



**8I HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET (ASX APPENDIX 4E)
&
ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2020**

<u>Contents</u>	<u>Page</u>
Results for Announcement to the Market	A
Operations and Financials Review	1
Directors' Statement	5
Independent Auditor's Report	8
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Statement of Financial Position - Company	15
Consolidated Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	18
Notes to the Financial Statements	20

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About 8I Holdings Limited

8I Holdings Limited ("**8IH**" or "the Group") is an Australian-listed investment company engaged in the businesses of financial technology, financial education and public market investments.

Through **8VIC** Holdings Ltd ("**8VI**") the Group operates under the **VI** brand within the FinTech and Financial Education space. With offices in Singapore, Malaysia, Taiwan and Shanghai, **VI** is the leading financial education provider in the discipline of value investing supporting a community of value investors from 29 cities globally. The **VI** App is a smart stock analysis and screening tool infused with a social networking element to enable users to invest smarter, faster and easier. Through Hidden Champions Capital Management Pte Ltd ("**HCCM**"), the Group operates a licensed fund management business in Singapore, investing in public listed equities in the Asia-Pacific through a focused strategy of investing in value-adding, nimble and scalable growing Hidden Champions that are typically at the forefront of their markets to achieve long-term investment returns.



8I Holdings Limited (ASX: 8IH)
(Incorporated in the Republic of Singapore)
Company Registration Number: 201414213R
ARBN 601 582 129

RESULTS FOR ANNOUNCEMENT TO THE MARKET (ASX APPENDIX 4E)

For the financial year from 1 April 2019 to 31 March 2020

Preliminary final report for the financial year ended 31 March 2020 as required by ASX listing rule 4.3A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to financial year ended 31 March 2019)

	S\$	Up/Down	% Movement
Revenue and investment income from ordinary activities	9,398,307	Down	-50.6%
Loss after tax from ordinary activities attributable to members	(3,679,184)	Up	63.9%
Net loss attributable to members	(3,679,184)	Up	63.9%

EXPLANATION FOR REVENUE

The decline in revenue and investment income from ordinary activities is attributable to the strategic disposal of the Digital and Media Segment in FY2019 in order for the Group to focus its resources in expanding the FinEduTech business in Asia Pacific. This resulted in a reduction in revenue of S\$9,383,252 from digital and Marketing Segment but an increase in profit in the Financial Education Segment (Singapore and Malaysia) of S\$2,933,879.

EXPLANATION FOR LOSS AFTER TAX FROM ORDINARY ACTIVITIES & NET LOSS ATTRIBUTABLE TO MEMBERS

The reduction in loss after tax from ordinary activities and net loss attributable to members are attributable to the increase in profit in the Financial Education Segment (Singapore and Malaysia) of S\$2,933,879 and the reduction in unrealised fair value loss on the Group's mark-to-market investments in quoted securities of S\$5,573,609.

Dividend information	Amount per share (Singapore cent)	Franked amount per share (Singapore cent)	Tax rate for franking credit
Final FY2019 dividend per share	NIL	NIL	NIL
		31.3.2020	31.3.2019
Net tangible assets per security		S\$0.077	S\$0.086

This information should be read in conjunction with the FY2020 Annual Financial Report of 8I Holdings Limited and its subsidiaries and any public announcements made in the period by 8I Holdings Limited in accordance with the continuous disclosure requirements of the Companies Act (Chapter 50) and Listing Rules.

Additional Appendix 4E disclosure requirements can be found in the Directors' statement and the consolidated financial statements for the financial year ended 31 March 2020.

This report is based on the consolidated financial statements which have been audited by KLP LLP.

OPERATIONS AND FINANCIALS REVIEW

For the financial year ended 31 March 2020

Overview

In FY2020, the Group recorded a revenue of S\$11.9 million (FY2019: S\$25.3 million) and a narrowed net loss after tax of S\$4.0 million (FY2019: S\$11.2 million). Total comprehensive loss attributable to owners of the Company was recorded at S\$3.6 million (FY2019: S\$10.7 million).

The decline in revenue and investment income is attributable to the strategic disposal of the Digital and Media Segment in FY2019 in order for the Group to focus its resources in expanding the FinEduTech business in Asia Pacific. This resulted in a reduction in revenue of S\$9.4 million from the Digital and Marketing Segment but an increase in profit in the Financial Education Segment (Singapore and Malaysia) of S\$2.9 million.

The narrowing of our losses in FY2020 was mainly attributable to the improved performance of the restructured Hidden Champions Fund, bringing down the fair value loss on investment securities to S\$3.3 million (FY2019: S\$8.9 million).

Following on the Group's strategy as outlined in last year's report, the efforts to optimise and streamline business processes have seen positive results. While revenue for our Financial Education segment stands at S\$10.3 million (FY2019: S\$12.7 million), a 19% decrease as compared to the previous financial year, the Financial Education segment in Singapore and Malaysia has returned to profitability with a net profit of S\$1.3 million (FY2019: net loss of S\$1.7 million).

With the implementation of FRS 116, all office lease rentals which were previously classified as operating lease under FRS 17 as an off-balance sheet item, has been recognised on the balance sheet. This resulted in the Group recognising a right-of-use assets and corresponding lease liabilities of S\$1.2 million. While this change does not significantly impact our bottom line, this has resulted in a slight increase of our gearing ratios. However, the Group remains well within its ability to service its lease obligations, which is mainly the rental of office space, despite the economic climate and business continuity measures adopted due to COVID-19.



OPERATIONS AND FINANCIALS REVIEW

For the financial year ended 31 March 2020

FinEduTech

Over the past year, 8VI has regained its footing under the renewed management team and is on its way back to a healthy baseline for its financials. Despite recording a lower revenue as compared to the previous financial year, 8VI has turned profitable in FY2020 through the tireless efforts of the entire team.

As part of the Group's business model refinement, the original financial technology and financial education businesses have been enhanced and incorporated under the VI brand in January 2020, representing the Group's strategic shift into FinEduTech. Integrating the capabilities of the smart stock analysis tool, financial education programme offerings and services, as well as a community-driven knowledge exchange portal, the launch of the VI brand and platform marks a significant shift in 8IH's strategic transformation through digitalisation and facilitating the use of FinTech as a key driver of its businesses and operations. 8VI is no longer an offline education provider but has become a portal for investors seeking knowledge through a host of recurring subscription products.

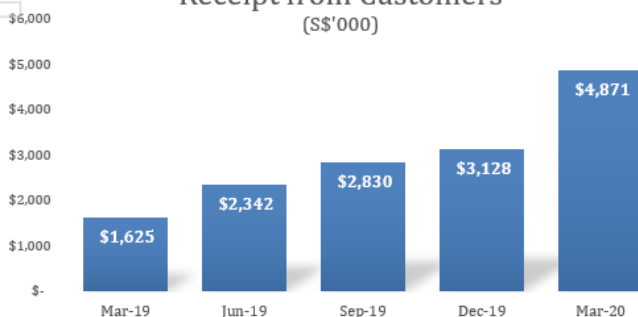
While 8VI started out the final quarter with its usual operations and business activities in Singapore and overseas, the rise and spread of COVID-19 around the world led to a rapid shift and expansion of its operations and services online by mid-March 2020 as part of its long-term business plan. As 8VI continued to operate in March 2020 and beyond, the offering of web-based financial education programmes and training have been expanded and community support was integrated fully within VI App to reach a wider audience and meet the evolving consumer habits. A customer is no longer a one-time "graduate" from our programme, but a VI Community member tapping into our platform and products for life-long, repeat learning opportunities.

In order to support the shift in our positioning and strategy towards a recurring revenue model, 8VI's business and operations have been restructured to streamline activities and incorporate a strong focus in customer experiences through aspects including Acquisition, Retention and Technology Development.

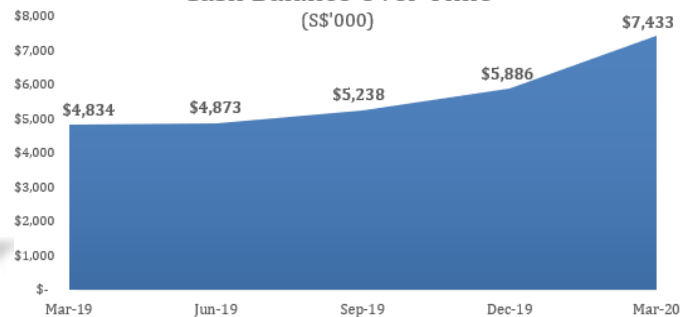
For more details on the FinEduTech segment, please refer to the financial report for 8VIC Holdings Ltd.



Receipt from Customers (S\$'000)



Cash Balance Over Time (S\$'000)



OPERATIONS AND FINANCIALS REVIEW

For the financial year ended 31 March 2020

Financial Asset Management

The listed securities under Hidden Champions Fund (“HCF”) registered an unrealised fair value loss on investment securities of S\$3.3 million. Since its restructuring in October 2018, the performance for HCF Class 1 largely reflected the markets in Asia, against the benchmarks of MSCI APAC. Earlier in FY2020, turbulent markets in Hong Kong and the escalating trade war between China and US saw volatility in the markets which dampened our returns, and with the emergence of an unsubstantiated short-seller report in September 2019 further depressed the share price performance of one of our top holdings, though the fundamental performance remains impressive. Similarly, the global spread of COVID-19 since early 2020 has affected our portfolio, but less so as compared to the various benchmarks including MSCI APAC, STI and KLCI.

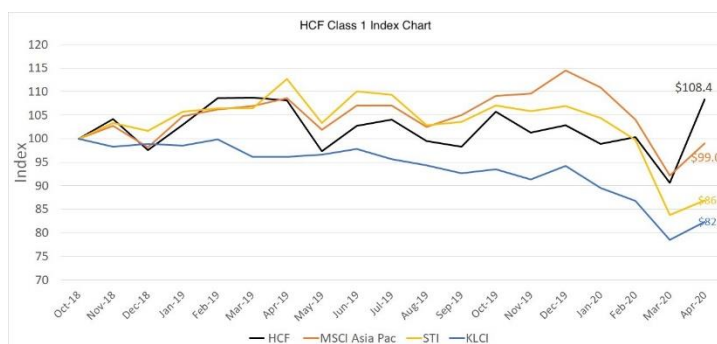
Nevertheless, when the market rebounded in April 2020, the fund performance followed due to an overall increase in share prices of several companies, including our core holdings.

Post year-end, the HCF Class 1 portfolio has rebounded significantly to around 20% between end March 2020 to end April 2020. We have also allocated 4% of our cash holdings to companies (2 China A-Shares, 1 ASX listed, 1 HKSE listed) which we have been eyeing for some time. Due to our core holdings’ good fundamental and positive price performance, we managed to claw back from the previous subpar performance in 2019, as a result of HCF’s conservative approach to having more than 30% in cash holdings, and is currently outperforming the MSCI APAC by about 10% (since October 2018).

