BUILDING A DYNAMIC FUTURE

ANNUAL REPORT 2016

KSH HOLDINGS LIMITED

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KSH HOLDINGS LIMITED
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TABLE OF CONTENTS

1 OUR VISION AND OUR MISSION
3 CORPORATE PROFILE
4 ONGOING PROJECTS
5 GROUP STRUCTURE
6 MESSAGE FROM EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR
11 FINANCIAL AND OPERATIONS REVIEW
15 FINANCIAL HIGHLIGHTS
17 BOARD OF DIRECTORS & MANAGEMENT
20 CORPORATE DIRECTORY

OUR VISION

To be a leader in building construction services in Singapore and a sizeable investor in property development in the region.

OUR MISSION

We are committed to contributing social and economic benefits to our society through the provision of high quality and cost-effective services in construction and niche property development activities in the region.

We provide innovative solutions in an efficient and professional manner to meet our customers' requirements in building and property businesses by bringing together the best available resources and continually improving our processes to deliver excellence.

As we achieve the above, we shall also generate fair and satisfying economic value for our shareholders.

CORPORATE PROFILE

KSH Holdings Limited ("KSH" or the "Group") ("金成兴控股有限公司") is a well-established Construction, Property Development and Property Investment group that was incorporated in 1979 and listed on the Mainboard of the SGX-ST since February 8, 2007.

KSH is an A1-graded contractor under BCA CW01, with the ability to tender for Public Sector Construction projects of unlimited value, and is a main contractor for both the public and private sectors in Singapore. The Group also has an A2 grade under BCA's CW02 category for civil engineering, allowing KSH to tender for Public Sector projects for values of up to $90 million.

KSH has an established track record for handling construction projects across a broad spectrum of industries, and its projects have performed well in CONQUAS, a standard assessment system on the quality of building projects. KSH had won several BCA Construction Excellence Awards including that for Fullerton Bay Hotel and NUS University Town's Education Resource Centre in 2013 and Madison Residences in 2014, amongst others.

Through strategic alliances and joint ventures, KSH's property development and investment presence spans across various real estate sectors including residential, commercial, hospitality, and mixed-use developments. Apart from having successfully executed residential and mixed-use development projects in Singapore and the People's Republic of China ("PRC"), it has jointly acquired properties in other geographies including the United Kingdom, Australia, Malaysia and Japan. It will continue to explore opportunities in new geographies with favourable real estate cycles with a focus on Southeast Asia.

On the Property Investment front, the Group invests in yield-accretive assets that generate a sustainable stream of income with potential capital gains. Its investments include a 30-storey Grade A office development, Prudential Tower in Raffles Place, and a 36-storey retail and office complex, Tianxing Riverfront Square in the heart of the business district of Tianjin, PRC.

The Group seeks to continue broadening its businesses and projects, explore opportunities in new markets while striving towards sustainable growth to enhance shareholder value.

ONGOING PROJECTS

Construction Projects

1. KAP & KAP Residences
2. Bedok Integrated Complex
3. Community Building at Bedok North
4. Singapore Chinese Cultural Centre
5. National University of Singapore Sports Centre
6. Design and build construction of a Steel Structure Electrical Intake Station and Ancillary works in Singapore

Property Development Projects

1. REZI 3TWO
2. NEWest
3. KAP & KAP Residences
4. Floraville/Floraview/Floravista
5. Hexacube
6. Trio
7. High Park Residences


National University of Singapore Sports Centre


Singapore Chinese Cultural Centre

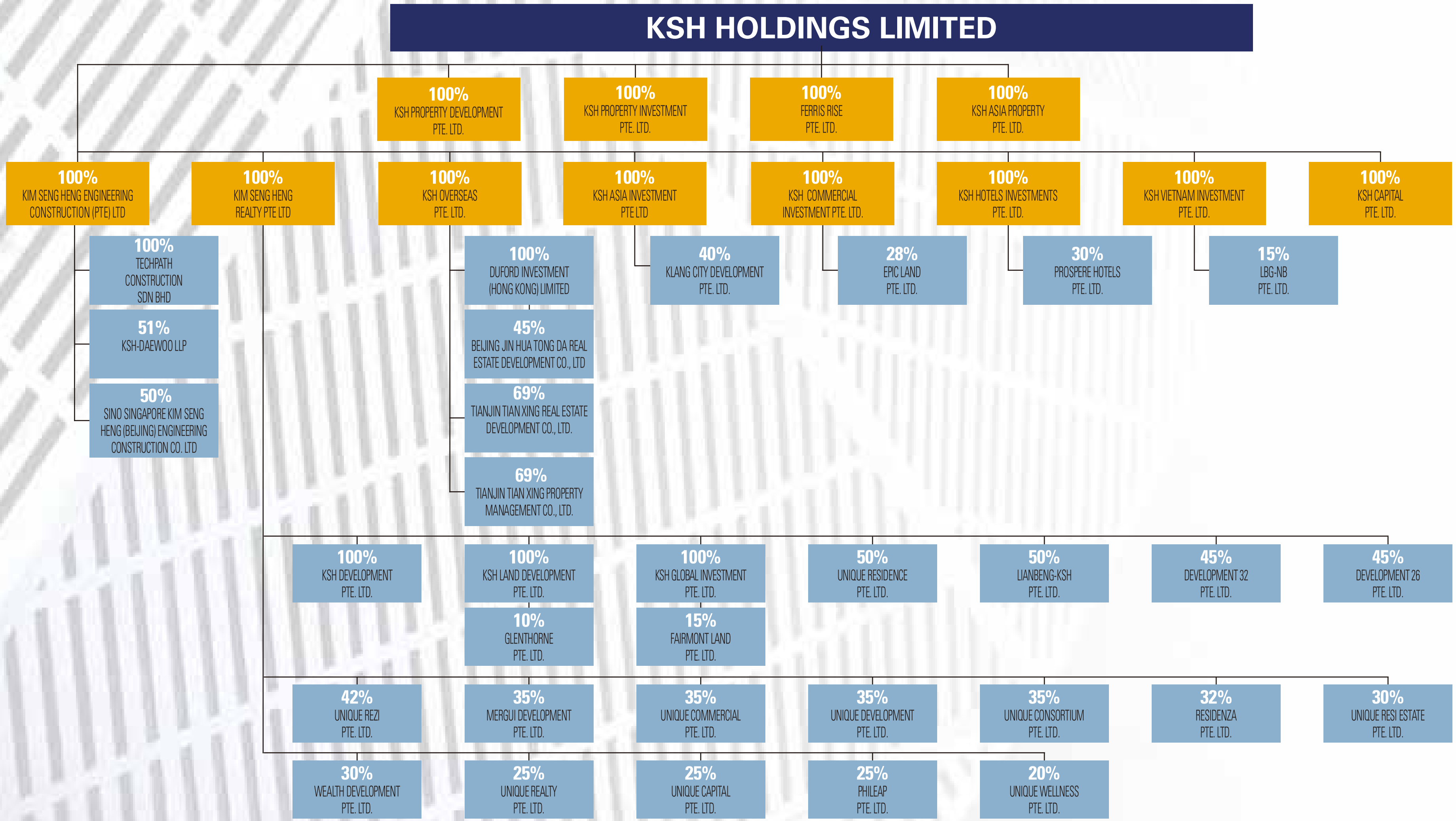

KAP & KAP Residences


NEWest


High Park Residences


Community Building at Bedok North

GROUP STRUCTURE



Group Structure as at 31 March 2016 on subsidiaries, associates and joint ventures

MESSAGE FROM EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

Notwithstanding challenges in the construction industry and a downturn in the Singapore property cycle, we have continued to stay resilient through our strong construction track record, balance sheet and working relationship with strategic partners.

Dear Shareholders,

The last 12 months have been an exciting and busy one for us, as we continued to build a dynamic future set upon strong foundations for sustainable growth. It is my pleasure to present to you the annual report for the financial year ended March 31, 2016 ("FY2016").

We are pleased to report yet another strong set of results this year – our net profit is at a record S$61.5 million in FY2016, compared to S$41.7 million in the preceding financial year ("FY2015"), lifted by S$15.0 million contribution upon completion of our Liang Jing Ming Ju Phase 4 – Sequoia Mansion project in the PRC, as well as revenue recognised on percentage of completion of property development projects in Singapore.

Notwithstanding challenges in the construction industry and a downturn in the Singapore property cycle, we have continued to stay resilient through our strong construction track record, balance sheet and working relationship with strategic partners.

We recorded revenue of S$245.5 million in FY2016, a slight 0.3% dip from S$246.1 million in FY2015, in tandem with lower construction revenue that offset a 1.5% rise in rental income from investment properties.

Our balance sheet remains strong, with total borrowing and debt of S$139.6 million and fixed deposit, cash and bank balances of S$193.0 million, translating into a net cash position of S$53.4 million.

This sizeable war chest is especially crucial during challenging times like these, which not only keeps borrowing costs low through our high credit worthiness, it also allows us to have sufficient resources to selectively take on strategic construction projects to protect our healthy construction margins, and strike when the iron is hot as opportunities arise to capitalise on market cycles.

RESILIENT CORE CONSTRUCTION BUSINESS

Construction remains our largest revenue driver – the segment reported revenue of S$239.2 million, or 97.4% of our total revenue in FY2016 compared to S$239.9 million in FY2015. Although revenue dipped slightly by 0.3%, profit for the segment rose 52.3% to S$26.6 million from S$17.5 million across the comparable periods.

Leveraging on our strong construction track record accumulated over 36 years, BCA A1 grade and strong balance sheet, we are able to selectively bid for projects that had allowed our construction gross margin to improve to 15.1% in FY2016 from 10.8% in FY2015 and segment net profit margin to grow to 11.9% from 7.3%. The improvement in margins are also due to the effectiveness of productivity measures implemented through adoption of technology and innovation.

As at March 31, 2016, our construction order book remains healthy at S$223.0 million lifted by a S$32.2 million contract from repeat customer, the National University of Singapore ("NUS"), to build a three-storey University Sports Centre Building to be completed by May 2017, and a S$34.8 million design and build public contract for the construction of a steel structure, electrical intake station and ancillary works.

While we expect construction costs to increase further, we are actively tendering for both public and private projects to capitalise on the sustained healthy construction demand in Singapore. The Singapore Building and Construction Authority retains an optimistic outlook and expects construction demand in 2016 to remain robust at between S$27 billion and S$34 billion, of which 65% will be derived from the public sector[1].

As a result of our active tendering efforts to replenish our order book, we secured our fourth project win from NUS in May 2016 – a term contract for addition and alteration works within 24 months from May 16, 2016 to May 15, 2018, with the option to extend for an additional 12 months.

With the help of several government grants to boost productivity in the construction industry, we are also looking to redevelop and automate our factory and invest in new equipment and machinery to enhance our efficiency and competitiveness.

GEOGRAPHICALLY DIVERSIFIED REAL ESTATE PORTFOLIO

PROPERTY DEVELOPMENT

Working closely with our JV partners and associates, our real estate businesses have continued to contribute strong returns to the Group's performance. In FY2016, our share of results of associates rose 82.8% due to revenue recognised on progress completion of our Singapore development projects and revenue recognised on completion of the Sequoia Mansion project that contributed S$15.0 million.

THE PRC

The Sequoia Mansion project has under 10% of units left unsold, due to a deliberate management decision to withhold units in view of an expected rise in property prices stemming from the Beijing City government's anticipated relocation of some administrative functions to Tongzhou and the impending launch of a Universal Studios theme park in 2019. We'll continue to monitor the market closely to maximise returns of our investments in the project.

We also look forward to the Phase One launch of our 22.5%-owned Gaobeidian township development project in Hebei province, a satellite city merely 19 minutes from Beijing by high speed train, earmarked by the government for development as part of its decentralisation strategy.

Construction for Phase One is expected to commence before end of June 2016, and complete within 24 months. Phase One consists a 40,000 square metre ("sqm") commercial belt, 1,600 mass-market residential units estimated to be priced at RMB4,000 to RMB5,000 per sqm and 1,450 high-end residential units estimated to be priced at RMB7,000 to RMB8,000 per sqm. The 3,050 residential units are targeted to launch before end-2016, subject to approval to be obtained from authorities.

SINGAPORE

In Singapore, latest 1Q2016 statistics showed an overall 0.7% decrease in prices of private residential properties, compared to a 0.5% decline in the preceding quarter, while number of units sold decreased 11.5%[2]. Prices of office space decreased 0.3% from a 0.1% decline in the previous quarter, while vacancy rate improved 0.3% percentage points to 9.2%, notwithstanding a 1.6% rise in pipeline supply.

Additionally, we have currently sold 91.1% of the 3,505 units launched across 14 projects as at March 31, 2016, translating to a balance of S$258.2 million in attributable share of progress billings to be progressively recognised. Most of our units were sold either at or above expected prices, demonstrating our ability to identify and execute choice projects that are well-received by the market, together with our valued partners.

OTHER GEOGRAPHICAL REGIONS

In view of the lukewarm market in Singapore, we've set our sights overseas to diversify our geographical risks and property investment portfolio. During the year, we've jointly-acquired a freehold 42-unit hotel along Glenthorne Road in London, two minutes away from the Hammersmith underground station that we intend to redevelop into service apartments with about 85 rooms. We also acquired a prominent 2.45-acre site near the Leeds City Centre which has attained approval to build over 1 million square feet of mixed-use development.

[1] *Public sector, civil engineering projects to drive construction demand this year: BCA – Business Times, January 16-17, 2016*

[2] *Release of 1st Quarter 2016 real estate statistics – Urban Redevelopment Authority, April 22, 2016*

MESSAGE FROM EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

Subsequent to the financial year end, we further expanded our overseas portfolio with the joint acquisitions of value-accretive assets in Manchester and Gloucester in the UK, and made our maiden entry into Japan, or more specifically, central Sapporo. These newly-acquired assets are operating hospitality properties, managed by established international hotel operators including Accor and InterContinental Hotels Group, and will immediately strengthen our recurring income streams.

PROPERTY INVESTMENT

Despite a tepid property market, we are pleased that our investment in Prudential Tower, a Grade-A office building strategically located in Raffles Place, has achieved high occupancy and good tenant mix, and continues to contribute healthy revenue alongside our investment property in the PRC – Tianjin Tianxing Riverfront Square. Overall, rental income from investment properties increased 1.5% to S$6.3 million in FY2016 from S$6.2 million in FY2015.

Going forward, we'll continue to work closely with our JV partners to uncover attractive opportunities in Singapore – such as our successful High Park Residences project that had received overwhelming demand – and well-located properties abroad in markets with favourable cycles that will offer high yields.

ATTRACTIVE DIVIDENDS

To share the fruits of our labour with our faithful shareholders, we are pleased to propose a final and special dividend of 1.50 Singapore cents and 0.50 Singapore cent per share. Coupled with an interim and special cash dividend of 1.25 Singapore cents and 0.30 Singapore cent per share distributed earlier this year, the total dividend distributed in FY2016 is 3.55 Singapore cents per share, equivalent to a 6.5% yield, as at May 30, 2016.

APPRECIATION

I would like to take this opportunity to thank the management team for their dedication and for lending their deep experience to our businesses. I am also proud that we have a pool of long-serving and committed staff of engineers, quantity surveyors and site co-ordinators that supports our management team.

We are also very privileged to have a Board with such varied and complementing expertise, which has provided invaluable guidance to the Group. I would also like to thank our shareholders, customers, suppliers, partners and stakeholders for their support as we strive to bring the Group to its next phase of growth.

