the Group's cash and cash equivalents stood at \$11.13 million as at 31 March 2022.

# BOARD OF DIRECTORS

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## PENGIRAN MUDA ABDUL QAWI

*Non-Executive Chairman*

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Pengiran Muda Abdul Qawi joined the Board of HS Optimus Holdings Limited on 30 September 2014 as Non-Executive Chairman and was re-elected on 26 July 2019. Prince Abdul Qawi is also the Chairman of National Insurance Bhd, QOS Sdn Bhd, Everon Sdn Bhd and Supremo Management Services Sdn Bhd in Brunei. His past experience includes Chairman of The Brunei Hotel, Deputy and Executive Chairman of QAF Brunei, a member of Baiduri Group and a Director of Baiduri Bank from 2000 - 2010. He was on the ASEAN Business Advisory Council from 2002 to 2012. Prince Abdul Qawi has been an active member of the INSEAD East Asia Business Council since 2005, the Confederation of Asia-Pacific Chambers of Commerce and Industry since 2004 and a Patron for the Young Entrepreneurs Association Brunei since 2010.

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## WONG GLORIA

*Executive Director*

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Ms Wong was appointed as an Executive Director of the Company on 1 August 2016 and was re-elected on 29 September 2020. She is responsible for the Group's strategy and business development, as well as the implementation of decisions and policies approved by the Board. Ms Wong graduated from Queen Mary College, University of London with a Bachelor's degree in Economics and Finance and from King's College London with a Master's degree in International Management.

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## CHIA FOOK SAM

*Executive Director and  
Chief Operating Officer*

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Mr Chia was appointed as an Executive Director on 1 January 2022 and Chief Operating Officer on 10 March 2021. He is responsible for the management, operation and business development of the Group. Prior to this, he joined the Group's Door Business in Malaysia in April 2019. He has more than 20 years of experience in building materials and manufacturing business industry. Mr Chia graduated from University of North Dakota with a Bachelor of Science in Civil Engineering.

# BOARD OF DIRECTORS

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## MARK LEONG KEI WEI

*Independent Director*

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Mr Leong was appointed as an Independent Director on 19 September 2017 as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and was re-elected on 28 July 2021. He is currently a Director of a financial advisory services firm operating in Australia. Mr Leong has more than 23 years of experience in a broad range of corporate environments namely, auditing firms, small and medium-sized enterprises, a US-based multinational corporation, a family office and listed companies. He has in-depth expertise in the capital and debt markets through various fundraising exercises, investment management and consultancy services roles. He also has vast experience across diverse industries holding various C-suite positions. He presently serves as an Independent Director and Audit Committee Chairman of four SGX listed companies (including HS Optimus Holdings Limited) and an Executive Chairman of an ASX listed company. Mr Leong is a Fellow of the Association of Chartered Certified Accountants (ACCA), a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) and a Member of the Singapore Institute of Directors (SID).

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## VIVIEN GOO BEE YEN

*Independent Director*

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Ms Goo was appointed as an Independent Director on 30 March 2020 and was re-elected on 29 September 2020. She is currently the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Ms Goo is currently a Business Director of Shosha Beauty Company. Prior to this, she had worked in the banking industry for 11 years holding managerial positions in Brunei. She has also worked in the construction and property development industries in Brunei and Australia. Ms Goo holds a Bachelor of Commerce Marketing from Curtin University of Western Australia.

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## ANG WEE MING

*Independent Director*

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Mr Ang was appointed as an Independent Director on 1 December 2020 and was re-elected on 28 July 2021. He is currently the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Ang is currently the Managing Director, ASEAN Team Head with Bank of Singapore. Prior to this, he had worked in JP Morgan Chase and Standard Chartered Bank (Brunei). In total, he has 23 years of experience in the banking industry. Mr Ang holds a Master of Engineering, Second Class Honours degree in Chemical Engineering from Imperial College, University of London.

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## LIM LI HUI

*Independent Director*

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Ms Lim was appointed as an Independent Director on 1 July 2021 and was re-elected on 28 July 2021. She is currently a member of the Audit, Nominating and Remuneration Committees. Ms Lim is currently the Partner at Cheok Advocates & Solicitors and admitted as an Advocate and Solicitor of the Supreme Court of Brunei Darussalam in 2003. She has extensive experience in corporate advisory, banking security and real estate transactions in Brunei. Ms Lim holds a Bachelor of Laws - LLB (Honours) degree from the University of Manchester.



# KEY MANAGEMENT

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## **ALBERT TAN SAI BENG**

*Chief Marketing Officer*

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Mr Albert Tan was appointed as Chief Marketing Officer on 1 September 2018. He is now in charge of the marketing and business development for the Group's Door Business. He has more than 24 years of experience in various industries such as fashion and furniture retailing, building material supplies, interior renovation and construction, real estate development, property turnkey management and the hospitality industry. Mr Tan graduated from University of Brunei Darussalam in 1997 majoring in Business Management and Marketing.

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## **NG YUI WEI**

*Group Financial Controller*

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Mr Ng was appointed as Group Financial Controller on 29 April 2020. He is responsible for the Group's accounting, finance, compliance, internal control and other regulatory requirements. He has more than 21 years of working experience in finance and accounting in various industries/ organisations and held several financial roles, which included overseeing the finance and accounting function of SGX listed companies. Mr Ng holds a Bachelor Degree (Hons) in Business Economics and a Master's Degree in Professional Accounting. He is a member of the Institute of Singapore Chartered Accountants (ISCA), a member of CPA Australia and a member of the Institute of Internal Auditors.

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Proxy Form

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# REPORT ON CORPORATE GOVERNANCE

HS Optimus Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) has embraced the tenets of good governance, including accountability, transparency and sustainability and in doing so, has adopted substantially appropriate processes, practices and policies to direct and manage the business and affairs of the Company based on the Code of Corporate Governance 2018 (the “**Code**”) issued by the Monetary Authority of Singapore on 6 August 2018, which forms part of the continuing obligations of the Listing Manual Section B: Catalyst Rules (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) with a view to maximise long-term shareholders’ value while taking into account the interests of the other stakeholders.

The Company will also be publishing its sustainability report later this year in line with the requirements on sustainability reporting introduced by the SGX-ST.

This Report describes the Company’s corporate governance practices and structures that were in place during the financial year from 1 April 2021 to 31 March 2022 (“**FYE22**”) with specific references to principles and provisions of the Code, and should be read as a whole. The Company has complied, in all material aspects, with the principles and provisions of the Code. Where there are deviations from the provisions of the Code, the Company has provided the reasons and explanations in relation to the Company’s practices as to how they remain consistent with the aim and philosophy of the overarching principles, where appropriate.

## THE BOARD’S CONDUCT OF AFFAIRS

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

Within the broad role of providing oversight, the Board of Directors (the “**Board**”) is responsible for setting the strategic direction of the Company as well as the Company’s approach to governance, including by establishing appropriate culture, values and ethical standards of conduct at all levels of the Company. The Board is committed to maintaining a high standard of corporate governance and in doing so, not only provides oversight for the management of the Company (“**Management**”) by establishing goals for the Management team, monitoring the achievement of such goals, holding Management accountable for the performance of the Company, ensuring the Management has sufficient resources to meet its objectives and that shareholders’ as well as stakeholder’s including customers, suppliers, vendors and employee’s interests are being safeguarded, but also sets appropriate tone-from-the-top, desired organisational culture and ensures proper accountability within the Company. The Board has established an oversight framework and processes for the Management and the Group, including a system of internal controls which enable risks to be assessed and managed.

In summary, the responsibilities of the Board are to:

- set the strategic directions and the long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;
- establish a proper risk Management system to ensure that key potential risks faced by the Group are properly identified and managed, including the adverse impact brought about by the COVID-19 pandemic;
- review Management performance;
- identify key stakeholder groups and recognize that their perceptions affect the Group’s reputation;
- approve the nominations of Directors and appointment of key management personnel;
- set the Group’s values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met;
- provide shareholders with a balanced and understandable assessment of the Group’s performance, position, financial results and prospects on a half- and full-yearly basis;
- provide shareholders with business and operational updates in a clear and concise manner where and when appropriate; and
- considering sustainability issues including environmental and social factors in the Group’s strategic formulation.

# REPORT ON CORPORATE GOVERNANCE

## Board approval

The Board is also responsible for approving transactions exceeding certain limits in accordance with an established set of approved limits of the Group, while delegating authority for transactions below those limits to the Management, to facilitate operational efficiency. Matters which require the Board's review and approval have been communicated clearly to the Management in writing, and such matters include the following:

- all capital expenditure, acquisitions, investments and divestments exceeding S\$500,000, subject to the requirements of the Catalist Rules and the SGX-ST;
- material funding decisions relating to operational matters;
- annual plans, budgets, policies, strategies and financial objectives;
- monitoring the performance of Management and remuneration of the Executive Directors, Chief Operating Officer, Chief Marketing Officer and key management personnel;
- assessing the financial performance and recommending dividends and other returns to shareholders, if appropriate;
- overseeing the framework and processes for risk management, financial reporting and compliance, and evaluate the adequacy of the Group's internal control system (including financial, operational, compliance and information technology risks), as may be recommended by the Audit Committee ("**AC**");
- review the performance of the Management, approve the nomination to the Board of Directors and appointment of key management personnel, as may be recommended by the Nominating Committee ("**NC**");
- review the framework of remuneration for the Board of Directors and key management personnel, as may be recommended by the Remuneration Committee ("**RC**");
- the Group's half- and full-year financial results announcements and operational and business updates;
- the appointment and removal of the Company Secretary; and
- the annual report and accounts for each financial year.

## Board and Board Committee meetings

The Board meets every quarter to review the financial performance of the Group. It also holds ad-hoc meetings as warranted by particular circumstances and as deemed appropriate by the Board members. The Board also reviews the risks relating to the assets of the Group, examines liabilities and comments from the auditors of the Group and ensures that measures are implemented in accordance with key recommendations.

The Company's constitution (the "**Constitution**") allows for Board meetings to be conducted by way of tele-conference and video-conference and for decisions of the Board and Board Committees to be obtained through circular resolutions. In preparation for the Board meetings, Management provides the Directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions and discharge their duties and responsibilities. This has allowed the Board and Board committees to meet given the various travel restrictions that were announced upon the onset of the pandemic.

# REPORT ON CORPORATE GOVERNANCE

The Board, with the concurrence of the NC, is of the view that the Directors have attended and actively participated in Board and Board Committee meetings, and that each Director has ensured that sufficient time and attention has been given to the affairs of the Group for FYE22, regardless of their other Board representations. The following table discloses the number of meetings held by the Board and Board Committees and the attendance of all Directors in FYE22:

Board members	AGM		EGM		Board		AC		RC		NC	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Pengiran Muda Abdul Qawi	1	1	1	1	5	2	4	-	1	-	1	-
Wong Gloria <sup>(3)</sup>	1	1	1	1	5	5	4	4	1	1	1	1
Lam Kwan Linda <sup>(1)</sup>	1	-	1	-	5	1	4	1	1	1	1	1
Mark Leong Kei Wei	1	1	1	1	5	5	4	4	1	1	1	1
Vivien Goo Bee Yen	1	1	1	1	5	5	4	4	1	1	1	1
Ang Wee Ming	1	1	1	1	5	5	4	4	1	1	1	1
Lim Li Hui <sup>(2)</sup>	1	1	1	1	5	3	4	3	1	-	1	-
Chia Fook Sam <sup>(4)</sup>	1	-	1	-	5	1	4	1	1	-	1	-
Chan Ka Kin Kevin <sup>(5)</sup>	1	-	1	-	5	-	4	-	1	-	1	-

## Notes:

- <sup>(1)</sup> Ms Lam Kwan Linda resigned as an Executive Director with effect from 28 July 2021. She was not a member of the AC, NC and RC. Upon invitation, Ms Lam Kwan Linda attended the AC, NC and RC meetings.
- <sup>(2)</sup> Ms Lim Li Hui was appointed as a Non-Executive and Independent Director as well as a member of the AC, NC and RC with effect from 1 July 2021.
- <sup>(3)</sup> Ms Gloria Wong is not a member of the AC, NC and RC. Upon invitation, Ms Gloria Wong attended the AC, NC and RC meetings.
- <sup>(4)</sup> Mr Chia Fook Sam was appointed as an Executive Director on 1 January 2022. Mr Chia is not a member of the AC, NC and RC. Upon invitation, Mr Chia attended the AC meetings.
- <sup>(5)</sup> Mr Chan Ka Kin Kevin resigned as a Non-Executive and Independent Director as well as the Chairman of the RC and member of the AC and NC with effect from 30 April 2021.

## Board Committees

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

- the AC
- the NC; and
- the RC.

Further details on the committee members, terms of reference and the activities of the relevant committees are set out on pages 21 to 38.

## Directors' Orientation and Training

The Directors are fiduciaries who act objectively in the best interests of the Company, and understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Directors are of the view that they have objectively discharged their duties and responsibilities at all times as fiduciaries in the best interests of the Company for FYE22. Where a conflict or a potential conflict of interest arises, the relevant Director(s) will declare their interest at the relevant meeting or provide notice to the Chairman and/or Company Secretary setting out the details of their interest and the conflict, and recuse themselves from discussions and decisions involving the matter.



# REPORT ON CORPORATE GOVERNANCE

When a new Executive Director is to be appointed, a formal letter of appointment is provided to him or her, setting out his duties and obligations. Each new Director will also be provided proper briefings or explanations in respect of the regulatory requirements that a director has to comply with on appointment, the on-going obligations of a director under the Companies Act 1967 of Singapore ("**Companies Act**"), the Securities and Futures Act 2001 of Singapore ("**SFA**"), the Catalist Rules and other regulatory requirements. In addition, each Director is also given access to Board resources, including the Constitution and governing documents, the Board's and each Board committee's terms of reference, the Group's policies, Annual Reports, previous Board meeting minutes and other pertinent information for his or her reference. The Directors have separate and independent access to the Management, the Company Secretary and external advisers (where necessary) at the Company's expense. The Company Secretary attends Board meetings and ensures that such proceedings comply with Board procedures and all other rules and regulations applicable to the Company.

The NC ensures that all new Directors are aware of their duties and obligations. Further, the Company conducts an orientation programme for newly appointed Directors to familiarise them with the businesses, operations, financial performance and key management personnel of the Group. They also have the opportunity to visit the Group's operational facilities and meet with Management to obtain a better understanding of the Group's business operations.

Under Rule 406(3)(a) of the Catalist Rules, a Director who does not have any prior experience as a director of an issuer listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Mr Ang Wee Ming, Ms Lim Li Hui and Mr Chia Fook Sam have no prior experience as a director of an issuer listed on the SGX-ST. Mr Ang Wee Ming and Ms Lim Li Hui were appointed as Independent Directors on 1 December 2020 and 1 July 2021 respectively, and Mr Chia Fook Sam was appointed as an Executive Director on 1 January 2022. As at the date of this report, each of Mr Ang Wee Ming, Ms Lim Li Hui and Mr Chia Fook Sam have completed the prescribed training in October 2021.

The Management monitors changes to regulations, policies and financial reporting standards issued by, amongst others, the SGX-ST and the Accounting and Corporate Regulatory Authority of Singapore. Any change that might impact the Group and its disclosure obligations are promptly brought to the attention of the Board, either during Board meetings or via circulation of Board papers. The Management works closely with Company Secretary and Sponsor to advise the Board on regulatory matters under Singapore law and continuing listing obligations pursuant to the Catalist Rules.

To provide Directors with opportunities to develop and maintain their skills and knowledge, the Company periodically identifies relevant updates, briefing and training programs for the Directors to attend, which is funded by the Company. During FYE22, the newly appointed directors attended via remote platform The Listed Entity Directors program conducted by the Singapore Institute of Directors ("**SID**") which is supported by the Singapore Exchange and is a pre-requisite for first time appointees on boards of SGX-ST listed companies. In addition, Mr Mark Leong Kei Wei and Mr Ang Wee Ming attended the SID Directors Conference 2021 Asia's Renaissance on 8 September 2021. Save for the foregoing, there were no other training programs attended by the Directors. On 15 December 2021, the SGX-ST announced that all directors of listed issuers are to undergo a one-time training on sustainability from 1 January 2022. The Company has provided for the Directors to attend the Environmental, Social and Governance Essentials course conducted by SID, which shall be completed within the financial year commencing on or after 1 January 2022.

## BOARD COMPOSITION AND GUIDANCE

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

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

# REPORT ON CORPORATE GOVERNANCE

As at the date of this Report, the Board comprises the following members:

Name of Director	Designation	Board Committee Membership		
		AC	NC	RC
Pengiran Muda Abdul Qawi	Non-Executive Chairman	–	–	–
Mark Leong Kei Wei	Non-Executive and Independent Director	Chairman	Member	Member
Vivien Goo Bee Yen	Non-Executive and Independent Director	Member	Chairman	Member
Ang Wee Ming	Non-Executive and Independent Director	Member	Member	Chairman
Lim Li Hui <sup>(1)</sup>	Non-Executive and Independent Director	Member	Member	Member
Wong Gloria	Executive Director	–	–	–
Chia Fook Sam <sup>(2)</sup>	Executive Director	–	–	–

## Notes:

<sup>(1)</sup> Ms Lim Li Hui was appointed as a Non-Executive and Independent Director as well as a member of the AC, NC and RC with effect from 1 July 2021.

<sup>(2)</sup> Mr Chia Fook Sam was appointed as an Executive Director on 1 January 2022.

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

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

Pursuant to provision 2.4 of the Code, the Board has adopted a Board Diversity Policy. Under the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, consider a number of aspects, including but not limited to gender, age, nationality, ethnicity, cultural background, educational background, experience, skills, knowledge, independence and length of service. The final decision on selection of Directors will be based on merit against objective criteria that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board. The Board is committed to ensuring diversity on the Board, including but not limited to an appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, business or management experience and strategic planning to avoid groupthink and foster constructive debate. On gender diversity, the Board comprises three (3) female Directors and four (4) male Directors. The NC is of the view that in fulfilment of the objectives under the Board Diversity Policy, the current Board composition is appropriate, effective and adequate for the nature and scope of the Company's operations for the time being, taking into account the collective diversity of skills, experience and knowledge of the Directors. The Directors' collective experience includes core competencies such as business development, finance, manufacturing, legal and strategic planning experience, and such wealth of experience has enhanced the overall quality of the Board. More information on the Directors is set out in the sections entitled "Board of Directors" and "Directors' Statement" of the FYE22 Annual Report.

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

# REPORT ON CORPORATE GOVERNANCE

## Board Independence

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

Based on the confirmation of independence submitted by each of the Independent Directors, the NC is of the view that there is a strong and independent element on the Board and the Independent Directors (who represent more than half of the Board) are each independent in accordance with Rule 406(3) of the Catalist Rules in that they: (i) are not employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; or (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the RC.

The NC notes that under the Code, the independence of any Director who has served on the Board of the Company for an aggregate period of more than nine (9) years (whether before or after listing) from the date of his first appointment should be subject to particularly rigorous review. Effective from 1 January 2022 and pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, a director will not be independent if he has been a director for an aggregate period of more than nine (9) years (whether before or after listing) and whose continued appointment as an independent director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and the chief executive officer. For FYE22, there are no Independent Directors who have served on the Board for an aggregate period of more than nine (9) years since the date of their first appointment.

For the appointment of any new Director to the Board, the NC's search, selection and nomination process for candidates will include, amongst others, the use of search companies, personal contacts and recommendations, reviewing the range of expertise, skills and attributes of the existing Board members, the need for progressive renewal of the Board (including the Chairman and Executive Directors) as well as the needs of the Board, taking into consideration the Group's future business directions and strategies, before any nomination is put forward to the Board for consideration. The NC will also ensure that the new Director possesses the necessary skills, knowledge and experience to facilitate the Board's making of sound and well-considered decisions. For re-appointments, the NC takes into account the composition and progressive renewal of the Board and each director's competencies, commitment, contributions and performance.

Each Independent Director exercises his own judgment independently and in the best interests of the Company and shareholders. None of the Independent Directors has any relationship with the Company, its subsidiaries, its related corporations, its substantial shareholder or its officers that could interfere, or reasonably be perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company.

The Independent Directors also do not receive any remuneration, significant payments or material services payments from the Company and its subsidiaries apart from Directors' fees which are subject to shareholders' approval at an annual general meeting ("AGM"). In addition, none of the Independent Directors or his immediate family members are or was a substantial shareholder, partner (with 5% or more stake) or executive officer has with the Company or any of its related corporations and the independent director direct association with a substantial shareholder of the Company, in the current and immediate past financial year.

# REPORT ON CORPORATE GOVERNANCE

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

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

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

Pengiran Muda Abdul Qawi is the Non-Executive Chairman of the Board and is responsible for leading the Board. He, with the assistance of the Executive Directors, (i) sets the agenda for Board meetings, (ii) ensures that adequate time is available for discussion for all agenda items, in particular, strategic issues, and that complete, adequate and timely information is made available to the Board, (iii) promotes a culture of openness and full and frank exchange of views at the Board meetings, (iv) encourages constructive relations within the Board and between the Board and Management, (v) facilitates effective contribution of the Independent Directors and (vi) ensures effective communication with shareholders. As the Chairman, he takes a prominent role in promoting high standards of corporate governance, with the full support of the directors, the Company Secretary and Management.

Currently, there is no Chief Executive Officer of the Company. The Executive Directors of the Company are responsible for managing the Company's business. Further information on the Non-Executive Chairman and Executive Directors can be found in the sections entitled "Board of Directors" and "Directors' Statement" in the FYE22 Annual Report. The roles of the Non-Executive Chairman and the Executive Directors are distinct and separate, with a clear division of responsibilities between the Non-Executive Chairman and the Executive Directors to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the Executive Directors are not related to each other.

The Board has not appointed a Lead Independent Director, as the Chairman and the Executive Directors are separate persons who are not related to each other and the Chairman is not part of the executive Management team. There is a clear division of responsibilities between the Chairman and the Management and as such, no one individual has unfettered powers of decision making. As part of its continuous assessment of corporate governance standards, the Board will appoint a Lead Independent Director if and when the composition of the Board warrants it. The NC is of the view that the Independent Directors have demonstrated a high degree of commitment in their role as Directors. The Independent Directors had also met periodically without the presence of Executive Directors.