The challenge of being an investor is to be able to hold onto and even add on to those positions that have been properly researched and yet mispriced for a long time. This is a true test of the emotional stability in an investor.

However, we are of the view that this COVID-19 pandemic will likely be a prolonged one (as compared to SARS) and are mentally prepared if the market were to take a downturn. Coupled with the pandemic is the unusual phenomenon of negative oil contract prices (for WTI) where the demand for oil has dropped dramatically due to many countries having their various versions of “lockdown” and the impact it has on travel and energy consumption in general.

In line with what was mentioned in the previous year’s report, the Group has also concluded the divestment plans of its non-core businesses since January 2020, and will be focusing its resources on growing its core engines, FinEduTech and Financial Asset Management. One of our key focus would be to deepen the synergy between the two core engines through a number of technology-focused initiatives, including digitalising the Asset Management think-tank and its methodology.



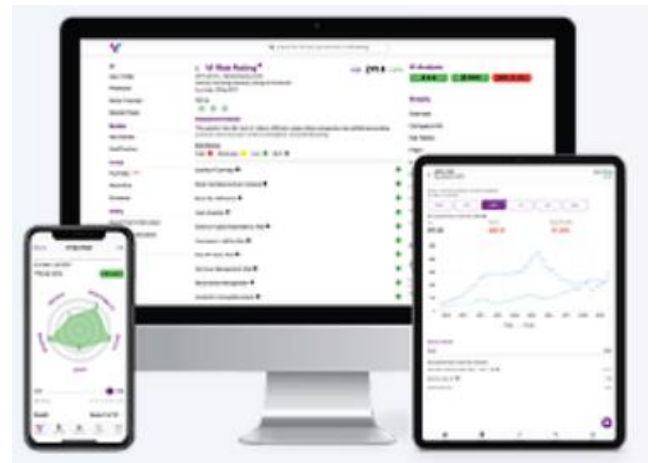
OPERATIONS AND FINANCIALS REVIEW

For the financial year ended 31 March 2020

In Summary

While the road to recovery is a long and arduous one, we are deeply appreciative of the support extended by our shareholders and for the unwavering efforts of our team members. We remain hopeful that we would be able to weather this adversity in time and thrive to become stronger than before while continuing to serve our growing community.

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DIRECTORS' STATEMENT

For the financial year ended 31 March 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2020 and the statement of financial position of the Company as at 31 March 2020.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 13 to 63 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Mr Chee Kuan Tat, Ken
Mr Clive Tan Che Koon
Mr Charles Mac
Mr Chay Yiowmin

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 object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of <u>director or nominee</u>	
	<u>At 31.3.2020</u>	<u>At 1.4.2019</u>
8I Holdings Limited (No. of ordinary shares)		
Mr Chee Kuan Tat, Ken	86,684,792	86,684,792
Mr Clive Tan Che Koon	65,140,000	65,140,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and date of this statement.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, shares 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 during the financial year.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr Chay Yiowmin
Mr Clive Tan Che Koon
Mr Charles Mac

All members of the Audit Committee were non-executive directors, except for Mr Clive Tan Che Koon.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2020 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, KLP LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2020

Independent Auditor

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

On behalf of the directors



Chee Kuan Tat, Ken
Director

29 May 2020



Clive Tan Che Koon
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 8I Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the 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 judgment, 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 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 these matters. 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 8I HOLDINGS LIMITED (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation and impairment of Investment in Subsidiaries <i>(Refer to Note 16 to the financial statements)</i></p> <p>The Company carries its investment in subsidiaries at cost adjusted for impairment losses. As at 31 March 2020, the carrying amount of investment in subsidiaries amounted to S\$15,678,762. During the financial year, the Company recognised S\$2,647,688 of impairment losses in investment in subsidiaries.</p> <p>We consider the valuation and impairment of investment in subsidiaries to be a significant key audit matter as the amount is significant to the financial statements. Moreover, the identification of impairment events and the determination of impairment charge requires the application of significant judgement by management.</p>	<ol style="list-style-type: none"> 1. Examined and analysed the method and assumptions used by the management in carrying out the impairment test. 2. Considered the adequacy of the disclosures in the financial statements in respect to this matter. <p>We found that the method and assumptions used by the management were reasonable. We also found the disclosure in the financial statements to be adequate.</p>
<p>Adoption of FRS 116 Leases <i>Refer to Note 3.1 (Critical judgements in applying the entity's accounting policies) and Note 19 (Lease liabilities) to the financial statements.</i></p> <p>The Group adopted FRS 116 Leases on 1 April 2019 and elected to recognise right-of-use assets based on amount equal to the lease liability, adjusted by the amount of any prepaid and accrued lease payments previously recognised. Comparative figures were not restated.</p> <p>The lease liabilities were initially measured by discounting the lease payments over the lease terms. For leases with extension options, the Group applied significant judgement in determining whether such extension options should be included in measuring the lease liabilities. As at 31 March 2020, the Group's lease liabilities amounting to S\$1,214,512.</p> <p>We focused on the adoption of FRS 116 in view of the significant effort required to audit the lease liabilities recognised due to the large volume of leases and significant judgement applied in determining whether the facts and circumstances created an economic incentive for the Group to exercise the lease extension option.</p>	<p>In relation to the Group's application of FRS 116, we:</p> <ol style="list-style-type: none"> 1. Obtained an understanding of the internal controls, including the new processes and controls in relation to the application of FRS 116; 2. Obtained an understanding of the lease contracts identified by management and assessed the appropriateness of management's identification of those contracts as leases based on contractual agreements; 3. Assessed the reasonableness of management's expectation of the lease period using our understanding of the Group's historical lease periods for similar assets, importance of the leased asset to the Group's business and whether the cost of obtaining replacement asset would be significant; 4. Assessed discount rates applied by the Group; 5. Tested the mathematical accuracy of the lease calculations; and <p>We found the judgement applied by management in the recognition of lease liabilities to be appropriate.</p> <p>We also found the disclosure on the critical judgements applied by management in the determination of the lease term in Note 3.1(c) to be appropriate.</p>

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INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impact of the disruption to the operations due to Covid 19 <i>Refer to Note 29</i></p> <p>The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions. As a result, these have impacted on the Education and Investment segments of the Group.</p> <p>Financial Education Segment</p> <p>8VIC had shifted from offline trainings and programme services to online services in mid-March 2020 in Singapore and Malaysia. The offering of web-based financial education programmes and training have been expanded and community support was integrated fully within VI App to reach a wider audience and meet the evolving consumer habits. This temporary change in business operation had not significantly affect the financial performance of the financial education business during the financial year.</p> <p>Financial Investment Segment</p> <p>The Group has investment in listed securities under Hidden Champions Fund. It registered an unrealised fair value loss on investment securities of S\$3.3 million during the year. Since its restructuring in October 2018, the performance for HCF Class 1 largely reflects the markets in Asia, against the benchmarks of MSCI Asia Pacific. Earlier in FY2020, turbulent markets in Hong Kong and the escalating trade war between China and US saw volatility in the markets which dampened the Group’s returns, and with the emergence of an unsubstantiated short-seller report in September 2019 further depressed the share price performance of one of the Group’s top holdings though the fundamental performance remains impressive. Similarly, the global spread of COVID-19 since early 2020 has affected the Group’s portfolio, but less so as compared to the various benchmarks including MSCI Asia Pacific, STI and KLCI. The market rebounded in April 2020 and the fund performance followed due to an overall increase in share prices of several companies, including the Group’s core holdings.</p>	<ol style="list-style-type: none"> 1. Considered the implications of COVID-19 when obtaining an understanding of the Group and its environment, in light of its objectives, strategies and other business risks. 2. Discussed with management whether the impact of the COVID-19 has been incorporated into their risk assessment processes and how they have identified and assessed the significance of the business risks arising. 3. Evaluated the assessment of management as to whether risks from COVID-19 could be material. 4. Assessed the financial impact involving accounting estimates prepared by the management including significant assumptions used. 5. Considered the adequacy of the disclosures in the financial statements. 6. Considered the impact of the COVID-19 events after the reporting period if it requires adjustment to or disclosure in the financial report and whether the event impacts the appropriateness of the going concern basis of accounting. <p>We found that the judgement applied, assessment made and method and assumptions used by the management were reasonable. We also found the disclosure in the financial statements to be adequate and sufficient.</p>

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impact of the disruption to the operations due to Covid 19 (continued) <i>Refer to Note 29</i></p> <p>We considered the impact of COVID-19 to be a key audit matter in view that the Group is in industries which are mainly affected by the COVID-19 namely, education and investment sector.</p>	

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. The annual report is expected to be made available to us after the date of the auditor’s report.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED (continued)

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

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.

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.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED (continued)

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 Lim Yeong Seng.

KLP LLP
Public Accountants and
Chartered Accountants

Singapore, 29 May 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

	Note	2020 S\$	2019 S\$
Revenue	4	11,864,905	25,345,224
Investment loss	4	(2,466,598)	(6,325,757)
Other gains	5	73,980	88,511
Other income	5	503,151	832,435
Expenses			
- Cost of sales and services	6	(3,381,525)	(13,026,427)
- Administrative expenses	6	(7,044,851)	(10,023,031)
- Marketing and other operating expenses	6	(3,993,417)	(8,049,684)
- Impairment of goodwill	14	-	(1,676,119)
- Finance costs		(81,577)	(16,531)
Share of loss attributable to the unit holders of redeemable participating shares	21	719,846	1,953,397
Share of (loss)/profit of an associated company		(29,652)	46,114
Loss before income tax		(3,835,738)	(10,851,868)
Income tax expense	8	(151,190)	(332,545)
Loss for the year		(3,986,928)	(11,184,413)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation		478,393	494,117
Items that will not be reclassified subsequently to profit or loss:			
- Financial losses, at FVOCI	17	(317,570)	(989,506)
Other comprehensive income/(loss), net of tax		160,823	(495,389)
Total comprehensive loss for the year		(3,826,105)	(11,679,802)
Loss attributable to:			
- Owners of the Company		(3,679,184)	(10,198,735)
- Non-controlling interests		(307,744)	(985,678)
		(3,986,928)	(11,184,413)
Total comprehensive loss attributable to:			
- Owners of the Company		(3,639,021)	(10,680,272)
- Non-controlling interests		(187,084)	(999,530)
		(3,826,105)	(11,679,802)
Loss per share attributable to equity holders of the Company (S\$ per share)			
- Basic earnings	9	(0.010)	(0.028)
- Diluted earnings	9	(0.010)	(0.028)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 March 2020