CHOO CHEE ONN
Executive Chairman and Managing Director
27 June 2016

执行主席兼董事经理致词

尊敬的股东们，

在过去的十二个月里，金成兴控股有限公司度过了令人振奋而且忙碌的历程，与此同时，我们将继续努力地以稳固的基础来建立可持续增长及充满活力的未来。我很高兴能在此向大家提交本公司截至2016年3月31日的2016财年度报告（“2016财年”）。

首先，我非常高兴地借此机会向大家报告一项优异的成绩，相比去年同期（“2015财年”）净利润的4,175万新元，2016财年净利润创新纪录达到6,170万新元。其中1,500万新元的净利润贡献来自于在中国北京红杉公馆靓景明居第四期工程的竣工。此外，净利润贡献也来自于新加坡物业发展项目，而此净利润是按照项目各个阶段完成的比例来实现的。

尽管目前建筑行业正面临着严峻的挑战和新加坡房地产低迷的周期，我们却能持着优良的业务记录、雄厚的资产负债表和良好的合作伙伴关系来保持着稳定的表现。

在2016财年，我们的总收入达24,550万新元，与2015财年的24,610万新元相比小幅下降了0.3%，主要原因是建筑工程收入的减少，虽然部份的收入减少被投资物业租金收入1.5%的增长抵消。

我们的资产负债表依然雄厚，定期存款、现金银行结余19,300万新元；总负债达13,960万新元，转化为5,340万新元的净现金额。

在这充满挑战的经济环境下，拥有如此庞大的资金与利润是至关重要的。而通过公司良好的信誉，不仅保持了低借贷成本，也让我们有足够的资源去选择具有战略性的投资项目，维护我们既有的市场空间，借市场调整时期打铁趁热，把握时机。

具韧性的核心建筑业务

建筑业务是本公司最大的营收来源。2016财年的建筑收入是23,920万新元，占了公司总收入的97.4%，同比2015财年收入23,990万新元下滑了0.3%。但是利润却达到2,660万新元，同比2015财年的1,750万新元上升了52.3%。

凭借我们累积超过三十六年悠久的施工资质，拥有新加坡建设局A1等级及雄厚的资产负债表，我们能有选择性地进行投标项目，并且将施工毛利润率从2015财年的10.8%提高至2016财年的15.1%。施工净利润率也从7.3%增长到11.9%。利润率的改善是由于有效地采取了新技术应用和创新的提高生产力措施。

截至2016年3月31日，建筑订单仍然保持稳健的水平，达到22,300万新元。其中包括来自于新加坡国立大学价值3,220万新元的一项三层大学体育中心工程，预计2017年5月完成。还有另一项价值3,480万新元设计及建造钢结构和输变电站的公共建筑工程合同。

虽然预计建筑成本会持续增加，我们仍在积极地投标公共和私人工程项目，并且持续关注新加坡建筑市场的需求。对于新加坡建筑工程和建筑业也保持了乐

执行主席兼董事经理致词

观的态度，预计建筑需求会在2016年保持强劲，市场需求高达270至340亿新元之间，其中65%将来自公共领域项目[1]。

由于积极投标以及努力添补营业订单，我们于2016年5月成功标得新加坡国立大学的改建与加建工程项目。这是我们自新加坡国立大学赢得的第四项工程。该合同期限从2016年5月16日至2018年5月15日为期24个月，并可选择再延长12个月。

除了通过政府补助来提高建筑业务的生产力，我们也正在努力地开发工程自动化以及投资新机器设备来提高效率、生产率和竞争力。

地理区域多样化房地产组合

房地产开发

由于与合资及合作伙伴不断密切地合作和增进良好关系，我们的房地产企业继续为本集团的业绩贡献强劲的回报。在2016财年，我们的合资业绩份额上升了82.8%，这主要是来自新加坡物业发展项目，其净利润是按照各个阶段完成的百分比来实现的。此外，中国北京红杉公馆项目也贡献了1,500万新元净利润。

中华人民共和国

目前红杉公馆项目仍还有剩余少过10%的单位未售出，这是出于管理团队的一项经营策略决策。北京市政府行政机构将搬迁到通州区，预测未来房价呈上涨的趋势。加上2019年即将推出的"环球影城"主题公园，因此我们提出保留部分单位的经营策略。我们将继续密切跟踪市场动态，力求在投资项目中获得最大利益回报。

另外，我们也非常期待推出拥有22.5%的权益的高碑店乡镇发展项目的第一阶段。这是建设在河北省的卫星城，从北京乘高速铁路列车仅需19分钟。该地段正位于中国政府将下放权力给地方管理的发展战略部署的一部分。

建设的第一阶段预计将在2016年6月份开始动工，并且在24个月内完成。第一阶段包括一个40,000平方米商业区，同时建有1,600套大众化住宅单位，预计售价为每平方米4,000元到5,000元人民币；1,450套高档住宅，预计售价将在每平方米7,000元到8,000元人民币；当取得相关政府部门批准后，这3,050套住宅单位预计将于2016年底推出。

新加坡

在新加坡，2016年第一季度最新的统计显示私人住宅物业价格整体下降0.7%，相比上一季度下降了0.5%，而售出的单位数量减少了11.5%[2]。办公楼的价格下降了0.3%，相比上一季度同时期下降了0.1%，而空置率却有所改善，尽管供应上升了1.6%，仍然提高了0.3%个百分点至9.2%。

此外，截至2016年3月31日在我们目前推出的14个项目里，综合统计有3,505套单位，已经售出了91.1%，属于我们集团已售出但尚未实现的营业额等同价值约为25,820万新元，将按照项目各个阶段的完成比例来陆续实现盈利分享。大部分已出售的单位都达到或高于我们预期的价格，显示出我们与合作伙伴共同在选择受市场欢迎的项目上独特的眼光和优良的操作能力。

其他地理区域

为应对新加坡较冷淡的市场，我们将目光投向海外，以降低区域风险和实现物业投资组合多样化。这一年，我们在英国获得了拥有永久地契，位于伦敦Glenthorne路沿，设有42间客房的酒店，大约两分钟的路程就能抵达Hammersmith地铁站。我们打算重新开发旗下85间客房的服务公寓。与此同时，我们也获得了一个面积高达2.45英亩的地皮，地理位置靠近利兹市，并且已经获得了可建设100多万英尺的混合使用建筑计划。

在财年结束之后，我们合资购入具增值效益的资产，以进一步扩大集团旗下在海外的投资组合。这三项投资物业分别位于英国的曼彻斯特市、格洛斯特市，以及我们首次进驻的日本札幌市。这三项最新投资的物业都是已运营的酒店物业，由国际专业酒店管理公司例如雅高（Accor）和洲际酒店集团（InterContinental Hotels Group）经营管理，能立即加强我们经常性的收入来源。

房地产投资

尽管当前楼市不温不火，新加坡莱佛士坊甲级办公楼保诚大厦仍然能有高入住率和良好的租户组合，我们对这项投资目前为止的表现甚感欣慰。另外，我们在中国位于天津所投资的天星河畔广场也为集团提供稳健的收入。总体而言，在2016财政年度，投资物业的租金收入增长1.5%，达到630万新元，比2015财政年度的620万新元为高。

我们将继续与合作、合资伙伴增进合作关系，在新加坡寻求有吸引力的项目，如同我们成功地获得市场热烈回响的High Park Residences住宅项目，以及投资处于良好地理位置和高收益率经济周期的海外房地产。

高吸引力的股息

为了能与忠实的股东们分享努力得来的成果，我很高兴能够提议分发每股新币1.50分的末期现金股息和新币0.50分的特别现金股息，连同上一次分发每股新币1.25分的中期现金股息和新币0.30分的特殊现金股息，在2016财政年度截至2016年5月30日，总股息分配为每股新币3.55分，相当于6.5%的收益率。

致谢

我想借此机会感谢管理团队的奉献精神，并把宝贵的经验与我们分享。我也为我们有一群长期尽忠职守地协助管理团队的工程师、工料测量师和工地操作员而感到骄傲。

我们非常荣幸能够拥有一群在各个不同领域都具有专长知识的董事们来为集团提供宝贵的指导与意见。我也在此感谢我们的股东、客户、供应商、合作伙伴和持份者的支持，共同扶持集团到下一个阶段的增长。

朱峙安
执行董事长兼董事总经理
2016年6月27日

[1] 今年公共领域及土木工程项目将推动建设需求：新加坡建设局 – 商业时报，2016年1月16日至17日

[2] 2016第一季度房地产统计 – 市区重建局发布，2016年4月22日

FINANCIAL AND OPERATIONS REVIEW

FY2016 SHAREHOLDERS EQUITY

S$293.2M

FY2015 SHAREHOLDERS EQUITY

S$253.3M

FY2016 PROFIT

S$61.5M

FY2015 PROFIT

S$41.7M

Amidst persistent challenges in the operating environment, the Group remained resilient and reported revenue for FY2016 of S$245.5 million, a 0.3% dip from S$246.1 million in the preceding year.

The slightly lower revenue was due to a 0.3% decrease in construction revenue to S$239.2 million from S$239.9 million, albeit a 1.5% improvement in rental income from investment properties to S$6.3 million from S$6.2 million across the comparable periods.

Boosted by a S$15.0 million contribution upon completion of the Liang Jing Ming Ju Phase 4 – Sequoia Mansion project in the PRC and revenue recognised on percentage of completion of property development projects in Singapore, the Group's share of results of associates rose 82.8% to S$48.4 million in FY2016 from S$26.5 million in FY2015.

As a result of prudent project selection and an increase in productivity from the adoption of technology and innovation, cost of construction decreased 5.1%, outpacing the decrease in construction revenue. As a result, construction gross margin improved to 15.1% in FY2016 from 10.8% in FY2015, while construction net margin grew to 11.9% from 7.3%.

As a result of the above, the Group reported record net profit of S$61.5 million, a 47.6% rise compared to S$41.7 million in FY2015.

With prudent capital management, the Group's balance sheet remains strong with total borrowing and debt of S$139.6 million and fixed deposit, cash and bank balances of S$193.0 million, translating into a net cash position of S$53.4 million. Shareholders' equity grew to S$293.2 million as at March 31, 2016 from S$253.3 million a year ago, or a compounded annual growth rate of 20.5% since the financial year ended March 31, 2012.

Based on an issued share capital of 448,122,659 shares as at March 31, 2016, the Group's fully-diluted earnings per share rose to 13.72 cents from 9.18 cents while net asset value per share increased to 65.44 cents from 55.79 cents across the comparative periods.

FINANCIAL AND OPERATIONS REVIEW

CONSTRUCTION

Leveraging on its BCA A1 grade and strong balance sheet, the Group has over the past 37 years built a solid construction track record across various sectors including residential, commercial, industrial, hotels, institutions and infrastructure.

KSH's ongoing projects, as elaborated in table 1.1, are progressing on schedule while the Group looks to aggressively tender for both public and private projects of healthy margins to replenish its order book.

As at March 31, 2016, the Group's order book remains healthy at S$223.0 million, with the potential to increase further following its term contract win in May 2016 from repeat customer, the National University of Singapore, for addition and alteration works within 24 months from May 16, 2016 to May 15, 2018, with the option to extend for an additional 12 months.

Latest statistics from the Singapore Building and Construction Authority projects 2016 construction demand of between S$27 billion and S$34 billion, of which 65% will be derived from the public sector[1].

Expecting costs to escalate further due to tightening manpower policies, increasingly stringent regulatory controls and rising construction materials and operating costs, KSH intends to invest S$5 million to S$8 million to develop its fabrication plant, and purchase new equipment and machinery, with the help of various government grants.

Project Name	Contract Value (S$'m)	Project Type	
Community Building at Bedok North	147.83	Integrated Complex	Public
Public construction project of a steel structure, electrical intake station and ancillary works	34.81	Infrastructure	Public
Singapore Chinese Cultural Centre	78.24	Institution	Public
Sports Centre Building at the National University of Singapore	33.25	Institution	Public
KAP & KAP Residences	76.89	Mixed Development	Private
NEWest Development	98.94	Mixed Development	Private

Table 1.1

1 *Public sector, civil engineering projects to drive construction demand this year: BCA – Business Times, January 16-17, 2016*

REAL ESTATE

	Total Units Launched	Total Units Sold	Sold (%)
Residential	3,104	2,878	92.7
Commercial	364	286	78.6
Office	37	29	78.4
Total	3,505	3,048	91.1

Table 2.1

No.	Project Name	Group Stake	Type of Development	Status of Construction	Revenue Recognition Method	Units Sold (%)
Singapore						
1	Lincoin Suites	25.00%	Residential	Completed	Percentage of Completion	94.3%
2	The Boutiq	35.00%	Residential	Completed	Percentage of Completion	94.6%
3	Palacio	32.00%	Residential	Completed	Percentage of Completion	100.0%
4	REZI26	45.00%	Residential	Completed	Percentage of Completion	100.0%
5	REZI3TWO	45.00%	Residential	Ongoing	Percentage of Completion	67.7%
6	Sky Green	25.00%	Residential	Completed	Percentage of Completion	97.7%
7	Cityscape@Farrer Park	35.00%	Residential	Completed	Percentage of Completion	90.4%
8	NEWest	12.25%	Residential and Commercial	Ongoing	Percentage of Completion	100.0%
9	KAP & KAP Residences	12.60%	Residential and Commercial	Ongoing	Percentage of Completion	99.2%
10	Floraville/Floraview/ Floravista	12.25%	Residential and Commercial	Ongoing	Percentage of Completion	50.0%
11	Hexacube	30.00%	Commercial and Office	Ongoing	Completed	57.5%
12	Trio	35.00%	Commercial	Ongoing	Completed	37.2%
13	High Park Residences	20.00%	Residential	Ongoing	Percentage of Completion	95.1%
Overseas						
14	Liang Jing Ming Ju Phase 4 – Sequoia Mansion	45.00%	Residential (Commercial and Office excluded)	Completed	Completed	90.9%

Table 2.2

FINANCIAL AND OPERATIONS REVIEW

SINGAPORE

Latest 1Q2016 statistics from the Urban Redevelopment Agency showed an overall 0.7% decrease in prices of private residential properties, compared to a 0.5% decline in the preceding quarter. Developers also sold 11.5% less units across the comparative periods[2]. Similarly, prices of office space slipped 0.3%, steeper than the 0.1% decline in the previous quarter, while vacancy rate improved 0.3 percentage points to 9.2%, notwithstanding a 1.6% rise in pipeline supply.

The Group is pleased to report that despite a property downcycle in Singapore, most of its residential and mixed-use development properties have been completely or substantially sold at prices within or above expectations, and will continue to contribute positively to the Group's performance progressively.

As at March 31, 2016, the Group has sold 91.1% of the 3,505 units launched across 14 projects, translating to a balance of S$258.2 million in attributable share of progress billings.

The Group's investment property, Prudential Tower, continues to achieve high occupancy and good tenant mix, due to its Grade-A office specifications and prime location in Raffles Place.

OVERSEAS

The PRC

The Sequoia Mansion project has under 10% of units left unsold, due to a deliberate management decision to withhold units in view of an expected rise in property prices stemming from the Beijing City government's anticipated relocation of some administrative functions to Tongzhou and the impending launch of a Universal Studios theme park in 2019. The Group will continue to monitor the market closely to maximise returns of its investments in the project.

KSH also looks forward to the Phase One launch of its 22.5%-owned Gaobeidian township development project in Hebei province, a satellite city merely 19 minutes from Beijing by high speed train earmarked by the government for development as part of its decentralisation strategy.

The Phase One development spans 1.97 million square metres and is positioned to be a mountain climbing training centre, a key project backed by the Hebei Province Government in collaboration with the National Sports Bureau to promote mountain climbing training in the region.

The development will feature the world's tallest man-made rock-climbing wall and will serve as a one-stop hub providing a full suite of mountain climbing services, supported by residential and commercial amenities, and is expected to attract tourists, sports professionals, enthusiasts and relevant commercial fairs.

Construction for Phase One is expected to commence before end of June 2016, and complete within 24 months.