# REPORT ON CORPORATE GOVERNANCE

## BOARD MEMBERSHIP

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

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

Chairman:	Ms Vivien Goo Bee Yen	(Non-Executive and Independent)
Members:	Mr Mark Leong Kei Wei	(Non-Executive and Independent)
	Mr Ang Wee Ming	(Non-Executive and Independent)
	Ms Lim Li Hui	(Non-Executive and Independent)

The NC pursuant to its written terms of reference shall:

- make recommendations to the Board on the review of succession plans for Directors (including alternate directors, if applicable), in particular the appointment and/or replacement of the Executive Directors, the Chairman, the Chief Executive Officer (if applicable) and key management personnel;
- regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- annually review whether or not a Director is independent, in accordance with the Catalist Rules, the Code and other salient factors;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- review and recommend to the Board for re-election, the Directors due for retirement by rotation in considering their contribution or performance;
- review and decide whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company;
- recommend for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual Director to the Board;
- decide on the performance evaluation process of the Board, the Board committees and the Directors;
- assess the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board;
- review and make recommendations to the Board on training and professional development programs for the Board;
- make recommendations to the Board on the appointment and re-appointment of Directors (including alternate directors, if any); and
- make recommendations concerning any matters relating to a Director's continuation in office and the appointment of new Directors at any time.

When sourcing for potential appointees, the NC would consider candidates proposed by the other Directors, key management personnel or substantial shareholders, and may engage external search consultants, where necessary, and go through the process of shortlisting and selecting all new Directors. The factors for consideration before appointing new candidates include referrals, background checks and candidates' knowledge of the industry based on their resume and interview with the NC.



# REPORT ON CORPORATE GOVERNANCE

In assessing the suitability of a candidate to be appointed or to be re-elected to the Board, the NC will consider if he is able to make the appropriate contributions to the Board and the Group. The key factors which the NC will take into consideration are:

- qualifications, industry knowledge and functional expertise which are relevant and beneficial to the Group;
- the candidate's independence, in the case of the appointment of an independent director;
- extensive experience and business contacts in the industry in which the Group operates; and
- any potential competing time commitments if the candidate has multiple board representations.

The NC will conduct interviews with the candidates to assess other attributes or soft skills of the candidates before a decision is made for recommendation to the Board for final approval and adoption.

Based on Rule 720(4) of the Catalist Rules, a listed issuer must have all Directors submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to the Constitution, one-third of the Directors, including the Managing Director, retire from office at each AGM. The Directors submit themselves for re-election at regular intervals of three (3) years.

The year of initial appointment and last re-election of each Director are set out below<sup>(1)</sup>:

Director	Date of first appointment as a Director	Date of last re-appointment as a Director
Pengiran Muda Abdul Qawi	30 September 2014	28 July 2019
Ms Wong Gloria	1 August 2016	29 September 2020
Mr Mark Leong Kei Wei	19 September 2017	28 July 2021
Ms Vivien Goo Bee Yen	30 March 2020	29 September 2020
Mr Ang Wee Ming	1 December 2020	28 July 2021
Ms Lim Li Hui	1 July 2021	28 July 2021
Mr Chia Fook Sam	1 January 2022	N.A.

**Note:**

- <sup>(1)</sup> Other information on the directors, such as academic and professional qualifications, shareholding in the company and its related corporations, board committees served on (as a member or chairman), directorships or chairmanships both present and those held over the preceding three (3) years in other listed companies, and other principal commitments can be found in the sections entitled "Board of Directors" and "Directors' Statement" as well as on page 29 of this Report.

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

# REPORT ON CORPORATE GOVERNANCE

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to each Director being proposed for re-election, namely Pengiran Muda Abdul Qawi, Ms Vivien Goo Bee Yen and Mr Chia Fook Sam, as set out in the format of Appendix 7F of the Catalist Rules is set out below.

	<b>Pengiran Muda Abdul Qawi</b>	<b>Vivien Goo Bee Yen</b>	<b>Chia Fook Sam</b>
<b>Date of Appointment</b>	30 September 2014	30 March 2020	1 January 2022
<b>Date of last Re-Appointment (if applicable)</b>	26 July 2019	29 September 2020	Not Applicable
<b>Age</b>	48	48	61
<b>Country of Principal Residence</b>	Brunei Darussalam	Brunei Darussalam	Brunei Darussalam
<b>The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)</b>	<p>The re-election of Pengiran Muda Abdul Qawi as Non-executive Chairman was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contributions since he was appointed as a Director of the Company.</p> <p>Pengiran Muda Abdul Qawi has abstained from the deliberation of the Board pertaining to his re-election.</p>	<p>The re-election of Ms Vivien Goo as an Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her qualifications, expertise, past experience and overall contributions since she was appointed as a Director of the Company.</p> <p>Ms Vivien Goo has abstained from the deliberation of the NC as well as that of the Board pertaining to her re-election.</p>	<p>The re-election of Mr Chia as an Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contributions since he was appointed as a Director of the Company.</p> <p>Mr Chia has abstained from the deliberation of the Board pertaining to his re-election.</p>
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Non-Executive	Non-Executive	Executive. Mr Chia is responsible for the management, operation and business development of the Group.
<b>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Non-Executive Chairman	Independent Director, Chairman of the NC and Member of the AC and the RC	Executive Director
<b>Professional Qualifications</b>	Please refer to the section entitled "Board of Directors" of this FYE22 Annual Report	Please refer to the section entitled "Board of Directors" of this FYE22 Annual Report	Please refer to the section entitled "Board of Directors" of this FYE22 Annual Report
<b>Working experience and occupation(s) during the past 10 years</b>	Please refer to the section entitled "Board of Directors" of this FYE22 Annual Report	Please refer to the section entitled "Board of Directors" of this FYE22 Annual Report	Please refer to the section entitled "Board of Directors" of this FYE22 Annual Report
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	500,000,000 (Deemed interest)	8,825,000 (Deemed interested due to shares held by her spouse)	None

# REPORT ON CORPORATE GOVERNANCE

	<b>Pengiran Muda Abdul Qawi</b>	<b>Vivien Goo Bee Yen</b>	<b>Chia Fook Sam</b>
<b>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</b>	Save for his role as Non-executive Chairman of the Company, none	Save for her role as Independent Director of the Company, none	Save for his role as Executive Director and Chief Operating Officer of the Company and director of HS Optimus Wood Products Sdn Bhd, none
<b>Conflict of interest (including any competing business)</b>	None	None	None
<b>Undertaking (in the format set out in Appendix 7H under Rule 720(1) of the Catalyst Rules) has been submitted to the listed issuer</b>	Yes	Yes	Yes
<b>Other Principal Commitments<sup>1</sup> including Directorships – Past (for the last 5 years)</b>	<ul style="list-style-type: none"> <li>• QAF Brunei</li> <li>• The Brunei Hotel</li> </ul>	<ul style="list-style-type: none"> <li>• Geelong One Development Pty Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Kinabalu Stones Sdn Bhd</li> <li>• Orientex Concrete (Brunei) Sdn Bhd</li> <li>• Accares (Brunei) Sdn Bhd</li> <li>• Goodlink Enterprise (Brunei)</li> <li>• PYP Holdings (Brunei) Sdn Bhd</li> <li>• HS Optimus Holdings Limited</li> </ul>
<b>Other Principal Commitments<sup>1</sup> including Directorships – Present</b>	<ul style="list-style-type: none"> <li>• National Insurance Bhd</li> <li>• QOS Sdn Bhd</li> <li>• Everon Sdn Bhd</li> <li>• Supremo Management Services Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Shosha Beauty Company</li> </ul>	<ul style="list-style-type: none"> <li>• HS Optimus Wood Products Sdn Bhd</li> </ul>
<b>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</b>	No	No	No

<sup>1</sup> "Principal Commitments" has the same meaning as defined in the Code.

# REPORT ON CORPORATE GOVERNANCE

	Pengiran Muda Abdul Qawi	Vivien Goo Bee Yen	Chia Fook Sam
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

# REPORT ON CORPORATE GOVERNANCE

	Pengiran Muda Abdul Qawi	Vivien Goo Bee Yen	Chia Fook Sam
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No



# REPORT ON CORPORATE GOVERNANCE

	Pengiran Muda Abdul Qawi	Vivien Goo Bee Yen	Chia Fook Sam
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No	No

# REPORT ON CORPORATE GOVERNANCE

	Pengiran Muda Abdul Qawi	Vivien Goo Bee Yen	Chia Fook Sam
<b>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</b>	No	No	Yes. In 2019, Mr Chia was charged with an offence in Brunei Darussalam under Section 37(2) of the Criminal Asset Recovery Order 2012. He was fined BN\$5,000 for the offence which he had paid in full. No further action was taken against him in respect of this offence.
<b>Disclosure applicable to the appointment of Director only</b>			
<b>Any prior experience as a director of a listed company?</b>	Not applicable as this relates to re-appointment of director.	Not applicable as this relates to re-appointment of director.	No.
<b>If yes, please provide prior experience.</b>	Not applicable as this relates to re-appointment of director.	Not applicable as this relates to re-appointment of director.	Not applicable as this relates to re-appointment of director.
<b>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</b>  <b>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</b>	Not applicable as this relates to re-appointment of director.	Not applicable as this relates to re-appointment of director.	Mr Chia has completed the prescribed first-time director training on 12 October 2021.

## Directors' Commitments

The NC considers whether a Director has been and is able to adequately carry out his duties as a Director of the Company, taking into consideration, inter alia, the Director's number of listed company board representations, other principal commitments (which include, amongst others, significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organizations) and a qualitative assessment of each Director's contributions. The NC reviews annually the directorships held by each Director as well as principal commitments, if any. Where a Director holds a significant number of listed company directorships and principal commitments, the NC and the Board will make a reasoned assessment of the ability of the Director to diligently discharge his or her duties.

# REPORT ON CORPORATE GOVERNANCE

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

Name of Director	Present Directorships or Chairmanships in Other Listed Companies (as at 31 March 2022)	Past Directorships or Chairmanships in Other Listed Companies in the Preceding Three (3) Years	Other Principal Commitments (as at 31 March 2022)
Pengiran Muda Abdul Qawi	Nil	Nil	<b>Chairman</b> <ul style="list-style-type: none"> <li>• National Insurance Bhd</li> <li>• QOS Sdn Bhd</li> <li>• Everon Sdn Bhd</li> <li>• Supremo Management Services Sdn Bhd</li> </ul>
Mr Mark Leong Kei Wei	<ul style="list-style-type: none"> <li>• MDR Limited</li> <li>• LMIRT Management Limited</li> <li>• Viking Offshore and Marine Limited</li> <li>• Osteopore Limited</li> </ul>	LCT Holdings Limited	<b>Director</b> <ul style="list-style-type: none"> <li>• Avalon Partners Pte Ltd</li> <li>• Top Mining Ltd</li> <li>• Cytomed Therapeutics (Malaysia) Sdn Bhd</li> <li>• Auspac Management</li> <li>• Auspac Financial Advisory Pty Ltd</li> </ul>
Ms Wong Gloria	<ul style="list-style-type: none"> <li>• Century Global Commodities Corporation</li> </ul>	Prosperity International Holdings (H.K.) Ltd	Nil
Ms Vivien Goo Bee Yen	Nil	Nil	<b>Business Director</b> <ul style="list-style-type: none"> <li>• Shosha Beauty Company</li> </ul>
Mr Ang Wee Ming	Nil	Nil	<b>Managing Director, Team Head of Relationship Managers</b> <ul style="list-style-type: none"> <li>• Bank of Singapore</li> </ul>
Ms Lim Li Hui <sup>(1)</sup>	Nil	Nil	<b>Partner</b> <ul style="list-style-type: none"> <li>• Cheek Advocates &amp; Solicitors</li> </ul>
Mr Chia Fook Sam <sup>(2)</sup>	Nil	Nil	<b>Director</b> <ul style="list-style-type: none"> <li>• HS Optimus Wood Products Sdn Bhd</li> </ul>

## Notes:

<sup>(1)</sup> Ms Lim Li Hui was appointed as a Non-Executive and Independent Director as well as a member of the AC, NC and RC with effect from 1 July 2021.

<sup>(2)</sup> Mr Chia Fook Sam was appointed as Chief Operating Officer on 10 March 2021 and an Executive Director on 1 January 2022.

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

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

# REPORT ON CORPORATE GOVERNANCE

## BOARD PERFORMANCE

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

The NC has established an annual review process for the Board's approval, to assess the performance and effectiveness of the Board as a whole. Each year, all Directors will complete a confidential Board assessment questionnaire to provide their views on the overall effectiveness of the Board including the Chairman, taking into account a set of performance criteria which includes, without limitation, the Board composition and size, the Board processes and standards of conduct and communication with shareholders of the Company. The completed assessment forms are collated, and the consolidated responses are presented during the NC meeting for discussion, determining areas for improvement and enhancement of Board effectiveness. Based on the responses received, the Board has met its performance objectives for FYE22. The NC's evaluation of the Board's performance was discussed and considered by the Board and recommendations to strengthen the effectiveness of the Board and the committees were accepted by the Board.

The performance criteria for assessment of the Board are in respect of board size, board independence, board processes, the board's key responsibilities and accountability and the board committees' performance in relation to discharging their responsibilities as set out in their terms of reference.

In assessing the Directors' contributions and the overall performance of the Board, the NC also takes into consideration the Directors' individual performance of principal functions and fiduciary duties, attendance, preparedness and participation at and the candour of the meetings of the Board, Board committees and AGM, the individual Director's functional expertise and his commitment to the Company. Board committees' assessments are incorporated into Board assessment as a whole. For FYE22, the Board had also evaluated the performance of the AC, NC and RC. The performance criteria included, without limitation, the AC/NC/RC's ability to function properly and to discharge its responsibility effectively, strong support from Management in the preparation and submission of papers for discussion, papers for meetings are distributed to members in advance and the members represent the talent and skill set required to fulfil AC/NC/RC's. In the course of the year, the NC has assessed the performance of individual directors as well as the contribution of the Chairman by preparing a questionnaire to be completed by each Director, which were then collated and consolidated responses are presented during the NC meeting for discussion. The criteria taken into consideration by the NC include contribution and performance based on factors such as attendance, preparedness and participation. The NC has reviewed and is satisfied with the contribution by individual Directors to the overall effectiveness of the Board. No external facilitator was used in the assessment of the Board, its Board Committees, individual directors and Chairman.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance as Director.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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

### Remuneration Committee

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

Chairman:	Mr Ang Wee Ming	(Non-Executive and Independent)
Members:	Mr Mark Leong Kei Wei	(Non-Executive and Independent)
	Ms Vivien Goo Bee Yen	(Non-Executive and Independent)
	Ms Lim Li Hui	(Non-Executive and Independent)

# REPORT ON CORPORATE GOVERNANCE

The roles and responsibilities of the RC include:

- reviewing and making recommendations to the Board as to the framework or broad policy for the remuneration of the Board and key management personnel and the specific remuneration packages for each Director as well as for the key management personnel;
- in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that the Group provides the appropriate incentives to encourage enhanced performance and that each of the Board and the key management personnel are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;
- determine performance targets for any performance-related remuneration schemes operated by the Group, taking into account remuneration and employment conditions within the industry and in comparable companies;
- within the terms of the agreed policy, determine the individual remuneration package of each Executive Director including, where appropriate, allowances, bonuses, benefits in kind, incentive payments and share options;
- review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of services, to ensure that such contracts of services contain fair and reasonable termination clauses which are not overly generous;
- determine the policy for and scope of service agreements for the Executive Directors including compensation commitments, fixing the appointment period for the Executive Directors and providing for consequences in the event of early termination; and
- determine whether the Directors and key management personnel should be eligible for benefits under the long-term incentive schemes.

The objective of the RC is to facilitate appropriateness, transparency and accountability to shareholders on issues relating to remuneration of the Executive Directors and key management personnel of the Company.

The Board considers that the members of the RC collectively have strong senior management and/or listed issuer board experience and expertise on remuneration issues. If necessary, the RC members may seek expert advice inside and/or outside the Company on the remuneration of the Executive Directors and the key management personnel. During FYE22, the RC did not engage any external remuneration consultant.

## Procedures for Setting Remuneration

The Company has implemented a formal and transparent process in relation to determining the remuneration of the key management personnel and the remuneration packages of individual Directors. The RC reviews and recommends to the Board a general framework of remuneration and specific remuneration packages for the Board and key management personnel, and reviews all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination terms, to ensure that they are fair. The RC's recommendations are submitted for endorsement by the entire Board. Each RC member does not participate in discussions, and abstains from decision-making, in relation to any remuneration, compensation, options or any form of benefits to be granted to him or her. No director is involved in deciding his or her own remuneration.

# REPORT ON CORPORATE GOVERNANCE

## Level and Mix of Remuneration

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

### Remuneration Policies

The Company's policy is to set a level of remuneration that is appropriate to attract, retain and motivate Directors and key management personnel to provide good stewardship of the Company and successfully manage the Company for the long term. As part of the RC's review, the RC ensures that the Directors and key management personnel are not excessively remunerated as compared to industry benchmarks and other comparable companies. In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice will be borne by the Company.

### Remuneration of Directors and Key Management Personnel

Non-executive and Independent Directors are paid yearly Directors' fees based broadly on the recommended guidelines from the Singapore Institute of Directors and which is appropriate to their level of contribution, taking into account the factors such as effort and time spent and the increasingly onerous responsibilities of the Directors. These fees are subject to shareholders' approval at the AGM. Other than the Directors' fees, the Independent Directors do not receive any other remuneration from the Company and do not have any service agreements with the Company. The RC also ensures that the Non-executive and Independent Directors should not be over-compensated to the extent that their independence may be compromised.

The current Executive Directors were paid based on their individual service agreements with the Company which are subject to review by the RC. The RC is of the opinion that there are no excessive or onerous termination clauses in these service agreements. Under the terms of their service agreements, the remuneration for the Executive Directors comprises a basic salary component and a variable component, namely the annual bonus. In addition, pursuant to the terms of their service agreements, the Executive Directors' appointment may be terminated at any time by the Company giving him six (6) months' notice to that effect or six (6) months' salary in lieu of such notice.

The Group does not have any short-term or long-term incentive schemes for the Executive Directors and key management personnel. The employment contracts of the Executive Directors and key management personnel do not provide for incentive components. The remuneration package of key management personnel comprises basic salary, allowances, commission and bonuses depending on their roles and responsibilities in the organisation. The Board with the concurrence of the RC is of the view that the remuneration of the Executive Directors and key management personnel for FYE22 is appropriate to the level of contribution and that such remuneration is commensurate with their performance and value-add to the Group, having due regard for the financial and commercial health and business needs of the Group. No Director is involved in deciding his or her own remuneration package.

Details of the remuneration of the Directors and key management personnel are set out on page 33.



# REPORT ON CORPORATE GOVERNANCE

## Disclosure of Remuneration

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

## Remuneration of Directors for FYE22

The breakdown (in dollars terms) of the remuneration of the Directors for FYE22 is set out below:

Name of Directors	Fixed Salary (\$)	Allowance (\$)	Commission/ Incentives (\$)	Bonus (\$)	Directors' fee (\$)	Total (\$)
Pengiran Muda Abdul Qawi	–	–	–	–	75,000	75,000
Wong Gloria	217,024	–	–	9,000	–	226,024
Lam Kwan Linda <sup>(1)</sup>	70,210	–	–	–	–	70,210
Chia Fook Sam <sup>(2)</sup>	254,400	–	–	8,675	–	263,075
Chan Ka Kin Kevin <sup>(3)</sup>	–	–	–	–	3,333	3,333
Mark Leong Kei Wei	–	–	–	–	48,000	48,000
Vivien Goo Bee Yen	–	–	–	–	40,000	40,000
Ang Wee Ming	–	–	–	–	40,000	40,000
Lim Li Hui <sup>(4)</sup>	–	–	–	–	30,000	30,000

### Notes:

<sup>(1)</sup> Ms Lam Kwan Linda resigned as an Executive Director with effect from 28 July 2021

<sup>(2)</sup> Mr Chia Fook Sam was appointed as an Executive Director on 1 January 2022.

<sup>(3)</sup> Mr Chan Ka Kin Kevin resigned as a Non-Executive and Independent Director with effect from 30 April 2021.

<sup>(4)</sup> Ms Lim Li Hui was appointed as a Non-Executive and Independent Director as well as a member of the AC, NC and RC with effect from 1 July 2021.

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

## Remuneration of Key Management Personnel who are not Directors or the CEO for FYE22

The breakdown (in percentage terms) of the remuneration of the top three key management personnel of the Group (who are not Directors or the CEO) for FYE22 is set out below:

Remuneration band and name of key management personnel	Fixed Salary (%)	Allowance (%)	Commission/ Incentives (%)	Bonus (%)	Benefit in kind (%)	Total (%)
<b>\$S\$250,000 and up to \$S\$500,000</b>						
Albert Tan Sai Beng	98	–	–	2	–	100
<b>Below \$S\$250,000</b>						
Ng Yui Wei	96	–	–	4	–	100
Yip Man Chung, Gordon <sup>(1)</sup>	95	5	–	–	–	100

### Note:

<sup>(1)</sup> Mr Yip resigned as Assistant General Manager for door division-China with effect from 31 July 2021 due to winding up of Dongguan Lebex Doors Co. Ltd.

Save as set out above, there are no other key management personnel of the Group.

# REPORT ON CORPORATE GOVERNANCE

Given the highly competitive business environment and the sensitive nature of the subject, the Board is of the view that full disclosure of the exact remuneration of each of the key management personnel of the Group (who are not Directors or the CEO) for FYE22 is not in the best interests of the Company, the Group or its stakeholders. In arriving at this decision, the Board had taken into consideration, inter alia, the commercial sensitivity and confidential nature of remuneration matters, the relative size and performance of the Group, and the negative impact such disclosure may have on the Group in attracting and retaining talent at the Board and key management level on a long-term basis. As an alternative, in compliance with provision 8.1 of the Code, the Company has disclosed the remuneration of these key management personnel of the Group (who are not Directors or the CEO) in bands of S\$250,000 and also a breakdown in percentage terms.

In aggregate, the total remuneration paid to the above-mentioned key management personnel of the Group (who are not Directors or CEO) was S\$650,151 in FYE22.