	Note	31 March	
		2020 S\$	2019 S\$
ASSETS			
Current assets			
Cash and cash equivalents	10	18,442,385	12,382,781
Trade and other receivables	11	2,527,868	4,773,835
Financial assets, at FVPL	12	14,358,481	20,379,148
Current income tax asset	8	129,122	213,438
		35,457,856	37,749,202
Non-current assets			
Other receivables	11	1,242,921	931,673
Property, plant and equipment	13	1,597,993	625,925
Intangible assets	14	430,439	183,138
Investment in an associated company	15	-	1,294,603
Financial assets, at FVOCI	17	1,266,261	1,698,880
Deferred income tax assets	22	264,331	178,865
		4,801,945	4,913,084
Total assets		40,259,801	42,662,286
LIABILITIES			
Current liabilities			
Trade and other payables	18	1,767,983	1,530,854
Lease liabilities	19	1,146,938	18,566
Current income tax liabilities	8	-	106,498
Unearned revenue	20	3,969,752	3,072,795
Redeemable participating shares	21	3,927,686	5,582,278
		10,812,359	10,310,991
Non-current liabilities			
Lease liabilities	19	67,574	17,857
Deferred income tax liabilities	22	4,000	4,000
		71,574	21,857
Total liabilities		10,883,933	10,332,848
NET ASSETS		29,375,868	32,329,438
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	23	34,455,641	34,491,447
Other reserves	24	(13,753,947)	(13,793,142)
Retained profits		7,615,639	10,874,431
		28,317,333	31,572,736
Non-controlling interests	16	1,058,535	756,702
Total equity		29,375,868	32,329,438

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

STATEMENT OF FINANCIAL POSITION - COMPANY

As at 31 March 2020

	Note	31 March	
		2020 S\$	2019 S\$
ASSETS			
Current assets			
Cash and cash equivalents	10	8,100,084	1,111,714
Trade and other receivables	11	4,905,819	13,085,680
Financial assets, at FVPL	12	32,041	46,444
Current income tax asset	8	-	3,959
		13,037,944	14,247,797
Non-current assets			
Other receivables	11	1,242,922	947,240
Investments in subsidiaries	16	15,678,762	18,125,797
Financial assets, at FVOCI	17	1,077,479	1,033,529
		17,999,163	20,106,566
Total assets		31,037,107	34,354,363
LIABILITIES			
Current liabilities			
Trade and other payables	18	137,456	141,483
Unearned income	20	24,150	38,110
		161,606	179,593
Total liabilities		161,606	179,593
NET ASSETS		30,875,501	34,174,770
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	23	34,455,641	34,491,447
Other reserves	24	(2,062,917)	(2,062,917)
Retained profits		(1,517,223)	1,746,240
Total equity		30,875,501	34,174,770

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

	Attributable to owners of the Company					Non-controlling interests	Total equity	
	Share capital	Fair value reserve	Currency translation reserve	Capital reserve	Retained profits			Total
	S\$	S\$	S\$	S\$	S\$			S\$
2020								
Beginning of financial year	34,491,447	(11,078,218)	(405,377)	(2,309,547)	10,874,431	31,572,736	756,702	32,329,438
Loss for the year	-	-	-	-	(3,679,184)	(3,679,184)	(307,744)	(3,986,928)
Other comprehensive income/(loss) for the year	-	(317,570)	357,733	-	-	40,163	120,660	160,823
Total comprehensive income/(loss) for the year	-	(317,570)	357,733	-	(3,679,184)	(3,639,021)	(187,084)	(3,826,105)
Share buy-back	(35,806)	-	-	-	-	(35,806)	-	(35,806)
Disposal of a subsidiary	-	-	-	(420,392)	420,392	-	(123,293)	(123,293)
Dilution of subsidiary without change in control	-	-	-	419,424	-	419,424	612,210	1,031,634
Total transactions with owners of the Company, recognised directly in equity	(35,806)	-	-	(968)	420,392	383,618	488,917	872,535
End of financial year	34,455,641	(11,395,788)	(47,644)	(2,310,515)	7,615,639	28,317,333	1,058,535	29,375,868

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

	Attributable to owners of the Company					Non-controlling interests	Total equity	
	Share capital	Fair value reserve	Currency translation reserve	Capital reserve	Retained profits			Total
	S\$	S\$	S\$	S\$	S\$			S\$
2019								
Beginning of financial year	34,422,910	(10,088,712)	(913,252)	132,424	21,073,166	44,626,536	3,372,158	47,998,694
Loss for the year	-	-	-	-	(10,198,735)	(10,198,735)	(985,678)	(11,184,413)
Other comprehensive income/(loss) for the year	-	(989,506)	507,969	-	-	(481,537)	(13,852)	(495,389)
Total comprehensive income/(loss) for the year	-	(989,506)	507,969	-	(10,198,735)	(10,680,272)	(999,530)	(11,679,802)
Share buy-back	(136,804)	-	-	-	-	(136,804)	-	(136,804)
Issue of new shares	205,341	-	-	-	-	205,341	-	205,341
Disposal of subsidiaries	-	-	(94)	(1,977,690)	-	(1,977,784)	(1,600,040)	(3,577,824)
Dilution of subsidiary without change in control	-	-	-	-	-	-	90,000	90,000
Acquisition of non-controlling interest without a change in control	-	-	-	(464,281)	-	(464,281)	(105,886)	(570,167)
Total transactions with owners of the Company, recognised directly in equity	68,537	-	(94)	(2,441,971)	-	(2,373,528)	(1,615,926)	(3,989,454)
End of financial year	34,491,447	(11,078,218)	(405,377)	(2,309,547)	10,874,431	31,572,736	756,702	32,329,438

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2020

	Note	2020 S\$	2019 S\$
Cash flows from operating activities			
Loss before income tax		(3,835,738)	(10,851,868)
Adjustments for:			
- Net gain on disposal of subsidiaries	4	(51,977)	(529,776)
- Net gain on disposal of an associated company	4	(5,320)	-
- Net fair value loss of investment securities held at fair value through profit or loss	4	3,334,810	8,908,419
- Net gain on disposal of investment securities held at fair value through profit or loss	4	(162,778)	(720,961)
- Interest income	5	(207,524)	(357,468)
- Dividend income	4	(648,137)	(1,331,925)
- Depreciation of property, plant and equipment	6	1,737,126	655,665
- Amortisation of intangible assets	6	158,481	61,045
- Amortisation of prepayments	6	-	50,000
- Property, plant and equipment written off	6	-	33,343
- Prepayment written off	6	-	275,000
- Bad debt written off	6	2,265	-
- Credit loss allowance	6	110,618	36,103
- Finance costs		81,574	16,531
- Impairment of goodwill		-	1,676,119
- Share of loss/(profit) of an associated company		29,652	(46,114)
- Share of loss attributable to the unit holders of redeemable participating shares	21	(719,846)	(1,953,397)
- Exchange differences		398,816	525,132
		222,022	(3,554,152)
Change in working capital, net of effects from disposal of subsidiaries:			
- Trade and other receivables		(69,072)	(569,221)
- Financial assets, at FVPL		2,844,643	(2,612,202)
- Inventories		-	(507,834)
- Trade and other payables		239,596	165,095
- Unearned revenue		1,846,482	(335,292)
Cash from/(used in) operations		5,083,671	(7,413,606)
Interest received		207,524	357,468
Dividend received		648,137	1,331,925
Income tax paid	8(b)	(249,843)	(573,801)
Net cash provided by/(used in) operating activities		5,689,489	(6,298,014)
Cash flows from investing activities			
Acquisition of non-controlling interest without a change in control		(68,079)	(570,167)
Proceeds from sale of non-controlling interest without a change in control		1,138,147	90,000
Proceeds from sale of subsidiary, net of cash disposed		(38,486)	(3,087,812)
Proceeds from sale of an associated company		200,000	-
Net proceeds from loan to non-related parties		2,046,978	4,449,979
Additions to property, plant and equipment	13	(198,630)	(377,645)
Additions to intangible assets	14	(405,782)	(244,183)
Disposal/(additions) to financial assets through other comprehensive income	17	115,049	(1,039,897)
Reduction in pledged deposits		-	5,000,000
Net cash provided by investing activities		2,789,197	4,220,275

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2020

	Note	2020 S\$	2019 S\$
Cash flows from financing activities			
Issue of new shares	23	-	205,341
Shares buy-back	23	(35,806)	(136,804)
Principal payment of lease liabilities		(1,392,434)	-
Finance cost paid		(81,574)	(16,531)
Proceeds from finance lease		-	48,556
Payment to fund's non-controlling unit holders	21	(1,180,311)	241,724
Net cash (used in)/provided by financing activities		(2,690,125)	342,286
Net increase/(decrease) in cash and cash equivalents		5,788,561	(1,735,453)
Cash and cash equivalents			
Beginning of financial year		12,382,781	13,942,773
Effects of currency translation on cash and cash equivalents		271,043	175,461
End of financial year		18,442,385	12,382,781

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

1. General information

8I HOLDINGS LIMITED (the "Company") is listed on the Australian Securities Exchange and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is Goldbell Towers, 47 Scotts Road, #03-03/04, Singapore 228233.

The principal activities of the Company are investment holding and management consultancy services. The principal activities of its subsidiaries are the seminars and programs organiser as well as investment in public and private companies.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") under the historical cost basis, except as disclosed in the accounting policies below.

The preparation of Group consolidation financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2019

On 1 April 2019, the Group has adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of FRS 16 Leases:

Adoption of FRS 116 Leases

When the Group is the lessee

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

On initial application of FRS 116, the Group has elected to apply the following practical expedients:

- i) For all contracts entered into before 1 April 2019 and that were previously identified as leases under FRS 1-17 Lease and INT FRS 104 Determining whether an Arrangement contains a Leases, the Group has not reassessed if such contracts contain leases under FRS 116; and
- ii) On a lease-by-lease basis, the Group has:
 - a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

- b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
- e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

For leases previously classified as operating leases on 1 April 2019, the Group has applied the following transition provisions:

- (i) On a lease-by-lease basis, the Group chose to measure its ROU assets at a carrying amount as if FRS 116 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 April 2019.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 April 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
- (iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 April 2019 is not significant. Comparative information is not restated.
- (iv) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 April 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

The effects of adoption of FRS 116 on the Group's financial statements as at 1 April 2019 are as follows:

	Increase S\$
Property, plant and equipment	2,497,157
Lease liabilities	2,497,157

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 March 2019 and the lease liabilities recognised in the statement of financial position as at 1 April 2019 are as follows :

	S\$
Operating lease commitment disclosed as at 31 March 2019	2,350,443
Add: Undisclosed operating lease commitment	254,004
	<u>2,604,447</u>
Less: Discounting effect using weighted average incremental borrowing rate of 5%	(107,290)
Add: Finance lease liabilities recognised as at 31 March 2019	36,424
Lease liabilities recognised as at 1 April 2019	<u>2,533,581</u>

2.2 Revenue recognition

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. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Rendering of services

The Group provide program sales, events site rental income, digital production and advertising income. Revenue is recognised when the services have been performed and rendered.

(b) Sale of goods

The Group delivered the goods to locations specified by its customers and the customers have accepted the goods in accordance with the sales contract and the collectability of the related receivables is reasonably assured. Revenue is recognised when the goods are passed to the customers.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established. It is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants received are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants relating to expenses are shown separately as other income.