Other Geographical Regions

UNITED KINGDOM	PEOPLE'S REPUBLIC OF CHINA	AUSTRALIA	JAPAN
Leeds • Freehold prominent 2.45-acre site to be developed into a mixed-use development of over 1 million sq ft **London** • Freehold 42-room hotel along Glenthorne Road to be redeveloped into serviced apartments with about 85 rooms **Bradford** • 86-room ibis Budget Bradford hotel 20 minutes drive to international airport **Gloucester** • 127-room ibis Hotel Gloucester strategically located to attract both leisure and business travellers **Manchester** • 12-storey Holiday Inn Express Manchester City Centre hotel comprises of 147 bedrooms well connected to the rest of Greater Manchester and UK	**Tianjin** • Developed mixed-use development, Tianjin Riverfront Square (天星河畔广场)that contributes healthy recurring income **Beijing** • Successfully executed mixed-development, Liang Jing Ming Ju-Sequoia Mansion (靓景明居四期-红衫公馆) **Gaobeidian, Hebei** • Currently co-developing large-scale township project, Gaobeidian Sino-Singapore Health City (中新健康城), a satellite city near Beijing earmarked by government for development	**Brisbane** • Mixed-development in Fortitude Valley, consisting two residential towers to be built over two phases.	**Sapporo** • 15-storey hotel building and 14-storey residential building in Sapporo's central business district

The Group has further expanded its property portfolio overseas to diversify its geographical risks, working closely with JV partners with rich network and experience in the respective markets.

Working with these reputable and experienced partners allows the Group to take on varied projects to maximise returns on its financial resources. These assets overseas are either primed for high yields upon development, or are operating assets that will strengthen the Group's recurring income streams.

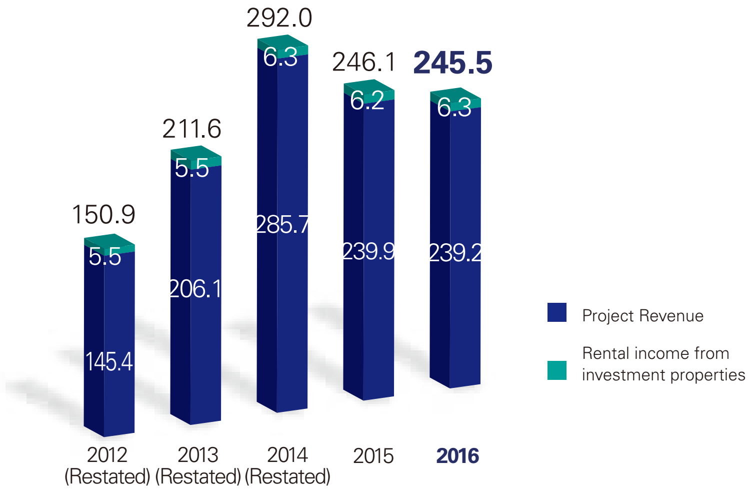
Going forward, the Group intends to continue working closely with its JV partners to uncover attractive investment opportunities in existing markets, as well as new geographies with favourable market cycles.

Barring unforeseen circumstances, the Group is cautiously optimistic on the outlook of its performance for the financial year ending March 31, 2017.

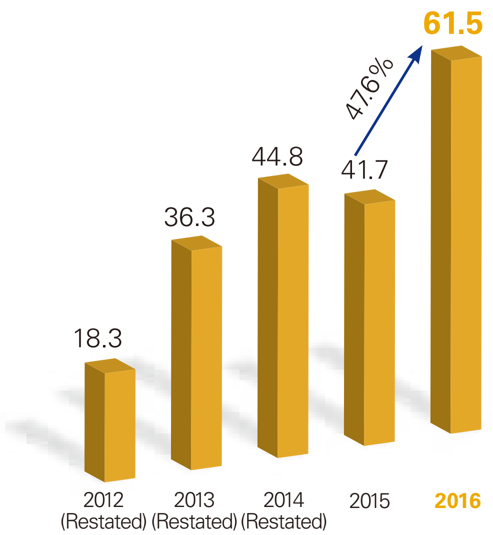
2 *Release of 1st Quarter 2016 real estate statistics – Urban Redevelopment Authority, April 22, 2016*

FINANCIAL HIGHLIGHTS

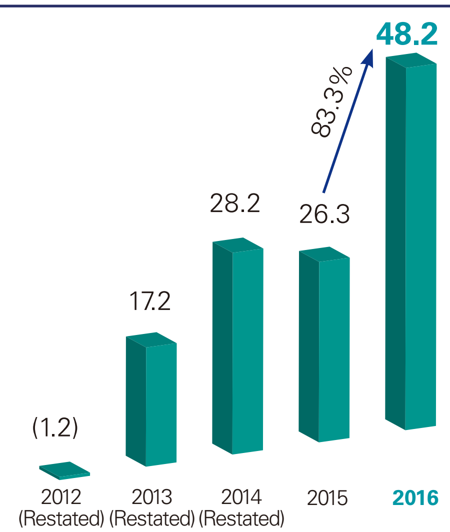
REVENUE (S$'m)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S$'m)

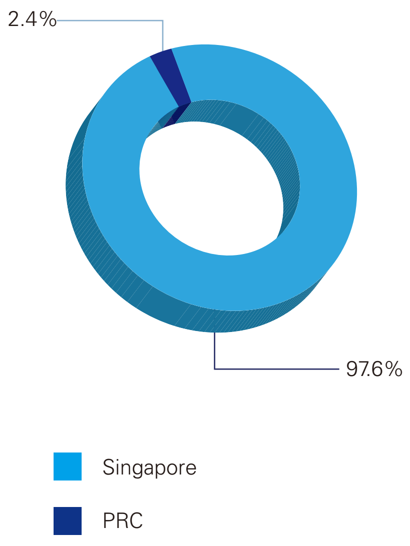


SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES (S$'m)

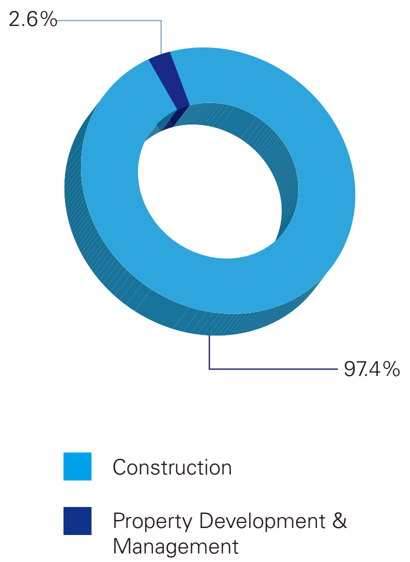


FINANCIAL HIGHLIGHTS

REVENUE BY GEOGRAPHICAL SEGMENT



REVENUE BY BUSINESS SEGMENT



S$'m	FY2012 (Restated)*	FY2013 (Restated)*	FY2014 (Restated)*	FY2015	FY2016
BALANCE SHEET HIGHLIGHTS					
Shareholders' Equity	139.1	180.4	217.3	253.3	293.2
Net Current Liabilities/Assets	(21.4)	(17.5)	62.0	40.8	30.2
Net Tangible Assets	160.3	202.3	238.8	277.0	315.6
EFFICIENCY					
Return on Asset (%)	6.9	10.4	9.7	8.4	10.3
Return on Equity (%)	12.7	18.6	19.2	15.2	19.6
HEALTHY DEBT COVERAGE					
Net Cash / (Net Debt) to Equity (x)	0.07	0.07	0.09	(0.004)	0.18
Interest Cover (x)	18.9	28.7	17.3	8.6	11.2

*Note: The comparative numbers in FY2012, FY2013 and FY2014 are restated in line with the change in accounting policy following adoption of new and revised accounting standards which are effective for annual financial periods beginning on or after 1 April 2014.

BOARD OF DIRECTORS

MR. CHOO CHEE ONN, Executive Chairman and Managing Director, is one of the founders of the Group. Mr. Choo was appointed to the Board on March 9, 2006 and plays a vital role in charting the corporate direction of the Group. He is responsible for the overall management, strategic planning and business development of the Group, and oversees all key aspects of the Group's operations, including the tendering process of the Group's construction projects. He is also responsible for identifying and securing new projects for the Group. In addition, Mr. Choo also oversees the Group's overseas investments and operations, particularly the Group's property development industries in the PRC. Mr. Choo has over 40 years of experience in the construction and property development industries. As one of the Group's founders, Mr. Choo was instrumental in laying the Group's early foundations and has been pivotal in the development of the Group and its expansion into the PRC. Mr. Choo is a full member of the Singapore Institute of Directors.

MR. LIM KEE SENG, Executive Director and Chief Operating Officer, is one of the founders of the Group. Mr. Lim was appointed to the Board on March 22, 2006, and was last re-elected on July 25, 2014. Currently, he oversees the entire construction function and business operations of the Group. Since he founded a construction business in 1974 together with the Group's Executive Directors, Mr. Choo Chee Onn and Mr. Tok Cheng Hoe, Mr. Lim has accumulated over 40 years of experience in the construction, construction-related and property development industries. He has been instrumental in the development and growth of the Group. Mr. Lim is a full member of the Singapore Institute of Directors.

MR. TOK CHENG HOE, Executive Director, Project Director and QEHS Director, is one of the founders of the Group. Mr. Tok was appointed to the Board on March 22, 2006 and was last re-elected on July 25, 2014. As a Project Director, Mr. Tok is responsible for the management and execution of construction projects. Mr. Tok also oversees the functions of QEHS (Quality Environment Health & Safety) of the construction projects carried out by the Group. Since he founded a construction business in 1974 together with the Group's Executive Directors, Mr. Choo Chee Onn and Mr. Lim Kee Seng, Mr. Tok has accumulated over 40 years of experience in the construction, construction-related and property development industries. He has been instrumental in the development and growth of the Group. Mr. Tok is a full member of the Singapore Institute of Directors.

BOARD OF DIRECTORS

MR. KWOK NGAT KHOW, Executive Director and QAQC Director, was appointed to the Board on March 22, 2006, and was last re-elected on July 24, 2015. Mr. Kwok is assisting in the functions of tendering for construction projects and also oversees the functions of QAQC (Quality Assurance and Quality Control) of the construction projects carried out by the Group. Mr. Kwok has more than 40 years of experience in the construction, construction-related and property development industries. He has been instrumental in the development and growth of the Group. Mr. Kwok is a full member of the Singapore Institute of Directors.

MR. LIM YEOW HUA @ LIM YOU QIN, Lead Independent Director, was appointed to the Board on December 18, 2006, and was last re-elected on July 24, 2015. He is currently the Managing Director of Asia Pacific Business Consultants Pte. Ltd., a Singapore company providing tax and business consultancy services. Mr. Lim has more than 29 years of experience in the tax, financial services and investment banking industries. Prior to founding Asia Pacific Business Consultants Pte. Ltd., he had held several management positions in various organisations including senior regional tax manager with British Petroleum (BP), director (Structured Finance) at UOB Asia Ltd, senior tax manager at KPMG, senior vice president (Structured Finance) at Macquarie Investment Pte Ltd., senior tax manager at Price Waterhouse and deputy director at the Inland Revenue Authority of Singapore. Mr. Lim holds a Bachelor's Degree in Accountancy and a Master's Degree in Business Administration from the National University of Singapore. He is a fellow member of the Institute of Singapore Chartered Accountants and an Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals. He is also a full member of the Singapore Institute of Directors.

MR. KHUA KIAN KHENG IVAN, Independent Director, was appointed to the Board on December 18, 2006 and was last re-elected on July 26, 2013. He is the Executive Director of Hock Leong Enterprises Pte. Ltd., an oil and gas related servicing company where his responsibilities include overseeing the company's financial, administrative, human resource and business development aspects. From 2000 to 2001, he was a Research Officer at Rider Hunt Levett & Bailey, where he was involved in the research of various aspects of quantity surveying and the cost management of the company's quantity surveying services. From 2001 to 2004, he was a Manager with RHLB Terotech Pte. Ltd., where he provided property and infrastructure asset management consultancy services. Mr. Khua holds a Diploma in Building (with Merit) from Singapore Polytechnic and a Bachelor's Degree in Building Construction Management (First Class Honours) from the University of New South Wales, Australia. He is a member of the Singapore Institute of Arbitrators, and an associate of the Singapore Institute of Building. He is a full member of the Singapore Institute of Directors.

MR. KO CHUAN AUN, Independent Director, was appointed to the Board on August 5, 2013 and was last re-elected on July 25, 2014. He is currently the Executive Director of KOP Limited, a company with businesses that encompass both the property and entertainment industries. Mr. Ko also holds chairmanships and directorships in various private and public companies. Mr. Ko was appointed as an Independent Director of Super Group Ltd, San Teh Ltd, Koon Holdings Ltd and Lian Beng Group Limited. Mr. Ko has more than 15 years of working experience with the then Trade Development Board of Singapore ("TDB") (now known as the International Enterprise Singapore or IE Singapore). His last appointment with the then TDB was Head of China Operations. In the past 26 years, Mr. Ko has been very actively involved in business investments in the PRC. In 2001, he was appointed as the Steering Committee Member of the Network China. Between 2003 to 2005, he served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade and Investment Committee. Mr. Ko holds a Diploma in Export Marketing, which is equivalent to the Danish Niels Brock International Business Degree Program.

MANAGEMENT

MR. TANG HAY MING TONY, Chief Financial Officer, was promoted to his current post in December 2006. He is responsible for the Group's finance, accounting and reporting functions as well as the overall financial risk management of the Group. He has several years of experience in auditing, accounting, taxation and financial management before he joined the Group in August 1999. He holds a Bachelor's Degree in Accountancy from the Nanyang Technological University, a Graduate Diploma in Business Administration from the Singapore Institute of Management and a Master's Degree in Business Administration from the University of Adelaide, Australia. He is a fellow member of the Institute of Singapore Chartered Accountants and a full member of the Singapore Institute of Directors.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:
Choo Chee Onn
(Executive Chairman and Managing Director)

Lim Kee Seng
Tok Cheng Hoe
Kwok Ngat Khow

INDEPENDENT DIRECTORS:
Lim Yeow Hua @ Lim You Qin
(Lead Independent Director)

Khua Kian Kheng Ivan
Ko Chuan Aun

AUDIT & RISK COMMITTEE
Lim Yeow Hua @ Lim You Qin (CHAIRMAN)
Khua Kian Kheng Ivan
Ko Chuan Aun

NOMINATING COMMITTEE
Khua Kian Kheng Ivan (CHAIRMAN)
Lim Yeow Hua @ Lim You Qin
Ko Chuan Aun

REMUNERATION COMMITTEE
Ko Chuan Aun (CHAIRMAN)
Lim Yeow Hua @ Lim You Qin
Khua Kian Kheng Ivan

AUDITOR
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Lim Tze Yuen
(Date of appointment:
since financial year ended 31 March 2015)

JOINT COMPANY SECRETARIES
Tang Hay Ming Tony
Ong Beng Hong (LLB (Hons))

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
(a member of Boardroom Limited)
50 Raffles Place #32-01 Singapore Land Tower
Singapore 048623

PRINCIPAL BANKERS
CIMB Bank Berhad
Citibank, N.A.
Development Bank of Singapore
Industrial and Commercial Bank of China Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
The Bank of East Asia, Limited
United Overseas Bank Limited

REGISTERED OFFICE
36 Senoko Road
Singapore 758108

INVESTOR RELATIONS
Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street #02-01/02
Singapore 048914
Email : dolores.phua@citigatedrimage.com/
amelia.lee@citigatedrimage.com
KSH contact : mainoffice@kimsengheng.com.sg

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

KSH Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to achieving a high standard of corporate governance in line with the principles set out in the Code of Corporate Governance 2012 ("the **Code**"). Good corporate governance establishes and maintains a legal and ethical environment, which helps to preserve and enhance the interests of all shareholders.

This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code.

(A) BOARD MATTERS

The Board's Conduct of its Affairs

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

Role of the Board of Directors (the "Board")

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group, and sets directions and goals for the Management. It supervises the Management and monitors the performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group.

Regular meetings are held to deliberate the strategic policies of the Company, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results.