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

There is no employee who is a substantial shareholder of the Company or an immediate family member of a Director or the CEO or a substantial shareholder and whose remuneration exceeded S\$100,000 during FYE22.

The Company does not have in place any share or share option schemes in place for employees or any long-term incentive schemes for the Executive Directors and key management personnel. There are no termination, retirement, and post-employment benefits that may be granted to the Directors and key management personnel. The remuneration packages of the key management personnel of the Group comprise fixed salary, allowances, commission and bonuses depending on their role and responsibilities in the Group. Yearly bonuses declared are based on financial and operational performance of their respective subsidiaries and individual performances.

## **Relationship between remuneration, performance and value creation**

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

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

Key Areas of Focus	Details
Link to Performance and Value Creation	<ul style="list-style-type: none"><li>Put in place and promote a pay-for-performance culture</li><li>Ensure that remuneration is closely linked to corporate and individual performance targets</li></ul>
Competitive remuneration	<ul style="list-style-type: none"><li>Benchmark remuneration packages against other companies of similar size in the Group's industries</li></ul>
Accountability	<ul style="list-style-type: none"><li>Focus on prudent risk taking, responsible capital management and sustainability</li></ul>

# REPORT ON CORPORATE GOVERNANCE

## RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board is aware of the risk profiles which may adversely affect the Company's financial performance, financial position and cash flows in the event that any of these risk factors develop into actual events. The Board, with the assistance from the AC, is responsible for the overall governance of risk by ensuring that Management maintains sound systems of risk management and internal controls to safeguard shareholders' interest and the Group's assets, and for determining the nature and extent of the significant risks which the Company is willing to take in achieving strategic objectives and value creation. The Board's policy is that risks should be managed within the Group's overall risk tolerance.

The Board did not establish a separate Board risk committee as the Board is currently assisted by the AC, the Management and the internal and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies. The AC and the Board review the Group's risk management and internal controls system (addressing financial, operational, compliance and information technology risks) and risk management system, at least annually.

The AC and Management review the Group's businesses and operational activities on an ongoing basis to identify areas of significant risks. The AC and Executive Directors are responsible for monitoring the Group's risk management framework.

The financial risks management objectives and policies of the Group are set out in Note 31 of the Financial Statements.

The internal and external auditors also assist in the risk management process by identifying areas of concern that are uncovered through financial/audit checks. The key risks facing the Group have been identified and appropriate measures are in place to mitigate such risks.

### Internal Audit

BDO Advisory Pte Ltd ("IA"), an established international auditing firm was appointed to conduct an internal audit of the Malaysian entity and to follow up on past internal audit issues for FYE22. The IA conducts the internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Professional Practices Framework established by the Institute of Internal Auditors. The IA reports directly to the AC Chairman and the AC, and administratively to the Group Financial Controller, and the IA has full and unfettered access to the Group's documents, records, properties and personnel, including access to the AC. The AC approves the hiring, removal, evaluation and compensation of the IA. The AC reviews annually the adequacy, effectiveness and independence of the internal audit function. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit.

The IA engagement partner has more than 20 years of audit and advisory experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. The IA performs outsourced internal audits of several other listed companies, government bodies and regulated entities. Members of the internal audit team also have relevant academic qualifications, professional certifications and internal audit experience.

The AC is satisfied that the IA is independent, adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies), adequately resourced, and has the appropriate standing in the Company to discharge its duties effectively.

The AC has set in place internal controls such as approving limits for cheque signatories and the authority of the Executive Directors and has relied on the assistance of the external auditor, Ernst & Young LLP and IA (during its internal audit on the Group) to ensure compliance. In addition, material control weaknesses, if any, are highlighted by the external auditors in the course of the statutory audit.

# REPORT ON CORPORATE GOVERNANCE

The current Board has received assurance from the Executive Directors and the Group Financial Controller during the relevant period that the financial records of the Group for the financial year ended 31 March 2022 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. In relation to the adequacy and effectiveness of the Company's risk management and internal control systems, the Board has received assurance from the Executive Directors and the Group Financial Controller that the Group's risk management and internal controls systems (including financial, operational, compliance and information technology controls) are adequate and effective for the period commencing from 1 April 2021 to 31 March 2022.

Based on the internal controls (including financial, operational, compliance and information technology controls) established and maintained by the Group, work performed by the internal and external auditors, information provided to the AC and the Board and reviews performed by the Management, the AC and the Board at least annually, the Board with the concurrence of the AC is of the opinion that the Group's internal controls (including financial, operations, compliance and information technology controls) and risk management systems were adequate and effective as at 31 March 2022.

The system of internal controls and risk management established by the Group provides reasonable assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

## AUDIT COMMITTEE

### ***Principle 10: The Board has an AC which discharges its duties objectively***

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

Chairman:	Mr Mark Leong Kei Wei	(Non-Executive and Independent)
Members:	Ms Vivien Goo Bee Yen	(Non-Executive and Independent)
	Mr Ang Wee Ming	(Non-Executive and Independent)
	Ms Lim Li Hui	(Non-Executive and Independent)

At least two members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's responsibilities objectively. In particular, Mr Mark Leong Kei Wei, the Chairman of the AC was previously an auditor with a Big Four firm and he is also a fellow of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA). Mr. Ang Wee Ming also has 23 years of experience in various financial institutions and international banks, especially in the area of wealth management and banking and financial management solutions across major Asian markets. The other members of the AC are experienced in business and capital raising.

The AC's primary function is to provide assistance to the Board in fulfilling its responsibility relating to corporate accounting and auditing, reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's system of internal controls regarding finance, accounting, legal compliance and ethics established by the Management and the Board. The AC met four (4) times during FYE22.

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

- to review with the internal and external auditors, their audit plans;
- to review at least annually the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems;
- to review with the internal and external auditors, their audit reports;
- to review the independence and objectivity of the external auditor on an annual basis;
- to review the appointment, termination and remuneration of the head of the internal audit function, which is outsourced to a professional services firm;

# REPORT ON CORPORATE GOVERNANCE

- to review with the internal auditors the findings of their review report, internal control process and procedures and make recommendations on the internal control process and procedures to be adopted by the Group;
- to review, either internally or with the assistance of any third parties, and report to the Board at least annually, the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance, risk management policies and information technology controls;
- to review the co-operation / assistance given by the Group's key management personnel to the internal and external auditors;
- to review the adequacy, effectiveness, independence, scope and results of the external audit procedures and the internal audit function, which is outsourced to a professional services firm;
- to review the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Group before they are presented to the Board;
- review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- to review the assurance from the Executive Directors and the Group Financial Controller on the financial records and financial statements;
- to determine the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation; and assessment on whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Company and continuous monitoring of the validity of the information provided to shareholders;
- to make recommendations to the Board on proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and internal auditors, and the remuneration and terms of engagement of the external and internal auditors;
- to review interested party transactions and examine the relevant supporting documents of all related party transactions;
- to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns; and
- to generally undertake such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

The AC also has full access to both the internal and external auditors and has reviewed the Group's system of internal controls including operational policies established by the Management, and has been given reasonable resources to enable it to discharge its functions.

The AC has the authority to investigate any matter within its terms of reference. It has full access to, and the cooperation of the Management and full discretion to invite Executive Directors and/or key management personnel to attend its meetings.

The AC has reviewed the scope and quality of work of the external auditors, Ernst & Young LLP, after taking into account the resources and experience of the audit engagement partner assigned to the audit, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned for the audit.

The AC meets with the external and internal auditors, without the presence of Management, at least once a year to discuss the reasonableness of the financial reporting process, the weaknesses in internal controls raised during the course of statutory audit, and the significant comments and recommendations by the auditors. The AC has met with the external and internal auditors without the presence of the Management for FYE22 at least annually.

# REPORT ON CORPORATE GOVERNANCE

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

## External Auditors

The AC reviews the independence and objectivity of the external auditor on an annual basis. During the financial year under review, the AC has reviewed the independence of Ernst & Young LLP as well as the fees paid to them. There was no non-audit related work carried out by the external auditor in the current financial year, and accordingly, no non-audit fees were paid to Ernst & Young LLP. According to Rule 1204(6)(a) of the Catalist Rules, the audit fee to be paid to the external auditor for the year under review is reflected in Note 7 of the Financial Statements. Having considered the non-audit fee rendered to the Group during FYE22 (which is nil), the AC is satisfied with the independence and objectivity of Ernst & Young LLP and has recommended to the Board the nomination of Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming AGM.

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

Ernst & Young LLP is also being appointed as auditors for the Singapore-incorporated subsidiaries of the Company. For the significant foreign-incorporated subsidiaries of the Company, it was audited by Ernst & Young PLT, which is a member of Ernst & Young Global Limited.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of the auditors. Ernst & Young LLP is registered with the Accounting and Corporate Regulatory Authority of Singapore.

## Whistle-Blowing Policy

Please refer to the section entitled "Whistle-Blowing Policy" of this Report on Corporate Governance for more information on the Company's whistle-blowing policy. No whistle-blowing reports were received in FYE22.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

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

The Company welcomes active and effective participation from shareholders at general meetings. Shareholders of the Company are invited to attend the shareholders' meetings through notices in the annual report and circulars sent to them prior to the meetings, notices advertised in the local newspaper and notices announced through SGXNET. Shareholders are also informed of the rules and voting procedures governing general meeting during the meeting.

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

All Directors, including the Chairman of the Board and the Chairmen of the AC, NC and RC, respectively, had attended the meetings for FYE22 to address any queries raised by shareholders and had called upon professional service providers to respond where appropriate. The Company's external auditors were also present to address questions raised by shareholders at the general meetings.



# REPORT ON CORPORATE GOVERNANCE

To facilitate voting by shareholders, the Constitution allows shareholders to vote by proxy. The Company's Constitution has not been amended to provide for *abstentia* voting methods such as via mail, electronic mail or facsimile. The Company is reviewing available methods of voting in absentia to ascertain which method would ensure that the integrity of the information and authentication of the identity of the shareholders is not compromised. Proxy forms can be sent to the Company by mail.

The Constitution allows each shareholder to appoint up to two (2) proxies to attend general meetings. In addition, the Companies Act also allows corporations which provide nominee or custodial services to appoint more than two proxies such that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

The Company Secretary, with the assistance of his representatives, prepares minutes of general meetings (including substantial or relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and/or Management). These minutes are available to shareholders upon request and are released via SGXNET and published on the Company's corporate website as soon as practicable after such meetings and in any case, within one month from the date of the general meeting and are generally available to the shareholders upon request. All resolutions are passed at the general meetings by way of poll. Results of the meeting showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET within the same day of the meeting.

The Company does not have a formal dividend policy. In compliance with Rule 704(24) of the Catalist Rules which requires that in the event the Board decides not to declare or recommend a dividend, the Company must expressly disclose the reason(s) for the decision together with the announcement of the financial statements, the Company announced in the unaudited financial results for FYE22 on 30 May 2022 the reasons for not declaring or recommending a dividend. Please also refer to the section entitled "Dividend Policy" of this Report on Corporate Governance below.

## ENGAGEMENT WITH SHAREHOLDERS

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

The Company takes a serious view of maintaining full and adequate disclosure in a timely manner of material events and matters concerning its business. All the necessary disclosures and communications to stakeholders are made through public announcements, press releases and annual reports to shareholders.

Information is communicated to shareholders on a timely basis via SGXNET and through the Company's website at <http://www.hso.com.sg> through:

- Circulars;
- Announcements and voluntary business updates;
- Half-yearly financial results and annual reports which are broadcast within the prescribed period; and
- notices and explanatory notes of both AGMs and extraordinary general meetings.

The Board provides shareholders with a balanced and understandable assessment of the Group's financial performance, position, and prospects through the announcement of half-yearly and annual financial results, business updates and press release (where appropriate) via SGXNET.

### **Conduct of general meetings**

General meetings (including AGM) are important forums for dialogue and interaction with shareholders. Shareholders were notified of general meetings within the prescribed period before the scheduled date of such meetings via notices in annual reports or circulars, announcements on SGXNET and advertisements in the Business Times. Members are entitled to attend all general meetings so as to participate effectively and vote. They are also given the opportunity to share and communicate their views and seek clarification with the Board on issues relating to the Group's performance either formally at or informally after the meeting. Shareholders are informed of the rules, including voting procedures that govern general meetings of members at the commencement of each meeting.



# REPORT ON CORPORATE GOVERNANCE

At these meetings, shareholders are given the opportunity to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views and inputs and address the concerns of shareholders at the general meetings. All Board members had attended the general meetings via live webcast last year, and provided their inputs on the questions submitted by the shareholders in advance of the general meetings.

The Company also maintains an updated corporate website at <http://www.hso.com.sg> to keep shareholders abreast of the Company's developments and to serve as a platform to gather shareholders' queries. The Company may conduct media interviews or briefings sessions to engage shareholders when opportunities present themselves.

The Company does not practise selective disclosure. Price-sensitive information is first publicly released via SGXNET before the Company meets with any group of investors or analysts.

The Company has an in-house team for investor relations. Shareholders may contact the Company directly as the Company has personnel dedicated to handle investor queries and deal with all matters related to investor relations. Shareholders may contact the Company with their questions via email at [ir@hso.com.sg](mailto:ir@hso.com.sg) and telephone at 6754 1854, and the Company will provide responses to such questions in a timely manner.

The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders.

## **Conduct of General Meetings during COVID-19**

In view of the restrictions in Singapore on gatherings during the COVID-19 pandemic, general meetings of the Company in FYE22 were held virtually pursuant to and in compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order") which was gazetted on 13 April 2020 and the recent changes announced in 16 December 2021 and 4 February 2022. To ensure that all shareholders are treated fairly and equitably in order to enable them to exercise shareholders' rights, and to facilitate the participation of shareholders to allow them to communicate their views, shareholders (i) should be allowed at least 7 calendar days to submit their questions after the publication of the notice of general meeting; and (ii) all substantial and relevant questions received from shareholders prior to a general meeting, should be publicly addressed by the Board of Directors at least 48 hours prior to the closing date and time for the lodgement of the proxy forms, as the notice of general meeting is sent to shareholders at least 14 calendar days before the meeting. Shareholders were then invited to participate in the virtual general meetings by (a) observing and/or listening to the proceedings via live audio-visual webcast or live audio-only stream; and (b) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the general meetings. The Company would also release the minutes of the general meetings within a month of the same via SGXNET, and where possible, responses to questions raised by shareholders were released in advance of the general meetings.

## **Conduct of 2022 AGM**

Due to prevailing COVID-19 restrictions and guidance, shareholders will not be able to attend our 2022 AGM in person.

Instead, we will be holding our 2022 AGM by electronic means. Please refer to the notice of the 2022 AGM as well as the accompanying announcement released on SGXNET for more information on the alternative arrangements and the steps shareholders should take to be able to attend the 2022 AGM virtually.

# REPORT ON CORPORATE GOVERNANCE

## ENGAGEMENT WITH STAKEHOLDERS

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

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

In managing stakeholder relationships, the Company has identified and targeted the following key areas of focus through the accompanying methods of engagement in FYE22:

STAKEHOLDERS	KEY AREAS OF FOCUS	METHODS OF ENGAGEMENT
Customers	Quality product, on time delivery, attractive pricing and customer service.	As an alternative to physical customer visits, trade events, business meetings and after sales follow up given the travel restrictions caused by the pandemic, the above was still carried out via various remote teleconferencing and telephone calls. In order to secure new customer, door sample will be produced and delivered to the new customer.
Suppliers	Repeat orders and increased market share.	As an alternative to physical supplier visits, factory visits and business meetings given the travel restriction caused by the pandemic, the Company made alternative arrangements to keep track and maintain supplier relationships via various remote teleconferencing and telephone calls.
Employees	Remuneration, health, career growth and business stability.	Management's meeting with employees, employee feedback and appraisals & discussions conducted via remote teleconferencing and telephone calls whenever possible. Due to the on-going pandemic, several safe management measures were put in place at the workplaces and updates and memo are also circulated to keep employees up to date.
Shareholders	Financial results, business growth, conservation of assets and investment returns.	Financial results announcements, annual report, and AGMs. Timely disclosures on SGX-ST of various announcements. During FYE22, an Extraordinary General Meeting was held to seek shareholders' approval for the proposed diversification of the Group's business into the secured property financing business. Please also refer to past years Sustainability Report ("SR") and the Company's FYE22 SR which will be issued separately by 31 August 2022.

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

# REPORT ON CORPORATE GOVERNANCE

## DIVIDEND POLICY

The Company does not have a fixed dividend policy at present. The Board, in determining a dividend proposal, will take into consideration the Group's profits, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. In view of its cumulative financial performance over the years, the Board is not proposing the payment of dividends for FYE22 as the Group is not in a financial position to declare dividends.

## DEALINGS IN THE COMPANY'S SECURITIES

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

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

The Board confirms that for FYE22, the Company has complied with Rule 1204(19) of the Catalist Rules on dealings in securities.

## INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company has established procedures to ensure that all IPTs are reported in a timely manner to the AC and that these transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There have been no IPTs equal to or exceeding S\$100,000 in value for the financial year ended 31 March 2022 and the Group does not have a shareholders' mandate for IPTs.

## MATERIAL CONTRACTS

No material contracts have been entered into by the Group involving the interests of each Director or controlling shareholder either still subsisting at the end of FYE22 or if not subsisting, entered into since the end of the previous financial year ended 31 March 2021.

## WHISTLE-BLOWING POLICY

The Company has put in place a whistle-blowing policy which sets out the procedures for employees of the Group and other persons such as vendors, customers and other stakeholders with accessible channels to the AC Chairman for reporting in confidence suspected fraud, corruption, dishonest practices or other similar matters. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the persons making such reports will be treated fairly and, to the extent possible, the identities of whistle-blowers are protected without fear of reprisals when acting in good faith and are protected against detrimental or unfair treatment. A whistle-blower may report his or her concern to the AC Chairman through a designated email address at [whistleblowing@hso.com.sg](mailto:whistleblowing@hso.com.sg), who is responsible for handling all reported cases and ensuring that issues raised are properly resolved by the management or such parties as appropriate and within a reasonable timeframe. The AC Chairman may at his discretion form an Investigation Committee comprising of only Independent-Non-Executive Directors to assist and investigate valid whistle-blowing complaints. The policy is reviewed and updated at least annually to ensure its continual effectiveness, and may only be amended in writing upon approval by the AC. Anonymous reports will be accepted and anonymity honoured.

# REPORT ON CORPORATE GOVERNANCE

## **CATALIST SPONSOR**

Pursuant to Rule 1204(21) of the Catalist Rules, the Company wishes to disclose that there were no non-sponsor fees paid to its sponsor, R & T Corporate Services Pte. Ltd., for FYE22. The amount of fees paid to Rajah & Tann Singapore LLP, an affiliate of the Sponsor, for work done in FYE22 was S\$38,052.

## **TREASURY SHARES**

There are no treasury shares held by the Company at the end of the financial year from 1 April 2021 to 31 March 2022.

# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of HS Optimus 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 2022.

## Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and 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 2022 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; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

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

Pengiran Muda Abdul Qawi	(Non-Executive Chairman)
Wong Gloria	(Executive Director)
Chia Fook Sam	(Executive Director and Chief Operating Officer) (Appointed on 1 January 2022)
Mark Leong Kei Wei	(Independent Director)
Vivien Goo Bee Yen	(Independent Director)
Ang Wee Ming	(Independent Director)
Lim Li Hui	(Independent Director)
Chan Ka Kin Kevin	(Independent Director) (Resigned on 30 April 2021)
Lam Kwan	(Executive Director) (Resigned on 28 July 2021)

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

# DIRECTORS' STATEMENT

## Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<b>The Company</b>				
<i>Ordinary shares</i>				
Pengiran Muda Abdul Qawi	-	-	500,000,000	500,000,000
Vivien Goo Bee Yen	-	-	8,825,000	8,825,000

The directors' interest in the ordinary shares of the Company as at 21 April 2022 were the same as those as at 31 March 2022.

By virtue of Section 7 of the Singapore Companies Act 1967, Pengiran Muda Abdul Qawi and Vivien Goo Bee Yen are deemed to have an interest in the shares of all the subsidiaries to the extent held by the Company.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

## Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to subscribe for unissued shares of the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

## Audit committee

The members of the AC at the date of this statement are as follows:

Mark Leong Kei Wei	-	Chairman
Vivien Goo Bee Yen	-	Member
Ang Wee Ming	-	Member
Lim Li Hui	-	Member

The Audit Committee performed the functions specified in the Singapore Companies Act 1967. The functions performed are detailed in the Corporate Governance Report.

# DIRECTORS' STATEMENT

## **Auditor**

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Wong Gloria  
Director

Chia Fook Sam  
Director

Singapore  
13 July 2022



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HS OPTIMUS HOLDINGS LIMITED

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of HS Optimus Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and Company as at 31 March 2022, the statements of changes in equity of the Group and Company, and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, 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 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

### Basis for opinion

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

### Key audit matters

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

We have fulfilled our responsibilities described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HS OPTIMUS HOLDINGS LIMITED

## Key audit matters (cont'd)

### ***Impairment assessment of investment properties, development properties and investment in a subsidiary***

As at 31 March 2022, the net carrying amounts of investment properties and development properties amounted to S\$18.0 million and S\$31.0 million, representing 21.6% and 37.5% of Group's total assets respectively. Investment properties are held under the cost model and carried at cost less accumulated depreciation and impairment. Development properties are carried at lower of cost or net realisable value.

The development properties are held by a subsidiary and relate to projects that have not been launched or completed as at 31 March 2022. Management has determined that there are indicators of impairment for the investment properties and the cost of investment in the related subsidiary as at year end. In determining the recoverable amount of the investment properties, cost of investment in a subsidiary and net realisable value ("NRV") of the development properties, management engaged an independent professional valuer to support their determination of their values as at 31 March 2022. During the year ended 31 March 2022, management recognised a write down of S\$0.5 million on the development properties.

We considered the audit of management's impairment assessment of the investment properties, development properties and cost of investment in a subsidiary to be a key audit matter due to the magnitude of their carrying amounts as at 31 March 2022. In addition, these areas were significant to our audit because the impairment assessment process involves the application of significant judgement and use of subjective assumptions by management.