2.4 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.5 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, inter-companies transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

The acquisition method of accounting is used to account for business combinations entered into by the Group.

(ii) Acquisitions

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.5 Group accounting (continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies is changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies is derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in associated companies and in the separate financial statements of the Company.

2.6 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

(b) Depreciation

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

	<u>Useful lives</u>
Office premises	1 to 3 years
Office equipment	1 to 3 years
Furniture and fittings	3 years
Motor vehicles	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and (losses)".

2.7 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

(b) Development of software

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.

2.8 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

(b) Intangible assets

Property, plant and equipment

Right-of-use assets

Investments in subsidiaries and associated companies

Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.10 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition

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.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(a) Classification and measurement (continued)

- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains/(losses)". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income that is not part of a hedging relationship is recognised in profit or loss in the period in which it arises and presented in "other gains/(losses)".

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains/ (losses)", except where the Group has elected to classify the investments as FVOCI.

Movements in fair values of investments classified as FVOCI are presented as "fair value gains and losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) Expected credit losses

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. 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, 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 which could affect debtors' ability to pay.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when the contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be 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.

(c) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(d) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as noncurrent liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

2.14 Leases

The accounting policy for lease before 1 April 2019 are as follows:

(a) When the Group is the lessee

The Group leases motor vehicles under finance leases and office premises and event spaces under operating leases from non-related parties.

• Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the consolidated statement of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

• Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.14 Leases (continued)

(b) When the Group is the lessor:

The Group leases event rental space under operating leases to non-related parties.

• **Lessor - Operating leases**

Leases of event rental spaces where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

The accounting policy for leases from 1 April 2019 are as follows:

(a) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

• **Right-of-use assets**

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

• **Lease liabilities**

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

• **Short term and low value leases**

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.14 Leases (continued)

(b) When the Group is the lessor:

The accounting policy applicable to the Group as a lessor in the comparative period were the same under FRS 16 except when the Group is an intermediate lessor.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.16 Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.17 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.17 Employee compensation (continued)

Short-term compensated absences

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 reporting date.

Employee share plan

The Group maintained an incentive securities plan pursuant to which the Company can offer shares to eligible employees to subscribe at a discounted price. The discounted value, based on the difference between the issue price and the market price on the date of issuance, is recognised as expense in profit or loss.

2.18 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.22 Redeemable participating shares

Redeemable participating shares are redeemable at the option of the unit holders and providing the investors with the right to require redemption for cash at the value proportionate to the investor's share in the fund's net assets. Profit/(losses) attributable to the holders of redeemable participating shares were recorded as part of the liabilities of redeemable participating shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical judgements in applying the entity's accounting policies

a. *Determination of lease term of contracts with extension options*

As at 31 March 2020, the Group's lease liabilities, which are measured with reference to an estimate of the lease term, amounted to S\$1,214,512, of which none arose from extension options. Extension option is included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

For leases of office premises, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities;
- Otherwise, the Group considers other factors including its costs required to obtain replacement assets, and business disruptions.

As at 31 March 2020, the Group did not include the extension option in the lease term for leases of office premises as it is not certain that the extension options will be exercised.

b. *Leases – estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

c) *Intangible assets*

Management's judgement is applied to depreciation rates and useful lives.

d) *Deferred tax assets*

Deferred tax assets in respect of current and prior period accumulated tax losses are not (unless related to overseas jurisdictions) recognised at balance sheet date as management has assessed that it is not probable that sufficient taxable surplus will be available to allow all or part of the deferred income tax assets to be utilised.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

4. Revenue and investment income/(loss)

	Group	
	2020	2019
	S\$	S\$
Revenue		
<u>Type of good or service</u>		
Rendering of services		
Financial education program sales	10,271,701	14,292,156
Advertising income	94,097	1,346,187
Non-financial education program sales	508,999	4,113,544
Others	990,108	179,201
Digital marketing and production income	-	608,606
Commission and referral income	-	2,338,728
	11,864,905	22,878,422
Sale of goods	-	2,466,802
Total revenue	11,864,905	25,345,224
<u>Timing of transfer of good or service</u>		
At a point in time	10,909,106	25,186,004
Over time	955,799	159,240
	11,864,905	25,345,224
Investment losses from public markets		
Fair value loss on investment securities	(3,334,810)	(8,908,419)
Gain on sale of investment securities	162,778	720,961
Dividend income	648,137	1,331,925
	(2,523,895)	(6,855,533)
Investment income from private markets		
Net gain on disposal of subsidiaries	51,977	529,776
Net gain on disposal of an associate	5,320	-
Total investment loss	(2,466,598)	(6,325,757)

5. Other gains and other income

	Group	
	2020	2019
	S\$	S\$
Other gains		
Gain on foreign exchange - net	73,980	88,511
Other income		
Interest income	207,524	357,468
Others	295,627	474,967
	503,151	832,435

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

6. Expenses by nature

	Group	
	2020	2019
	S\$	S\$
Audit fees paid to:		
- Auditors of the Company	111,067	85,333
- Other auditors	36,981	177,937
Non-audit fees paid to:		
- Auditors of the Company	14,558	14,040
- Other auditors	-	1,042
Depreciation of property, plant and equipment (Note 13)	1,737,126	655,665
Employee compensation (Note 7)	5,181,746	8,373,118
Rental expense on operating leases	87,757	1,906,246
Travelling expense	420,762	652,070
Professional fees	279,333	516,102
Commission	210,956	436,379
Marketing expenses	2,715,998	5,334,865
Credit card charges	543,391	706,650
Trainer fees	206,435	2,071,183
Event expenses	172,179	346,990
Food catering expense	204,782	200,805
Book and printing expenses	274,025	348,992
Other program costs	158,152	1,339,482
Investment related expense	189,140	126,971
Corporate expenses	174,822	49,054
Training costs	63,140	71,937
AGM expenses	117,556	91,230
Office expenses	206,458	309,485
Advertising expenses	-	2,187,125
Amortisation of intangible assets	158,481	61,045
Amortisation of prepayments	-	50,000
Information technology cost	472,637	248,483
Property, plant and equipment written off	-	33,343
Prepayment written off	-	275,000
Bad debt written off	2,265	-
Investment impairment	-	30,000
Credit loss allowance		
- Trade receivables	62,635	36,103
- Other receivables	47,983	-
Digital & media production costs	59,908	892,401
Cost of inventories	-	1,849,556
Other expenses	509,520	1,620,510
Total cost of sales and services, administrative expenses, marketing and other operating expenses	14,419,793	31,099,142

7. Employee compensation

	Group	
	2020	2019
	S\$	S\$
Wages and salaries	4,354,538	7,200,623
Employer's contribution to defined contribution plans	531,612	785,262
Other short-term benefits	295,596	282,468
Employee share plan	-	104,765
	5,181,746	8,373,118

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

8. Income taxes

(a) Income tax expense

	Group	
	2020 S\$	2019 S\$
Tax expense attributable to profit is made up of:		
- Loss for the financial year:		
Current income tax		
- Singapore	-	54,750
- Foreign	233,019	118,575
	233,019	173,325
Deferred income tax (Note 22)	(86,058)	34,606
	146,961	207,931
- (Over)/under provision in prior financial years:		
Current income tax	(5,358)	124,614
Deferred income tax (Note 22)	9,587	-
	151,190	332,545

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2020 S\$	2019 S\$
Loss before income tax	(3,835,738)	(10,851,868)
Share of loss/(profit) of an associated company, net of tax	63,836	(46,114)
Loss before income tax and share of loss/(profit) of associated company	(3,771,902)	(10,897,982)
Tax calculated at tax rate of 17% (2019: 17%)	(641,223)	(1,852,657)
Effects of:		
- different tax rates in other countries	157,370	101,875
- tax exemption	-	(29,925)
- expenses not deductible for tax purposes	376,918	1,080,161
- deferred tax assets not recognised	186,124	835,103
- others	67,772	73,374
- Under provision of tax in prior financial years	4,229	124,614
Tax charge	151,190	332,545

(b) Movement in current income tax assets/(liabilities):

	Group	
	2020 S\$	2019 S\$
Beginning of financial year	106,940	(235,094)
Disposal of subsidiaries	-	66,172
Income tax paid	249,843	573,801
Tax expense	(233,019)	(173,325)
Over/(under) provision in prior financial years	5,358	(124,614)
End of financial year	129,122	106,940

	Group	
	2020 S\$	2019 S\$
Current income tax asset	129,122	213,438
Current income tax liabilities	-	(106,498)
	129,122	106,940

	Company	
	2020 S\$	2019 S\$
Beginning of financial year	3,959	3,959
Under provision in prior financial years	(3,959)	-
End of financial year	-	3,959

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

9. Earnings per share

	2020	2019
Net loss attributable to equity holders of the Company (S\$)	(3,679,184)	(10,198,735)
Weighted average number of ordinary shares outstanding for basic earnings per share	361,898,001	362,482,465
Basic earnings per share (S\$ per share)	(0.010)	(0.028)

10. Cash and cash equivalents

	Group	
	2020	2019
	S\$	S\$
Cash at bank and on hand	15,432,385	8,748,184
Short-term bank deposits	3,010,000	3,634,597
	18,442,385	12,382,781

	Company	
	2020	2019
	S\$	S\$
Cash at bank and on hand	8,100,084	1,111,714

Disposal of a subsidiary

In November 2019, the Group disposed of its 61.2%-owned subsidiary (effective interest: 39.78%), Shanghai Rong Dao Culture Communication Co. Ltd. The effects of the disposal on the cash flows of the Group were:

	Group
	At November
	2019
	S\$
Carrying amounts of assets and liabilities as at the date of disposal:	
Cash and cash equivalents	171,908
Property, plant and equipment	60,897
Trade and other receivables	919,931
Financial assets, at FVPL	3,993
Total assets	1,156,729
Trade and other payables	2,466
Unearned revenue	949,525
Total liabilities	951,991
Net assets derecognised	204,738
Less: Non-controlling interests	(123,293)
Net assets disposed off	81,445
Cash outflows arising from disposal:	
Net assets disposed off (as above)	81,445
Gain on disposal	51,977
Cash proceeds on disposal	133,422
Less: Cash and cash equivalents in subsidiary disposed off	(171,908)
Net cash outflow on disposal	(38,486)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

11. Trade and other receivables

	<u>Group</u>	
	2020 S\$	2019 S\$
Current		
Trade receivables		
- Non-related parties (a)	455,836	301,209
Other receivables		
- Non-related parties (b)	618,237	2,976,464
- Others	708,564	676,331
Deposits	736,981	529,547
Prepayments	202,199	371,450
Credit loss allowance (Note 26(b))	(193,949)	(81,166)
	2,527,868	4,773,835
Non-current		
Other receivables (c)	1,242,922	931,673
	<u>Company</u>	
	2020 S\$	2019 S\$
Current		
Other receivables		
- Non-related parties (b)	618,237	2,976,464
- Subsidiaries (d)	4,274,318	10,060,349
- Others	24,150	8,195
Prepayments	45,526	46,936
Credit loss allowance (Note 26(b))	(56,412)	(6,264)
	4,905,819	13,085,680
Non-current		
Other receivables (c)	1,242,922	947,240

- (a) Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. There is no other class of financial assets that is past due and/or impaired except for trade receivables.