The principal duties of the Board include the following:

(i) protecting and enhancing long-term value and return to the Company's shareholders ("**Shareholders**");
(ii) establishing, reviewing and approving the annual budget, corporate policies, strategies and objectives for the Group;
(iii) ensuring the effectiveness and integrity of Management;
(iv) chartering the corporate strategy and direction of the Group and setting goals for the Management;
(v) supervising and monitoring the Management's achievement of these goals;
(vi) conducting periodic reviews of the Group's financial performance, internal controls and reporting compliance;

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

(vii) approving nominations to the Board and appointment of key personnel;

(viii) ensuring the Group's compliance with all relevant and applicable laws and regulations;

(ix) assuming responsibility for the corporate governance of the Group;

(x) setting the values and standards for the Group, and ensure that obligations to Shareholders and others are understood and met; and

(xi) establishing a framework of prudent and effective controls which enables risks to be assessed and managed.

The Board has formed a number of Board Committees, namely the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee, to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Board Committees function within clearly defined terms of references and operating procedures. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the entire Board.

The Executive Directors also supervise the management of the business and affairs of the Company and reduce the administrative time, inconvenience and the expenses associated with the convening of meetings of the Board and circulation of resolutions in writing of the Board, without compromising the Group's corporate objectives and adversely affecting the day-to-day operations of the Company.

However, meetings of the Board are still held and/or resolutions in writing of the Board are circulated for matters which require the Board's approval, including, but are not limited to the following:

(i) review of the annual budget and the performance of the Group;

(ii) review of the key activities and business strategies;

(iii) approval of the corporate strategy and direction of the Group;

(iv) approval of transactions involving a conflict of interest for a substantial Shareholder or a Director or interested person transactions;

(v) material acquisitions and disposals;

(vi) corporate or financial restructuring and share issuances;

(vii) declaration of dividends and other returns to Shareholders; and

(viii) appointments of new Directors or key personnel.

A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has been adopted by the Board.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

Board Meetings are conducted regularly at least once every quarter and ad-hoc meetings (including but not limited to the meetings of the Board Committees) are convened whenever a Director deems it necessary to address any issue of significance that may arise. In addition to holding meetings, important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

The following table discloses the number of meetings held for the Board and Board Committees and the attendance of all Directors for the financial year ended 31 March 2016:

	BOARD MEETING	AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Number of meetings held	4	4	1	1
Choo Chee Onn	4	–	–	–
Tok Cheng Hoe	4	–	–	–
Lim Kee Seng	4	–	–	–
Kwok Ngat Khow	4	–	–	–
Lim Yeow Hua @ Lim You Qin	4	4	1	1
Khua Kian Kheng Ivan	4	4	1	1
Ko Chuan Aun	4	4	1	1

While the Board considers Directors' attendance at Board Meetings to be important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

Generally, a newly-appointed Director will be given an orientation to familiarise him/her with the Group's business and governance practices and he/she will also be briefed on the duties and obligations of a director of a listed company.

The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. The professional advisors to the Company conduct briefings and presentations to update the Directors in this regard. In the particular, all of the Directors attended a training session conducted by a law firm on 4 February 2016 in relation to the recent amendments to the Companies Act, Cap. 50 of Singapore (the "**Companies Act**"). Other courses attended by some of the Directors during the financial year ended 31 March 2016 include but are not limited to a training course on sustainability reporting conducted by KPMG LLP. The Directors are encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as Directors to the Company.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

Board Composition and Guidance

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

As at the date of this Annual Report, the Board comprises seven (7) Directors, of whom four (4) are Executive Directors and three (3) are Independent Directors. The list of Directors is as follows:

Mr Choo Chee Onn	(Executive Chairman and Managing Director)
Mr Kwok Ngat Khow	(Executive Director)
Mr Tok Cheng Hoe	(Executive Director)
Mr Lim Kee Seng	(Executive Director)
Mr Lim Yeow Hua @ Lim You Qin	(Lead Independent Director)
Mr Khua Kian Kheng Ivan	(Independent Director)
Mr Ko Chuan Aun	(Independent Director)

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The Board, through the Nominating Committee, has examined the Board's size and is satisfied that it is appropriate for effective decision-making, taking into account the nature and scope of the Company's operations.

The criterion for independence is based on the definition given in the Code. The Board considers an "Independent" Director as one who has no relationship with the Company, its related companies, its 10% Shareholders or Officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement of the conduct of the Group's affairs. The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the Nominating Committee, whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

The Independent Directors meet at least once annually without the presence of the other Directors and the Management and, where necessary, the Lead Independent Director provides feedback to the Executive Chairman after such meetings.

Key information regarding the Directors is given in the "Board of Directors" section of this Annual Report.

Particulars of interests of Directors who held office at the end of the financial year in shares in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement on pages 41 and 43 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

Executive Chairman and Group Managing Director

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

The Executive Chairman and the Group Managing Director is Mr Choo Chee Onn ("**Mr Choo**"). In view of Mr Choo's concurrent appointment as the Executive Chairman and Group Managing Director, the Board has appointed Mr Lim Yeow Hua @ Lim You Qin as the Lead Independent Director, in accordance with Guideline 3.3 of the Code. In accordance with the recommendations in the said Guideline 3.3, the Lead Independent Director is available to Shareholders where they have concerns which contact through the normal channels of the Executive Chairman and Group Managing Director or Chief Financial Officer has failed to resolve or for which such contact is inappropriate.

As the Executive Chairman, Mr Choo bears responsibility for the working of the Board and, together with the Audit and Risk Committee, ensures the integrity and effectiveness of the governance process of the Board.

As the Group Managing Director, Mr Choo bears overall daily operational responsibility for the Group's business.

All major decisions made by the Executive Chairman and Group Managing Director are under the purview of review by the Audit and Risk Committee. His performance and appointment to the Board are also reviewed periodically by the Nominating Committee while his remuneration package is reviewed periodically by the Remuneration Committee. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, all of which are chaired by the Independent Directors.

Board Membership

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

As at the date of this Annual Report, the Nominating Committee ("**NC**") comprises the following three (3) Independent Non-Executive Directors:

Mr Khua Kian Kheng Ivan (Chairman)
Mr Lim Yeow Hua @ Lim You Qin (Member)
Mr Ko Chuan Aun (Member)

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

The NC functions under the terms of reference which sets out its responsibilities:

(a) To recommend to the Board on all Board appointments, re-appointments and re-nominations;

(b) To ensure that Independent Directors meet the Singapore Exchange Security Trading Limited's (the "**SGX-ST**") guidelines and criteria; and

(c) To assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board.

In the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC would also review the change to be implemented and make recommendations to the Board accordingly. For the appointment of new Directors, the NC would, in consultation with the Board, examine the existing Board's strengths, capabilities and the existing Directors' contribution of skills, knowledge and experience to the Group and the Board. Further to the above, the NC will take into account the future needs of the Group and, together with the Board, it will seek candidates who are able to contribute to the Group. The NC seeks candidates widely and beyond persons directly known to the existing Directors. Resumes of suitable candidates are reviewed and background checks are conducted before interviews are conducted again for the short-listed candidates. The NC shall then recommend suitable candidates to the Board.

The NC is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the Directors may hold. As a guide, Directors of the Company should not have more than six (6) listed company board representations and other principal commitments. After conducting reviews, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

The NC examines the Board's size to satisfy that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operations.

Details of the appointment of Directors including their respective dates of initial appointment and dates of last re-election and directorships in other listed companies, both current and for the preceding three years, are set out below:

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies
Mr Choo Chee Onn	65	9 March 2006	Not Applicable	**Present Directorships** – **Past Directorships** –
Mr Kwok Ngat Khow	68	22 March 2006	24 July 2015	**Present Directorships** – **Past Directorships** –

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies
Mr Tok Cheng Hoe	65	22 March 2006	25 July 2014	**Present Directorships** – **Past Directorships** –
Mr Lim Kee Seng	64	22 March 2006	25 July 2014	**Present Directorships** – **Past Directorships** –
Mr Lim Yeow Hua @ Lim You Qin	54	18 December 2006	24 July 2015	**Present Directorships** • China Minzhong Food Corporation Limited • Eratat Lifestyle Limited • KTL Holdings Limited • Oxley Holdings Limited • Advanced Integrated Manufacturing Ltd **Past Directorships** • Great Group Holdings Ltd
Mr Khua Kian Kheng Ivan	41	18 December 2006	26 July 2013	**Present Directorships** • Moneymax Financial Services Ltd **Past Directorships** –
Mr Ko Chuan Aun	58	5 August 2013	25 July 2014	**Present Directorships** • Super Group Ltd • KOP Limited (formerly known as Scorpio East Holdings Ltd) • San Teh Ltd • Koon Holdings Limited • Lian Beng Group Limited **Past Directorships** • Brothers (Holdings) Limited

Further to the above, the NC reviews the independence of each of the Independent Directors annually. As part of their review process, the NC requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the guidelines in the Code. The NC reviews declaration forms executed by the Independent Directors as well as any declaration they may make to determine their respective independence. Pursuant to its review, the NC is of the view that Mr Lim Yeow Hua @ Lim You Qin, Mr Khua Kian Kheng Ivan and Mr Ko Chuan Aun are independent of the Group and the Management.

STATEMENT OF CORPORATE GOVERNANCE

Each of Mr Lim Yeow Hua @ Lim You Qin and Mr Khua Kian Kheng Ivan has served on the Board for a continuous period of more than nine (9) years. Each of Mr Lim Yeow Hua @ Lim You Qin and Mr Khua Kian Kheng Ivan has demonstrated independent mindedness and conduct at the Board and Board Committees meetings. After a rigorous review on their contributions and independence by the NC, the NC is satisfied that each of Mr Lim Yeow Hua @ Lim You Qin and Mr Khua Kian Kheng Ivan has remained independent in character and judgment in discharging their duties as Directors of the Company.

The Constitution of the Company requires one-third of the Directors to retire from office at each Annual General Meeting ("**AGM**"), except that the Managing Director is not subject to retirement by rotation and not taken into account in determining the number of Directors to retire. Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. After assessing each of their contributions and performance, the NC has recommended the re-elections of Mr Khua Kian Kheng Ivan and Mr Tok Cheng Hoe in accordance with Article 89 of the Company's Constitution, at the forthcoming AGM.

Board Performance

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

The NC has established a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. This assessment is conducted by the NC at least once a year by way of a Board evaluation where the NC completes a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information, process and accountability. The Chairman of the NC will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.

To assess the effectiveness of the Board as a whole, the factors evaluated by the NC include but are not limited to:

(i) the size and composition of the Board;

(ii) the individual Directors' contributions to the Board, including without limitation their participation at Board meetings and ability to contribute to the discussion conducted by the Board;

(iii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);

(iv) the Board's access to information;

(v) the accountability of the Board to the Shareholders; and

(vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

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

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

Access to Information

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

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's Executive Management. The Board has unrestricted access to the Company's records and information.

Senior Management Personnel are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board Meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretary and to other Senior Management Personnel of the Company and of the Group at all times in carrying out their duties. The Company Secretary attends or is represented at all Board Meetings and meetings of the Board Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board and Board Committees meetings are circulated to the Board and the Board Committees.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

As at the date of this Annual Report, the Remuneration Committee ("**RC**") comprises the following three (3) Independent Non-Executive Directors:

Mr Ko Chuan Aun (Chairman)
Mr Khua Kian Kheng Ivan (Member)
Mr Lim Yeow Hua @ Lim You Qin (Member)

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines a specific remuneration package for each Executive Director. The recommendations are submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind, are covered by the RC. Each RC member abstains from voting on any resolution in respect of his remuneration package.

The RC functions under the terms of reference which sets out its responsibilities:

(a) To recommend to the Board a framework for remuneration for the Directors and key management personnel of the Company;

(b) To determine a specific remuneration package for each Executive Director;

(c) To review the appropriateness of compensation for Non-Executive Directors; and

(d) To review the remuneration of employees occupying managerial positions who are related to the Directors and Substantial Shareholders.

The RC is provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services is borne by the Company. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company appointed remuneration consultants, Remuneration Data Specialists Pte Ltd, during the financial year ended 31 March 2015 to provide consulting services in relation to remuneration and compensation matters and continued to work with the remuneration consultants during the financial year ended 31 March 2016.

Level and Mix of Remuneration

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

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies as well as the performance of the Group as a whole and the performance of each individual director. The remuneration of Non-Executive Directors is also reviewed to ensure that the remuneration is commensurate with the contribution and responsibilities of the Directors.

The Directors' fees are reviewed annually and the Company submits the quantum of Directors' fees of each year to the Shareholders for approval at each AGM.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

The Executive Chairman and Managing Director, Mr Choo, and the three (3) Executive Directors have service agreements. Such service agreements cover the terms of employment, salaries and other benefits. The terms of the service agreements are reviewed by the RC on an annual basis. Non-Executive Directors have no service agreements.

The Independent Directors receive Directors' fees, in accordance with their contributions, taking into account factors such as effort and/or time spent, the responsibilities of the Independent Directors and the need to pay competitive fees to attract, retain and motivate the Independent Directors. The Independent Directors are not over-compensated to the extent their independence may be compromised.

The Company is of the view that there is no requirement to institute specific contractual provisions to allow the Company to reclaim incentive components of the Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself of remedies against the Executive Directors in the event of a breach of fiduciary duties.

Disclosure on Remuneration

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

The details of the remuneration of Directors of the Group disclosed in bands for services rendered during the financial year ended 31 March 2016 are as follows:

	Number of Directors
Above $2,000,000	1
$1,500,000 – 1,999,999	1
$1,000,000 to $1,499,999	2
Below $250,000	3
Total	7

As at the date of this Annual Report, the Company has seven (7) Directors. Of the seven (7) Directors, four (4) are Executive Directors who together with the Company's Chief Financial Officer comprise the five (5) key management personnel of the Company. There were no other key management personnel within the Group except for the abovementioned persons for the financial year ended 31 March 2016.

Taking note of the competitive pressures in the labour market, the Board has, on review, decided not to fully disclose the remuneration of the Company's Directors and key management personnel. Details (in percentage terms) of the remuneration paid to the Directors and to the key management personnel (who is not also a Director) in bands of S$250,000 for the financial year ended 31 March 2016 are set out below:

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

	Salary %	Bonus %	Directors' Fees %	Allowances and Other Benefits %	Total Compensation %
DIRECTORS					
Above $2,000,000					
Choo Chee Onn	21	77	–	2	100
$1,500,000 – $1,999,999					
Lim Kee Seng	21	76	–	3	100
$1,000,000 to $1,499,000					
Kwok Ngat Khow	21	76	–	3	100
Tok Cheng Hoe	21	76	–	3	100
Below $250,000					
Lim Yeow Hua @ Lim You Qin	–	–	100	–	100
Khua Kian Kheng Ivan	–	–	100	–	100
Ko Chuan Aun	–	–	100	–	100
KEY EXECUTIVE OF THE GROUP[1]					
$250,000 to $499,999					
Tang Hay Ming Tony	48	48	–	4	100

Note:

(1) For the financial year ended 31 March 2016, Mr Tang Hay Ming Tony was the only key management personnel who is not also a director. The other key management personnel of the Group are the Executive Directors, Mr Choo Chee Onn, Mr Lim Kee Seng, Mr Tok Cheng Hoe, and Mr Kwok Ngat Khow.

Immediate Family Member of Directors or Substantial Shareholders

No employee of the Company and its subsidiaries is an immediate family member of a Director and/or a Substantial Shareholder whose remuneration exceeded S$50,000 during the financial year ended 31 March 2016.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

(C) ACCOUNTABILITY AND AUDIT

Accountability

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

The Board is accountable to the Shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to Shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST. The Board is mindful that one of its principal duties is to protect and enhance the long-term value and returns to the Shareholders. This accountability to the Shareholders is demonstrated through the presentation of its periodic financial statements as well as the timely announcements and news releases of significant corporate developments and activities so that the Shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

Price sensitive information is publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods.