In response to these areas of focus, we performed the following procedures, amongst others:

- obtained an understanding of management's impairment assessment process and the future business plans for the investment properties, development properties and investment in the subsidiary;
- assessed the competency, qualifications and objectivity of the independent valuers and the valuation methodology applied in the valuation of the investment properties and development properties;
- evaluated, with the assistance of our internal valuation specialists, the key assumptions and inputs used by the independent valuers applied in the valuation of the investment properties and development properties;
- evaluated management's analysis of the valuation sensitivity to reasonably possible changes in the key assumptions.

The investment properties, development properties and investment in subsidiaries are disclosed under Notes 14, 17 and 13 to the financial statements.

## Other information

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HS OPTIMUS HOLDINGS LIMITED

## Responsibilities of management and directors for the financial statements

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

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HS OPTIMUS HOLDINGS LIMITED

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

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

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

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

## **Report on other legal and regulatory requirements**

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

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

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants

Singapore  
13 July 2022

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	2022 \$	2021 \$
<b>Revenue</b>	4	<b>15,433,993</b>	18,301,367
Cost of sales		(12,412,900)	(14,750,124)
<b>Gross profit</b>		<b>3,021,093</b>	3,551,243
Other income	5	<b>1,127,941</b>	2,729,731
Selling and distribution expenses		(371,143)	(470,759)
Administrative expenses		(5,708,589)	(3,750,818)
Finance costs	6	(110,477)	(213,464)
<b>(Loss)/profit before tax from continuing operations</b>	7	<b>(2,041,175)</b>	1,845,933
Income tax credit/(expense)	10	<b>37,705</b>	(46)
<b>(Loss)/profit for the financial year from continuing operations</b>		<b>(2,003,470)</b>	1,845,887
<b>Discontinued operations</b>			
Profit/(loss) from discontinued operations, net of tax	9	<b>7,188</b>	(29,891)
<b>(Loss)/profit for the financial year</b>		<b>(1,996,282)</b>	1,815,996
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences			
- Gain		<b>332,441</b>	757,623
- Reclassification		(508,188)	-
<b>Other comprehensive (loss)/income for the financial year, net of tax</b>		<b>(175,747)</b>	757,623
<b>Total comprehensive (loss)/income for the financial year</b>		<b>(2,172,029)</b>	2,573,619
<b>(Loss)/profit for the financial year attributable to:</b>			
Owners of the Company			
(Loss)/profit from continuing operations		<b>(1,799,917)</b>	2,149,194
Profit/(loss) from discontinued operations		<b>7,188</b>	(29,891)
Non-controlling interests		<b>(203,553)</b>	(303,307)
		<b>(1,996,282)</b>	1,815,996
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company			
Total comprehensive (loss)/income from continuing operations		<b>(2,184,854)</b>	2,397,906
Total comprehensive loss from discontinued operations		<b>(4,430)</b>	(246,791)
Non-controlling interests		<b>17,255</b>	422,504
		<b>(2,172,029)</b>	2,573,619
<b>(Loss)/earnings per share from continuing operations attributable to owners of the Company (cents per share)</b>			
- Basic	11	<b>(0.033)</b>	0.040
- Diluted		<b>(0.033)</b>	0.040
<b>(Loss)/earnings per share attributable to owners of the Company (cents per share)</b>			
- Basic	11	<b>(0.033)</b>	0.039
- Diluted		<b>(0.033)</b>	0.039

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		Group		Company	
	Note	2022	2021	2022	2021
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	7,229,336	7,925,644	15,860	59,717
Investment in subsidiaries	13	–	–	41,922,999	41,779,565
Investment properties	14	17,986,512	15,152,057	–	–
Financial asset at fair value through profit or loss	15	144	141	–	–
Contract assets	16	–	28,150	–	–
Right-of-use assets	26	3,835,368	7,239,605	2,060,993	2,100,000
		<b>29,051,360</b>	<b>30,345,597</b>	<b>43,999,852</b>	<b>43,939,282</b>
<b>Current assets</b>					
Development properties	17	31,140,575	30,978,421	–	–
Trade and other receivables	18	5,867,017	6,212,821	22,244,118	19,274,926
Contract assets	16	–	119,026	–	–
Inventories	19	5,942,884	5,816,149	–	–
Cash and cash equivalents	20	11,126,838	11,295,884	4,274,086	8,934,710
		<b>54,077,314</b>	<b>54,422,301</b>	<b>26,518,204</b>	<b>28,209,636</b>
<b>Total assets</b>		<b>83,128,674</b>	<b>84,767,898</b>	<b>70,518,056</b>	<b>72,148,918</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	21	5,002,279	6,120,302	247,718	304,906
Loans and borrowings	23	2,496,862	507,088	–	–
Provision for restructuring	25	–	98,449	–	–
Income tax payable		18,501	–	–	–
		<b>7,517,642</b>	<b>6,725,839</b>	<b>247,718</b>	<b>304,906</b>
<b>Net current assets</b>		<b>46,559,672</b>	<b>47,696,462</b>	<b>26,270,486</b>	<b>27,904,730</b>
<b>Non-current liabilities</b>					
Loans and borrowings	23	2,684,308	2,848,094	–	–
Deferred tax liabilities	24	1,479,424	1,574,636	–	–
		<b>4,163,732</b>	<b>4,422,730</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>		<b>11,681,374</b>	<b>11,148,569</b>	<b>247,718</b>	<b>304,906</b>
<b>Net assets</b>		<b>71,447,300</b>	<b>73,619,329</b>	<b>70,270,338</b>	<b>71,844,012</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	22	103,170,633	103,170,633	103,170,633	103,170,633
Foreign currency translation reserve	27	(7,415,041)	(7,018,486)	–	–
Accumulated losses		(33,313,868)	(31,521,139)	(32,900,295)	(31,326,621)
		<b>62,441,724</b>	<b>64,631,008</b>	<b>70,270,338</b>	<b>71,844,012</b>
Non-controlling interests		9,005,576	8,988,321	–	–
<b>Total equity</b>		<b>71,447,300</b>	<b>73,619,329</b>	<b>70,270,338</b>	<b>71,844,012</b>
<b>Total equity and liabilities</b>		<b>83,128,674</b>	<b>84,767,898</b>	<b>70,518,056</b>	<b>72,148,918</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Share capital (Note 22)	Foreign currency translation reserve (Note 27)	Reserve of disposal group classified as held for sale (Note 27)	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Group 2022</b>							
<b>Opening balance at 1 April 2021</b>	103,170,633	(7,018,486)	-	(31,521,139)	64,631,008	8,988,321	73,619,329
Loss for the financial year	-	-	-	(1,792,729)	(1,792,729)	(203,553)	(1,996,282)
<b>Other comprehensive income:</b>							
Exchange differences on translation of foreign operations	-	(396,555)	-	-	(396,555)	220,808	(175,747)
Other comprehensive (loss)/income for the financial year, net of tax	-	(396,555)	-	-	(396,555)	220,808	(175,747)
<b>Total comprehensive (loss)/income for the financial year</b>	-	(396,555)	-	(1,792,729)	(2,189,284)	17,255	(2,172,029)
<b>Closing balance at 31 March 2022</b>	<b>103,170,633</b>	<b>(7,415,041)</b>	<b>-</b>	<b>(33,313,868)</b>	<b>62,441,724</b>	<b>9,005,576</b>	<b>71,447,300</b>
<b>2021</b>							
<b>Opening balance at 1 April 2020</b>	103,170,633	(7,050,298)	162,945	(33,640,442)	62,642,838	8,565,817	71,208,655
Profit/(loss) for the financial year	-	-	-	2,119,303	2,119,303	(303,307)	1,815,996
<b>Other comprehensive income:</b>							
Exchange differences on translation of foreign operations	-	31,812	-	-	31,812	725,811	757,623
Other comprehensive income for the financial year, net of tax	-	31,812	-	-	31,812	725,811	757,623
<b>Total comprehensive income for the financial year</b>	-	31,812	-	2,119,303	2,151,115	422,504	2,573,619
Reserve attributable to disposal group classified as held for sale	-	-	(162,945)	-	(162,945)	-	(162,945)
<b>Closing balance at 31 March 2021</b>	<b>103,170,633</b>	<b>(7,018,486)</b>	<b>-</b>	<b>(31,521,139)</b>	<b>64,631,008</b>	<b>8,988,321</b>	<b>73,619,329</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Share capital (Note 22) \$	Accumulated losses \$	Total \$
<b>Company</b>			
<b>2022</b>			
<b>Opening balance at 1 April 2021</b>	<b>103,170,633</b>	<b>(31,326,621)</b>	<b>71,844,012</b>
Loss for the financial year, representing total comprehensive loss for the financial year	-	(1,573,674)	(1,573,674)
<b>Closing balance at 31 March 2022</b>	<b>103,170,633</b>	<b>(32,900,295)</b>	<b>70,270,338</b>
<b>2021</b>			
<b>Opening balance at 1 April 2020</b>	103,170,633	(29,869,872)	73,300,761
Loss for the financial year, representing total comprehensive loss for the financial year	-	(1,456,749)	(1,456,749)
<b>Closing balance at 31 March 2021</b>	<b>103,170,633</b>	<b>(31,326,621)</b>	<b>71,844,012</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax from continuing operations		(2,041,175)	1,845,933
Profit/(loss) before tax from discontinued operation		7,188	(27,357)
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	12	667,508	725,694
Depreciation of right-of-use-assets	26	117,377	502,573
Depreciation of investment properties	14	478,920	89,065
Gain on disposal of property, plant and equipment		(2,652)	(39,546)
Gain on disposal of right-of-use-assets		-	(37,181)
Gain on voluntary liquidation of subsidiary	5	(508,188)	-
Loss on disposal of inventory		-	57,849
Interest expense from continuing operations	6	110,477	213,464
Interest expense from discontinued operations	6	-	6,466
Interest income	5	(144,275)	(102,105)
Write back on property, plant and equipment		(124)	(131,332)
Impairment loss on development properties	17	453,039	695,005
Impairment loss on right-of-use-assets	26	-	30,426
Fair value (gain)/loss on financial asset at fair value through profit or loss	15	(3)	82
Reversal of impairment loss on contract assets	16	(130,281)	-
Allowance for inventory obsolescence	19	21,081	49,773
Right-of-use assets written off		(87)	(34,811)
Gain on disposal of subsidiaries	30	-	(2,084,749)
Write back of restructuring	25	-	(800,400)
Unrealised foreign exchange differences		502,988	136,929
<b>Operating cash flows before changes in working capital</b>		<b>(468,207)</b>	<b>1,095,778</b>
<u>Changes in working capital:</u>			
Increase in development properties		(615,193)	(7,424,804)
(Increase)/decrease in inventories		(147,816)	412,837
Decrease in trade and other receivables and contract assets		600,460	3,584
Decrease in trade and other payables		(1,258,361)	(4,383,932)
<b>Cash used in operations</b>		<b>(1,889,117)</b>	<b>(10,296,537)</b>
Interest income received		144,275	102,105
Income tax (paid)/received, net		(2,226)	16,664
<b>Net cash used in operating activities</b>		<b>(1,747,068)</b>	<b>(10,177,768)</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	2022 \$	2021 \$
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		2,776	126,166
Proceeds from disposal of right-of-use assets		-	40,005
Additions to investment properties		(119,378)	-
Purchase of property, plant and equipment	12	(44,700)	(270,592)
Sale proceeds from disposal of subsidiaries	30	-	9,380,721
<b>Net cash (used in)/generated from investing activities</b>		<b>(161,302)</b>	<b>9,276,300</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	23	4,181,626	2,185,013
Repayment of loans and borrowings	23	(2,329,118)	(3,102,371)
Loan from non-controlling interest	23	-	1,020,458
Interest paid		(110,477)	(219,930)
Payment of principal portion of lease liabilities	23	(43,130)	(347,912)
<b>Net cash flows generated from/(used in) financing activities</b>		<b>1,698,901</b>	<b>(464,742)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(209,469)</b>	<b>(1,366,210)</b>
Cash and cash equivalents at 1 April		11,299,021	12,696,924
Effect of exchange rate fluctuations on cash and cash equivalents		40,363	(31,693)
<b>Cash and cash equivalents at 31 March</b>	A	<b>11,129,915</b>	<b>11,299,021</b>

## Note A

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

Cash and bank balances		7,479,646	3,559,629
Fixed deposits		3,647,192	7,736,255
Cash and cash equivalents as per consolidated statement of financial position	20	11,126,838	11,295,884
Cash and cash equivalents			
- Continuing operations		10,988,104	10,941,723
- Discontinued operations		138,734	354,161
- Disposal group assets classified as held-for-sale		3,077	3,137
Cash and cash equivalents as per consolidated statement of cash flows		11,129,915	11,299,021

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 1. Corporate information

HS Optimus Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 2 Kallang Avenue, CT Hub #07-03, Singapore 339407.

The principal activities of the Company are investment holding and provision of management support services. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$), except when otherwise indicated.

### 2.2 Adoption of new and amended standards

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 April 2021. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) <i>Practice Statement 2: Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

### 2.4 Basis of consolidation and business combinations

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

#### (b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

### 2.5 Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

### 2.6 Foreign currency

The financial statements are presented in Singapore Dollars ("SGD"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

#### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, 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.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over the estimated useful lives. The estimated useful lives are as follows:

Buildings	- 38 - 41 years
Plant and equipment	- 10 years
Motor vehicles	- 5 - 6 years
Office equipment	- 5 years
Renovation	- 5 years

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

### 2.8 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value. Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

### 2.9 Investment properties

Investment properties are properties that are owned by the Group held to earn rentals or for capital appreciation, or both, rather than for use in the production of supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and are measured under the cost model.

Renovation included under investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 3 years.

Investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 50 years for freehold properties. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at end of each reporting period. The effects of any revision are included in profit or loss when they arise.

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is determined as the difference between any sale proceeds and the carrying amounts of the assets and is recognised in profit or loss in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use.

### 2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

### 2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

### 2.12 Financial instruments

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### (a) Financial assets

##### *Initial recognition and measurement*

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### *Subsequent measurement*

##### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement category for classification of debt instruments is:

##### *Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

##### Investments in equity instruments

Upon initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

### 2.12 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### *Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

#### (b) Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

##### *Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### 2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a "lifetime ECL").

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

### 2.13 Impairment of financial assets (cont'd)

The Group considers a financial asset in default when contractual payments are past due beyond a specific credit period granted as individually determined by the Company and respective entities within the Group based on individual default considerations. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, bank deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

### 2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.18 Employee benefits

#### (a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. The Malaysia companies in the Group make contributions to the Employees Provident Fund scheme in Malaysia, a defined contribution pension scheme. Contributions to defined contributions pension schemes are recognised as an expense in the period in which the related service is performed.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

### 2.18 Employee benefits (cont'd)

#### (b) Employee leave entitlement

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

#### (c) Termination benefits

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

### 2.19 Leases

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

#### Group as the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset, as follows:

Leasehold land and buildings	- 58 to 60 years
Hostel	- 1 to 3 years
Motor vehicles	- 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

The right-of-use assets are also subject to impairment. Refer to accounting policy for impairment of non-financial assets set out in Note 2.10.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

### 2.19 Leases (cont'd)

*Group as the lessee (cont'd)*

#### (b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease liabilities are presented within "borrowings" in the statements of financial position.

#### (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of assets (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 2.20 Assets held for sale and discontinued operations

Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. Property, plant and equipment once classified as held for sale are not depreciated or amortised.

### 2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. All performance obligations are satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

### 2.21 Revenue (cont'd)

#### *Sale of goods*

Revenue from sales of doors is recognised at the point when the doors are delivered to the customer. The amount of revenue recognised is the amount of transaction price allocated to the satisfied performance obligation as per specified in the contract with no element of financing deemed present. The transaction price determined is the amount of consideration in the contract to which the Group expects to be entitled in exchange for satisfying the performance obligation. A receivable is recognised when the goods are delivered and the consideration is unconditional.

#### *Contract balances*

#### Contract assets

Progress billings to customer are issued based on payment certificate from main contractors. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Contract assets are transferred to receivables when the right to consideration become unconditional.

### 2.22 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. The grant is recognised in profit or loss on a systematic basis over the period in which the Group recognises 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 heading such as "Other income".

Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

### 2.23 Taxes

#### (a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

### 2.23 Taxes (cont'd)

#### (b) Deferred tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investment in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

#### (c) Sales tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- When receivables and payables that are stated with the amount of sales tax included.

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

### 2.24 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Judgements made in applying accounting policies

Management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### (a) Valuation of investment properties and development properties

The Group's investment properties are held under the cost model and carried at cost less accumulated depreciation and any accumulated impairment. The Group's development properties relate to projects that have not been launched or completed as at 31 March 2022. Development properties are measured at the lower of cost and net realisable value ("NRV").

The determination of the recoverable amount of the investment properties and NRV of the development properties involves estimation and use of assumptions by management. The Group has engaged independent professional valuers to determine the fair values of the investment properties and development properties as at year end using the Direct Comparison Approach. Management has evaluated and are satisfied that the independent professional valuers have the appropriate recognised professional qualifications, are competent, used appropriate valuation methodology and have provided estimates which are reflective of current and future property market and economic conditions at the statement of financial position date. Management has also taken into consideration the future property market and economic conditions.

The carrying amounts and the valuation techniques used to determine the fair values of investment properties and development properties as at 31 March 2022 and 31 March 2021 are disclosed in Notes 14 and 17 of the financial statements respectively.

#### (b) Impairment of investment in subsidiaries

The Company assesses impairment of investment in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the cash-generating unit (CGU) requires assessment as to whether the carrying amount of the CGU exceeds the recoverable amount. Recoverable amount is defined as the higher of the CGU's fair value less costs to sell and its value in use. Management has assessed the recoverable amounts of the investment in the subsidiary with an indicator of impairment based on the higher of its fair value less cost of disposal calculations and value in use.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 3. Significant accounting judgements and estimates (cont'd)

### 3.2 Key sources of estimation uncertainty (cont'd)

#### (b) Impairment of investment in subsidiaries (cont'd)

The determination of the recoverable amount of the subsidiary involve estimation of the fair value of development properties which is held by the subsidiary. The Company has engaged an independent professional valuer to determine the fair value of development properties as at year end using the Direct Comparison Approach. Management has evaluated and are satisfied that the independent professional valuer has the appropriate recognised professional qualification, is competent, used appropriate valuation methodology and has provided estimates which are reflective of current and future property market and economic conditions at the statement of financial position date. Management has also taken into consideration the future property market and economic conditions.

The carrying amount of the Company's investments in subsidiaries as at 31 March 2022 and 31 March 2021 are disclosed in Note 13 of the financial statements.

## 4. Revenue

	Group	
	2022	2021
	\$	\$
<hr/>		
<i>Recognised at a point in time</i>		
Sale of goods	15,433,993	18,301,367
	<b>15,433,993</b>	<b>18,301,367</b>

#### Receivables and contract assets from contracts with customers

Information about receivables and contract assets from contracts with customers is disclosed as follows:

	Group	
	2022	2021
	\$	\$
<hr/>		
Receivables from contracts with customers (Note 18)	1,959,766	4,157,104
Contract assets (Note 16)	-	147,176
	<b>-</b>	<b>147,176</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 5. Other income

	Group	
	2022	2021
	\$	\$
Interest income	144,275	102,105
Gain on disposal of subsidiary	-	2,084,749
Gain on voluntary liquidation of subsidiary	508,188	-
Reversal of impairment loss on contract assets (Note 16)	130,281	-
Rental income	95,998	-
Government grants	97,519	308,983
Sale of scraps	82,283	151,902
Others	69,397	81,992
	<b>1,127,941</b>	<b>2,729,731</b>

## 6. Finance costs

	Group	
	2022	2021
	\$	\$
<b><i>Continuing operations</i></b>		
Bankers' acceptance and foreign currency loan against import	11,591	28,211
Bank overdraft	1,864	-
Interest expense on lease liabilities	1,641	4,764
Interest expense on term loans	95,381	180,489
	<b>110,477</b>	<b>213,464</b>
<b><i>Discontinued operations</i></b>		
Interest expense on lease liabilities	-	6,466

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 7. (Loss)/Profit before tax from continuing operations

The following items have been included in arriving at (loss)/profit before tax from continuing operations:

		Group	
	Note	2022	2021
		\$	\$
Cost of inventories sold	19	8,736,648	10,063,909
Depreciation of property, plant and equipment	12	667,508	725,694
Depreciation of right-of-use assets	26	117,377	502,573
Depreciation of investment properties	14	478,920	89,065
Fair value (gain)/loss with respect to financial assets at fair value through profit or loss	15	(3)	82
Audit fees			
- auditor of the Company		111,000	129,252
- other auditors*		37,837	52,104
Foreign currency exchange losses/(gain), net		77,437	(2,172,278)
Impairment loss on right-of-use assets	26	-	30,426
Impairment loss on contract assets	16	-	204,665
Impairment loss on development properties	17	453,039	695,005
Allowance for inventory obsolescence	19	21,081	49,773
Expenses relating to short term leases or low-value assets	26	29,333	26,419
Utility expenses		270,042	404,787
Staff costs	8	5,101,501	5,876,498

\* Includes independent member firms of the EY global firms

## 8. Staff costs

	Group	
	2022	2021
	\$	\$
<i>Staff costs (including directors):</i>		
Salaries, bonuses and others	4,901,485	5,644,387
Contributions to defined contribution plans	200,016	232,111
	<b>5,101,501</b>	<b>5,876,498</b>
<i>Representing staff costs charged to:</i>		
Cost of sales	2,406,484	3,020,315
Administrative expenses	2,695,017	2,856,183
	<b>5,101,501</b>	<b>5,876,498</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 9. Discontinued operations

Discontinued operations relate to Dongguan Lebex Doors Co. Ltd and K LW (HK) Limited as these two entities are considered part of a cash-generating unit.

During the year, the Group completed the voluntary winding up of its wholly-owned subsidiary, Dongguan Lebex Doors Co. Ltd. The decision is consistent with the Group's strategy to restructure its Door Business as part of its plan to streamline its operational processes, cease non-performing units and lower cost structure with a view to improve productivity and bringing down costs.

As at year end, the results of both subsidiaries are presented separately on the consolidated statement of comprehensive income as "Profit/(loss) from discontinued operations, net of tax".