Receivables that were past due but not impaired

The Group has trade receivables amounting to S\$25,816 as at 31 March 2020 and S\$138,709 as at 1 April 2019 that are past due but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	<u>Group</u>	
	2020 S\$	2019 S\$
Trade receivables past due but not impaired:		
Lesser than 30 days	12,977	30,468
31-60 days	12,839	58,903
More than 60 days	-	49,338
	25,816	138,709

Receivable that were past due but impaired

There were no receivable that were past due and impaired.

Expected credit losses

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

	<u>Group</u>	
	2020 S\$	2019 S\$
Movement in allowance accounts		
At 1 April	74,902	163,421
Charge for the year	62,635	36,103
Disposal of subsidiaries	-	(124,622)
	137,537	74,902

- (b) Included in the current other receivable is a loan made to a non-related developer amounting to S\$561,825 (2019: S\$532,125). The loan is secured by guarantee, bears interest at 6% per annum and is repayable in full by December 2020.
- (c) Non-current other receivables fair value approximates carrying amount. Included in the non-current other receivables are loans to third parties of S\$1,242,922 (2019: S\$691,673). The loans bear interest at 4.5% to 6% per annum.
- (d) Transactions with subsidiaries were made on normal commercial terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

12. Financial assets, at FVPL

	Group	
	2020 S\$	2019 S\$
<i>Fair value through profit or loss:</i>		
Listed securities		
- Equity securities - Australia	528,468	4,882,521
- Equity securities - Japan	549,892	1,933,177
- Equity securities - India	1,012,069	3,004,606
- Equity securities - China	1,408,367	1,241,926
- Equity securities - Hong Kong	4,457,406	976,430
- Equity securities - America	214,609	300,568
- Equity securities - Taiwan	5,395,630	6,626,373
- Equity securities - Malaysia	187,696	181,542
- Equity securities - Singapore	604,344	1,232,005
	14,358,481	20,379,148

	Company	
	2020 S\$	2019 S\$
<i>Fair value through profit or loss:</i>		
Listed securities		
- Equity securities - Japan	26,751	-
- Equity securities - Hong Kong	5,290	-
- Equity securities - Singapore	-	46,444
	32,041	46,444

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

13. Property, plant and equipment

	Office premises S\$	Office equipment S\$	Furniture and fittings S\$	Motor vehicles S\$	Total S\$
Group					
2020					
Cost					
Beginning of financial year	-	563,158	1,282,626	104,128	1,949,912
Adoption of FRS 116 (Note 2.1)	2,497,157	-	-	-	2,497,157
	2,497,157	563,158	1,282,626	104,128	4,447,069
Currency translation differences	8,693	(1,829)	484	(345)	7,003
Disposal of subsidiaries	-	(64,397)	(65,393)	-	(129,790)
Additions	70,928	95,665	102,965	-	269,558
End of financial year	2,576,778	592,597	1,320,682	103,783	4,593,840
Accumulated depreciation					
Beginning of financial year	-	454,278	802,026	67,683	1,323,987
Adoption of FRS 116	-	-	-	-	-
	-	454,278	802,026	67,683	1,323,987
Currency translation differences	6,256	(1,239)	(1,274)	(116)	3,627
Disposal of subsidiaries	-	(38,663)	(30,230)	-	(68,893)
Depreciation charge (Note 6)	1,381,191	77,632	257,654	20,649	1,737,126
End of financial year	1,387,447	492,008	1,028,176	88,216	2,995,847
Net book value					
End of financial year	1,189,331	100,589	292,506	15,567	1,597,993
2019					
Cost					
Beginning of financial year	-	775,657	1,464,815	181,616	2,422,088
Currency translation differences	-	(6,753)	(10,442)	(4,735)	(21,930)
Disposal of subsidiary	-	(224,165)	(261,181)	(164,253)	(649,599)
Additions	-	114,126	172,019	91,500	377,645
Written off	-	(95,707)	(82,585)	-	(178,292)
End of financial year	-	563,158	1,282,626	104,128	1,949,912
Accumulated depreciation					
Beginning of financial year	-	419,154	559,878	86,590	1,065,622
Currency translation differences	-	(2,657)	(5,056)	(2,872)	(10,585)
Disposal of subsidiary	-	(33,885)	(149,064)	(58,817)	(241,766)
Depreciation charge (Note 6)	-	158,642	454,241	42,782	655,665
Written off	-	(86,976)	(57,973)	-	(144,949)
End of financial year	-	454,278	802,026	67,683	1,323,987
Net book value					
End of financial year	-	108,880	480,600	36,445	625,925

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 19(a).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

14. Intangible assets

	Group	
	2020	2019
	S\$	S\$
Composition:		
Goodwill (a)	-	-
Software Development Expenditure (b)	430,439	183,138
	430,439	183,138

(a) Goodwill arising on consolidation

	Group	
	2020	2019
	S\$	S\$
Cost		
Beginning of financial year	1,676,119	1,688,861
Disposal of a subsidiary	-	(12,742)
End of financial year	1,676,119	1,676,119
Accumulated impairment		
Beginning of financial year	(1,676,119)	-
Impairment charge	-	(1,676,119)
End of financial year	(1,676,119)	(1,676,119)
Net book value	-	-

(b) Software Development Expenditure

	Group	
	2020	2019
	S\$	S\$
Cost		
Beginning of financial year	244,183	-
Additions	405,782	244,183
End of financial year	649,965	244,183
Accumulated amortisation		
Beginning of financial year	61,045	-
Amortisation charge	158,481	61,045
End of financial year	219,526	61,045
Net book value	430,439	183,138

Amortisation expense included in the statement of comprehensive income is analysed as follows:

	Group	
	2020	2019
	S\$	S\$
Administrative expenses	158,481	61,045

15. Investment in an associated company

	Group	
	2020	2019
	S\$	S\$
Investment in an associated company	-	1,294,603
Beginning of financial year	1,294,603	1,263,908
Share of profit/(loss) of associated company	(29,652)	46,114
Disposal	(1,270,680)	-
Translation difference	5,729	(15,419)
End of financial year	-	1,294,603

In January 2020, the Group disposed the associated company, CT Hardware Sdn Bhd for a consideration of S\$1,276,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

16. Investments in subsidiaries

	<u>Company</u>	
	2020 S\$	2019 S\$
Equity investments at cost		
Beginning of financial year	18,125,797	28,288,147
Increase in investment	200,653	1,719,288
Impairment of investment	(2,647,688)	(11,881,638)
End of financial year	15,678,762	18,125,797

In prior year, the Company had provided an impairment loss of S\$11,881,638 representing the write-down of the carrying value of the subsidiaries to the recoverable amount as the investment no longer represented by the Company's interest in net assets of the investees.

The Group has the following subsidiaries as at 31 March 2020 and 2019:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		
			2020	2019	2020	2019	2020	2019	
			%	%	%	%	%	%	
Held by the Company:									
8 Investment Pte. Ltd.	Business management consultancy	Singapore	100	100	100	100	-	-	
Hidden Champions Capital Management Pte. Ltd.	Registered fund management company	Singapore	100	100	100	100	-	-	
8IH Global Limited	Investment trading	Mauritius	100	100	100	100	-	-	
8VIC Holdings Limited	Investment holding and management consultancy services	Singapore	79.9	79.9	79.9	79.9	20.1	20.1	
8Bit Global Pte. Ltd.	Computer programming and data processing and hosting	Singapore	42	50	82.8	85.5	17.2	14.5	
8 Business Pte. Ltd.	Dormant	Singapore	100	100	100	100	-	-	
Held through 8VIC Holdings Limited									
8VI Global Pte. Ltd. (formerly known as 8VIC Global Pte. Limited)	Seminar and programs organiser	Singapore	-	-	79.9	79.9	20.1	20.1	
Held through 8VI Global Pte. Ltd									
8VIC Malaysia Sdn. Bhd.	Seminar and programs organiser	Malaysia	-	-	79.9	79.9	20.1	20.1	
8VIC Taiwan Co., Ltd	Seminar and programs organiser	Taiwan	-	-	55.9	55.9	44.1	44.1	
8VIC (Thailand) Company Limited	Seminar and programs organiser	Thailand	-	-	72.3	55.9	27.7	44.1	
8VI China Pte. Ltd. (formerly known as 8IH China Pte. Ltd.)	Business management consultancy	Singapore	-	-	52	65	48	35	
8VIC (Australia) Pty Ltd	Dormant	Australia	-	-	79.9	71.9	20.1	28.1	
8VIC Singapore Pte. Ltd.	Dormant	Singapore	-	-	79.9	47.9	20.1	52.1	
Value Investing College Pte. Ltd.	Dormant	Singapore	-	-	79.9	79.9	20.1	20.1	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

16. Investments in subsidiaries (continued)

The Group has the following subsidiaries as at 31 March 2020 and 2019: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Held through 8VIC Malaysia Sdn. Bhd.								
8VIC JooY Media Sdn. Bhd.	Agency and media	Malaysia	-	-	55.9	55.9	44.1	44.1
Held through 8VI China Pte. Ltd.								
8IH China (Shanghai) Co. Ltd 信益安(上海)实业有限公司	Business and management consultancy services	People's Republic of China	-	-	52	65	48	35
Shanghai Rong Dao Culture Communication Co. Ltd 上海融道文化传播有限公司	Seminar and programs organiser	People's Republic of China	-	-	-	44.2	-	55.8
Held through 8 Investment Pte. Ltd.								
Vue at Red Hill Pte. Ltd.	Dormant	Singapore	-	-	100	100	-	-
Fusion 462 Pte. Ltd.	Struck off	Singapore	-	-	-	100	-	-
Oxford Views Pte. Ltd.	Struck off	Singapore	-	-	-	100	-	-
Held through 8IH Global Limited								
Hidden Champions Fund	Investment trading	Mauritius	-	-	100	100	-	-

Significant restrictions

Cash and short-term deposits of S\$130,608 (2019: S\$337,646) are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

	2020 S\$	2019 S\$
Carrying value of non-controlling interests		
8VIC Holdings Limited and its subsidiaries	1,058,535	1,091,789
Others	-	(335,087)
Total	1,058,535	756,702