The Management provides the Board with quarterly reports of the Group's financial performance, as well as progress reports on the achievements of the Management's goals and objectives determined by the Board. The Management also maintains close contact and communication with the Board by various means, including but not limited to holding meetings with the Board or via email in which documents are circulated to the Board for their review or for their information. The abovementioned arrangement allows the Directors to monitor the Group's performance as well as the Management's achievements of the goals and objectives determined and set by the Board.

Risk Management and Internal Controls

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

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that all internal control systems contain inherent limitations and that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Audit and Risk Committee ("**ARC**") conducts regular reviews of the adequacy and effectiveness of the Group's internal controls and risk management system, including financial, operational and compliance controls and internal controls in relation to information technology risks.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

The ARC ensures that a review of the effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management, is conducted annually. In this respect, the ARC reviews the audit plans, and the findings of the Internal and External Auditors and ensures that the Company follows up on the Internal and External Auditors' recommendations raised, if any, during the audit process.

The ARC has, on behalf of the Board, reviewed the adequacy and effectiveness of the various systems put in place by the Management and it is satisfied that there are adequate internal controls and risk management systems in the Company to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets.

The Group has in place a system of internal controls and risk management for ensuring proper accounting records and reliable financial information as well as management of business risks with a view to safeguarding Shareholders' investments and the Company's assets. The risk management framework implemented provides for systematic and structured review and reporting of the assessment of the degree of risk, evaluation and effectiveness of controls in place and the requirements for further controls. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the ARC.

The Board has also received assurances from the Managing Director and the Chief Financial Officer on the integrity of the financial statements of the Group and the effectiveness of the Company's risk management and internal control systems. In particular, the Board has been assured that the financial statements give a true and fair view, in all material respects, of the Group's performance and financial position as at 31 March 2016.

The Internal Auditors review policies and procedures as well as key controls and highlight any issues to the Directors and the ARC. Separately, in performing the audit of the financial statements of the Group, the External Auditors perform tests over operating effectiveness of certain controls that they intend to reply on that are relevant to the preparation of its financial statements. The External Auditors also report any significant deficiencies in such internal controls to the Directors and the ARC.

Action plans to manage risks are continuously being monitored and refined by Management and the Board. Any material non-compliance in internal controls together with corrective measures are reported directly to the Directors and the ARC.

Based on the internal controls and risk management systems established and maintained by the Group, reviews conducted by the External and Internal Auditors and assurance from Management, the Board with the concurrence of the ARC, is of the opinion that the Group's system of internal controls, addressing financial, operational, compliance and information technology risks, and its risk management policies and systems (notably those systems that monitor and manage financial, operating, compliance, information technology and other risks) were adequate and effective as at 31 March 2016 in its current business environment.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

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

Audit and Risk Committee

Principle 12: The Board should establish an Audit and Risk Committee with written terms of reference which clearly set out its authority and duties.

The ARC comprises the following three (3) Independent Non-Executive Directors:

Mr Lim Yeow Hua @ Lim You Qin (Chairman)
Mr Khua Kian Kheng Ivan (Member)
Mr Ko Chuan Aun (Member)

The ARC meets periodically at least four times a year to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained within the Group.

The ARC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls and risk management, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the Board ensures that the ARC's members have the appropriate qualifications to provide independent, objective and effective supervision.

Specifically, the ARC functions under the terms of reference which sets out its responsibilities as follows:

(a) To review the audit plans of both the Internal and External Auditors;
(b) To review the Auditors' Reports and their evaluation of the Company's and the Group's system of internal controls and risk management policies and systems;
(c) To review the effectiveness and adequacy of the internal audit function which is outsourced to a professional firm;
(d) To review the co-operation given by the Company's Officers to the Internal and External Auditors;
(e) To review the financial statements of the Company and the Group before submission to the Board;
(f) To nominate and review appointment of Internal and External Auditors;
(g) To review with Auditors and Management on the general internal control procedures;
(h) To review the independence of the Internal and External Auditors; and
(i) To review interested person transactions, if any.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

The ARC has the power to conduct or authorise investigations into any matters within the ARC's scope of responsibility including without limitation internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore and other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position. The ARC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. All of the members of the ARC are Independent Directors. Each member of the ARC abstains from voting on any resolutions in respect of matters he is interested in.

The ARC meets from time to time with the Group's External Auditors and the Executive Management to review accounting, auditing and financial reporting matters so as to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group. The ARC also studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the ARC advises the Board regarding the adequacy of the Group's internal controls and risk management systems and the contents and presentation of its interim and annual reports. Based on the information provided to the ARC, nothing has come to the ARC's attention to indicate that the system of internal controls and risk management is inadequate.

The ARC has full access to and co-operation of the Management and has full discretion to invite any Director or Executive Officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The ARC meets with both the Internal and External Auditors without the presence of the Management at least once a year, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the Internal and External Auditors.

The ARC reviews the independence of the External Auditors, Ernst & Young LLP, annually. The ARC had assessed the External Auditors based on the factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group.

The ARC also conducted a review of non-audit services performed by the External Auditors and is satisfied that the nature and extent of such services do not prejudice the independence and objectivity of the External Auditors. For the financial year ended 31 March 2016, the audit and non-audit fees paid to the External Auditors of the Company were S$313,000 and S$69,000 (excluding disbursements and GST) respectively.

Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the ARC are of the opinion that a suitable auditing firm has been appointed to meet the Company's auditing obligations.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

The Company engages different audit firms for certain of its subsidiaries or associated companies and the names of these audit firms are disclosed on page 90 of this Annual Report. The Board and ARC have reviewed the appointment of these audit firms and are of the view that the appointment of these other audit firms does not compromise the standard and effectiveness of the audit of the Company.

The ARC is satisfied that Rules 712 and 715 of the Listing Manual of the SGX-ST are complied with and has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as Auditor at the forthcoming AGM.

The Company has in place a whistle-blowing framework to provide a channel where staff of the Company have access to the Human Resource Manager to raise their concerns about possible improprieties for investigation. The procedures for submission of complaints have been explained to all employees of the Group. Following investigation and evaluation of a complaint, the ARC will then decide on recommended disciplinary or remedial action, if any. The action so determined by the ARC to be appropriate shall then be brought to the Board or to the appropriate members of senior Management for authorisation or implementation, respectively.

Internal Audit

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

The Company has engaged KPMG Services Pte. Ltd. as its Internal Auditors of the Group to perform internal audit work under an internal audit plan. The Internal Auditors report directly to the Chairman of the ARC on all internal audit matters.

The role of the Internal Auditors is to support the ARC in ensuring that the Company maintains a sound system of internal controls and risk management by monitoring and assessing the effectiveness of the key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigation as directed by the ARC. The ARC approves the hiring, removal, evaluation and compensation of the Internal Auditors.

The primary functions of internal audit are to:

(a) Assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;

(b) Assess if operations of the business processes under review are conducted efficiently and effectively; and

(c) Identify and recommend improvement to internal control procedures, where required.

The ARC is satisfied with the adequacy and effectiveness of the current risk management function and system and will assess the same regularly.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

The Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Listing Manual of the SGX-ST.

Any notice of a general meeting of Shareholders is issued at least 14 days before the scheduled date of such meeting.

Communication with Shareholders

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

The Company is committed to keeping Shareholders regularly and timely informed of material developments in the Group, in accordance with the continuous disclosure obligations of the Company pursuant to the Listing Manual of the SGX-ST and the Companies Act. In line with continuous obligations of the Company pursuant to the Listing Manual of the SGX-ST, the Board's policy is that all Shareholders be informed of all major developments that impact the Group.

Information is disseminated to the Shareholders on a timely basis through:

(a) SGXNET announcements and news releases;

(b) Annual Report prepared and issued to all Shareholders;

(c) Press releases on major developments of the Group;

(d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("**EGM**"); and

(e) Company's website at http://www.kimsengheng.com at which Shareholders can access information on the Group.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, the Company has been declaring dividends on an annual basis and any pay-out of dividends is clearly communicated to Shareholders via announcements released on SGXNET.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

Conduct of Shareholder Meetings

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

The Company's AGMs are the principal forums for dialogue with Shareholders. The Company encourages all Shareholders to attend the AGM to grasp a good understanding of the Group's business and be informed of its strategic goals and objectives. The Board and Management are committed to an open dialogue with the Shareholders at the AGM to address the Shareholders' issues, views and concerns. The Chairmen of the Audit and Risk, Nominating and Remuneration Committees are normally available at the AGM to answer any question relating to the work of these Board Committees. The External Auditors are also present to assist the Directors in addressing any relevant queries by the Shareholders.

Shareholders are encouraged to attend general meetings to ensure a high level of accountability and to stay appraised of the Group's strategy and goals. The Company's Constitution provides that Shareholders of the Company are allowed to vote at general meetings in person or by way of duly appointed proxies. Notice of any general meeting of the Company is advertised in newspapers and announced on SGXNET.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from the Shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to Shareholders upon their request. Results of each general meeting are also released as an announcement via SGXNET.

In compliance with Rule 730A(2) of the Listing Manual of the SGX-ST, resolutions tabled at general meetings of Shareholders will be put to vote by poll, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings.

ADDITIONAL INFORMATION

1. Dealing in Securities

The Company has in place a policy in accordance with Rule 1207(19) of the SGX-ST Listing Manual prohibiting share dealings by Directors, executives and employees of the Company during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. Directors, executives and employees are also prohibited to deal in the Company's securities on short-term considerations, and are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 MARCH 2016

2. Interested Person Transactions Policy

The Company adopts an internal policy in respect of any transactions with interested person and establishes procedures for review and approval of the interested person transactions entered into by the Group. The ARC reviews the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the Shareholders.

During the financial year ended 31 March 2016, the Company did not enter into any interested person transaction of a value amounting to S$100,000 or more.

The Board confirms that for the financial year ended 31 March 2016, the Company has complied with Listing Rule 1207(18).

3. Material Contracts

Save as previously disclosed on SGXNET, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Managing Director, any Director, or Controlling Shareholder for the financial year ended 31 March 2016.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of KSH Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 March 2016.

Opinion of the Directors

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Choo Chee Onn	Executive Chairman and Managing Director
Lim Kee Seng	Executive Director
Tok Cheng Hoe	Executive Director
Kwok Ngat Khow	Executive Director
Lim Yeow Hua @ Lim You Qin	Independent Director
Khua Kian Kheng Ivan	Independent Director
Ko Chuan Aun	Independent Director

Arrangements to enable Directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, interests in shares of the Company and related corporations as stated below:

	Direct interest	
	At the beginning of year	At the end of year
The Company		
Ordinary shares		
Choo Chee Onn	79,158,763	87,074,639
Lim Kee Seng	49,627,171	54,589,888
Tok Cheng Hoe	59,094,745	65,004,219
Kwok Ngat Khow	59,094,745	65,004,219
Lim Yeow Hua @ Lim You Qin	220,000	242,000
Khua Kian Kheng Ivan	220,000	242,000

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2016.

Options

No options were issued by the Company during the financial year. As at 31 March 2016, there were no options on the unissued shares of the Company or its subsidiaries which are outstanding.

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviews the audit plans of the Internal and External Auditors of the Group and the Company and reviews the Internal Auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's Management to External and Internal Auditors;
- Reviews the quarterly and annual financial statements and the Auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviews effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the Internal Auditor;
- Meets with the External and Internal Auditors, other committees, and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

DIRECTORS' STATEMENT

- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness, independence and objectivity of the External Auditor;
- Reviews the nature and extent of non-audit services provided by the External Auditor;
- Recommends to the Board of Directors the External Auditor be nominated for re-appointment, approves the compensation of the External Auditor and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual.

The AC, having reviewed all non-audit services provided by the External Auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the External Auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the financial year. The AC has also met with Internal and External Auditors, without the presence of the Company's Management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

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

On behalf of the Board of Directors,

Choo Chee Onn
Managing Director

Lim Kee Seng
Executive Director

Singapore
27 June 2016

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Independent auditor's report to the members of KSH Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of KSH Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 46 to 136, which comprise the balance sheets of the Group and the Company as at 31 March 2016, the income statements, statements of comprehensive income, and statements of changes in equity of the Group and the Company, and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

27 June 2016

BALANCE SHEETS

AS AT 31 MARCH 2016

		Group		Company	
	Note	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-current assets					
Property, plant and equipment	4	**8,572**	9,740	**–**	–
Investments in subsidiaries	5	**–**	–	**16,791**	16,791
Interests in associates	6	**179,870**	142,521	**–**	–
Interests in joint ventures	7	**37,912**	49,007	**–**	–
Investment properties	8	**123,340**	131,713	**–**	–
Amount due from a minority shareholder of a subsidiary (non-trade)	9	**2,311**	2,486	**–**	–
Club membership	10	**39**	42	**–**	–
Other investments		**1**	1	**–**	–
Trade receivables	13	**9,741**	10,290	**–**	–
Other receivables	11	**2,208**	724	**–**	–
Amounts due from subsidiaries (non-trade)	15	**–**	–	**121,064**	137,094
Structured deposits	12	**1,002**	987	**–**	–
		364,996	347,511	**137,855**	153,885
Current assets					
Trade receivables	13	**31,014**	48,724	**–**	–
Other receivables and deposits	14	**4,166**	1,456	**26**	23
Prepayments		**411**	410	**34**	64
Construction work-in-progress in excess of progress billings	16	**6,840**	6,837	**–**	–
Fixed deposits	17	**177,854**	82,431	**17,248**	12,063
Cash and bank balances	18	**15,155**	12,693	**3,604**	742
		235,440	152,551	**20,912**	12,892
Current liabilities					
Trade payables	19	**20,393**	25,447	**–**	–
Other payables and accruals	20	**69,704**	61,165	**7,307**	4,402
Deferred income		**131**	306	**–**	–
Finance lease obligations		**216**	110	**–**	–
Provision for income tax		**3,792**	1,729	**243**	37
Progress billings in excess of construction work-in-progress	16	**26,437**	13,554	**–**	–
Bank term loans, secured	21	**13,543**	8,033	**–**	6,000
Bills payable to banks, secured	22	**316**	1,438	**–**	–
Term notes, unsecured	23	**70,682**	–	**70,682**	–
		205,214	111,782	**78,232**	10,439
Net current assets/(liabilities)		**30,226**	40,769	**(57,320)**	2,453

BALANCE SHEETS

AS AT 31 MARCH 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current liabilities					
Amounts due to subsidiaries (non-trade)	15	**–**	–	**8,224**	4,444
Trade payables	19	**5,115**	3,628	**–**	–
Other payables and accruals	20	**190**	339	**–**	–
Finance lease obligations		**636**	434	**–**	–
Bank term loans, secured	21	**54,173**	11,796	**–**	–
Term notes, unsecured	23	**–**	74,432	**–**	74,432
Deferred tax liabilities	32	**19,541**	20,690	**–**	–
		79,655	111,319	**8,224**	78,876
Net assets		**315,567**	276,961	**72,311**	77,462
Equity attributable to owners of the Company					
Share capital	24	**50,915**	50,915	**50,915**	50,915
Treasury shares	25	**(3,354)**	(851)	**(3,354)**	(851)
Translation reserve	26	**2,982**	9,500	**–**	–
Accumulated profits		**239,521**	190,686	**22,594**	25,242
Other reserves	27	**3,178**	3,032	**2,156**	2,156
		293,242	253,282	**72,311**	77,462
Non-controlling interests		**22,325**	23,679	**–**	–
Total equity		**315,567**	276,961	**72,311**	77,462
Net asset value per share (cents per share)	34	**65.44**	55.79		