The results of Dongguan Lebex Doors Co. Ltd and K LW (HK) Limited for the year are presented below:

	Group	
	2022	2021
	\$	\$
Revenue	(739)	866,669
Cost of sales	-	(1,187,758)
Gross loss	(739)	(321,089)
Other income	46,901	1,222,357
Expenses	(38,974)	(928,625)
Profit/(loss) before tax from discontinued operations	7,188	(27,357)
Tax expense	-	(2,534)
Profit/(loss) from discontinued operations, net of tax	7,188	(29,891)

The cash flows attributable to discontinued operations are as follows:

	Group	
	2022	2021
	\$	\$
Operating	(220,779)	(1,571,012)
Investing	122	593,803
Net cash outflows	(220,657)	(977,209)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 9. Discontinued operations (cont'd)

### Loss per share disclosure

	Group	
	2022	2021
	\$	\$
Loss per share from discontinued operation attributable to owners of the Company (cents per share)		
- Basic	–*	0.001
- Diluted	–*	0.001

\* Amount is less than 0.001

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted earnings per share computation.

## 10. Income tax (credit)/expense

### (a) Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the financial years ended 31 March 2022 and 2021 are:

	Group	
	2022	2021
	\$	\$
Current tax expense – continuing operations		
- Current year	42,686	–
- Under provision in previous years	839	46
Deferred tax expense – continuing operations		
- Origination and reversal of temporary difference	175,746	(7,568)
- (Over)/under provision in prior years	(256,978)	7,568
Income tax (credit)/expense attributable to continuing operations and recognised in profit or loss	(37,705)	46

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 10. Income tax (credit)/expense (cont'd)

### (b) Relationship between tax expense and accounting (loss)/profit

A reconciliation between tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2022 and 2021 is as follows:

	Group	
	2022	2021
	\$	\$
(Loss)/Profit before tax from continuing operations	(2,041,175)	1,845,933
Profit/(loss) before tax from discontinued operations	7,188	(27,357)
Accounting profit/(loss) before tax	(2,033,987)	1,818,576
Applicable corporate tax rate of 17% (2021: 17%)	(345,777)	309,158
Adjustments:		
Effect of different tax rates in foreign jurisdictions	(4,963)	383,007
Income not subject to tax	(78,876)	(1,249,653)
Expenses not deductible for income tax purposes	403,377	536,985
Deferred tax assets not recognised	273,887	463,856
Deferred tax assets from previously unrecognised tax losses and allowances	-	(326,831)
Crystallisation of deferred tax liabilities	(29,214)	(28,556)
Benefits from previously unrecognised tax losses and allowances	-	(95,534)
Under/(over) provision of income tax in prior years	839	46
(Over)/under provision of deferred tax in prior years	(256,978)	7,568
Income tax (credit)/expense recognised in profit or loss	(37,705)	46

As at 31 March 2022, the Group has unutilised tax losses of approximately \$38,752,000 (2021: \$37,305,000) that are available for offset against future taxable profits of the subsidiaries in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of unutilised tax losses and capital allowances is subject to agreement of the tax authorities and compliance with certain provisions of tax regulation of the respective countries in which the subsidiaries operate.

Deferred tax assets of approximately \$6,588,000 (2021: \$6,342,000) relating to the unabsorbed tax losses have not been recognised as it is not probable that future taxable profit will be available against when these unabsorbed tax losses can be utilised.

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management has estimated the amount of capital allowances, non-taxability of dividend income and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction. The Group has open tax assessments with the tax authorities in the respective jurisdictions at the statement of financial position date. As management believes that the tax positions of those prior years are sustainable, the Group has not recognised any additional tax liability on these uncertain tax positions. The maximum exposure of these uncertain tax positions not recognised in these financial statements is \$495,000.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 11. (Loss)/earnings per share

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

Diluted (loss)/earnings per share are calculated by dividing the net (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 March 2022 and 31 March 2021, the Company does not have any outstanding dilutive instruments.

The following reflects the (loss)/profit and share data used in the computation of basic and diluted (loss)/earnings per share for the years ended 31 March:

	Group	
	2022	2021
	\$	\$
(Loss)/profit for the year attributable to owners of the Company	(1,792,729)	2,119,303
Adjusted for: (profit)/loss from discontinued operations, net of tax, attributable to owners of the Company	(7,188)	29,891
(Loss)/profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share from continuing operations	(1,799,917)	2,149,194
Weighted average number of ordinary shares for basic earnings per share computation	5,380,556,316	5,380,556,316
(Loss)/earnings per share from continuing operations attributable to owners of the Company (cents per share)		
- Basic	(0.033)	0.040
- Diluted	(0.033)	0.040
(Loss)/earnings per share attributable to owners of the Company (cents per share)		
- Basic	(0.033)	0.039
- Diluted	(0.033)	0.039

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 12. Property, plant and equipment

Group	Buildings \$	Plant and equipment \$	Motor vehicles \$	Office equipment \$	Renovation \$	Total \$
<b>Cost:</b>						
At 1 April 2020	5,042,582	10,387,403	334,282	342,730	442,630	16,549,627
Additions	-	259,273	-	4,854	6,465	270,592
Disposals	(150,109)	(1,134,643)	(92,511)	(236,835)	-	(1,614,098)
Reclassification	-	-	39,027	-	-	39,027
Write-off	-	(2,885,711)	-	-	-	(2,885,711)
Exchange differences	101,964	(70,899)	(856)	3,588	(2,767)	31,030
At 31 March 2021	4,994,437	6,555,423	279,942	114,337	446,328	12,390,467
<b>Accumulated depreciation and impairment loss:</b>						
At 1 April 2020	397,563	6,869,073	263,040	306,832	320,062	8,156,570
Depreciation for the financial year	120,537	493,999	36,913	16,326	57,919	725,694
Disposals	(150,109)	(1,067,392)	(74,009)	(235,968)	-	(1,527,478)
Reclassification	-	-	1,301	-	-	1,301
Reversal of impairment loss	-	(131,332)	-	-	-	(131,332)
Write-off	-	(2,885,711)	-	-	-	(2,885,711)
Exchange differences	161,910	(36,754)	(922)	3,737	(2,192)	125,779
At 31 March 2021	529,901	3,241,883	226,323	90,927	375,789	4,464,823
<b>Net carrying amount:</b>						
At 31 March 2021	4,464,536	3,313,540	53,619	23,410	70,539	7,925,644
<b>Cost:</b>						
At 1 April 2021	4,994,437	6,555,423	279,942	114,337	446,328	12,390,467
Additions	-	-	-	37,553	7,147	44,700
Disposals	-	(148,764)	-	-	(9,677)	(158,441)
Exchange differences	(56,071)	(59,727)	(1,010)	1,125	(1,972)	(117,655)
At 31 March 2022	4,938,366	6,346,932	278,932	153,015	441,826	12,159,071
<b>Accumulated depreciation and impairment loss:</b>						
At 1 April 2021	529,901	3,241,883	226,323	90,927	375,789	4,464,823
Depreciation for the financial year	118,857	472,407	29,101	11,202	35,941	667,508
Disposals	-	(148,764)	-	-	(9,677)	(158,441)
Exchange differences	(11,982)	(31,186)	(768)	1,382	(1,601)	(44,155)
At 31 March 2022	636,776	3,534,340	254,656	103,511	400,452	4,929,735
<b>Net carrying amount:</b>						
At 31 March 2022	4,301,590	2,812,592	24,276	49,504	41,374	7,229,336

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

Company	Building \$	Office equipment \$	Motor vehicles \$	Renovation \$	Total \$
<b>Cost:</b>					
At 1 April 2020	-	16,666	128,000	219,430	364,096
Additions	-	1,261	-	-	1,261
Disposal	-	(1,370)	-	-	(1,370)
At 31 March 2021, 1 April 2021 and 31 March 2022	-	<b>16,557</b>	<b>128,000</b>	<b>219,430</b>	<b>363,987</b>
<b>Accumulated depreciation:</b>					
At 1 April 2020	-	7,573	80,000	149,134	236,707
Depreciation for the financial year	-	2,846	21,334	43,886	68,066
Disposal	-	(503)	-	-	(503)
At 31 March 2021 and 1 April 2021	-	9,916	101,334	193,020	304,270
Depreciation for the financial year	-	1,899	21,334	20,624	43,857
At 31 March 2022	-	<b>11,815</b>	<b>122,668</b>	<b>213,644</b>	<b>348,127</b>
<b>Net carrying amount:</b>					
At 31 March 2022	-	<b>4,742</b>	<b>5,332</b>	<b>5,786</b>	<b>15,860</b>
At 31 March 2021	-	6,641	26,666	26,410	59,717

## 13. Investments in subsidiaries

	Note	Company 2022 \$	2021 \$
<b>Unquoted equity shares, at cost</b>			
At beginning of the financial year		<b>42,469,672</b>	42,469,672
Investment in equity instrument	A	<b>23,575,867</b>	23,432,433
At end of the financial year		<b>66,045,539</b>	65,902,105
Less: Impairment losses		<b>(24,122,540)</b>	(24,122,540)
		<b>41,922,999</b>	41,779,565

### Note A

During the year, the Company extended a loan of \$143,434 (2021: \$1,395,916) to its subsidiary which is accounted for as an investment in equity instrument. The loan due from its subsidiary of \$23,575,867 (2021: \$23,432,433) is unsecured, non-interest bearing and repayable at the discretion of the subsidiary, only when the cash flows of the subsidiary permit. The amount relates to contributions from the Company, which forms a part of the Company's net investment in subsidiary and are accounted for at cost less accumulated impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 13. Investments in subsidiaries (cont'd)

Details of the subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal place of business	Principal activities	Proportion of ownership interest	
			2022 %	2021 %
<b><i>Held by the Company</i></b>				
Ambertree Pte. Ltd. <sup>(1)</sup>	Singapore	Rental of premises	100	100
HS Optimus Resources Sdn. Bhd. (“HSOR”) <sup>(2)</sup>	Malaysia	Investment holding	100	100
Ambertree Vic Mel (Lincoln) Pty Ltd <sup>(3)</sup>	Australia	Investment holding and property investment	100	100
Ambertree Indonesia Ventures Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding	100	100
<b><i>Held by Ambertree Indonesia Ventures Pte. Ltd.</i></b>				
PT Ambertree Development Jakarta <sup>(3)</sup>	Indonesia	Property development	65	65
<b><i>Held by HS Optimus Resources Sdn. Bhd.</i></b>				
HS Optimus Wood Products Sdn. Bhd. <sup>(2)</sup>	Malaysia	Manufacture and supply of doors, mouldings and wood floorings	100	100
Dongguan Lebox Door Co. Ltd. <sup>(4)</sup>	People’s Republic of China	Manufacture and supply of doors, mouldings and wood floorings	–	100
HS Optimus Joinery Pte. Ltd. <sup>(1)</sup>	Singapore	Supply and installation of doors, mouldings and wood floorings	100	100
KLW (HK) Limited	Hong Kong	Trading of doors, mouldings, floorings and related products	100	100

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore

<sup>(2)</sup> Audited by Ernst & Young PLT, Malaysia

<sup>(3)</sup> Audited by Ernst & Young LLP, Singapore for the purpose of consolidation

<sup>(4)</sup> The subsidiary was struck off via member's voluntary liquidation in 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 13. Investments in subsidiaries (cont'd)

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

The Group has the following subsidiary which has NCI that is material to the Group:

Name of subsidiary	Principal place of business	Principal activities	Ownership interests held by NCI	
			2022 %	2021 %
PT Ambertree Development Jakarta ("PTADJ")	Indonesia	Property development	35	35

Summarised financial information including consolidation adjustments but before intercompany eliminations of the subsidiary with material non-controlling interests are as follows:

#### Summarised statement of financial position

	PTADJ	
	2022 \$	2021 \$
Non-current assets	434	965
Current assets	31,869,838	31,806,322
Current liabilities	(8,748)	(4,065)
Net assets	31,852,524	31,803,222
Net assets attributable to NCI	11,148,383	11,131,128
Less: Capital contribution by NCI	(2,142,807)	(2,142,807)
Adjusted net assets attributable to NCI	9,005,576	8,988,321

#### Summarised statement of comprehensive income

	PTADJ	
	2022 \$	2021 \$
Loss before tax	(581,579)	(866,592)
Income tax expense	-	-
Loss after tax	(581,579)	(866,592)
Other comprehensive income	630,880	2,073,744
Total comprehensive income for the year	49,301	1,207,152
Profit allocated to NCI	17,255	422,504

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 13. Investments in subsidiaries (cont'd)

*Summarised statement of cash flows*

	PTADJ	
	2022	2021
	\$	\$
Cash flows used in operating activities	(126,795)	(870,105)
Cash flows used in investing activities	-	(1,706,850)
Cash flows generated from financing activities	-	2,314,935
Net decrease in cash and cash equivalents	(126,795)	(262,020)

## 14. Investment properties

	Group	
	2022	2021
	\$	\$
<b>Cost</b>		
At beginning of financial year	15,245,410	-
Additions	119,378	-
Transfer from development properties	-	14,545,228
Transfer from right-of-use assets	4,644,948	-
Currency translation differences	(102,770)	700,182
At end of financial year	19,906,966	15,245,410
<b>Accumulated depreciation</b>		
At beginning of financial year	93,353	-
Depreciation charge for the year	478,920	89,065
Transfer from right-of-use assets	1,342,862	-
Currency translation differences	5,319	4,288
At end of financial year	1,920,454	93,353
<b>Net carrying amount</b>	17,986,512	15,152,057

There is rental income of \$95,998 (2021: \$Nil) and direct operating expenses of \$111,000 (2021: \$Nil) arising from the investment property held in Singapore during the year.

During the financial year, the Group transferred cost and accumulated depreciation of \$4,644,948 and \$1,342,862 from right-of-use assets to investment properties due to a change in use of the leasehold building located in Singapore.

In prior year, the Group transferred costs of \$14,545,228 from development properties to investment property due to a change in use of the property.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 14. Investment properties (cont'd)

The investment properties held by the Group as at 31 March 2022 are as follows:

Description of properties	Tenure	Building area (sqm)
A block of five-storey commercial/office building at 23-31 Lincoln Square South, Carlton, Melbourne, Australia	Freehold	3,745
A block of four-storey corner terrace factory at 39 Kaki Bukit Industrial Terrace, Singapore 416119	Leasehold (60 years)	723

The Group has no restriction on the realisability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

### *Fair valuation of investment properties*

The fair value of the investment property held by the Group in Australia and Singapore are valued at \$18,064,200 and \$3,300,000 respectively. Both valuations were performed as of 31 March 2022 based on the property's highest and best use. These valuations were performed by accredited independent valuers with recognised and relevant professional qualifications and recent experience in the location and category of the properties being valued. The valuations were carried out based on the Direct Comparison Approach, a comparative method of valuation of the open market value of the subject property, taking into consideration the state and condition of the property. The fair value measurement of the investment properties was categorised under Level 3 of the fair value hierarchy (Note 32 (e)).

## 15. Financial asset at fair value through profit or loss ("FVTPL")

	Group	
	2022	2021
	\$	\$
<i>Financial asset measured at FVTPL</i>		
At beginning of the financial year	141	223
Adjusted for: Fair value gain/(loss)	3	(82)
At end of the financial year, representing financial asset at fair value through profit or loss	144	141

The fair value measurement of the financial asset at fair value through profit or loss is categorised within Level 1 of the fair value hierarchy.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 16. Contract assets

The Group receives payments from customers based on billing schedules as established in contracts. Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional.

	Group	
	2022	2021
	\$	\$
<i>Contract assets:</i>		
Non-current	-	96,828
Less: Allowance for impairment	-	(68,678)
	-	28,150
Current	-	255,013
Less: Allowance for impairment	-	(135,987)
	-	119,026
Included in contract assets is retention sum amounting to:		
Non-current	-	28,150
Current	-	9,871

The movement in allowance for expected credit losses of contract assets based on lifetime ECL are as follows:

	2022	2021
	\$	\$
At 1 April	204,665	-
Charge for the year	-	204,665
Reversal	(130,281)	-
Write-off	(74,384)	-
At 31 March	-	204,665

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 17. Development properties

	Group	
	2022	2021
	\$	\$
<i>Property held for redevelopment</i>		
At beginning of the financial year	-	11,565,929
Additions during the financial year	-	1,635,474
Transfer to investment property	-	(14,545,228)
Currency translation differences	-	1,343,825
At end of the financial year	-	-
<i>Land use rights designated as part of development properties</i>		
At beginning of the financial year	<b>8,920,759</b>	5,026,663
VAT and land tax capitalised	-	2,419,945
Depreciation of right-of-use asset capitalised	<b>1,835,158</b>	1,829,143
Impairment loss on the land	<b>(453,039)</b>	(695,005)
Currency translation differences	<b>186,141</b>	340,013
At end of the financial year	<b>10,489,019</b>	8,920,759
Net carrying amount of land use rights (Note A)	<b>20,651,556</b>	22,057,662
Total	<b>31,140,575</b>	30,978,421

The COVID-19 pandemic has resulted in economic uncertainty in the current and future economic environment and negatively impacted the selling price of properties in Indonesia. Accordingly, the Group recognised an impairment loss of \$453,039 (2021: \$695,005) on land held for redevelopment during the financial year.

### Note A

Land use rights designated as part of development properties relate to right-of-use assets ("ROUA") on the land held by a subsidiary of the Group. Depreciation of ROUA recognised during the year is subsequently capitalised under development properties. The movement of ROUA in relation to land use rights is shown below.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 17. Development properties (cont'd)

	Group \$
<i>Land use rights designated as part of development properties</i>	
<b>Cost</b>	
At 1 April 2020	25,885,969
Exchange difference	1,942,927
At 31 March 2021 and 1 April 2021	27,828,896
Exchange difference	555,064
At 31 March 2022	<b>28,383,960</b>
<b>Accumulated depreciation</b>	
At 1 April 2020	3,684,711
Depreciation charge	1,829,143
Exchange difference	257,380
At 31 March 2021 and 1 April 2021	5,771,234
Depreciation charge	1,835,158
Exchange difference	126,012
At 31 March 2022	<b>7,732,404</b>
<b>Net carrying amount</b>	
At 31 March 2022	<b>20,651,556</b>
At 31 March 2021	22,057,662

The information on the land use rights designated as part of development properties is as follows:

Location	Description	Tenure	Building land area (sqm)	Percentage of completion at year end	Expected completion date
Jl. R.A Kartini No. 18, Jakarta, Indonesia	Parcels of land	Expiry date varies from 16 October 2026 to 6 December 2045	7,913	–	Unknown

### Fair value of the development properties

As at year end, the fair value of the land use rights designated as part of development properties of the Group is valued at \$28,665,000 (2021: \$28,551,000), excluding VAT and land tax incurred on the land. The valuations were performed by accredited independent valuers with a recognised and relevant professional qualification and recent experience in the location and category of the properties being valued. The valuation was carried out based on the Direct Comparison Approach, a comparative method of valuation of the open market value of the subject property, taking into consideration the state and condition of the properties. The fair value measurement of the development properties was categorised under Level 3 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 18. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade receivables:				
- third parties	1,961,871	4,159,228	-	-
- subsidiaries	-	-	299,529	299,529
	1,961,871	4,159,228	299,529	299,529
Less: Allowance for expected credit loss	(2,105)	(2,124)	(299,529)	(299,529)
	1,959,766	4,157,104	-	-
Other receivables:				
- commitment fees	3,450,000	3,450,000	-	-
- sundry receivables	2,623,568	81,001	873	14,161
- income tax receivables	-	22,800	-	-
- deferred purchase consideration ^	474,903	494,708	-	-
- due from subsidiaries (non-trade)	-	-	28,235,337	24,997,348
- refundable deposits	52,713	122,511	7,448	10,310
Less: Allowance for expected credit loss	(3,472,878)	(3,473,091)	(6,046,589)	(5,812,364)
	3,128,306	697,929	22,197,069	19,209,455
Prepayments	233,852	830,494	47,049	60,964
VAT/GST receivables	545,093	527,294	-	4,507
	3,907,251	2,055,717	22,244,118	19,274,926
Total trade and other receivables	5,867,017	6,212,821	22,244,118	19,274,926
Less:				
Prepayments	(233,852)	(830,494)	(47,049)	(60,964)
VAT/GST receivables	(545,093)	(527,294)	-	(4,507)
Add:				
Cash and cash equivalents (Note 20)	11,126,838	11,295,884	4,274,086	8,934,710
Financial assets at amortised cost	16,214,910	16,150,917	26,471,155	28,144,165

^ Deferred purchase consideration of \$474,903 (2021: \$494,708) relates to outstanding cash consideration from the Purchaser as at year end, arising from the disposal of Key Bay.

### Trade receivables

Trade receivables are non-interest bearing and are generally on 0 to 60 days (credit term (2021: 0 to 60 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 18. Trade and other receivables (cont'd)

### *Sundry receivables*

Sundry receivables mainly relate to a loan of AUD 2,000,000 offered by Ambertree Vic Mel (Lincoln) Pty Ltd to its borrower on 13 July 2021. The loan bears interest at 9% per annum, payable in full at the end of the 12 months, with a land valued at AUD 7,000,000 being held as collateral.

On 12 July 2022, Ambertree Vic Mel (Lincoln) Pty Ltd entered into a Deed of Extension of the Investment (Debt) and Marketing Agreement with the borrower to extend the repayment date of the loan by 6 months.