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	8VIC Holdings Limited and its subsidiaries 31 March 2020 S\$	8VIC Holdings Limited and its subsidiaries 31 March 2019 S\$
Current		
Assets	9,691,674	6,401,544
Liabilities	(6,757,125)	(3,161,976)
Total current net assets	2,934,549	3,239,568
Non-current		
Assets	2,284,393	856,468
Liabilities	(71,574)	(21,857)
Total non-current net assets	2,212,819	834,611
Net assets	5,147,368	4,074,179
Non-controlling interests	243,255	303,138

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

16. Investments in subsidiaries (continued)

Summarised statement of comprehensive income

	8VIC Holdings Limited and its subsidiaries For period ended 31 March 2020 S\$	8VIC Holdings Limited and its subsidiaries For period ended 31 March 2019 S\$
Revenue	10,859,351	22,291,337
Profit/(loss) before income tax	868,751	(4,329,146)
Income tax expense	(89,330)	(386,518)
Profit/(loss) for the year	779,421	(4,715,664)
Total comprehensive (loss)/income allocated to non-controlling interests	(256,760)	147,128

Summarised statement of cash flows

	8VIC Holdings Limited and its subsidiaries 31 March 2020 S\$	8VIC Holdings Limited and its subsidiaries 31 March 2019 S\$
Cash flows from operating activities		
Cash provided by/(used in) operations	4,101,416	(1,041,080)
Interest income received	12,704	58,073
Dividend received	6,511	6,674
Income tax paid	(191,061)	(426,276)
Net cash provided by/(used in) operating activities	3,929,570	(1,402,609)
Net cash provided by/(used in) investing activities	274,307	(2,445,556)
Net cash used in financing activities	(1,474,008)	(20,888)
Net increase/(decrease) in cash and cash equivalents	2,729,869	(3,869,053)
Cash and cash equivalents at beginning of year	4,702,031	8,569,179
Effect of currency translation on cash and cash equivalents	1,690	1,905
Cash and cash equivalents at end of year	7,433,590	4,702,031

Current year disposal of a subsidiary

In November 2019, the Group disposed of its 61.2%-owned subsidiary, Shanghai Rong Dao Culture Communication Co. Ltd. ("Rong Dao"). The effects of the disposal were as follows:

	2020 S\$
Cash consideration	133,422
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	171,908
Property, plant and equipment	60,897
Trade and other receivables	919,931
Financial assets, at FVPL	3,993
Trade and other payables	(2,466)
Unearned revenue	(949,525)
Net assets derecognised	204,738
Less: Non-controlling interests	(123,293)
Net assets disposed off	81,445
Gain from sale of Rong Dao	51,977

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

17. Financial assets, at FVOCI

Financial assets, at FVOCI comprise of equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the Group considered this to be more relevant.

	Group	
	2020 S\$	2019 S\$
Beginning of financial year	1,698,880	1,751,877
Additions	-	1,039,897
Disposal	(115,049)	-
Disposal of subsidiaries	-	(103,388)
Fair value losses recognised in other comprehensive income (Note 24(i))	(317,570)	(989,506)
End of financial year	1,266,261	1,698,880

	Company	
	2020 S\$	2019 S\$
Beginning of financial year	1,033,529	-
Additions	43,950	1,033,529
End of financial year	1,077,479	1,033,529

Financial assets at FVOCI are analysed as follows:

	Group	
	2020 S\$	2019 S\$
Listed securities	174,903	651,472
Unlisted securities	1,091,358	1,047,408
Total	1,266,261	1,698,880

	Company	
	2020 S\$	2019 S\$
Listed securities	-	-
Unlisted securities	1,077,479	1,033,529
Total	1,077,479	1,033,529

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long term appreciation.

18. Trade and other payables

	Group	
	2020 S\$	2019 S\$
<i>Current</i>		
Trade payables – non-related parties	297,310	268,479
Accruals for operating expenses	915,422	715,974
GST payable	130,684	6,546
Other payables	424,567	539,855
Total trade and other payables	1,767,983	1,530,854

	Company	
	2020 S\$	2019 S\$
<i>Current</i>		
Trade payables – non-related parties	7,019	17,969
Accruals for operating expenses	57,122	49,561
Other payables	73,315	73,953
Total trade and other payables	137,456	141,483

Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

19. Leases – the Group as a lessee

	Group	
	2020	2019
	S\$	S\$
Current	1,146,938	18,566
Non-current	67,574	17,857
Total	1,214,512	36,423

Nature of the Group's leasing activities

The Group leases office premises for the purpose of running financial education programmes and back office operations.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	31 March 2020	1 April 2019
	S\$	S\$
Office premises	<u>1,189,331</u>	2,497,157

(b) Depreciation charged during the year

	2020
	S\$
Office premises	<u>1,381,191</u>

(c) Interest expense

Interest expense on lease liabilities	<u>80,429</u>
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(d) Lease expense not capitalised in lease liabilities

Lease expense – low-value leases	<u>87,757</u>
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(e) Total income for subleasing ROU assets in the financial year 2020 was S\$154,783.

(f) Total cash outflow for all the leases in the financial year 2020 was S\$1,474,008.

(g) Addition of ROU assets during the financial year 2020 was S\$70,928

(h) There are no future cash outflow which are not capitalised in lease liabilities.

(i) Reconciliation of lease liabilities arising from financing activities

	Group	
	2020	2019
	S\$	S\$
Beginning of financial year	36,423	91,270
Principal and interest payments	(1,474,008)	(16,531)
Non-cash changes		
- Adoption of FRS 116	2,497,157	-
- Addition during the year	70,928	48,556
- Disposal of subsidiary	-	(103,402)
- Interest expense	81,574	16,531
- Foreign exchange movement	2,438	1
End of financial year	1,214,512	36,423

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

20. Unearned revenue

	Group	
	2020 S\$	2019 S\$
Advances from customer	3,696,702	3,072,795
Deferred grant income	273,050	-
	3,969,752	3,072,795
	Company	
	2020 S\$	2019 S\$
Advances from customer	-	38,110
Deferred grant income	24,150	-
	24,150	38,110

Advances from customer represent revenue received from customers but not yet recognised to the profit or loss as service has yet to be rendered as at reporting date.

21. Redeemable participating shares

	Group	
	2020 S\$	2019 S\$
As at beginning of year	5,582,278	7,035,922
Proceeds received from fund's non-controlling unit holders	-	705,028
Payment to fund's non-controlling unit holders	(1,180,311)	(463,304)
Share of loss attributable to the unit holders of redeemable participating shares	(719,846)	(1,953,397)
Currency translation differences	245,565	258,029
As at end of year	3,927,686	5,582,278

Hidden Champions Fund is an investment fund with redeemable participating shares. These shares relate to amounts payable to non-controlling unit holders of the redeemable participating shares in Hidden Champions Fund. The unit holders are entitled to redeem their shares in cash at the option of the holders at the value proportionate to the investors share in the fund's net assets at the redemption price.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

22. Deferred income tax assets/(liabilities)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position as follows:

	Group	
	2020 S\$	2019 S\$
Deferred income tax assets		
- To be settled within one year	264,331	178,865
Deferred income tax liabilities		
- To be settled within one year	(4,000)	(4,000)

Movement in deferred income tax account is as follows:

	Group	
	2020 S\$	2019 S\$
Beginning of financial year	174,865	124,314
Currency translation differences	8,995	(4,434)
Disposal of a subsidiary	-	89,591
Tax charged to		
- profit or loss (Note 8(a))	76,471	(34,606)
End of financial year	260,331	174,865

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised tax losses of S\$9,440,000 (2019: S\$8,541,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

The movement in deferred income tax assets/(liabilities) (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation S\$	Fair value gains - net S\$	Total S\$
	2020		
Beginning and end of financial year	(4,000)	-	(4,000)
2019			
Beginning of financial year	(24,289)	(69,302)	(93,591)
Disposal of subsidiaries	20,289	69,302	89,591
End of financial year	(4,000)	-	(4,000)

Deferred income tax assets

	Accelerated tax depreciation S\$	Unearned Revenue S\$	Total S\$
	2020		
Beginning of financial year	5,528	173,337	178,865
Currency translation differences	278	8,717	8,995
Charged to profit or loss	(3,433)	79,904	76,471
End of financial year	2,373	261,958	264,331
2019			
Beginning of financial year	5,643	212,262	217,905
Currency translation differences	(115)	(4,319)	(4,434)
Charged to profit or loss	-	(34,606)	(34,606)
End of financial year	5,528	173,337	178,865

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

23. Share capital

	Number of shares	Amount S\$
Group and Company		
2020		
Beginning of financial year	362,388,157	34,491,447
Shares buy-back	(629,062)	(35,806)
End of financial year	361,759,095	34,455,641
2019		
Beginning of financial year	361,978,585	34,422,910
Shares issued	1,562,822	205,341
Shares buy-back	<u>(1,153,250)</u>	<u>(136,804)</u>
End of financial year	362,388,157	34,491,447

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The Company acquired 629,062 (2019: 1,153,250) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was \$35,806 (2019: \$136,804).

In financial year 2019, the Company issued 1,562,822 ordinary shares, at the exercise price of AUD 0.065 each, pursuant to the Employee Share Plan as approved at the general meeting of shareholders held on 22 November 2017. The cost of the newly issued shares amounted to S\$205,341. The newly issued shares rank pari passu in all respects with the previously issued shares.

24. Other reserves

	Group	
	2020 S\$	2019 S\$
Composition:		
Fair value reserve	(11,395,788)	(11,078,218)
Currency translation reserve	(47,644)	(405,377)
Capital reserve	(2,310,515)	(2,309,547)
	(13,753,947)	(13,793,142)
Movements:		
(i) Fair value reserve		
Beginning of financial year	(11,078,218)	(10,088,712)
Financial assets through other comprehensive income		
- Fair value losses from financial assets at FVOCI (Note 17)	(317,570)	(989,506)
End of financial year	(11,395,788)	(11,078,218)
(ii) Currency translation reserve		
Beginning of financial year	(405,377)	(913,252)
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	357,733	507,969
Disposal of subsidiaries	-	(94)
End of financial year	(47,644)	(405,377)
(iii) Capital reserve		
Beginning of financial year	(2,309,547)	132,424
Disposal of subsidiaries	(420,392)	(1,977,690)
Increase/(decrease) in equity attributable to non-controlling interest	419,424	(464,281)
End of financial year	(2,310,515)	(2,309,547)
Company		
	2020 S\$	2019 S\$
Composition:		
Fair value reserve	(424,071)	(424,071)
Capital reserve	(1,638,846)	(1,638,846)
	(2,062,917)	(2,062,917)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

25. Commitments

(a) Operating lease commitments - where the Group is a lessee

The Group leases office premises and event spaces from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

As at 31 March 2019, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	2019 S\$
Not later than one year	1,164,000
Between one and five years	<u>1,186,000</u>
	<u>2,350,000</u>

As disclosed in Note 2.1, the Group has adopted FRS 116 on 1 April 2019. These lease payments have been recognised as ROU assets and lease liabilities on the statement of financial position as at 31 March 2020, except for short-term and low value leases.