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

		Group		Company	
	Note	2016	2015	2016	2015
		$'000	$'000	$'000	$'000
Revenue					
Project revenue		**239,182**	239,911	**–**	–
Rental income from investment properties		**6,272**	6,180	**–**	–
		245,454	246,091	**–**	–
Other income	28	**9,041**	13,050	**24,616**	14,145
Cost of construction		**(202,962)**	(213,969)	**–**	–
Personnel expenses	29	**(14,857)**	(11,004)	**(7,333)**	(3,847)
Depreciation of property, plant and equipment	4	**(2,017)**	(1,866)	**–**	–
Finance costs	30	**(6,520)**	(6,091)	**(3,863)**	(4,111)
Other operating expenses	31	**(9,818)**	(6,599)	**(3,348)**	(1,184)
		(236,174)	(239,529)	**(14,544)**	(9,142)
Profit from operations before share of results of associates and joint ventures		**18,321**	19,612	**10,072**	5,003
Share of results of associates		**48,427**	26,488	**–**	–
Share of results of joint ventures		**(273)**	(237)	**–**	–
Profit before taxation		**66,475**	45,863	**10,072**	5,003
Tax expense	32	**(4,624)**	(3,796)	**(214)**	(77)
Profit for the year		**61,851**	42,067	**9,858**	4,926
Attributable to:					
Owners of the Company		**61,487**	41,655	**9,858**	4,926
Non-controlling interests		**364**	412	**–**	–
		61,851	42,067	**9,858**	4,926
Earnings per share (cents per share)					
– Basic and diluted	33	**13.72**	9.18		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Profit for the year		**61,851**	42,067	**9,858**	4,926
Other comprehensive income:					
Foreign currency translation		**(8,236)**	9,848	**–**	–
Other comprehensive income for the year, net of tax		**(8,236)**	9,848	**–**	–
Total comprehensive income for the year		**53,615**	51,915	**9,858**	4,926
Total comprehensive income attributable to:					
Owners of the Company		**54,969**	49,307	**9,858**	4,926
Non-controlling interests		**(1,354)**	2,608	**–**	–
		53,615	51,915	**9,858**	4,926

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Group	Note	Attributable to owners of the Company							
		Share capital $'000	Treasury shares $'000	Translation reserve $'000	Accumulated profits $'000	Other reserves $'000	Equity attributable to owners of the Company, total $'000	Non-controlling interests $'000	Total equity $'000
At 1 April 2014		50,915	–	1,848	161,461	3,033	217,257	21,519	238,776
Profit for the year		–	–	–	41,655	–	41,655	412	42,067
Other comprehensive income									
Foreign currency translation		–	–	7,652	–	–	7,652	2,196	9,848
Other comprehensive income for the year		–	–	7,652	–	–	7,652	2,196	9,848
Total comprehensive income for the year		–	–	7,652	41,655	–	49,307	2,608	51,915
Contributions by and distributions to owners									
Interim and final tax-exempt dividends on ordinary shares	35	–	–	–	(12,431)	–	(12,431)	–	(12,431)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(448)	(448)
Transfer to other reserves		–	–	–	1	(1)	–	–	–
Purchase of treasury shares		–	(851)	–	–	–	(851)	–	(851)
Total contributions by and distributions to owners		–	(851)	–	(12,430)	(1)	(13,282)	(448)	(13,730)
At 31 March 2015		50,915	(851)	9,500	190,686	3,032	253,282	23,679	276,961

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Group	Note	Share capital $'000	Treasury shares $'000	Translation reserve $'000	Accumulated profits $'000	Other reserves $'000	Equity attributable to owners of the Company, total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company							
At 1 April 2015		50,915	(851)	9,500	190,686	3,032	253,282	23,679	276,961
Profit for the year		–	–	–	61,487	–	61,487	364	61,851
Other comprehensive income									
Foreign currency translation		–	–	(6,518)	–	–	(6,518)	(1,718)	(8,236)
Other comprehensive income for the year		–	–	(6,518)	–	–	(6,518)	(1,718)	(8,236)
Total comprehensive income for the year		–	–	(6,518)	61,487	–	54,969	(1,354)	53,615
Contributions by and distributions to owners									
Interim and final tax-exempt dividends on ordinary shares	35	–	–	–	(12,506)	–	(12,506)	–	(12,506)
Transfer to other reserves		–	–	–	(146)	146	–	–	–
Purchase of treasury shares		–	(2,503)	–	–	–	(2,503)	–	(2,503)
Total contributions by and distributions to owners		–	(2,503)	–	(12,652)	146	(15,009)	–	(15,009)
At 31 March 2016		50,915	(3,354)	2,982	239,521	3,178	293,242	22,325	315,567

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Company	Note	Share capital $'000	Treasury shares $'000	Accumulated profits $'000	Other reserves $'000	Total equity $'000
At 1 April 2014		50,915	–	32,747	2,156	85,818
Profit for the year		–	–	4,926	–	4,926
Total comprehensive income for the year		–	–	4,926	–	4,926
Purchase of treasury shares		–	(851)	–	–	(851)
Interim and final tax-exempt dividends on ordinary shares	35	–	–	(12,431)	–	(12,431)
At 31 March 2015		50,915	(851)	25,242	2,156	77,462
At 1 April 2015		**50,915**	**(851)**	**25,242**	**2,156**	**77,462**
Profit for the year		**–**	**–**	**9,858**	**–**	**9,858**
Total comprehensive income for the year		**–**	**–**	**9,858**	**–**	**9,858**
Purchase of treasury shares		**–**	**(2,503)**	**–**	**–**	**(2,503)**
Interim and final tax-exempt dividends on ordinary shares	35	**–**	**–**	**(12,506)**	**–**	**(12,506)**
At 31 March 2016		**50,915**	**(3,354)**	**22,594**	**2,156**	**72,311**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 $'000	2015 $'000
Operating activities			
Profit before taxation		**66,475**	45,863
Adjustments for:			
Depreciation of property, plant and equipment	4	**2,017**	1,866
Amortisation of club membership	10	**2**	2
Loss/(gain) on sale of plant and equipment	28/31	**165**	(25)
Loss on sale of investment properties	31	**–**	60
Loss/(gain) on fair value adjustments of investment properties	28	**225**	(1,292)
Fair value (gain)/loss on structured deposits	31	**(15)**	69
Write-back of bad debts		**(3)**	–
Allowance for doubtful debts	31	**157**	40
Interest expense	30	**6,510**	6,023
Interest income	28	**(6,875)**	(9,981)
Share of results of associates		**(48,427)**	(26,488)
Share of results of joint ventures		**273**	237
Amortisation of issuance costs on term notes		**500**	500
Impairment loss on loan due from an associate	6/31	**1,263**	–
Operating cash flows before changes in working capital		**22,267**	16,874
Changes in working capital:			
Decrease/(increase) in:			
Trade and other receivables, deposits and prepayments		**15,333**	(11,294)
Construction work-in-progress, net		**12,880**	11,366
Increase/(decrease) in:			
Trade and other payables and accruals		**4,860**	3,543
Deferred income		**(175)**	30
Cash flows generated from operations		**55,165**	20,519
Income taxes paid		**(2,472)**	(4,299)
Interest income received		**6,875**	9,981
Exchange differences		**(1,417)**	1,149
Net cash flows generated from operating activities		**58,151**	27,350
Investing activities			
Purchase of investment properties	8	**–**	(2,788)
Purchase of plant and equipment	4	**(1,447)**	(1,533)
Proceeds from sale of plant and equipment		**430**	46
Proceeds from sale of investment property		**–**	84
Investments in associates	6	**(698)**	–
Loans due from associates, net		**(5,829)**	(10,428)
Loans due from joint ventures, net		**10,822**	(34,451)
Dividends received from associates		**16,337**	22,050
Loan due from investee companies		**(1,483)**	(724)
Net cash flows generated from/(used in) investing activities		**18,132**	(27,744)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 $'000	2015 $'000
Financing activities			
Purchase of treasury shares		**(2,503)**	(851)
Dividends paid		**(12,506)**	(12,879)
Purchase of term notes		**(4,250)**	–
Proceeds from bank term loans		**60,000**	2,997
Repayment of bank term loans		**(11,599)**	(3,993)
Proceeds from finance lease obligations		**492**	544
Proceeds from bills payable to banks		**316**	–
Repayment of bills payable to banks		**(1,438)**	(23,028)
Interest paid		**(6,510)**	(6,023)
Repayment of finance lease obligations		**(184)**	–
Increase in pledged fixed deposits		**(8,799)**	(58)
Net cash flows generated from/(used in) financing activities		**13,019**	(43,291)
Net increase/(decrease) in cash and cash equivalents		**89,302**	(43,685)
Effect of exchange rate changes on cash and cash equivalents		**(216)**	280
Cash and cash equivalents at beginning of year		**79,052**	122,457
Cash and cash equivalents at end of year	18	**168,138**	79,052

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

1. CORPORATION INFORMATION

1.1 The Company

KSH Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in the Republic of Singapore. The ordinary shares of the Company were admitted to the official list of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 8 February 2007.

The registered office and principal place of business of the Company are located at 36 Senoko Road, Singapore 758108.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in Singapore Dollar (SGD or $) and all values are rounded to the nearest thousand ($'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2015. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 16 and FRS 41 *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Except for FRS 115 and FRS 109, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

FRS 115 *Revenue from Contracts with Customers (continued)*

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109.

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(a) *Basis of consolidation (continued)*

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(b) *Business combinations (continued)*

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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

2.5 Transactions with non-controlling interests

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency

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

(a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of each reporting period are recognised in the profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

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

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences is re-attributed to non-controlling interest and is not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment (except for one leasehold factory building) are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The leasehold factory building stated at valuation was revalued in a one-off revaluation prior to 1 January 1997. Accordingly, it does not need to be revalued in accordance with paragraph 81 of the FRS 16 – *Property, Plant and Equipment*.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold factory buildings	–	25 – 50 years
Furniture and fittings and air-conditioners	–	5 – 15 years
Office equipment	–	5 – 8 years
Computers	–	3 years
Motor vehicles and certificate of entitlement	–	5 – 10 years
Loose tools	–	5 years
Plant and machinery	–	6 – 15 years
Renovations	–	5 years

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club membership

The club membership was acquired separately and is amortised on a straight-line basis over its finite useful life of 25 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

The Group assesses at each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss, unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interests in joint ventures as investments and accounts for these investments using the equity method. The accounting policy for investments in joint ventures is set out in Note 2.13.

2.13 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's or joint venture's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Joint ventures and associates (continued)

Under the equity method, the investments in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interests in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

As the dates of the associates' and joint ventures' audited financial statements used are not co-terminous with those of the Group, the Group's share of results is arrived at based on the last audited financial statements available and un-audited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) *Financial assets (continued)*

Subsequent measurement (continued)

(iii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(b) *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial assets, whether significant or not, it includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of an impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial asset has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits. They are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts that form an integral part of the Group's cash management.

2.17 Construction contracts

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of each reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on professional surveys of work performed.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; costs of design, and technical assistance that is directly related to the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Construction work-in-progress

Construction work-in-progress is carried at the net amount of project cost plus attributable profits less recognised losses, net of progress billings and allowance for foreseeable losses. It is presented in the balance sheet as a current asset under "construction work-in-progress in excess of progress billings" or as a current liability under "progress billings in excess of construction work-in-progress", as applicable.

Project cost includes materials cost, direct labour cost and other project-related expenses incurred during the project period. The project is considered complete when all significant identifiable costs attributable to the project have been incurred. Provision for anticipated losses on uncompleted contracts is made in the period in which such losses are determined.

2.19 Provisions

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

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

2.20 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits

(a) *Defined contribution plans*

The companies in the Group participate in the following national pension schemes as defined by the laws of the countries in which they have operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related services are performed.

(i) Republic of Singapore ("Singapore")

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme.

(ii) The People's Republic of China ("PRC")

Subsidiaries incorporated and operating in the PRC are required to provide certain staff pension benefits to its employees under existing PRC legislations. Pension contributions are made at rates stipulated by PRC legislations to a pension fund managed by government agencies, who are responsible for administering these amounts for the subsidiaries' employees.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of each reporting period.

2.22 Leases

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases (continued)

(a) *As lessee (continued)*

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23 (b).

2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Project revenue*

The accounting policy for recognising project revenue is stated in Note 2.17.

(b) *Rental income*

Rental income arising from investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue (continued)

(c) *Revenue from sale of investment properties*

Revenue from the sale of investment properties is recognised when there is a finalised sales agreement and all risks and rewards of ownership have been transferred to the buyer, and that it is probable that the economic benefits associated with the sales agreements will flow to the Group.

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

2.24 Taxes

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes (continued)

(b) *Deferred tax (continued)*

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

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes (continued)

(b) *Deferred tax (continued)*

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

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

(i) Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sale tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the balance sheets.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to Management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issue expenses

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.28 Contingencies

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) A present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.29 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Key sources of estimation uncertainty

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

Construction contracts and revenue recognition

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method depending on whether the outcome of the contract can be measured reliably. The stage of completion is measured by reference to professional surveys of work performed. Estimation is required in determining the stage of completion, the estimated total contract revenue and estimated total contract cost, as well as the recoverability of the contract cost incurred.

Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and/or the work of relevant professionals.

Estimated total contract cost for construction contract comprises direct costs attributable to the construction of each project. In estimating the total budgeted costs for construction contracts, Management makes reference to information such as current offers from contractors and suppliers, recent offers agreed with contractors and suppliers, and professional estimation of construction and material costs as well as its past experience.

For the financial year ended 31 March 2016, the Group recorded revenue of $239,182,000 (2015: $239,911,000) from its construction contracts. The carrying amount of the Group's construction work-in-progress at the end of the reporting period is disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

4. PROPERTY, PLANT AND EQUIPMENT

	At valuation	At cost							
Group	**Leasehold factory building $'000**	**Leasehold factory building $'000**	**Furniture and fittings and air-conditioners $'000**	**Office equipment and computers $'000**	**Motor vehicles $'000**	**Loose tools $'000**	**Plant and machinery $'000**	**Renovations $'000**	**Total $'000**
Valuation/Cost									
As at 1.4.2014	1,100	2,865	1,286	2,820	1,206	1,831	14,965	1,163	27,236
Additions	–	–	5	515	704	32	233	44	1,533
Disposals	–	–	(243)	(1,844)	(184)	(1,596)	(2,251)	(306)	(6,424)
Translation difference	–	–	42	13	14	–	–	–	69
As at 31.3.2015 and 1.4.2015	**1,100**	**2,865**	**1,090**	**1,504**	**1,740**	**267**	**12,947**	**901**	**22,414**
Additions	**–**	**–**	**6**	**335**	**943**	**26**	**106**	**31**	**1,447**
Disposals	**–**	**–**	**(7)**	**(72)**	**(127)**	**(15)**	**(1,170)**	**–**	**(1,391)**
Translation difference	**–**	**–**	**(33)**	**(7)**	**(11)**	**–**	**–**	**–**	**(51)**
As at 31.3.2016	**1,100**	**2,865**	**1,056**	**1,760**	**2,545**	**278**	**11,883**	**932**	**22,419**
Accumulated depreciation									
As at 1.4.2014	1,100	591	948	2,354	1,127	1,726	8,925	377	17,148
Charge for the year	–	56	89	267	96	46	1,143	169	1,866
Disposals	–	–	(243)	(1,838)	(184)	(1,590)	(2,244)	(306)	(6,405)
Translation difference	–	–	41	10	14	–	–	–	65
As at 31.3.2015 and 1.4.2015	**1,100**	**647**	**835**	**793**	**1,053**	**182**	**7,824**	**240**	**12,674**
Charge for the year	**–**	**56**	**69**	**301**	**299**	**33**	**1,085**	**174**	**2,017**
Disposals	**–**	**–**	**(4)**	**(44)**	**(127)**	**(13)**	**(608)**	**–**	**(796)**
Translation difference	**–**	**–**	**(32)**	**(7)**	**(9)**	**–**	**–**	**–**	**(48)**
As at 31.3.2016	**1,100**	**703**	**868**	**1,043**	**1,216**	**202**	**8,301**	**414**	**13,847**
Net carrying amount									
As at 31.3.2015	–	2,218	255	711	687	85	5,123	661	9,740
As at 31.3.2016	**–**	**2,162**	**188**	**717**	**1,329**	**76**	**3,582**	**518**	**8,572**

Revaluation of leasehold factory building

One of the leasehold factory buildings was valued at $1,100,000 on the basis of present market value by a firm of professional valuers, Associated Property Consultants Pte Ltd on 11 August 1986.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cash outflows on purchase of property, plant and equipment

Cash payments of $955,000 (2015: $929,000) were made to purchase plant and equipment during the year ended 31 March 2016.