### Expected credit losses

The movement in allowance for expected credit losses of trade and other receivables computed based on lifetime ECL are as follows:

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b><i>Trade receivables</i></b>				
At 1 April	<b>2,124</b>	2,150	<b>299,529</b>	299,529
Exchange differences	<b>(19)</b>	(26)	-	-
	<b>2,105</b>	2,124	<b>299,529</b>	299,529
<b><i>Other receivables</i></b>				
At 1 April	<b>3,473,091</b>	3,473,375	<b>5,812,364</b>	5,592,133
Charge for the year	-	-	<b>234,225</b>	220,231
Exchange differences	<b>(213)</b>	(284)	-	-
	<b>3,472,878</b>	3,473,091	<b>6,046,589</b>	5,812,364
At 31 March	<b>3,474,983</b>	3,475,215	<b>6,346,118</b>	6,111,893

### *Commitment fees*

For the financial year ended 31 March 2015, the Group paid a total amount of \$16,200,000 as commitment fees in connection with the three non-binding term sheets, which comprises:

- (i) \$2,200,000 paid under a term sheet in respect of a property development project in Bali, Indonesia ("Bali Term Sheet"). During the financial year 2016, the Group recovered \$2,000,000 commitment fee with remaining balance of \$200,000 due by the counterparty. The Group has made an allowance for impairment loss on the \$200,000 of the commitment fee since financial year 2015.
- (ii) \$7,000,000 paid under a term sheet in respect of a hotel acquisition in Zhangye, Gansu, China ("Zhangye Hotel Term Sheet"). The counterparty in this term sheet is a company incorporated in the British Virgin Islands ("Zhangye counterparty"). During the financial year 2016, the Group fully recovered this commitment fee from the counterparty.
- (iii) \$7,000,000 paid to the Zhangye counterparty under a term sheet in respect of a property development project in Zhangye, Gansu, China ("Zhangye Property Term Sheet"), which remained outstanding as at 31 March 2019. Despite having agreed on a new plan and entered into an agreement to recover the said amount from the counterparty, the Group did not recover the sum and therefore a full allowance for impairment loss recognised since the financial year 2015.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 18. Trade and other receivables (cont'd)

### *Commitment fees (cont'd)*

The Group did not enter into any definitive agreement with any of the counterparties by the stipulated deadline in July 2014 and as a result, the commitment fees became due and refundable in full.

The Group entered into another term sheet with the same counterparty, i.e. Zhangye counterparty on 25 May 2015, which sets out certain key indicative terms of a potential transaction proposed to be introduced by the Zhangye counterparty and its director and shareholder to the Company (collectively the "Parties"). The proposal relates to a proposed joint venture in a property development project in Vietnam between the Group and two companies incorporated in Vietnam ("Vietnam Term Sheet").

By entering into the Vietnam Term Sheet, it was agreed amongst the Parties that the outstanding commitment fee amounting to \$7,000,000 owing by the Zhangye counterparty to the Group under the Zhangye Property Term Sheet will be paid into an escrow account by 25 August 2015, which will serve as the commitment fee paid by the Company under the Vietnam Term Sheet.

For commitment fees relating to (iii) above, \$250,000 was recovered during the financial year ended 2019 and \$3,500,000 was recovered during the financial year ended 2020. On 22 November 2015, the Company had announced that it had issued a letter of demand for the remaining \$200,000 but the Board has kept the claim in abeyance in the meantime.

In view of the above payments, reversal of impairment loss of other receivables had also been made in the Group's financial statements.

Accordingly, the remaining outstanding balances of \$3,450,000 relating to the Bali Term Sheet and Vietnam Term Sheet (originally paid under Zhangye Property Term Sheet) amounted to \$200,000 and \$3,250,000 respectively have remained outstanding and fully impaired as at year end.

As at year end, the estate matters of Mr Chan Ewe Teik ("Mr Chan") are in the hands of the administrator of Official Assignee Office of the Ministry of Law, pursuant to an application to commence bankruptcy proceedings against Mr Chan on 12 February 2018.

For further details, please refer to the disclosures in the Group's 2021 Annual Report.

### *Due from subsidiaries (non-trade)*

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

## 19. Inventories

	Group	
	2022	2021
	\$	\$
Finished goods	1,780,043	1,662,814
Work-in-progress	1,476,815	1,823,731
Raw materials	2,686,026	2,329,604
	<b>5,942,884</b>	<b>5,816,149</b>

The cost of inventories recognised as expense and included in "cost of sales" amounted to \$8,736,648 (2021: \$10,063,909).

During the financial year, the Group recognised allowance of inventory obsolescence of \$21,081 (2021: \$49,773).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 20. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash and bank balances	<b>7,479,646</b>	3,559,629	<b>626,894</b>	1,198,455
Fixed deposits	<b>3,647,192</b>	7,736,255	<b>3,647,192</b>	7,736,255
Cash and cash equivalents	<b>11,126,838</b>	11,295,884	<b>4,274,086</b>	8,934,710

Fixed deposits of the Group and the Company bear interest rates ranging from 0.08% to 0.88% (2021: 0.10% to 1.52%) per annum and have a maturity period of 1 to 3 months (2021: 1 to 6 months) from year end.

In prior year, included in cash and cash equivalents, amounts of \$7,718 cannot be freely remitted to overseas because of currency exchange restrictions.

## 21. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade payables:				
- third parties	<b>1,089,486</b>	1,557,703	-	-
Other payables:				
- third parties	<b>863,222</b>	953,344	<b>60,761</b>	78,545
VAT/GST payables	<b>20,613</b>	5,092	<b>15,422</b>	-
Deposits received	<b>16,000</b>	16,000	-	-
Accrued operating expenses:				
- salaries and bonuses	<b>251,807</b>	427,805	<b>60,957</b>	99,045
- professional fees	<b>167,041</b>	537,232	<b>107,998</b>	123,350
- commission fees	<b>162,012</b>	140,294	-	-
- others	<b>290,009</b>	382,633	<b>2,580</b>	3,966
Loan from non-controlling shareholder	<b>2,142,089</b>	2,100,199	-	-
	<b>3,912,793</b>	4,562,599	<b>247,718</b>	304,906
Total	<b>5,002,279</b>	6,120,302	<b>247,718</b>	304,906
Add: Loans and borrowings (Note 23)	<b>5,181,170</b>	3,355,182	-	-
Less: Provision for unutilised leave	<b>(2,580)</b>	(8,873)	<b>(2,580)</b>	-
Less: VAT/GST payables	<b>(20,613)</b>	(5,092)	<b>(15,422)</b>	-
Financial liabilities at amortised cost	<b>10,160,256</b>	9,461,519	<b>229,716</b>	304,906

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 90 days (2021: 30 to 90 days) terms.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 22. Share capital

	Group and Company			
	2022	2021	2022	2021
	No. of shares	No. of shares	\$	\$
<b>Issued and fully paid ordinary shares:</b>				
At 1 April and 31 March	<b>5,380,556,316</b>	5,380,556,316	<b>103,170,633</b>	103,170,633

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

## 23. Loans and borrowings

	Group	
	2022	2021
	\$	\$
<b>Current</b>		
Lease liabilities	<b>27,773</b>	39,819
Loans and borrowings:		
- Bankers' acceptance	<b>237,314</b>	-
- Foreign currency loan against import	<b>2,070,250</b>	305,744
- Term loan	<b>161,525</b>	161,525
	<b>2,496,862</b>	507,088
<b>Non-current</b>		
Lease liabilities	<b>19,147</b>	21,408
Loans and borrowings:		
- Term loan	<b>2,665,161</b>	2,826,686
	<b>2,684,308</b>	2,848,094
Total loans and borrowings	<b>5,181,170</b>	3,355,182

### Foreign currency loan against import

Foreign currency loan against import pertains to short-term loans drawn down to finance the import of inventories.

- (i) The foreign currency loan against import of the Group is secured by ways of the following:
  - (a) corporate guarantee from the Company;
  - (b) negative pledge over certain assets of the Group; and
  - (c) legal charges over certain properties of the Group (Note 26).
- (ii) Foreign currency loan against import is drawn down for a period of up to 120 days (2021: 120 days) and is renewable upon maturity. Interest rates range from 1.83% to 2.05% (2021: 2.49% to 3.85%) per annum.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 23. Loans and borrowings (cont'd)

### *Banker's acceptance*

- (i) Interest is charged for banker's acceptance at rates at 3.53% to 3.68% (2021:Nil%) per annum. The banker's acceptances of the Group are secured by way of:
  - (a) corporate guarantee from the Company;
  - (b) negative pledge over assets of the Group; and
  - (c) legal charges over certain properties of the Group (Note 26)

### *Term loan - Floating rate*

- (i) Term loan is secured by way of the following:
  - (a) legal charges over one of the Group's investment properties (Note 14) (2021: leasehold land and building (Notes 12 and 26)) in Singapore; and
  - (b) corporate guarantee from the Company.
- (ii) Term loan is repayable by monthly instalments commencing from October 2014 over 25 years and bears interest of 3.00% (2021: 3.00%) per annum.

### *Lease liabilities*

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
At 1 April	<b>61,227</b>	465,176
Additions	<b>34,231</b>	20,666
Accretion of interest	<b>1,641</b>	11,230
Disposal	<b>(4,902)</b>	(77,670)
Payments	<b>(44,771)</b>	(359,142)
Foreign exchange	<b>(506)</b>	967
At 31 March	<b>46,920</b>	61,227
Current	<b>27,773</b>	39,819
Non-current	<b>19,147</b>	21,408
	<b>46,920</b>	61,227

The maturity analysis of lease liabilities is disclosed in Note 31(d).

### *Determination of fair value of borrowings*

The carrying amounts of borrowings approximates their fair values at the statement of financial position date.

The fair value of the borrowings is determined based on discounted cash flows using market lending rate for similar borrowings which the management expects would be available to the Group and the Company at the statement of financial position date. The fair value of the non-current borrowings at year end approximates its carrying value as there are no significant changes in the interest rate available to the Group at year end. This fair value measurement for disclosure purpose is categorised within Level 3 (2021: Level 3) of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 23. Loans and borrowings (cont'd)

### *Reconciliation of liabilities arising from financing activities*

A reconciliation of liabilities arising from financing activities is as follows:

	1.4.2021	Cash flows	Non-cash changes				31.03.2022
			Addition	Disposal	Foreign exchange	Other	
	\$	\$	\$	\$	\$	\$	\$
<b>Group</b>							
Loans and borrowings:							
- current	467,269	(2,329,118)	-	-	(12,213)	4,343,151	<b>2,469,089</b>
- non-current	2,826,686	4,181,626	-	-	-	(4,343,151)	<b>2,665,161</b>
Lease liabilities:							
- current	39,819	(43,130)	34,231	(4,902)	(506)	2,261	<b>27,773</b>
- non-current	21,408	-	-	-	-	(2,261)	<b>19,147</b>
Loan from non-controlling interest	2,100,199	-	-	-	41,890	-	<b>2,142,089</b>
<b>Total</b>	<b>5,455,381</b>	<b>1,809,378</b>	<b>34,231</b>	<b>(4,902)</b>	<b>29,171</b>	<b>-</b>	<b>7,323,259</b>

	1.4.2020	Cash flows	Non-cash changes				31.03.2021
			Addition	Disposal	Foreign exchange	Other	
	\$	\$	\$	\$	\$	\$	\$
<b>Group</b>							
Loans and borrowings:							
- current	1,254,407	(3,102,371)	-	-	(47,814)	2,363,047	467,269
- non-current	3,004,720	2,185,013	-	-	-	(2,363,047)	2,826,686
Lease liabilities:							
- current	374,500	(347,912)	20,666	(77,670)	967	69,268	39,819
- non-current	90,676	-	-	-	-	(69,268)	21,408
Loan from non-controlling interest	1,055,678	1,020,458	-	-	24,063	-	2,100,199
<b>Total</b>	<b>5,779,981</b>	<b>(244,812)</b>	<b>20,666</b>	<b>(77,670)</b>	<b>(22,784)</b>	<b>-</b>	<b>5,455,381</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 24. Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same regulatory authority.

The movement in deferred income tax account is as follows:

	Group	
	2022	2021
	\$	\$
At beginning of the financial year	1,574,636	1,597,209
Recognised in profit or loss (Note 10)	(81,232)	-
Currency translation differences	(13,980)	(22,573)
	<b>1,479,424</b>	<b>1,574,636</b>

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon, during the current and prior reporting periods:

	Net book values over tax written down values	Others	Total
	\$	\$	\$
<b>Group</b>			
<b>Deferred tax liabilities/(assets)</b>			
At 1 April 2020	1,793,078	186,541	1,979,619
Recognised in the profit or loss	291,134	(166,344)	124,790
Currency translation differences	(27,354)	(898)	(28,252)
At 31 March 2021 and 1 April 2021	2,056,858	19,299	2,076,157
Recognised in the profit or loss	(453,991)	(126,233)	(580,224)
Currency translation differences	(16,655)	217	(16,448)
At 31 March 2022	<b>1,586,202</b>	<b>(106,717)</b>	<b>1,479,485</b>
	Unutilised tax losses and capital allowances	Right-of-use assets	Total
	\$	\$	\$
<b>Deferred tax assets/(liabilities)</b>			
At 1 April 2020	(382,309)	(101)	(382,410)
Recognised in the profit or loss	(124,785)	(5)	(124,790)
Currency translation differences	5,677	2	5,679
At 31 March 2021 and 1 April 2021	(501,417)	(104)	(501,521)
Recognised in the profit or loss	498,949	43	498,992
Currency translation differences	2,468	-	2,468
At 31 March 2022	<b>-</b>	<b>(61)</b>	<b>(61)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 24. Deferred tax liabilities (cont'd)

At year end, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is \$14,000,000 (2021: \$13,000,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and these will not reverse in the foreseeable future.

## 25. Provision for restructuring

In prior year, the Group committed to a plan to restructure its manufacturing subsidiary in People's Republic of China, as a result of deterioration in economic conditions. The Group recognised a provision for restructuring expenses of \$Nil (2021: \$98,449) as at 31 March 2022. The restructuring has been completed during the financial year.

Movements in provision for reinstatement are as follows:

	Group	
	2022	2021
	\$	\$
At 1 April	98,449	2,218,889
Arising during the year	653	-
Utilised	(99,102)	(1,320,040)
Unused amounts reversed	-	(800,400)
At 31 March	-	98,449

## 26. Right-of-use assets

### *Group as a lessee*

The Group has lease contracts for its leasehold land and buildings, staff hostel and motor vehicles. The leasehold buildings located in Singapore and Malaysia have lease terms of 60 and 99 years respectively, while the leases for staff hostels have lease terms of 1 to 3 years.

The leases of staff hostel contain extension options but do not contain variable payments and termination options. The remaining leases held by the Group do not contain variable payments, extension and termination options. The Group has certain leases of equipment with lease terms of 12 months or less and leases of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 26. Right-of-use assets (cont'd)

### *Group as a lessee (cont'd)*

	Leasehold land and buildings \$	Hostel \$	Motor vehicles \$	Total \$
<b>Group</b>				
<b>Cost</b>				
At 1 April 2020	8,925,829	730,981	125,640	9,782,450
Additions	-	20,666	-	20,666
Reclassifications	-	-	(39,027)	(39,027)
Write off	-	(644,852)	(101,452)	(746,304)
Exchange difference	(23,600)	(18,926)	14,839	(27,687)
At 31 March 2021 and 1 April 2021	8,902,229	87,869	-	8,990,098
Additions	-	34,231	-	34,231
Reclassifications	(4,644,948)	-	-	(4,644,948)
Disposal	-	(67,041)	-	(67,041)
Exchange difference	(17,802)	(669)	-	(18,471)
At 31 March 2022	<b>4,239,479</b>	<b>54,390</b>	<b>-</b>	<b>4,293,869</b>
<b>Accumulated depreciation and impairment</b>				
At 1 April 2020	1,505,595	350,982	70,506	1,927,083
Depreciation charge	165,718	316,992	19,863	502,573
Impairment loss	30,426	-	-	30,426
Reclassifications	-	-	(1,301)	(1,301)
Write off	-	(613,001)	(90,973)	(703,974)
Exchange difference	(5,816)	(403)	1,905	(4,314)
At 31 March 2021 and 1 April 2021	1,695,923	54,570	-	1,750,493
Depreciation charge	81,324	36,053	-	117,377
Reclassifications	(1,342,862)	-	-	(1,342,862)
Disposal	-	(62,226)	-	(62,226)
Exchange difference	(3,891)	(390)	-	(4,281)
At 31 March 2022	<b>430,494</b>	<b>28,007</b>	<b>-</b>	<b>458,501</b>
<b>Net carrying amount</b>				
At 31 March 2022	<b>3,808,985</b>	<b>26,383</b>	<b>-</b>	<b>3,835,368</b>
At 31 March 2021	7,206,306	33,299	-	7,239,605

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 26. Right-of-use assets (cont'd)

### Group as a lessee (cont'd)

	Leasehold buildings \$
<b>Company</b>	
<b>Cost</b>	
At 1 April 2020, 31 March 2021, 1 April 2022 and 31 March 2022	<b>2,339,679</b>
<b>Accumulated depreciation</b>	
At 1 April 2020	169,679
Depreciation charge	39,574
Impairment loss	30,426
At 31 March 2021 and 1 April 2021	239,679
Depreciation charge	39,007
At 31 March 2022	<b>278,686</b>
<b>Net carrying amount</b>	
At 31 March 2022	<b>2,060,993</b>
At 31 March 2021	2,100,000

The following are the amounts recognised in profit or loss:

	Group	
	2022	2021
	\$	\$
Depreciation of right-of-use assets	<b>117,377</b>	502,573
Interest expenses on lease liabilities (Note 6)	<b>3,665</b>	11,230
Expenses relating to short term leases or low-value assets	<b>29,333</b>	26,419
Impairment loss on right-of-use assets	-	30,426
	<b>150,375</b>	570,648

### Impairment of leasehold land and building - Group and Company

The Group has performed an impairment test when there are observable indicators that the asset's value has declined during the period significantly more than would be expected as a result of normal use and the subsidiary had been persistently making losses.

In prior year, the fair value of a leasehold building of the Company located at CT Hub, Singapore is valued at \$2,100,000. As the recoverable amount is lower than the carrying amount of the leasehold building of \$2,130,426, an impairment loss of \$30,426 was recognised in "administrative expenses" for the financial year ended 31 March 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 26. Right-of-use assets (cont'd)

### *Group as a lessee (cont'd)*

#### *Impairment of leasehold land and building - Group and Company (cont'd)*

Significant inputs used in the valuation are the price per square foot of comparable properties in the vicinity, ranging from \$770 to \$913 (2021: \$785 to \$975) per square foot for CT hub buildings. Appropriate adjustments have been made between comparable properties and the subject property to reflect the differences in size, tenure, type of property and other relevant factors affecting its value. Higher/lower price per square foot will result in a higher/lower fair value measurement. The fair value measurement is categorised under Level 3 (2021: Level 3) of the fair value hierarchy.

The above valuation was determined based on an accredited independent valuer with a recognised and relevant professional qualification and recent experience in the location and category of the properties being valued. The valuation was carried out based on the Direct Comparison Approach, a comparative method of valuation of the open market value of the subject property, taking into consideration the state and condition of the property.

#### *Right-of-use assets financed through lease*

The Group's addition of right-of-use assets for the financial year is settled by lease financing of \$ 34,231 (2021: \$20,666). The Group had total cash outflows for leases of \$44,771 (2021: \$359,142) in 2022.

## 27. Foreign currency translation reserve

	Reserve of disposal group classified as held for sale (Note 30)	Foreign currency translation reserve	Total
	\$	\$	\$
<b>Group</b>			
<b>2022</b>			
At beginning of the financial year	-	(7,018,486)	(7,018,486)
Net exchange differences on translation of financial statements of foreign subsidiaries	-	(396,555)	(396,555)
At end of the financial year	-	(7,415,041)	(7,415,041)
<b>2021</b>			
At beginning of the financial year	162,945	(7,050,298)	(6,887,353)
Realisation of reserve attributable to disposal group classified as held-for-sale	(162,945)	-	(162,945)
Net exchange differences on translation of financial statements of foreign subsidiaries	-	31,812	31,812
At end of the financial year	-	(7,018,486)	(7,018,486)

#### *Foreign currency translation reserve*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 28. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

### *Compensation of key management personnel*

	Group	
	2022	2021
	\$	\$
<i>Directors of the Company</i>		
- Salaries and related costs	559,309	458,644
- Employer's contribution to defined contribution plans	720	-
- Directors' fees	236,333	236,497
<i>Directors of subsidiaries</i>		
- Salaries and related costs	4,851	139,986
- Employer's contribution to defined contribution plans	679	16,738
- Directors' fees	135,167	119,070
<i>Other key management personnel</i>		
- Salaries and related costs	635,701	766,366
- Employer's contribution to defined contribution plans	14,450	13,631
	<b>1,587,210</b>	<b>1,750,932</b>

A summary of key management personnel compensation is as follows:

	Group	
	2022	2021
	\$	\$
Salaries and related costs	1,199,861	1,364,996
Directors' fees	371,500	355,567
Employer's contribution to defined contribution plans	15,849	30,369
	<b>1,587,210</b>	<b>1,750,932</b>

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entities. All directors and certain managers are considered key management personnel.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 29. Contingent liabilities

	Company	
	2022	2021
	\$	\$
<b>Corporate guarantee</b>		
Guarantee issued for bank facilities granted to subsidiaries (Note 23)	<b>6,542,200</b>	3,872,000
Amounts utilised by subsidiaries	<b>5,134,250</b>	3,293,955

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the results for the financial year ended 31 March 2022 and 31 March 2021. The credit risk of the financial guarantees are assessed under Note 31(c) in the financial statements.

## 30. Disposal group assets classified as held-for-sale

On 16 November 2018, the Group's management has signed the Memorandum of Understanding to dispose the Group's subsidiary, Key Bay Furniture Company Limited ("Key Bay") and its factory property. The assets and liabilities related to Key Bay have been presented as disposal group classified as held-for-sale.

On 9 October 2019, HS Optimus Resources Sdn. Bhd. (formerly known as KWL Resources Sdn. Bhd.) had entered into a Side Agreement with the Purchaser for the extension of the Long Stop Date up to (and including) 9 January 2020. On 9 May 2020, the Group had completed the Proposed Disposal. The Company sold its investment in Key Bay to BJTB Industrial Co., Limited for a total consideration of \$9,875,429 (equivalent USD \$7,020,000). In the prior year, the Group recognised a gain on disposal group classified as held for sale of \$2,084,749 for the financial year ended 31 March 2021.

The disposal group classified as held-for-sale is categorised under the Group's door business segment (Note 33).