(b) Operating lease commitments - where the Group is a lessor

The Group lease out office rental space to a non-related party under non-cancellable operating lease agreement. The lessee is required to pay absolute fixed monthly office lease.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2020 S\$	2019 S\$
Not later than one year	<u>70,000</u>	70,000

26. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the group's financial performance.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore, Malaysia and China. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies primarily Singapore Dollar ("SGD"), Malaysian Ringgit ("MYR"), Australian Dollar ("AUD"), United States Dollar ("USD"), Chinese Renminbi ("RMB"), Hong Kong Dollar ("HKD"), Japanese Yen ("JPY"), New Taiwan Dollar ("NTD") and Indian Rupee ("INR").

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Malaysia and China are managed primarily through transactions denominated in the relevant foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

26. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	MYR S\$	AUD S\$	USD S\$	RMB S\$	HKD S\$	JPY S\$	NTD S\$	INR S\$
At 31 March 2020								
Financial assets								
Cash and cash equivalents, financial assets, at FVPL and financial assets, at FVOCI	1,332,540	794,410	5,767,737	1,665,727	4,457,406	549,892	5,474,437	1,012,069
Trade and other receivables	170,435	-	17,186	66,164	-	-	335,268	-
	1,502,975	794,410	5,784,923	1,731,891	4,457,406	549,892	5,809,705	1,012,069
Financial liabilities								
Trade and other payables	(245,076)	(12,177)	(97,908)	(15,700)	-	-	-	-
Lease liabilities	(222,140)	-	-	-	-	-	(107,918)	-
Redeemable participating shares	-	-	(3,927,686)	-	-	-	-	-
	(467,216)	(12,177)	(4,025,594)	(15,700)	-	-	(107,918)	-
Net financial assets	1,035,759	782,233	1,759,329	1,716,191	4,457,406	549,892	5,701,787	1,012,069
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	-	5,304,063	292,401	1,231,687	2,000,761	2,000,761	6,626,372	3,004,605
At 31 March 2019								
Financial assets								
Cash and cash equivalents, financial assets, at FVPL and financial assets, at FVOCI	728,788	5,587,570	5,015,434	1,448,186	-	1,933,177	7,341,444	3,004,605
Trade and other receivables	169,377	13,982	86,594	152,623	-	67,584	225,165	-
	898,165	5,601,552	5,102,028	1,600,809	-	2,000,761	7,566,609	3,004,605
Financial liabilities								
Trade and other payables	(83,115)	(290,426)	(225)	(21,847)	-	-	(29,881)	-
Lease liabilities	(36,423)	-	-	-	-	-	-	-
Redeemable participating shares	-	-	(5,582,278)	-	-	-	-	-
	(119,538)	(290,426)	(5,582,503)	(21,847)	-	-	(29,881)	-
Net financial assets	778,627	5,311,126	(480,475)	1,578,962	-	2,000,761	7,536,728	3,004,605
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	1,644	5,304,063	292,401	1,231,687	-	2,000,761	6,626,372	3,004,605

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

26. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	<u>AUD</u> S\$	<u>USD</u> S\$
<u>At 31 March 2020</u>		
Financial Assets		
Cash and cash equivalents, financial assets, at FVPL and financial assets, at FVOCI	9,055	2,855,617
Financial Liabilities		
Trade and other payables	(5,654)	(5,654)
Net financial assets	<u>3,401</u>	<u>2,849,963</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>3,401</u>	<u>2,849,963</u>
<u>At 31 March 2019</u>		
Financial Assets		
Cash and cash equivalents, financial assets, at FVPL and financial assets, at FVOCI	708,810	5,975
Financial Liabilities		
Trade and other payables	(5,654)	-
Net financial assets	<u>703,156</u>	<u>5,975</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>703,156</u>	<u>5,975</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

26. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the MYR, AUD, USD, RMB, HKD, JPY, NTD and INR change against the SGD by 2% (2019: 2%), 8% (2019: 4%), 5% (2019: 3%), 3% (2019: 3%), 6% (2019: 1%), 7% (2019: 2%), 7% (2019: 2%) and 1% (2019: 2%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset that are exposed to currency risk will be as follows:

	← Increase/(Decrease) →			
	2020	Other comprehensive income	2019	Other comprehensive income
<u>Group</u>	<u>Profit after tax</u> S\$	<u>income</u> S\$	<u>Profit after tax</u> S\$	<u>income</u> S\$
MYR against SGD				
- Strengthened	-	-	33	-
- Weakened	-	-	(33)	-
AUD against SGD				
- Strengthened	47,996	26,285	185,877	26,285
- Weakened	(47,996)	(26,285)	(185,877)	(26,285)
USD against SGD				
- Strengthened	161,592	-	8,772	-
- Weakened	(161,592)	-	(8,772)	-
RMB against SGD				
- Strengthened	42,125	-	36,951	-
- Weakened	(42,125)	-	(36,951)	-
HKD against SGD				
- Strengthened	267,444	-	36,951	-
- Weakened	(267,444)	-	(36,951)	-
JPY against SGD				
- Strengthened	38,492	-	20,008	-
- Weakened	(38,492)	-	(20,008)	-
NTD against SGD				
- Strengthened	377,694	-	132,527	-
- Weakened	(377,694)	-	(132,527)	-
INR against SGD				
- Strengthened	10,121	-	60,092	-
- Weakened	(10,121)	-	(60,092)	-
<u>Company</u>				
AUD against SGD				
- Strengthened	309	-	121	-
- Weakened	(309)	-	(121)	-
USD against SGD				
- Strengthened	142,781	-	179	-
- Weakened	(142,781)	-	(179)	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

26. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated statement of financial position at fair value through profit or loss. These securities are listed in Australia, Japan, India, Taiwan, China, Hong Kong, America, Malaysia and Singapore. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

If prices for equity securities listed in Australia, Japan, India, Taiwan, China, Hong Kong, America, Malaysia and Singapore had changed by 17% (2019: 7%), 17% (2019: 7%), 17% (2019: 7%), 17% (2019: 7%), 17% (2019: 7%), 17% (2019: 7%), 17% (2019: 7%) and 17% (2019: 7%) respectively with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

	← Increase/(Decrease) →			
	2020		2019	
	Profit after tax S\$	Other comprehensive income S\$	Profit after tax S\$	Other comprehensive income S\$
Group				
Listed in Australia				
- increased by	89,840	30,827	341,776	45,999
- decreased by	(89,840)	(30,827)	(341,776)	(45,999)
Listed in Japan				
- increased by	93,482	-	135,322	-
- decreased by	(93,482)	-	(135,322)	-
Listed in India				
- increased by	172,052	-	210,322	-
- decreased by	(172,052)	-	(210,322)	-
Listed in Taiwan				
- increased by	917,257	-	463,846	-
- decreased by	(917,257)	-	(463,846)	-
Listed in China				
- increased by	239,422	-	86,935	-
- decreased by	(239,422)	-	(86,935)	-
Listed in Hong Kong				
- increased by	757,759	-	68,350	-
- decreased by	(757,759)	-	(68,350)	-
Listed in America				
- increased by	36,483	-	21,040	-
- decreased by	(36,483)	-	(21,040)	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

26. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

	← Increase/(Decrease) →			
	2020		2019	
	Profit after tax S\$	Other comprehensive income S\$	Profit after tax S\$	Other comprehensive income S\$
<u>Group</u>				
Listed in the Malaysia				
- increased by	31,908	-	12,708	-
- decreased by	(31,908)	-	(12,708)	-
Listed in the Singapore				
- increased by	102,739	-	86,223	-
- decreased by	(102,739)	-	(86,223)	-
<u>Company</u>				
Listed in Japan				
- increased by	4,548	-	-	-
- decreased by	(4,548)	-	-	-
Listed in Hong Kong				
- increased by	899	-	-	-
- decreased by	(899)	-	-	-
Listed in the Singapore				
- increased by	-	-	3,251	-
- decreased by	-	-	(3,251)	-

(b) Credit risk

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Board of Directors based on ongoing credit evaluations. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Executive Management.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than a year past due based on historical collection trend. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group applies the simplified approach to providing for expected credit losses prescribed by FRS 109, which permits the use of the lifetime credit loss provision for all trade receivables.

To measure the expected credit losses, trade receivables, have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data.

The Group and Company uses four categories of internal credit risk rating for its financial assets at amortised costs. These four categories reflect the respective credit risk and how the loan loss provision is determined for each of those categories.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

26. Financial risk management (continued)

(b) Credit risk (continued)

A summary of assumptions underpinning the Group's expected credit loss model is as follow:

Group and Company's category of internal credit rating	Group and Company's definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses
Underperforming	Loans for which there is a significant increase in credit risk. As significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected credit losses
Non-performing	Interest and/or principal repayments are 60-365 days past due.	Lifetime expected credit losses
Write-off	Interest and/or principal repayments are 365 days past due and there is no reasonable expectation of recovery.	Asset is written off

Movements in credit loss allowance for financial assets are set out as follows:

<u>Group</u>	Trade receivables S\$	Other financial assets at amortised costs Stage 1 S\$	Total S\$
<u>2020</u>			
Balance at 1 April 2019	74,902	6,264	81,166
Changes in credit loss recognised in profit or loss:			
- Increase due to credit risk	62,635	50,148	112,783
Balance at 31 March 2020	137,537	56,412	193,949
<u>2019</u>			
Balance at 1 April 2018	163,421	6,264	169,685
Disposal of subsidiaries	(124,622)	-	(124,622)
Changes in credit loss recognised in profit or loss:			
- Increase due to credit risk	36,103	-	36,103
Balance at 31 March 2019	74,902	6,264	81,166

<u>Company</u>	Other financial assets at amortised costs Stage 1 S\$
<u>2020</u>	
Balance at 1 April 2019	6,264
Changes in credit loss recognised in profit or loss:	
- Increase due to credit risk	50,148
Balance at 31 March 2020	56,412
<u>2019</u>	
Balance at 1 April 2018 and 31 March 2019	6,264

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

26. Financial risk management (continued)

(b) Credit risk (continued)

The Group's credit risk exposure in relation to trade receivables, under FRS 109 as at 31 March 2020 are set out in the provision matrix as follows:

Group	Current	Past due				Total
		Within 30 days	30 to 60 days	61-90 days	More than 90 days	
Expected loss rate	0%	0%	5%	10%	100%	
Gross carrying amount (S\$)	255,975	26,221	12,977	26,488	134,174	455,835
Credit loss allowance (S\$)	-	-	(714)	(2,649)	(134,174)	(137,537)

The Group's credit risk exposure in relation to trade receivables, under FRS 109 as at 31 March 2019 are set out in the provision matrix as follows:

Group	Current	Past due				Total
		Within 30 days	30 to 60 days	61-90 days	More than 90 days	
Expected loss rate	0%	0%	5%	10%	100%	
Gross carrying amount (S\$)	87,598	30,468	62,003	54,820	66,320	301,209
Credit loss allowance (S\$)	-	-	(3,100)	(5,482)	(66,320)	(74,902)

Trade receivables

The impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 90 days overdue).