Assets held under finance leases

During the financial year ended 31 March 2016, the Group acquired plant and equipment with an aggregate cost of $492,000 (2015: $604,000) by means of finance lease agreement.

The carrying amounts of property, plant and equipment acquired under finance leases at the end of the reporting period are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Motor vehicles	**1,250**	601

Assets acquired under finance leases were pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, the leasehold factory building with net carrying amount of $2,162,000 (2015: $2,218,000) has been pledged as security for banking facilities granted by the banks (Note 21).

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	**2015**
	$'000	**$'000**
Unquoted equity shares:		
Cost at the beginning and end of the year	**16,791**	16,791

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

	Name of company (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2016 %	2015 %
	Held by the Company			
#	Kim Seng Heng Engineering Construction (Pte) Ltd ("KSHEC") (Republic of Singapore)	Carry on business as builders and contractors	**100**	100
#	Kim Seng Heng Realty Pte Ltd ("KSHR") (Republic of Singapore)	Property developers, deriving rental income from investment properties and investment holding	**100**	100
#	KSH Overseas Pte. Ltd. ("KSHO") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Property Development Pte. Ltd. ("KSHPD") (Republic of Singapore)	Holding of assets	**100**	100
#	KSH Property Investment Pte. Ltd. ("KSHPI") (Republic of Singapore)	Holding of assets	**100**	100
#	Ferris Rise Pte. Ltd. ("FERRIS") (Republic of Singapore)	Holding of assets	**100**	100
#	KSH Asia Investment Pte. Ltd. ('KSHAI') (Republic of Singapore)	Investment holding	**100**	100
#	KSH Commercial Investment Pte. Ltd. ("KSHCI") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Capital Pte. Ltd. ("KSHCA") (Republic of Singapore)	Investment holding	**100**	100
#(1)	KSH Asia Property Pte. Ltd. ("KSHAP") (Republic of Singapore)	Investment holding	**100**	–
#(2)	KSH Vietnam Investment Pte. Ltd. ("KSHVI") (Republic of Singapore)	Investment holding	**100**	–
#(3)	KSH Hotels Investments Pte. Ltd. ("KSHHI") (Republic of Singapore)	Property development	**100**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2016 %	Effective equity interest held by the Group 2015 %
	Held by subsidiaries			
^*	Tianjin Tian Xing Real Estate Development Co., Ltd. ("TTXRE") (The People's Republic of China)	Rental and sale of property	**69**	69
^¤	Tianjin Tian Xing Property Management Co., Ltd. ("TTXPM") (The People's Republic of China)	Property management	**69**	69
@	Duford Investment (Hong Kong) Limited ("Duford") (Hong Kong Special Administrative Region)	Investment holding	**100**	100
*¤	Techpath Construction Sdn Bhd ("Techpath") (Malaysia)	Building construction	**100**	100
#	KSH Land Development Pte. Ltd. ("KSHLD") (Republic of Singapore)	Property development	**100**	100
#(4)	KSH Global Investment Pte. Ltd. ("KSHGI") (Republic of Singapore)	Property development	**100**	–
#(5)	KSH Development Pte. Ltd. ("KSHDE") (Republic of Singapore)	Property development	**100**	–

Audited by Ernst & Young LLP, Singapore.
^ Audited by CHW CPA Limited Liability Partnership, the People's Republic of China.
* Reviewed by Ernst & Young LLP, Singapore, for consolidation purposes only.
@ Audited by C K Yau & Partners CPA Limited, Certified Public Accountants (Practising), Hong Kong.
¤ Not considered a significant subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

(1) On 6 April 2015, the Company incorporated KSHAP, a wholly-owned subsidiary. The issued share capital of KSHAP, comprising 1 ordinary share, was subscribed for an aggregate cash consideration of $1.

(2) On 12 October 2015, the Company incorporated KSHVI, a wholly-owned subsidiary. The issued share capital of KSHVI, comprising 1 ordinary share, was subscribed for an aggregate cash consideration of $1.

(3) On 9 December 2015, the Company incorporated KSHHI, a wholly-owned subsidiary. The issued share capital of KSHHI, comprising 10 ordinary shares, was subscribed for an aggregate cash consideration of $10.

(4) On 22 June 2015, KSHR, a wholly-owned subsidiary of the Company, incorporated KSHGI. KSHR owns 100% of the issued share capital of KSHGI, comprising 1 ordinary share, for an aggregate cash consideration of $1.

(5) On 10 March 2016, KSHR, a wholly-owned subsidiary of the Company, incorporated KSHDE. KSHR owns 100% of the issued share capital of KSHDE, comprising 1 ordinary share, for an aggregate cash consideration of $1.

Interests in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiary that has NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 March 2016:					
Tianjin Tian Xing Real Estate Development Co., Ltd. ("TTXRE")	People's Republic of China	**31%**	**359**	**22,256**	**–**
31 March 2015:					
Tianjin Tian Xing Real Estate Development Co., Ltd. ("TTXRE")	People's Republic of China	31%	405	23,586	448

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with material NCI

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

Summarised balance sheet

	TTXRE	
	2016	**2015**
	$'000	**$'000**
Current		
Assets	**2,113**	2,794
Liabilities	**(5,783)**	(6,378)
Net current liabilities	**(3,670)**	(3,584)
Non-current		
Assets	**110,172**	118,130
Liabilities	**(34,710)**	(38,514)
Net non-current assets	**75,462**	79,616
Net assets	**71,792**	76,032

Summarised statement of comprehensive income

	TTXRE	
	2016	**2015**
	$'000	**$'000**
Revenue	**3,729**	4,094
Other income	**723**	1,017
Profit before taxation	**1,727**	2,613
Tax expense	**(568)**	(1,308)
Profit after taxation	**1,159**	1,305
Other comprehensive income	**(5,399)**	5,611
Total comprehensive income	**(4,240)**	6,916

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

6. INTERESTS IN ASSOCIATES

	Group	
	2016	**2015**
	$'000	**$'000**
Shares, at cost	**22,561**	23,061
Additions during the year	**698**	–
Disposal during the year	**(4)**	(500)
Goodwill arising on acquisition of additional interest in an associate	**(116)**	(118)
	23,139	22,443
Share of post-acquisition reserves	**118,030**	69,603
Dividends receivable	**(792)**	(849)
Dividends received	**(41,087)**	(22,050)
Translation difference	**(1,769)**	27
Carrying amount of investments	**97,521**	69,174
Loans due from associates	**76,069**	64,960
Loan due to an associate	**–**	(720)
Amounts due from associates	**8,215**	9,107
Amounts due to associates	**(1,935)**	–
	179,870	142,521

Loans due from associates amounting to $68,301,000 (2015: $56,371,000) are unsecured, have no fixed repayment term and are not expected to be settled within the next twelve months. These loans bear effective interest rates ranging from 3.00% to 5.35% (2015: 3.00% to 5.35%) per annum.

The remaining loans due from associates, amounting to $7,768,000 (2015: $8,589,000) are unsecured, non-interest bearing and are repayable only when the cash flows of the respective companies permit. These amounts are not expected to be repaid within the next twelve months and are to be settled in cash.

In the prior year, loan due to an associate, amounting to $720,000 is unsecured, non-interest bearing and has no fixed repayment term. This amount is not expected to be repaid within the next twelve months and is to be settled in cash.

Amounts due from/(to) associates are unsecured, non-interest bearing and have no fixed repayment term. These amounts are not expected to be repaid within the next twelve months and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

6. INTERESTS IN ASSOCIATES (CONTINUED)

Receivables that are impaired

The Group's loan receivables due from associates that are impaired at the end of the reporting period and the movement in the allowance accounts used to record the impairment are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Loans due from associates	**77,332**	64,960
Less: Allowance for impairment	**(1,263)**	–
	76,069	64,960
Movements in allowance for impairment of loans due from associates are as follows:		
At beginning of the year	**–**	–
Charge for the year	**(1,263)**	–
At end of the year	**(1,263)**	–

At the end of the reporting period, the Group has provided an allowance of $1,263,000 for impairment of loan receivable due from an associate with a nominal amount of $1,263,000. This associate has been suffering financial losses for the current and past financial years.

The Group's material investments in associates are summarised below:

	Group	
	2016	**2015**
	$'000	**$'000**
Mergui Development Pte. Ltd.	**10,357**	25,466
Unique Development Pte. Ltd.	**6,596**	7,104
Development 26 Pte. Ltd.	**3,620**	3,736
Unique Realty Pte. Ltd.	**4,805**	2,017
Unique Consortium Pte. Ltd.	**16,720**	6,113
Unique Rezi Pte. Ltd.	**14,167**	5,369
Epic Land Pte. Ltd.	**7,660**	1,344
Beijing Jin Hua Tong Da Real Estate Development Co., Ltd	**22,745**	9,019
Sino-Singapore Kim Seng Heng (Beijing) Engineering Construction Co., Ltd.	**6,389**	5,259
Other associates	**4,462**	3,747
Carrying amount of investments in associates	**97,521**	69,174

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

6. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the associates are as follows:

	Name of associate (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2016 %	2015 %
	Held by subsidiaries			
@	Beijing Jin Hua Tong Da Real Estate Development Co., Ltd. ("BJHTD") (The People's Republic of China)	Residential property developer	**45**	45
#	Mergui Development Pte. Ltd. ("Mergui") (Republic of Singapore)	Property development	**35**	35
@	Sino-Singapore Kim Seng Heng (Beijing) Engineering Construction Co., Ltd. ("KSHEC Beijing") (The People's Republic of China)	Engineering and construction	**50**	50
#	Unique Development Pte. Ltd. ("Unique Development") (Republic of Singapore)	Real estate developers	**35**	35
#	Development 26 Pte. Ltd. ("Dev 26") (Republic of Singapore)	Property development	**45**	45
#	Residenza Pte. Ltd. ("Residenza") (Republic of Singapore)	Property development	**32**	32
#	Unique Realty Pte. Ltd. ("Unique Realty") (Republic of Singapore)	Property development	**25**	25
#	Unique Consortium Pte. Ltd. ("Unique Consortium") (Republic of Singapore)	Property development	**35**	35
#	Unique Capital Pte. Ltd. ("Unique Capital") (Republic of Singapore)	Property development	**25**	25
#	Unique Rezi Pte. Ltd. ("Unique Rezi") (Republic of Singapore)	Investment holding	**42**	42

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

6. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the associates are as follows: (continued)

	Name of associate (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2016 %	2015 %
	Held by subsidiaries (continued)			
#	Unique Resi Estate Pte. Ltd. ("Unique Resi Estate") (Republic of Singapore)	Property development	**30**	30
#	Unique Commercial Pte. Ltd. ("Unique Commercial") (Republic of Singapore)	Property development	**35**	35
#	Development 32 Pte. Ltd. ("Dev 32") (Republic of Singapore)	Property development	**45**	45
#	Unique Wellness Pte. Ltd. ("Unique Wellness") (Republic of Singapore)	Investment holding	**20**	20
#	Wealth Development Pte. Ltd. ("Wealth Development") (Republic of Singapore)	Real estate developers	**30**	30
#(1)	Great Development Pte. Ltd. ("Great Development") (Republic of Singapore)	Dormant	**–**	25
#	Klang City Development Pte. Ltd. ("Klang City Development") (Republic of Singapore)	Investment holding	**40**	40
++	Imperial South East Asia Investment Pte. Ltd. ("Imperial SEA Investment") (Republic of Singapore)	Struck-off	**–**	35
#	Epic Land Pte. Ltd. ("EPIC") (Republic of Singapore)	Investment holding	**28**	28
#(2)	Glenthorne Pte. Ltd. ("Glenthorne") (Republic of Singapore)	Investment holding	**10**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

6. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the associates are as follows: (continued)

	Name of associate (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2016 %	2015 %
	Held by subsidiaries (continued)			
#(3)	Fairmont Land Pte. Ltd. ("Fairmont") (Republic of Singapore)	Investment holding	**15**	–
^(4)	LGB-NB Pte. Ltd. ("LGB-NB") (Republic of Singapore)	Investment holding	**15**	–
#(5)	Prospere Hotels Pte. Ltd. ("Prospere") (Republic of Singapore)	Investment holding	**30**	–

@ Audited by Grant Thornton, Zi Tong Certified Public Accountants, the People's Republic of China.

^ Audited by KPMP LLP, Singapore

Audited by Ernst & Young LLP, Singapore.

++ Struck off with effect from 5 June 2015.

(1) On 18 March 2016, the Group disposed of its entire 25% equity interest of 25 shares in Great Development Pte. Ltd. ("Great Development") for a consideration of $25.

(2) On 7 April 2015, KSHLD, a wholly-owned subsidiary, acquired a 10% equity interest in Glenthorne Pte. Ltd. ("Glenthorne") for a cash consideration of $10.

(3) On 7 July 2015, KSHGI, a wholly-owned subsidiary, acquired a 15% equity interest in Fairmont Land Pte. Ltd. ("Fairmont") for a cash consideration of $15.

(4) On 9 October 2015, KSHVI, a wholly-owned subsidiary, acquired a 15% equity interest in LGB-NB Pte. Ltd. ("LGB-NB") for a cash consideration of US$498,750.

(5) On 18 December 2015, KSHHI, a wholly-owned subsidiary, acquired a 30% equity interest in Prospere Hotels Pte. Ltd. ("Prospere") for a cash consideration of $30.