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

	Group 2021 \$
Property plant and equipment (Note A)	5,995,149
Trade and other receivables	418,001
Cash and cash equivalents	3,137
	<b>6,416,287</b>

### Note A

	Group 2021 \$
At beginning of the financial year	6,043,771
Currency translation differences	(48,622)
At end of the financial year	<b>5,995,149</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 30. Disposal group assets classified as held-for-sale (cont'd)

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

	Group 2021 \$
Trade and other payables	-
Income tax payable	48,495
	<u>48,495</u>
<i>Reserve</i>	
Foreign currency translation reserve (Note 27)	<u>-</u>

The reconciliation of gain on disposal of subsidiary is as follows:

	Group 2021 \$
Total assets	6,416,287
Total liabilities	(48,495)
Net assets	<u>6,367,792</u>
<i>Purchase consideration for sale of subsidiary</i>	
- Cash received	9,380,721
- Deferred purchase consideration (Note 18)	494,708
Total purchase consideration for sale of subsidiary	9,875,429
Less: Costs to sell	(1,259,943)
Less: Net assets of a disposal group classified as held for sale	(6,367,792)
Less: Realisation of reserve	(162,945)
Gain on disposal of subsidiary	<u>(2,084,749)</u>

Deferred purchase consideration of \$474,903 (2021:\$494,708) relates to outstanding cash consideration from the Purchaser as at year end, arising from the disposal of Key Bay.

## 31. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks from its operations. The key financial risks include foreign currency risk, interest rate risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by the management team. 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, except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

There has been no change to the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks for the financial years ended 31 March 2022 and 31 March 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 31. Financial risk management objectives and policies (cont'd)

The following sections provide details regarding the Group's exposure to the risks and the objectives, policies and processes for the management of these risks.

### (a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group has currency exposure arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities of the Group. The Group's exposure to foreign currency risk are mainly related to United States Dollar ("USD") and Australian Dollar ("AUD"). The Company has investments in foreign subsidiaries whose net assets are exposed to currency translation risk. The Group does not have a policy to hedge its exposure to foreign currency risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Group's functional currency are as follows:

	USD \$	AUD \$
<b>Group</b>		
<b>2022</b>		
<b>Financial assets</b>		
Trade and other receivables	1,959,766	-
Cash and cash equivalents	10,296,871	1,742
	<b>12,256,637</b>	<b>1,742</b>
<b>Financial liabilities</b>		
Trade and other payables	874,833	-
Loans and borrowings	1,530,119	-
	<b>2,404,952</b>	<b>-</b>
<b>Net financial assets denominated in foreign currency exposure</b>	<b>9,851,685</b>	<b>1,742</b>
<b>2021</b>		
<b>Financial assets</b>		
Trade and other receivables	4,141,017	-
Cash and cash equivalents	9,320,375	993,434
	<b>13,461,392</b>	<b>993,434</b>
<b>Financial liabilities</b>		
Trade and other payables	1,092,370	-
Loans and borrowings	305,744	-
	<b>1,398,114</b>	<b>-</b>
<b>Net financial assets denominated in foreign currency exposure</b>	<b>12,063,278</b>	<b>993,434</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 31. Financial risk management objectives and policies (cont'd)

### (a) Foreign currency risk (cont'd)

	USD \$	AUD \$
<b>Company</b>		
<b>2022</b>		
<b>Financial assets</b>		
Cash and bank balances	4,176,803	1,742
<b>Net financial assets denominated in foreign currency exposure</b>	<b>4,176,803</b>	<b>1,742</b>
<b>2021</b>		
<b>Financial assets</b>		
Cash and bank balances	7,824,190	993,434
<b>Net financial assets denominated in foreign currency exposure</b>	<b>7,824,190</b>	<b>993,434</b>

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and AUD exchange rates against the respective functional currencies, with all other variables held constant.

If the relevant foreign currency weakens/strengthens by 10% against the functional currency of the Group and the Company, loss before tax (2021: profit before tax) for the financial year will increase/(decrease) (2021: (decrease)/increase) by:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
	<b>Loss before tax</b>	<b>Profit before tax</b>
<b>USD/SGD</b>		
- weakened 10% (2021: 10%)	347,478	(650,235)
- strengthened 10% (2021: 10%)	(347,478)	650,235
<b>AUD/SGD</b>		
- weakened 10% (2021: 10%)	(145)	82,455
- strengthened 10% (2021: 10%)	145	(82,455)

During the financial year, the Group is also exposed to currency translation risk arising from its net investment in its foreign operation in other countries mainly Malaysia (2021: Malaysia). The Group's net investments in Malaysia and Australia are not hedged as currency positions in Malaysian Ringgit, Australian Dollar and United States are considered to be long-term in nature.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 31. Financial risk management objectives and policies (cont'd)

### (b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings that are charged floating interest rates and interest rates on its fixed deposits. The Group's policy is to obtain comparative interest rates under the most favourable terms and conditions without increasing its foreign currency exposure and place surplus funds with reputable banks.

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Note 23.

#### *Sensitivity analysis for interest rate risk*

At year end, if interest rates had been 100 (2021: 100) basis points higher/lower with all other variables were held constant, the Group's loss before tax (2021: profit before tax) for financial year ended 31 March 2022 would increase/decrease by \$ 6,497 (2021: \$50,237). This is mainly attributable to the Group's exposure to interest rates on its floating rate loans and borrowings as well as the interest rates on its fixed deposits.

### (c) *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. It is the Group's policy that all customers whose wish to trade on credit terms are subject to credit verification procedures. Exposure to the credit risk is monitored on an ongoing basis.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Group's Finance department based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the Group's Finance department.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments within a specific period given, which is individually determined by respective entities within the Group based on individual default considerations and historical information.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 31. Financial risk management objectives and policies (cont'd)

### (c) Credit risk (cont'd)

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is past due for more than a specific period given as individually determined by respective entities within the Group based on individual default considerations.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments within the specific period given. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	There is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
III	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 31. Financial risk management objectives and policies (cont'd)

### (c) Credit risk (cont'd)

#### Exposure to credit risk

At year end, \$1,962,488 (2021: \$3,864,354) of the Group's trade receivables were due from 3 (2021: 3) major customers in door business segment, who supply building materials in the United Kingdom. 87% (2021: 98%) of the Company's other receivables were balances with 2 (2021: 2) subsidiaries.

Movements in allowance for expected credit losses are as follows:

	Trade receivables \$	Other receivables \$	Total \$
<b>Group</b>			
Balance at 1 April 2020	2,150	3,473,375	3,475,525
Currency translation differences	(26)	(284)	(310)
Balance at 31 March 2021	2,124	3,473,091	3,475,215
Currency translation differences	(19)	(213)	(232)
Balance at 31 March 2022	<b>2,105</b>	<b>3,472,878</b>	<b>3,474,983</b>
			<b>Amounts due from subsidiaries \$</b>
<b>Company</b>			
Balance at 1 April 2020			5,891,662
Loss allowance provided:			
Provision for lifetime ECL - credit-impaired			220,231
Balance at 31 March 2021			6,111,893
Loss allowance provided:			
Provision for lifetime ECL - credit-impaired			234,225
Balance at 31 March 2022			<b>6,346,118</b>

#### Trade receivables and contract assets

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group has recognised a loss allowance of 100% against all trade receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 31. Financial risk management objectives and policies (cont'd)

### (c) Credit risk (cont'd)

*Trade receivables and contract assets (cont'd)*

The table below details the credit quality of the Group's and the Company's financial assets:

	12-month or lifetime ECL	Gross carrying amount \$	Allowance for expected credit/(loss) \$	Net carrying amount \$
<b>Group</b>				
<b>31 March 2022</b>				
Trade receivables	Lifetime ECL - credit-impaired	1,961,871	(2,105)	1,959,766
Other receivables				
- commitment fees	Lifetime ECL - credit-impaired	3,450,000	(3,450,000)	-
- sundry receivables	12-month ECL	2,600,690	-	2,600,690
	Lifetime ECL - credit-impaired	22,878	(22,878)	-
- deferred purchase consideration	12-month ECL	474,903	-	474,903
- refundable deposits	12-month ECL	52,713	-	52,713
Cash and cash equivalents	12-month ECL	11,126,838	-	11,126,838
<b>31 March 2021</b>				
Trade receivables	Lifetime ECL - credit-impaired	4,159,228	(2,124)	4,157,104
Other receivables				
- commitment fees	Lifetime ECL - credit-impaired	3,450,000	(3,450,000)	-
- sundry receivables	12-month ECL	79,810	-	79,810
	Lifetime ECL - credit-impaired	23,091	(23,091)	-
- deferred purchase consideration	12-month ECL	494,708		494,708
- refundable deposits	12-month ECL	122,511	-	122,511
Contract assets	Lifetime ECL - credit-impaired	351,841	(204,665)	147,176
Cash and cash equivalents	12-month ECL	11,295,884	-	11,295,884



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 31. Financial risk management objectives and policies (cont'd)

### (c) Credit risk (cont'd)

*Trade receivables and contract assets (cont'd)*

	12-month or lifetime ECL	Gross carrying amount \$	Allowance for expected credit/(loss) \$	Net carrying amount \$
<b>Company</b>				
<b>31 March 2022</b>				
Trade receivables	Lifetime ECL - credit-impaired	299,529	(299,529)	-
Due from subsidiaries	12-month ECL	22,188,748	-	22,188,748
	Lifetime ECL - credit-impaired	6,046,589	(6,046,589)	-
Cash and cash equivalents	12-month ECL	4,274,086	-	4,274,086
Other receivables	12-month ECL	8,321	-	8,321
<b>31 March 2021</b>				
Trade receivables	Lifetime ECL - credit-impaired	299,529	(299,529)	-
Due from subsidiaries	12-month ECL	19,184,984	-	19,184,984
	Lifetime ECL - credit-impaired	5,812,364	(5,812,364)	-
Cash and cash equivalents	12-month ECL	8,934,710	-	8,934,710
Other receivables	12-month ECL	24,471	-	24,471

Information regarding allowance for expected credit loss movement of trade and other receivables are disclosed in Note 18.

*Amounts due from subsidiaries and loan to subsidiary*

For amounts due from subsidiaries of \$28,534,866 (2021: \$25,296,877) where the Company assessed the latest performance and financial position of the respective subsidiaries, adjusted for the fair value uplift of the subsidiaries' development properties and future outlook of the industry in which the subsidiaries operate, including the consideration of COVID-19, and concluded that there has been significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company recognised the impairment loss allowance using lifetime ECL of \$6,346,118 (2021: \$6,111,893).

*Financial guarantees*

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations, and that the term loan is also secured by legal charges over the subsidiary's leasehold land and building in Singapore where its fair value exceeds its net carrying value as at year end. Therefore, the Company does not expect significant credit losses arising from these guarantees.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 31. Financial risk management objectives and policies (cont'd)

### (d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group monitors its net operation cash flows and maintains an adequate level of cash and cash equivalents and funding facilities from banks. In assessing the adequacy of these funding facilities, management reviews its working capital requirement regularly.

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayments obligations.

	One year or less	More than one to five years	More than five years	Total
	\$	\$	\$	\$
<b>Group</b>				
<b>2022</b>				
<b>Financial assets:</b>				
Trade and other receivables	5,277,967	-	-	5,277,967
Cash and cash equivalents	11,126,838	-	-	11,126,838
Available-for-sale financial assets	144	-	-	144
Total undiscounted financial assets	16,404,949	-	-	16,404,949
<b>Financial liabilities:</b>				
Trade and other payables	4,979,086	-	-	4,979,086
Interest bearing borrowings				
- Banker acceptance (floating rates)	237,314	-	-	237,314
- Foreign currency loan against import (floating rates)	2,086,799	-	-	2,086,799
- Term loan (floating rates)	242,973	924,099	2,394,938	3,562,010
Lease liabilities (fixed rates)	29,813	19,786	-	49,599
Total undiscounted financial liabilities	7,575,985	943,885	2,394,938	10,914,808
Total net undiscounted financial assets/(liabilities)	8,828,964	(943,885)	(2,394,938)	5,490,141

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 31. Financial risk management objectives and policies (cont'd)

### (d) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	One year or less \$	More than one to five years \$	More than five years \$	Total \$
<b>Group</b>				
<b>2021</b>				
<b>Financial assets:</b>				
Trade and other receivables	4,855,033	-	-	4,855,033
Cash and cash equivalents	11,295,884	-	-	11,295,884
Available-for-sale financial assets	141	-	-	141
Total undiscounted financial assets	16,151,058	-	-	16,151,058
<b>Financial liabilities:</b>				
Trade and other payables	6,106,337	-	-	6,106,337
Interest bearing borrowings				
- Foreign currency loan against import (floating rates)	307,625	-	-	307,625
- Term loan I (floating rates)	247,753	943,217	2,618,794	3,809,764
Lease liabilities (fixed rates)	42,005	22,858	-	64,863
Total undiscounted financial liabilities	6,703,720	966,075	2,618,794	10,288,589
Total net undiscounted financial assets/(liabilities)	9,447,338	(966,075)	(2,618,794)	5,864,469

	One year or less	
	2022	2021
	\$	\$

### Company

#### Financial assets:

Trade and other receivables	22,197,069	19,209,455
Cash and cash equivalents	4,274,086	8,934,710
Total undiscounted financial assets	26,471,155	28,144,165

#### Financial liabilities:

Trade and other payables	229,716	304,906
Total undiscounted financial liabilities	229,716	304,906
Total net undiscounted financial assets	26,241,439	27,839,259

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 31. Financial risk management objectives and policies (cont'd)

### (d) Liquidity risk (cont'd)

*Analysis of financial instruments by remaining contractual maturities (cont'd)*

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts is allocated to the earliest period in which the guarantee could be called.

	2022	2021
	\$	\$
<b>Company</b>		
<i>One year or less</i>		
Financial guarantees	<b>6,542,200</b>	<b>3,872,000</b>

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the financial statements of the Company for the financial years ended 31 March 2022 and 31 March 2021.

## 32. Fair value of financial assets and liabilities

### (a) Fair value hierarchy

The table below analyses the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

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

### (b) Fair value measurements of assets and liabilities that are measured at fair value

There were no assets and liabilities that are measured at fair value at year end, except for financial assets at fair value through profit or loss (Note 15).

The following table presents the level of fair value hierarchy for each class of asset measured at fair value on the statement of financial position date:

	Level 1	Total
	\$	\$
<b>Group</b>		
<b>2022</b>		
<b>Recurring fair value measurement</b>		
Financial assets at fair value through profit or loss	<b>144</b>	<b>144</b>
<b>2021</b>		
<b>Recurring fair value measurement</b>		
Financial assets at fair value through profit or loss	<b>141</b>	<b>141</b>

There has been no transfer between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial years ended 31 March 2022 and 31 March 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 32. Fair value of financial assets and liabilities (cont'd)

### (c) Fair value of financial instruments by classes that are not carried measured at fair value

The carrying amounts of financial assets and financial liabilities reported on the statement of financial positions are reasonable approximation of their fair values, either due to their short term nature and the effect of discounting is immaterial, that they are floating rate instruments that are repriced to market interest rate on or near year end, or that there are no significant changes in the interest rates available to the Group and the Company.

### (d) Assets and liabilities not carried at fair value but for which fair value is disclosed

Aside from investment properties, the carrying amounts of financial assets and financial liabilities reported at year end are reasonable approximation of their fair values, either due to their short term nature and the effect of discounting is immaterial, that they are floating rate instruments that are repriced to market interest rate on or near the statement of financial position date, or that there are no significant changes in the interest rates available to the Group and the Company.

### (e) Assets not carried at fair value but for which fair value is disclosed

		Fair value measurements as the end of the reporting period using	
		Significant unobservable inputs (Level 3)	Total
		\$	\$
<b>Recurring fair value measurements</b>			
<b>Group</b>			
<b>2022</b>			
<b>Assets</b>			
Investment properties	14	21,364,200	21,364,200
Development properties	17	28,665,000	28,665,000
<b>2021</b>			
<b>Assets</b>			
Investment properties	14	19,361,000	19,361,000
Development properties	17	28,551,000	28,551,000

Fair values of the investment properties and development properties are based on independent valuations performed and further details are disclosed until Note 14 and Note 17 of the financial statements respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 32. Fair value of financial assets and liabilities (cont'd)

### (e) Assets not carried at fair value but for which fair value is disclosed (cont'd)

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at year end \$	Valuation technique	Unobservable inputs	Range (weighted average)
<b>Group</b>				
<b>2022</b>				
Investment properties	<b>21,364,200</b>	Direct Comparison Approach	Yield adjustments based on management's assumptions*	<b>13% - 47%</b>
Development properties	<b>28,665,000</b>	Direct Comparison Approach	Yield adjustments based on management's assumptions*	<b>20% - 33%</b>
<b>2021</b>				
Investment property	19,361,000	Direct Comparison Approach	Yield adjustments based on management's assumptions*	19% - 53%
Development properties	28,551,000	Direct Comparison Approach	Yield adjustments based on management's assumptions*	14% - 38%

\* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

For investment property and development properties, a significant increase (decrease) in yield adjustments based on management's assumptions would result in a significantly lower (higher) fair value measurement.

## 33. Segment information

The Group has three reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different business strategies. For each of the strategic business units, the Group's Executive Directors reviews internal management reports on a quarterly basis.

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

### (a) Investment segment

This relates to investment holding companies.

### (b) Door business segment

This relates to the manufacturing and distribution of doors, furniture and fittings, wood related products and supply and installation of doors and wood-based flooring.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 33. Segment information (cont'd)

### (c) Property business segment

This relates to rental of premises and property investment and development.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Executive Directors. Segment assets consist of property, plant and equipment, financial assets at fair value through profit or loss, development properties, prepayments, trade and other receivables, contract assets, inventories, property held-for-sale, disposal group assets classified as held-for-sale, and cash and cash equivalents. Segment liabilities comprise operating liabilities and exclude items such as income tax payable, deferred tax liabilities and borrowings. Capital expenditure comprises additions to property, plant and equipment (Note 12) and right-of-use assets (Note 26).

The segment information provided to management for the reportable business segments are as follows:

	Continuing operation		Discontinued operations		
	Investment	Door business	Property business	Door business	Total
	\$	\$	\$	\$	\$
<b>31 March 2022</b>					
<b>Segment revenue</b>					
Sales - external	-	15,433,993	-	(739)	15,433,254
Segment (loss)/profit	(2,320,197)	998,785	(1,737,227)	(37,690)	(3,096,329)
Other income					1,174,842
Finance costs					(112,500)
Loss before tax					(2,033,987)
Income tax credit					37,705
Loss for the financial year					(1,996,282)
<b>Assets</b>					
Segment and consolidated total assets	6,406,310	27,393,496	49,328,868	-	83,128,674
<b>Liabilities</b>					
Segment liabilities	247,718	2,094,723	2,659,838	-	5,002,279
Borrowings	-	5,181,170	-	-	5,181,170
Deferred tax liabilities	-	1,479,424	-	-	1,479,424
Income tax payable	-	18,501	-	-	18,501
Consolidated total liabilities	247,718	8,773,818	2,659,838	-	11,681,374
<b>Other segment items</b>					
Depreciation of property, plant and equipment	43,856	623,480	172	-	667,508
Depreciation on right-of-use assets	39,007	78,370	-	-	117,377
Depreciation on investment property	-	97,839	381,080	-	478,920
Inventories written down	-	21,081	-	-	21,081
Gain on disposal of property, plant and equipment	-	2,652	-	-	2,652
Impairment loss on development properties	-	-	453,039	-	453,039

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 33. Segment information (cont'd)

	Continuing operation			Discontinued operations	
	Investment	Door business	Property business	Door business	Total
	\$	\$	\$	\$	\$
<b>31 March 2021</b>					
<b>Segment revenue</b>					
Sales - external	-	18,301,367	-	866,670	19,168,037
Segment (loss)/profit	(2,655,052)	751,370	1,233,348	(1,230,046)	(1,900,380)
Other income					1,765,015
Interest income					102,324
Gain on disposal of subsidiary					2,084,749
Finance costs					(233,132)
Profit before tax					1,818,576
Income tax expense					(2,580)
Profit for the financial year					1,815,996
<b>Assets</b>					
Segment and consolidated total assets	11,184,369	26,083,669	47,499,860	-	84,767,898
<b>Liabilities</b>					
Segment liabilities	304,906	3,276,413	2,637,432	-	6,218,751
Borrowings	-	3,355,182	-	-	3,355,182
Deferred tax liabilities	-	1,574,636	-	-	1,574,636
Consolidated total liabilities					11,148,569
<b>Other segment items</b>					
Capital expenditure	1,261	126,289	-	-	127,550
Depreciation of property, plant and equipment	68,066	597,704	172	59,752	725,694
Depreciation on right-of-use assets	39,574	192,560	-	270,439	502,573
Depreciation on investment property	-	-	89,065	-	89,065
Inventories written down	-	49,773	-	33,772	83,545
Loss on disposal of property, plant and equipment	-	68,685	-	8,042	76,727
Impairment loss on development properties	-	-	695,004	-	695,004
Impairment loss on right-of-use assets	30,426	-	-	-	30,426



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 33. Segment information (cont'd)

### *Geographical information*

The Group's three business segments operate in following geographical areas:

#### *Singapore/Australia/Indonesia*

The Company is headquartered in Singapore. The areas of operation mainly arise from supply and installation of doors and wood-based floorings, import and distribution of doors, locksets ironmongeries, furniture and fittings, wood related products, rental of premises, investment property, investment holding and development of land and property.

#### *Malaysia/Hong Kong*

The main activities are the manufacturing and supply of wood-based doors, mouldings and floorings.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	<b>Group Revenues</b>		<b>Group Non-current assets</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Singapore	-	-	<b>5,281,436</b>	5,490,784
Malaysia	<b>13,938</b>	-	<b>8,987,151</b>	9,702,021
Australia	-	-	<b>14,782,195</b>	15,152,057
United Kingdom	<b>14,798,359</b>	17,534,146	-	-
Ireland	<b>621,696</b>	493,551	-	-
United States of America	-	273,670	-	-
Indonesia	-	-	<b>434</b>	595
	<b>15,433,993</b>	18,301,367	<b>29,051,216</b>	30,345,456

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

### *Information about major customers*

Revenue of approximately \$13,489,747 (2021: \$15,684,274) are derived from 3 (2021: 3) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		<b>Group</b>	
		<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
<u>Customer</u>	<u>Attributable segments</u>		
Customer 1	Door business	<b>6,241,060</b>	6,025,301
Customer 2	Door business	<b>5,849,611</b>	5,525,971
Customer 3	Door business	<b>1,399,076</b>	4,133,002
		<b>13,489,747</b>	15,684,274

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## 34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or obtain new borrowings.

The Group's overall strategy remains unchanged from prior year.