Financial assets that are neither past due nor impaired

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

26. Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the ability to close out market positions at a short notice. At the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and short term deposits as disclosed in Note 10.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year S\$	Between 1 and 5 years S\$	
<u>Group</u>			
At 31 March 2020			
Trade and other payables	1,767,983	-	
Lease liabilities	1,176,581	68,630	
Redeemable participating shares	<u>3,927,686</u>	-	
At 31 March 2019			
Trade and other payables	1,530,854	-	
Lease liabilities	19,988	18,304	
Redeemable participating shares	<u>5,582,278</u>	-	
<u>Company</u>			
At 31 March 2020			
Trade and other payables	<u>137,456</u>	-	
At 31 March 2019			
Trade and other payables	<u>141,483</u>	-	

(d) Capital risk

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

(e) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

26. Financial risk management (continued)

(e) Fair value measurements (continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	S\$	S\$	S\$	S\$
<u>Group</u>				
2020				
Assets				
Financial assets, at FVPL	14,358,481	-	-	14,358,481
Financial assets, at FVOCI	174,903	-	1,091,358	1,266,261
Total assets	14,533,384	-	1,091,358	15,624,742
2019				
Assets				
Financial assets, at FVPL	20,379,148	-	-	20,379,148
Financial assets, at FVOCI	651,472	-	1,047,408	1,698,880
Total assets	21,030,620	-	1,047,408	22,078,028
<u>Company</u>				
2020				
Assets				
Financial assets, at FVPL	32,041	-	-	32,041
Financial assets, at FVOCI	-	-	1,077,479	1,077,479
Total assets	32,041	-	1,077,479	1,109,520
2019				
Assets				
Financial assets, at FVPL	46,444	-	-	46,444
Financial assets, at FVOCI	-	-	1,033,529	1,033,529
Total assets	46,444	-	1,033,529	1,079,973

There were no transfers between levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets (such as fair value through profit and loss and financial assets through other comprehensive income) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, investment in unquoted equities) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation methods, such as using recent transacted price, are used to determine fair value for the remaining financial instruments. Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values.

(f) Financial instruments by category

	<u>Group</u>		<u>Company</u>	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
Financial assets, at FVPL	14,358,481	20,379,148	32,041	46,444
Financial assets, at FVOCI	1,266,261	1,698,880	1,077,479	1,033,529
Financial assets at amortised cost	22,010,971	17,716,839	14,203,299	15,097,698
Financial liabilities at amortised cost	(6,910,181)	(7,149,555)	(137,456)	(141,483)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

27. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties.

Directors and key management personnel compensation

Directors and key management personnel compensation is as follows:

	Group	
	2020	2019
	S\$	S\$
Wages, salaries and fees	1,003,833	990,500
Employer's contribution to defined contribution plans, including Central Provident Fund	73,440	69,955
	<u>1,077,273</u>	<u>1,060,455</u>

28. Segment information

The Group is organised into geographic business units based on management reporting structure and organisational set-up, in line with the main business divisions driving the growth of the Group. Geographically, management manages and monitors the business in two primary geographic areas namely Singapore and Malaysia, where the Company and certain subsidiaries operate. Based on the management reporting structure, management reviews the business segments' performance and to make strategic decisions.

The segments under the reporting model are as follows:

- **Financial Education:** involved in providing financial education in the discipline of value investing and supporting a community of value investors from 29 cities globally under the "VI" brand.
- **Financial Investment:** involved in investment in listed equities in the Asia-Pacific through a focused strategy of investing in value-adding, nimble and scalable business to achieve long-term investment returns. It also involved in strategic investment in private businesses.
- **Digital and Marketing (discontinued):** involved in specialists and training academy; content creation, branding and marketing solutions provider; and marketing and selling products via ecommerce platform.
- **All other segments:** included fintech business and subsidiaries that provided financial education and training in China, Taiwan and Thailand.

Management monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

28. Segment information (continued)

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

	← Singapore →		← Malaysia →		All other segments	Corporate	TOTAL
	Financial Education	Financial Investment	Financial Education	Financial Investment			
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
2020							
Revenue and investment income							
Total segment revenue and investment income	7,199,356	(2,523,894)	3,311,366	5,320	1,769,760	1,060,476	10,822,384
Inter-segment revenue and investment income	(314,704)	-	(48,897)	-	-	(1,060,476)	(1,424,077)
Revenue and investment income to external parties	6,884,652	(2,523,894)	3,262,469	5,320	1,769,760	-	9,398,307
Profit/(loss) after tax	1,059,598	(2,858,194)	196,893	(24,332)	(867,399)	(1,493,494)	(3,986,928)
Depreciation	(1,210,355)	-	(286,248)	-	(219,442)	(21,081)	(1,737,126)
Amortisation	-	-	-	-	(158,481)	-	(158,481)
Share of loss of an associated company	-	-	-	(29,652)	-	-	(29,652)
Net gain on disposal of subsidiaries	-	-	-	-	51,977	-	51,977
Net gain from sale of an associated company	-	-	-	5,320	-	-	5,320
Segment assets	7,354,225	16,923,184	1,864,120	-	2,946,811	11,171,461	40,259,801
Segment assets includes additions to:							
- property, plant and equipment	25,797	-	138,742	-	84,625	20,394	269,558
- intangible assets	-	-	-	-	405,782	-	405,782
Segment liabilities	(3,341,104)	(4,096,384)	(1,353,464)	-	(1,430,457)	(662,524)	(10,883,933)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

28. Segment information (continued)

	Singapore			Malaysia			All other segments	Corporate	TOTAL
	Financial Education	Financial Investment	Digital & Marketing (discontinued)	Financial Education	Financial Investment	Digital & Marketing (discontinued)			
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
2019									
Revenue and investment income									
Total segment revenue and investment income	5,023,047	(6,098,240)	8,455,988	3,706,717	821,331	927,264	6,888,492	1,077,658	20,802,257
Inter-segment revenue and investment income	(428,986)	(240,000)	-	(36,146)	-	-	-	(1,077,658)	(1,782,790)
Revenue and investment income to external parties	4,594,061	(6,338,240)	8,455,988	3,670,571	821,331	927,264	6,888,492	-	19,019,467
Profit/(loss) after tax	(1,741,536)	(5,986,422)	518,108	64,148	19,650	(168,816)	(1,395,746)	(2,493,799)	(11,184,413)
Depreciation	(258,156)	-	(157,530)	(123,541)	(31,883)	-	(62,345)	(22,210)	(655,665)
Amortisation	(50,000)	-	-	-	-	-	(61,045)	-	(111,045)
Share of profit of an associated company	-	-	-	-	46,114	-	-	-	46,114
Net gain on disposal of subsidiaries	-	529,776	-	-	-	-	-	-	529,776
Impairment of goodwill	-	-	-	-	-	-	(121,577)	(1,554,542)	(1,676,119)
Segment assets	5,178,608	26,260,734	-	968,264	1,294,603	-	1,763,675	7,196,402	42,662,286
Segment assets includes additions to:									
- property, plant and equipment	118,467	-	-	122,923	91,828	-	16,254	28,173	377,645
- intangible assets	-	-	-	-	-	-	244,183	-	244,183
Segment liabilities	(1,783,854)	(5,619,542)	-	(729,456)	-	-	(1,531,034)	(668,962)	(10,332,848)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

28. Segment information (continued)

The management assesses the performance of the operating segments based on profit after tax.

(a) Revenue from major products and services

Revenues from external customers are derived mainly from financial education and training providers, investment income from public and private markets and digital & marketing. Breakdown of the revenue and investment income is as follows:

	2020 S\$	2019 S\$
Revenue and investment income		
Financial Education	10,271,701	12,719,635
Financial Investment	(2,518,575)	(3,819,358)
Digital & Marketing	-	9,383,252
Others	1,645,181	735,938
	9,398,307	19,019,467

(b) Geographical information

The Group's business segments operate in two main geographical areas:

- Singapore - the Company is headquartered and has operations in Singapore. The operations in this area are principally the financial education and training providers, and investment in public and private markets;
- Malaysia - the operations in this area are principally the financial education and training providers, and private markets investee;

	2020 S\$	2019 S\$
Revenue and investment income		
Singapore	5,314,180	6,868,671
Malaysia	3,267,789	5,419,166
Others	816,338	6,731,630
	9,398,307	19,019,467
Non-current assets		
Singapore	4,131,045	4,598,459
Malaysia	546,861	200,970
Others	124,039	113,655
	4,801,945	4,913,084

(c) Changes in accounting policy

- (i) The adoption of the new leasing standard described in Note 2.1 had the following impact on the adjusted EBITDA in the current year:

	Adjusted EBITDA before adoption of FRS 116 S\$	Rental expenses under FRS 1-17, when the Group is a lessee S\$	Adjusted EBITDA after adoption of FRS 116 S\$
Financial Education	1,740,539	1,434,867	3,175,406

- (ii) The adoption of the new leasing standard resulted in the recognition of ROU assets and lease liabilities, which increased segment assets and liabilities as at 31 March 2020 as follows:

	Segment assets S\$	Segment liabilities S\$
Financial Education	1,189,331	1,216,084

- (iii) The recognition of ROU assets and lease liabilities on the balance sheet resulted in an increase in depreciation and finance expenses in the consolidated statement of comprehensive income in the current year as follows:

	Depreciation S\$	Finance expense S\$
Financial Education	1,381,191	80,429

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items above is not entirely comparable to the information disclosed for the prior year.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

29. Events occurring after reporting date

On 3 April 2020, Singapore announced a stringent set of preventive measures collectively called a "circuit breaker", to be applied from 7 April to 4 May, in response to the growing number of new cases. The circuit breaker was extended to 1 June on 21 April following continued untraced transmission within the community.

With the implementation of the circuit breaker in Singapore and the movement control order in Malaysia, the Company's financial education business transferred all its offline trainings and programmes in Singapore and Malaysia online. This temporarily change in business operation had not significantly affect the financial performance of the financial education business subsequent to the financial year to the date of this report.

The novel coronavirus (COVID-19) outbreak since early 2020 is likely to impact the performance of the Fund's investment. On 30 January 2020, the outbreak was declared a Public Health Emergency of International Concern. It is currently difficult to predict the magnitude of the impact on the global economy and consumer sentiment as the tenure and severity of the virus outbreak is still unknown. As at the date of this report, it is not possible to make a reliable estimate the financial effect of the virus on the Fund's operations and fair value of the investments. The Board of Directors will continue to support the managed entities and monitor the impact COVID-19 has on them and reflect the consequences as appropriate in the accounting and reporting.

30. New or revised accounting standards and interpretations

Amendments to FRS 3 Business Combination (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under FRS 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

31. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of 8I Holdings Limited on 29 May 2020.

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