The Group monitors its capital structure based on the Group's net debt and total equity. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. The Group is not subjected to any externally imposed capital requirements for the financial year ended 31 March 2022 and 31 March 2021.

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Total borrowings	<b>5,181,170</b>	3,355,182	-	-
Less: Cash and cash equivalents	<b>(11,126,838)</b>	(11,295,884)	<b>(4,274,086)</b>	(8,934,710)
Net surplus	<b>(5,945,668)</b>	(7,940,702)	<b>(4,274,086)</b>	(8,934,710)
Total equity	<b>62,441,724</b>	64,631,008	<b>70,270,338</b>	71,844,012
Total capital	<b>56,496,056</b>	56,690,306	<b>65,996,252</b>	62,909,302

## 35. Legal claims and contingent liabilities

As at 31<sup>st</sup> March 2020, both the Bankruptcy Appeal and Suit 918 had concluded, bringing closure to a series of claims and counterclaims which commenced on 7 September 2015 through a writ of summons and statement of claim issued against Mr Michael Chan ("Mr Chan") in the High Court Suit No.918/2015 ("Suit 918"), cumulating with Bankruptcy Order HC/ORC 5043/2018 and the staying of that order by 7 October 2019.

As at year-end, the estate matters of Mr Chan are in the hands of the administrator of Official Assignee Office of the Ministry of Law and a provision for expected credit loss amounting to S\$3,450,000 in relation to Suit 918 above remains in the balance sheet as a result of impairment. (Note 16)

With respect to the counterclaims filed against the Company, which has since concluded, the directors of the Company, based on legal advice obtained, are of the view that there are no further liabilities required to be recognised in the financial statements, save for the above.

For further details, please refer to the disclosures in the Group's 2021 Annual Report.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

## **36. Investigation by the Commercial Affairs Department**

On 19 November 2015, the Company received a notice from the Commercial Affairs Department (“CAD”) of Singapore Police Force which states that CAD is investigating an offence under the Securities and Futures Act (Chapter 289 of Singapore) pursuant to the provisions of the Criminal Procedure Code 2012 (Chapter 68, 2012 Revised Edition). The Company had fully co-operated and complied with CAD’s investigation and their request for access to documents and information for the period beginning 1 January 2012 until the notice date. Certain then members of staff including the then managing director and then Group Financial Controller were interviewed by CAD officers and rendered assistance in relation to its investigation.

As at the date of these financial statements, the CAD has confirmed to the Company that the investigation has been completed and the relevant accused persons have been charged in court on 17 September 2021.

## **37. Authorisation of financial statements for issue**

The financial statements for the financial year ended 31 March 2022 were authorised for issue in accordance with a directors’ resolution dated 13 July 2022.

# STATISTICS OF SHAREHOLDINGS

AS AT 27 JUNE 2022

Number of shares	:	5,380,556,316
Class of shares	:	ordinary shares
Voting rights	:	one vote per share
Number of shares held in treasury	:	Nil
Number of subsidiary holdings	:	Nil

Based on information available to the Company as at 27 June 2022, approximately 77% of the total issued share capital (excluding treasury shares) of the Company is held by the public and, therefore, Rule 723 of the Catalyst Rules issued by the Singapore Exchange Securities Trading Limited is complied with.

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	48	1.62	650	0.00
100 - 1,000	123	4.16	105,327	0.00
1,001 - 10,000	460	15.55	2,806,907	0.05
10,001 - 1,000,000	1,934	65.38	495,656,772	9.21
1,000,001 and above	393	13.29	4,881,986,660	90.74
<b>TOTAL</b>	<b>2,958</b>	<b>100.00</b>	<b>5,380,556,316</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LEE HAN PENG	730,164,300	13.57
2	UOB KAY HIAN PRIVATE LIMITED	610,805,300	11.35
3	HSBC (SINGAPORE) NOMINEES PTE LTD	327,618,200	6.09
4	PHILLIP SECURITIES PTE LTD	247,471,191	4.60
5	MAYBANK SECURITIES PTE. LTD.	156,077,600	2.90
6	CITIBANK NOMINEES SINGAPORE PTE LTD	147,397,577	2.74
7	DBS NOMINEES (PRIVATE) LIMITED	117,669,900	2.19
8	NG HIAN WOON	92,902,800	1.73
9	OCBC SECURITIES PRIVATE LIMITED	87,031,700	1.62
10	KOH KOW TEE MICHAEL	77,289,000	1.44
11	TAN MENG CHIANG	62,205,000	1.16
12	LIEW WING ONN	55,474,200	1.03
13	ABN AMRO CLEARING BANK N.V.	51,490,800	0.96
14	BUN HUI PING	43,000,000	0.80
15	HENG YONG SENG	43,000,000	0.80
16	WONG LEH ING	40,000,000	0.74
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	37,228,500	0.69
18	RAFFLES NOMINEES (PTE.) LIMITED	36,466,100	0.68
19	LAU SONG CHIN	34,947,500	0.65
20	TAN GUAN YU, DARREL	34,934,200	0.65
	<b>TOTAL</b>	<b>3,033,173,868</b>	<b>56.39</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 27 JUNE 2022

## SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

Name of Shareholders	No of Shares	
	Direct Interest	Deemed Interest
Pengiran Muda Abdul Qawi	–	500,000,000 <sup>#</sup>
Lee Han Peng	730,164.300	–

<sup>#</sup> Interest registered under UOB Kay Hian Pte Ltd.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of HS OPTIMUS HOLDINGS LIMITED will be held by way of electronic means on Thursday, 28 July 2022 at 10 a.m., for the following purposes:

## AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 March ("**FY**") 2022 and the Auditors' Report thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees of S\$243,000 for FY2023. (FY2022: S\$ 236,333) **(Resolution 2)**
3. To re-elect the following Directors retiring under Article 109 of the Company's Constitution:
  - a. Mr Pengiran Muda Abdul Qawi *[See Explanatory Note (a)]* **(Resolution 3)**
  - b. Ms Vivien Goo Bee Yen *[See Explanatory Note (b)]* **(Resolution 4)**
4. To re-elect the following Directors retiring under Article 119 of the Company's Constitution.
  - a. Mr Chia Fook Sam *[See Explanatory Note (c)]* **(Resolution 5)**
5. To re-appoint Messrs Ernst & Young LLP as the Company's Independent Auditors and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS:

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

### 7. "SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act 1967 of Singapore and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:

- a.
  - (i) issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or
  - (ii) make or grant offers, agreements or options (collectively, "**instruments**") that may or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and/or
- b. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force,

# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the instruments) that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time of the passing of this Resolution, after adjusting for:
  - (1) new Shares arising from the conversion or exercise of any convertible securities;
  - (2) new Shares arising from exercising share options or vesting of share awards provided the share options or share awards (as the case may be) were granted in compliance with the Catalist Rules; and
  - (3) any subsequent bonus issue, consolidation or subdivision of Shares,provided that the adjustments in accordance with sub-paragraphs (1) and (2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.”  
*[See Explanatory Note (d)]*

**(Resolution 7)**

## 8. “PROPOSED RENEWAL OF SHARE PURCHASE MANDATE

That:-

- a. for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (“**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to but not exceeding the Maximum Price (as hereafter defined), whether by way of:
  - (i) on-market purchase(s) (“**On-Market Share Purchase(s)**”) transacted on the SGX-ST through the SGX-ST’s ready market trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted (the “**Other Exchange**”), through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

# NOTICE OF ANNUAL GENERAL MEETING

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

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

- b. unless revoked or varied by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
  - (i) the date on which the next annual general meeting of the Company is held or required by law to be held (whereupon it will lapse, unless renewed at such meeting);
  - (ii) the date on which the purchases and/or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
  - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company at general meeting (if so varied or revoked prior to the next annual general meeting);
- c. in this Resolution:

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

**"closing market price"** means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

**"day of the making of the offer"** means 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 for an Off-Market Share Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase;

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

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

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

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price;

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



# NOTICE OF ANNUAL GENERAL MEETING

**"Relevant Period"** means the period commencing from the date of the general meeting at which the renewal of the Share Purchase Mandate is approved and expiring on the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held (whereupon it will lapse, unless renewed at such meeting);
  - (ii) the date on which the purchases and/or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
  - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company at general meeting (if so varied or revoked prior to the next annual general meeting);
- d. the Directors of the Company be and are hereby authorised to deal with the Shares purchased or acquired by the Company, pursuant to the Share Purchase Mandate, in any manner as they think fit, which is permitted under the Companies Act; and
- e. the Directors and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution."
- [See Explanatory Note (e)]*

**(Resolution 8)**

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

Singapore, 13 July 2022

## EXPLANATORY NOTES:

- (a) **Resolution 3** is to re-elect Mr Pengiran Muda Abdul Qawi as a Director of the Company. Mr. Pengiran Muda Abdul Qawi will, upon re-election, remain as Non-Executive Chairman of the Company. Certain key information on Mr Pengiran Muda Abdul Qawi can be found in the sections entitled "Board of Directors" and "Report on Corporate Governance" of the Annual Report 2022.
- (b) **Resolution 4** is to re-elect Ms Vivien Goo Bee Yen as a Director of the Company. Ms Vivien Goo Bee Yen will, upon re-election, remain as an Independent Director and the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company. Certain key information on Ms Vivien Goo Bee Yen can be found in the sections entitled "Board of Directors" and "Report on Corporate Governance" of the Annual Report 2022. The Board considers Ms Vivien Goo Bee Yen to be independent for the purposes of Rule 704(7) of the Catalist Rules.
- (c) **Resolution 5** is to re-elect Mr Chia Fook Sam as a Director of the Company. Mr. Chia Fook Sam will, upon re-election, remain as Executive Director. He is also currently the Chief Operating Officer of the Company. Certain key information on Mr Chia Fook Sam can be found in the sections entitled "Board of Directors" and "Report on Corporate Governance" of the Annual Report 2022.
- (d) **Resolution 7**, if passed, will empower the Directors (from the date of this Annual General Meeting until (i) the conclusion of the next annual general meeting of the Company; or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier) to allot and issue Shares in the capital of the Company (including Shares to be issued in pursuance of instruments made or granted pursuant to Resolution 7) up to an amount not exceeding one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of Shares issued other than on a pro rata basis to shareholders of the Company, shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

# NOTICE OF ANNUAL GENERAL MEETING

For the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the instruments) that may be issued, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings will be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time of the passing of Resolution 7, after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards provided the share options or share awards (as the case may be) were granted in compliance with the Catalyst Rules of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of Shares. The adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of Resolution 7.

- (e) **Resolution 8**, if passed, will empower the Directors of the Company from the date of the Annual General Meeting until the date of the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of On-Market Share Purchases or Off-Market Share Purchases on an equal access scheme) from time to time of up to ten per cent (10%) of the total number of Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the source of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Appendix accompanying this Notice of Annual General Meeting.

## Notes:

1. The Annual General Meeting of the Company (the “AGM” or the “Meeting”) to be held on Thursday, 28 July 2022 at 10 a.m. is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of this Notice of AGM, the Appendix accompanying this Notice of AGM and the accompanying proxy form for the Meeting will not be sent to members of the Company.** Instead, this Notice of AGM, the Appendix accompanying this Notice of AGM and the accompanying proxy form for the Meeting will be (i) uploaded on SGXNET; and (ii) published on the Company's corporate website at the URL [www.hso.com.sg/investor-relations/aggm-2022/](http://www.hso.com.sg/investor-relations/aggm-2022/). A Shareholder will need an Internet browser and PDF reader to view these documents on SGXNET and the Company's designated website.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Meeting, are set out in the Company's accompanying letter to shareholders dated 13 July 2022 (the “Announcement”), which has been uploaded together with this Notice of AGM on SGXNet on the same day. The Announcement may also be accessed at the Company's corporate website at the URL [www.hso.com.sg/investor-relations/aggm-2022/](http://www.hso.com.sg/investor-relations/aggm-2022/). For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice of AGM in respect of the Meeting.

In particular, the Meeting will be held by way of electronic means and a member of the Company will be able to observe the proceedings of the Meeting through a “live” webcast (“**Live Webcast**”) (pursuant to which access to a “live” audio and video feed or a “live” audio only feed will be provided) via his/her/its smart phones, tablets or computers. In order to do so, a member of the Company who wishes to watch the Live Webcast must register by **10 a.m. on 25 July 2022 (“Registration Deadline”)** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting). To do so, Shareholders are required to pre-register their participation at the AGM by emailing their full name (as per CDP/Scrp/CPF/SRS Records), email address (for receipt of login credentials) and full NRIC/Passport Numbers to [RSVP@boardroomlimited.com](mailto:RSVP@boardroomlimited.com) for verification of their status as Shareholders (or the corporate representatives of such Shareholders). Upon successful pre-registration, each such Shareholder or its corporate representative will receive an email by **10:00 a.m. on 27 July 2022**. The email will contain a link to access the webcast of the AGM proceedings, together with the relevant log in details and instructions. Shareholders who do not receive any email by **10:00 a.m. on 27 July 2022**, but have registered by the Registration Deadline, should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at +65 6536 5355 (Mondays to Fridays, excluding Public Holidays, from 9.00 a.m. to 5.30 p.m.) or by email to [RSVP@boardroomlimited.com](mailto:RSVP@boardroomlimited.com).

Members holding shares through relevant intermediaries (other than CPF or SRS investors) will not be able to pre-register for the “live” webcast or “live” audio feed of the AGM. Such Members who wish to participate in the “live” webcast or the “live” audio feed of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements.

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

# NOTICE OF ANNUAL GENERAL MEETING

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
  - (a) if sent personally or by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632; or
  - (b) if submitted by email, be received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at [RSVP@boardroomlimited.com](mailto:RSVP@boardroomlimited.com).

in either case, by **10 a.m. on 26 July 2022** (being not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

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

**To minimize physical interactions and COVID-19 transmission risks even as safe distancing regulations are gradually and cautiously relaxed, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.**

CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 10.00.a.m on 18 July 2022) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

6. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.
7. Members will not be able to ask questions "live" during the broadcast of this AGM. All members may submit questions relating to the business of this AGM no later than **10 a.m. on 21 July 2022**:
  - a. by email to Company's Share Registrar at [RSVP@boardroomlimited.com](mailto:RSVP@boardroomlimited.com);
  - b. by email to [agm2022@hso.com.sg](mailto:agm2022@hso.com.sg); or
  - c. if submitted by post, be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632.

**To minimize physical interactions and COVID-19 transmission risks even as safe distancing regulations are gradually and cautiously relaxed, Members and Investors are strongly encouraged to submit their questions electronically via email. The Company will endeavour to answer all substantial and relevant questions prior to, or at, this AGM.**

8. All documents (including the Annual Report 2022, proxy form, this Notice of AGM and the Appendix to this Notice of AGM) or information relating to the business of this AGM have been, or will be, published on SGXNet and/or the Company's website at [www.hso.com.sg/investor-relations/agm-2022/](http://www.hso.com.sg/investor-relations/agm-2022/). Printed copies of these documents will not be despatched to members. Members, CPF and SRS investors are advised to check SGXNet and/or the Company's website regularly for updates.
9. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.
10. A corporation which is a member may authorise by resolution of its director or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore.

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 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 2001 of Singapore and who holds shares in that capacity; or

# NOTICE OF ANNUAL GENERAL MEETING

- (c) The Central Provident Fund Board established by the Central Provident Fund Act 1953 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.

## Personal Data Privacy:

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

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

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

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*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

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

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

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# HS OPTIMUS HOLDINGS LIMITED

(Incorporated in Singapore)  
(Registration No. 199504141D)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

- The Annual General Meeting of the Company to be held on Thursday, 28 July 2022 at 10.00 a.m. (and any adjournment thereof (the "AGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM, the Appendix accompanying the Notice of AGM and this Proxy Form will not be sent to members. Instead, the Notice of AGM, the Appendix accompanying the Notice of AGM and this Proxy Form will be sent to members by electronic means via publication on the Company's website at [www.hso.com.sg/investor-relations/aggm-2022/](http://www.hso.com.sg/investor-relations/aggm-2022/) and the SGXNet.
- Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM, are set out in the accompanying Company's letter to shareholders dated 13 July 2022 (the "Announcement"), which has been uploaded together with the Notice of AGM dated 13 July 2022 on SGXNet on the same day. The Announcement may also be accessed at the Company's corporate website at [www.hso.com.sg/investor-relations/aggm-2022/](http://www.hso.com.sg/investor-relations/aggm-2022/). For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM dated 13 July 2022 in respect of the AGM.
- A member of the Company will not be able to attend the AGM in person and also not be able to vote online on the resolutions to be tabled for approval at the AGM. If a member of the Company (whether individual or corporate and including a Relevant Intermediary\*) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary\*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
- CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agents Bank or SRS Operators to submit their votes by 10:00 a.m. on 18 July 2022.

By submitting an instrument appointing the Chairman of the AGM as proxy, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 July 2022.

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

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No. Co./ Company Registration. No.)

of \_\_\_\_\_ (Address)

being a member/members of HS OPTIMUS HOLDINGS LIMITED (the "Company"), hereby appoints the Chairman of the annual general meeting of the Company (the "AGM"), as \*my/our proxy to vote for \*me/us on \*my/our behalf at the AGM to be held by way of electronic means on Thursday, 28 July 2022 at 10 a.m. and at any adjournment thereof. \*I/We direct the Chairman of the AGM, being \*my/our proxy, to vote for or against, or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the AGM as \*my/our proxy will be treated as invalid.

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

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

No.	Resolutions relating to:	For **	Against **	Abstain **
	<b>ORDINARY BUSINESS</b>			
1.	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2022 and the Auditors' Report thereon ( <b>Resolution 1</b> )			
2.	Approval of Directors' fees of S\$243,000 for the financial year ending 31 March 2023 ( <b>Resolution 2</b> )			
3.	Re-election of Mr Pengiran Muda Abdul Qawi as a Director retiring under Article 109 of the Company's Constitution ( <b>Resolution 3</b> )			
4.	Re-election of Ms Vivien Goo Bee Yen as a Director retiring under Article 109 of the Company's Constitution ( <b>Resolution 4</b> )			
5.	Re-election of Mr Chia Fook Sam as a Director retiring under Article 119 of the Company's Constitution ( <b>Resolution 5</b> )			
6.	Re-appointment of Messrs Ernst & Young LLP as auditors ( <b>Resolution 6</b> )			
	<b>SPECIAL BUSINESS</b>			
7.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act 1967 ( <b>Resolution 7</b> )			
8.	To approve the renewal of the Share Purchase Mandate ( <b>Resolution 8</b> )			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Total Number of Shares held in:	
CDP Register	
Register of Members	

Signature(s) of member(s)  
or Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF.**





**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. **A member of the Company will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. This proxy form may be accessed at the Company's website at [www.hso.com.sg/investor-relations/agm-2022/](http://www.hso.com.sg/investor-relations/agm-2022/) and the SGXNet.** If a member of the Company (whether individual or corporate and including a Relevant Intermediary\*) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary\*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The instrument for the appointment of proxy may be accessed at the Company's website at [www.hso.com.sg/investor-relations/agm-2022/](http://www.hso.com.sg/investor-relations/agm-2022/) or the SGXNet.
3. The Chairman of the AGM, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must:
  - (a) if submitted by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632; or
  - (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at [RSVP@boardroomlimited.com](mailto:RSVP@boardroomlimited.com).

in either case, by **10 a.m. on 26 July 2022** (being not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

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

**To minimize physical interactions and COVID-19 transmission risks even as safe distancing regulations are gradually and cautiously relaxed, members are strongly encouraged to submit completed proxy forms electronically via email.**

5. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised. (ii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.
6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. The proxy form is not valid for use by an investor who holds shares under the Supplementary Retirement Scheme (SRS Investor) and shall be ineffective for all intents and purposes if used or purported to be used by him/her. An SRS Investor who wishes to appoint the Chairman of the AGM as proxy should approach his/her respective SRS Operators to submit his/her votes at least seven (7) working days before the AGM (i.e. by 10:00 a.m. on 18 July 2022).

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 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 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 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.

**General:**

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

**Personal data privacy:**

By submitting this proxy form appointing the Chairman of the AGM as proxy, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of AGM dated 13 July 2022.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Pengiran Muda Abdul Qawi**  
*Non-Executive Chairman*

**Mr Mark Leong Kei Wei**  
*Independent Director*

**Ms Vivien Goo Bee Yen**  
*Independent Director*

**Mr Ang Wee Ming**  
*Independent Director*

**Ms Lim Li Hui**  
*Independent Director*

**Ms Wong Gloria**  
*Executive Director*

**Mr Chia Fook Sam**  
*Executive Director and  
Chief Operating Officer*

## REGISTRAR AND SHARE TRANSFER OFFICE

**Boardroom Corporate & Advisory  
Services Pte. Ltd.**  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632

## EXTERNAL AUDITOR

**Ernst & Young LLP**  
(Registered with ACRA)  
Public Accountants and Chartered  
Accountants of Singapore  
One Raffles Quay,  
North Tower, Level 18  
Singapore 048583

Partner-in-charge: Mr Ng Boon Heng  
Date of appointment: 26 March 2021

## INTERNAL AUDITOR

**BDO Advisory Pte Ltd**  
600 North Bridge Road  
#23-01 Parkview Square  
Singapore 188778

Partner-in-charge: Mr Willy Leow  
Year of appointment: 2016

## SPONSOR

**R & T Corporate Services Pte. Ltd.**  
9 Straits View #06-07  
Marina One West Tower  
Singapore 018937

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

## COMPANY SECRETARY

**Rajah & Tann Singapore LLP**  
9 Straits View #06-07  
Marina One West Tower  
Singapore 018937

Mr Abdul Jabbar Bin Karam Din

## REGISTERED OFFICE

2 Kallang Ave,  
CT Hub #07-03  
Singapore 339407  
Telephone: 6754 1854  
Fax: 6752 9908  
Website: [www.hso.com.sg](http://www.hso.com.sg)

## INVESTOR RELATIONS

Email: [ir@hso.com.sg](mailto:ir@hso.com.sg)  
Telephone: 6754 1854





Company Registration No. 199504141D  
2 Kallang Avenue, CT Hub #07-03,  
Singapore 339407  
Tel: (65) 6754 1854 Fax: (65) 6752 9908  
[www.hso.com.sg](http://www.hso.com.sg)