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	Group 2016 $'000	2015 $'000
Profit after taxation	**1,546**	657
Other comprehensive income	**–**	–
Total comprehensive income	**1,546**	657

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

6. INTERESTS IN ASSOCIATES (CONTINUED)

The summarised financial information in respect of the material investments in associates, based on their respective FRS financial statements, and a reconciliation with the carrying amount of each investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Mergui Development		Unique Development		Development 26		Unique Realty	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current assets	**35,580**	102,005	**32,095**	66,999	**20,096**	28,891	**39,270**	89,875
Non-current assets	**127**	1,604	**–**	–	**–**	–	**–**	–
Total assets	**35,707**	103,609	**32,095**	66,999	**20,096**	28,891	**39,270**	89,875
Current liabilities	**(6,116)**	(30,848)	**(8,286)**	(18,630)	**(12,052)**	(13,566)	**(17,688)**	(5,564)
Non-current liabilities	**–**	–	**(4,966)**	(28,076)	**–**	(7,022)	**(2,364)**	(76,245)
Total liabilities	**(6,116)**	(30,848)	**(13,252)**	(46,706)	**(12,052)**	(20,588)	**(20,052)**	(81,809)
Net assets	**29,591**	72,761	**18,843**	20,293	**8,044**	8,303	**19,218**	8,066
Proportion of Group's ownership	**35%**	35%	**35%**	35%	**45%**	45%	**25%**	25%
Group's share of net assets	**10,357**	25,466	**6,595**	7,103	**3,620**	3,736	**4,804**	2,016
Other adjustments	**–**	–	**1***	1*	**–**	–	**1***	1*
Carrying amount of investment	**10,357**	25,466	**6,596**	7,104	**3,620**	3,736	**4,805**	2,017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

6. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised balance sheet (continued)

	Unique Consortium		Unique Rezi		Epic Land		BJHTD		Sino-KSHEC	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current assets	**38**	64	**63**	145	**375,100**	512,998	**39,275**	94,135	**34,892**	12,814
Non-current assets	**136,633**	99,460	**75,475**	50,532	**–**	–	**39,375**	40,635	**3**	10
Total assets	**136,671**	99,524	**75,538**	50,677	**375,100**	512,998	**78,650**	134,770	**34,895**	12,824
Current liabilities	**(7)**	(6)	**(6)**	(6)	**(167,744)**	(131,233)	**(28,103)**	(114,728)	**(21,988)**	(1,262)
Non-current liabilities	**(88,892)**	(82,051)	**(41,803)**	(37,890)	**(180,000)**	(376,965)	**–**	–	**–**	–
Total liabilities	**(88,899)**	(82,057)	**(41,809)**	(37,896)	**(347,744)**	508,198	**(28,103)**	(114,728)	**(21,988)**	(1,262)
Net assets	**47,772**	17,467	**33,729**	12,781	**27,356**	4,800	**50,547**	20,042	**12,907**	11,562
Proportion of Group's ownership	**35%**	35%	**42%**	42%	**28%**	28%	**45%**	45%	**50%**	50%
Group's share of net assets	**16,720**	6,113	**14,166**	5,368	**7,660**	1,344	**22,756**	9,019	**6,454**	5,781
Other adjustments	**–**	–	**1***	1*	**–**	–	**(1)^**	–	**(65)^**	(522)^
Carrying amount of investment	**16,720**	6,113	**14,167**	5,369	**7,660**	1,344	**22,745**	9,019	**6,389**	5,259

* Other adjustments comprise accumulated loss prior to the date of acquisition by the Group

^ Other adjustments comprise fair value adjustments to the assets of associates at date of acquisition by the Group

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

6. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

	Mergui Development		Unique Development		Development 26		Unique Realty	
	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	**77**	63,403	**77**	12,656	**17,470**	24,193	**82,910**	77,976
Profit/(loss) after taxation	**2,830**	23,377	**(1,450)**	8,050	**6,269**	3,353	**11,151**	7,292
Other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–
Total comprehensive income	**2,830**	23,377	**(1,450)**	8,050	**6,269**	3,353	**11,151**	7,292

	Unique Consortium		Unique Rezi		Epic Land		BJHTD		Sino-KSHEC	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	**3,549**	2,979	**1,828**	1,775	**120,890**	16,368	**149,533**	95	**16,852**	11,582
Profit/(loss) after taxation	**30,305**	16,967	**20,948**	12,054	**22,556**	4,780	**33,414**	(988)	**2,260**	247
Other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total comprehensive income	**30,305**	16,967	**20,948**	12,054	**22,556**	4,780	**33,414**	(988)	**2,260**	247

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

7. INTERESTS IN JOINT VENTURES

	Group 2016 $'000	Group 2015 $'000
Shares, at cost	**250**	250
Share of post-acquisition reserves	**(1,752)**	(1,479)
Carrying amount of investments	**(1,502)**	(1,229)
Loans due from joint ventures	**33,617**	43,828
Amounts due from joint ventures	**5,797**	6,408
	37,912	49,007

Loans due from joint ventures amounting to $33,617,000 (2015: $43,828,000) are unsecured, have no fixed repayment term and are not expected to be settled within the next twelve months. These loans bear effective interest rates ranging from 2.30% to 5.35% (2015: 2.30% to 5.35%) per annum.

Amounts due from joint ventures are unsecured, non-interest bearing and have no fixed repayment term. These amounts are not expected to be repaid within the next twelve months and are to be settled in cash.

The Group's material investments in joint ventures are summarised below:

	Group 2016 $'000	Group 2015 $'000
Phileap Pte. Ltd	**(1,047)**	(1,176)
Other joint ventures	**(455)**	(53)
Carrying amount of investments in joint ventures	**(1,502)**	(1,229)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

7. INTERESTS IN JOINT VENTURES (CONTINUED)

Details of the joint ventures are as follows:

	Name of joint venture (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2016 %	2015 %
	Held by a subsidiary			
#	Phileap Pte. Ltd. ("Phileap") (Republic of Singapore)	Property development	**25**	25
#	Unique Residence Pte. Ltd. ("Unique Residence") (Republic of Singapore)	Property development	**50**	50
#(1)	Lian Beng-KSH Pte. Ltd. ("Lian Beng-KSH") (Republic of Singapore)	Real estate developers	**50**	–
	Held by a joint venture			
#	Fernvale Development Pte. Ltd. ("Fernvale Development") (Republic of Singapore)	Property development	**20**	20

Audited by Ernst & Young LLP, Singapore.

(1) On 27 July 2015, Kim Seng Heng Realty Pte Ltd ("KSHR"), a wholly-owned subsidiary of the Company, acquired a 50% equity interest in Lian Beng-KSH Pte. Ltd. ("Lian Beng-KSH") for a cash consideration of $2.

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	2016 $'000	2015 $'000
Loss after taxation	**(804)**	(107)
Other comprehensive income	**–**	–
Total comprehensive income	**(804)**	(107)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

7. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information in respect of the Group's material investments in joint ventures, based on its FRS financial statements, and a reconciliation with the carrying amount of each investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Phileap	
	2016	**2015**
	$'000	**$'000**
Cash and cash equivalents	**4,437**	14,519
Trade receivables	**–**	–
Development property	**47,109**	70,857
Other current assets	**114**	57,924
Current assets	**51,660**	143,300
Non-current assets	**–**	–
Total assets	**51,660**	143,300
Current liabilities	**1,102**	32,115
Non-current liabilities	**54,745**	115,888
Total liabilities	**55,847**	148,003
Net liabilities	**(4,187)**	(4,703)
Proportion of the Group's ownership	**25%**	25%
Group's share of net liabilities, representing carrying amount of investment in the joint venture	**(1,047)**	(1,176)

Summarised statement of comprehensive income

	Phileap	
	2016	**2015**
	$'000	**$'000**
Revenue	**1,188**	33,210
Interest income	**688**	936
Interest expense	**(1,910)**	(1,033)
Profit/(loss) after taxation	**516**	(735)
Other comprehensive income	**–**	–
Total comprehensive income	**516**	(735)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

8. INVESTMENT PROPERTIES

	Group	
	2016	**2015**
	$'000	**$'000**
At beginning of the year	**131,713**	117,233
(Loss)/gain on fair value adjustments of investment properties	**(225)**	1,292
Additions during the year	**–**	2,788
Disposals during the year	**–**	(144)
Translation difference	**(8,148)**	10,544
At end of the year	**123,340**	131,713

The aggregate operating expenses related to the Group's investment properties recognised in profit or loss are as follows:

Direct operating expenses (including repairs and maintenance) arising from:

	Group	
	2016	**2015**
	$'000	**$'000**
Rental generating properties	**1,896**	1,966

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

8. INVESTMENT PROPERTIES (CONTINUED)

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

	Name of property	Description	Fair value 2016 $'000	Fair value 2015 $'000
(1)	**Sheares Ville**	Freehold residential property at 9 Holt Road #12-05 Singapore 249446, comprising an estimated floor area of 443 square metres	**5,800**	5,900
(2)	**Tianjin Tianxing Riverfront Square**	Leasehold commercial building at No.81 Shi Yi Jing Road, Hedong District, Tianjin, 300171, the People's Republic of China, comprising an estimated floor area of 44,936 square metres (50 years lease term expiring on 17 September 2043)	**107,840**	115,613
(3)	**Centennia Suites**	Freehold residential property at 100 Kim Seng Road #13-01 Singapore 239427, comprising an estimated floor area of 115 square metres	**2,700**	2,900
(4)	**Lincoln Suites**	Freehold residential property at Blk 1 Khiang Guan Avenue #23-02 Singapore 308380, comprising an estimated floor area of 150 square metres	**3,300**	3,400
(4)	**Lincoln Suites**	Freehold residential property at Blk 1 Khiang Guan Avenue #23-01 Singapore 308380, comprising an estimated floor area of 171 square metres	**3,700**	3,900
			123,340	131,713

(1) The fair values have been determined based on valuations performed by Jones Lang LaSalle Property Consultants Pte Ltd, an independent professional valuer, carried out in March 2016 and February 2015 respectively.

(2) The fair values have been determined based on valuations performed by DTZ Debenham Tie Leung Property Advisory (Tianjin) Co Ltd ("DTZ"), an independent professional valuer, carried out in March 2016 and March 2015 respectively.

(3) The fair values have been determined based on valuations performed by ECG Consultancy Pte. Ltd., an independent professional valuer, carried out in March 2016 and March 2015 respectively.

(4) The fair values have been determined based on valuations performed by ECG Consultancy Pte. Ltd., an independent professional valuer, carried out in March 2016 and March 2015 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

8. INVESTMENT PROPERTIES (CONTINUED)

Rental income earned by the Group for the year ended 31 March 2016 from its investment properties, all of which are leased out under operating leases, amounted to $6,272,000 (2015: $6,180,000).

The investment properties have been pledged as securities for banking facilities granted by the banks (Note 21).

9. AMOUNT DUE FROM A MINORITY SHAREHOLDER OF A SUBSIDIARY (NON-TRADE)

This amount, denominated in Chinese Renminbi, is unsecured, non-interest bearing, not expected to be repaid within the next twelve months and is to be settled in cash.

10. CLUB MEMBERSHIP

	Group	
	2016	**2015**
	$'000	**$'000**
Cost		
As at 1 April and 31 March	**60**	60
Accumulated amortisation		
As at 1 April	**18**	16
Charge for the year	**3**	2
As at 31 March	**21**	18
Net carrying amount		
As at 31 March	**39**	42

The club membership was purchased in 2008 and is amortised over the useful life of 25 years. The amortisation of the club membership is included in the line "other operating expenses" in profit or loss.

11. OTHER RECEIVABLES

This amount due from investee companies, denominated in Singapore Dollar, is unsecured, non-interest bearing, not expected to be repaid within the next twelve months and is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

12. STRUCTURED DEPOSITS

	Group	
	2016 $'000	2015 $'000
Structured deposits	**1,002**	987

Structured deposits are recorded at their fair values as at the end of the reporting period. These deposits are made for a term of 6 years, the return as determined, annually by the market access product falling within the range barriers as set-out under the terms of the deposit. The structured deposits will mature in February 2021.

Structured deposits are pledged to a bank as security for banking facilities granted to the Group (Note 22).

13. TRADE RECEIVABLES

	Group	
	2016 $'000	2015 $'000
Trade receivables	**8,073**	14,756
Trade receivables due from associates	**3,211**	3,783
Retention monies relating to construction contracts	**26,755**	37,222
Unbilled receivables	**2,716**	3,253
	40,755	59,014
Represented by:		
Current	**31,014**	48,724
Non-current	**9,741**	10,290
	40,755	59,014

Trade receivables are non-interest bearing. Current balances are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is an amount of $11,234,000 (2015: $18,513,000) which has been assigned to the banks for banking facilities granted to the Group as disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

13. TRADE RECEIVABLES (CONTINUED)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $2,000 (2015: $16,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Trade receivables past due:		
Less than 60 days	**–**	–
61 to 90 days	**–**	13
More than 90 days	**2**	3
At end of the year	**2**	16

Receivables that are impaired

As of 31 March 2016 and 2015, the Group did not have trade receivables that are impaired.

14. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Sundry debtors	**1,038**	932	**10**	10
Deposits	**311**	331	**–**	–
Interest receivable	**130**	47	**16**	13
Dividends receivable	**3,492**	850	**–**	–
	4,971	2,160	**26**	23
Less: Allowance for doubtful debts	**(805)**	(704)	**–**	–
	4,166	1,456	**26**	23

The Group's other receivables and deposits denominated in foreign currencies as at 31 March are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Chinese Renminbi	**222**	218
Hong Kong Dollar	**792**	850

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

14. OTHER RECEIVABLES AND DEPOSITS (CONTINUED)

Receivables that are impaired

The Group's other receivables that are impaired at the end of the reporting period and the movement in the allowance accounts used to record the impairment are as follows:

	Group 2016 $'000	Group 2015 $'000
Other receivables – nominal amounts	**805**	704
Less: Allowance for doubtful debts	**(805)**	(704)
	–	–
Movement in allowance for doubtful debts:		
At beginning of the year	**704**	612
Charge for the year	**157**	40
Written off	**–**	(12)
Exchange differences	**(56)**	64
At end of the year	**805**	704

These receivables are individually determined to be impaired at the end of the reporting period. They relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

15. AMOUNTS DUE FROM SUBSIDIARIES (NON-TRADE)/AMOUNTS DUE TO SUBSIDIARIES (NON-TRADE)

The non-current amounts due from subsidiaries (non-trade) amounting to $68,855,000 (2015: $97,334,000) are unsecured, not expected to be repaid within the next twelve months and are to be settled in cash. These amounts bear interest ranging from 2.30% to 5.35% (2015: 2.30% to 5.35%) per annum.

The remaining amounts due from subsidiaries (non-trade) amounting to $52,209,000 (2015: $39,760,000) are unsecured, non-interest bearing, not expected to be repaid within the next twelve months and are to be settled in cash.

The non-current amounts due to subsidiaries (non-trade) amounting to $8,224,000 (2015: $4,444,000) are unsecured, non-interest bearing, not expected to be repaid within the next twelve months and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

15. AMOUNTS DUE FROM SUBSIDIARIES (NON-TRADE)/AMOUNTS DUE TO SUBSIDIARIES (NON-TRADE) (CONTINUED)

Receivables that are impaired

Amounts due from subsidiaries that are impaired at the end of the reporting period and the movement in the allowance accounts used to record the impairment are as follows:

	Company	
	2016	**2015**
	$'000	**$'000**
Amounts due from subsidiaries	**122,766**	137,094
Less: Allowance for impairment	**(1,702)**	–
	121,064	137,094
Movement in allowance for impairment of amounts due from subsidiaries are as follows:		
At beginning of the year	**–**	–
Charge for the year	**(1,702)**	–
At end of the year	**(1,702)**	–

At the end of the reporting period, the Company has provided an allowance of $1,702,000 for impairment of receivable due from a subsidiary with a normal amount of $1,702,000. This subsidiary has been suffering financial losses for the current and past financial years.

16. CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2016	**2015**
	$'000	**$'000**
Project costs incurred to date	**402,897**	299,432
Recognised profits less recognised losses to date	**35,993**	20,841
	438,890	320,273
Less: Progress billings received and receivable	**(458,487)**	(326,990)
Amounts due to customers for contract work, net	**(19,597)**	(6,717)
Represented by:		
Construction work-in-progress in excess of progress billings	**6,840**	6,837
Progress billings in excess of construction work-in-progress	**(26,437)**	(13,554)
	(19,597)	(6,717)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

17. FIXED DEPOSITS

Fixed deposits have maturities ranging from 1 week to 1 year (2015: 1 week to 1 year) and earn interest at the respective short term deposit rates.

Fixed deposits of the Group and Company amounting to $24,871,000 (2015: $16,072,000) and $2,056,000 (2015: $2,042,000) respectively have been pledged to the banks for banking facilities granted to the Group and Company as disclosed in Notes 21 and 22.

The Group's fixed deposits denominated in foreign currency as at 31 March are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Malaysian Ringgit	**251**	261

18. CASH AND BANK BALANCES

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following amounts as at 31 March:

		Group		Company	
	Note	**2016**	**2015**	**2016**	**2015**
		$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances		**15,155**	12,693	**3,604**	742
Fixed deposits	17	**177,854**	82,431	**17,248**	12,063
		193,009	95,124	**20,852**	12,805
Less: Pledged fixed deposits		**(24,871)**	(16,072)	**(2,056)**	(2,042)
Cash and cash equivalents		**168,138**	79,052	**18,796**	10,763

The Group's and the Company's cash and bank balances earn interest at floating rates based on daily bank deposit rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

18. CASH AND BANK BALANCES (CONTINUED)

The Group's cash and bank balances denominated in foreign currencies as at 31 March are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Chinese Renminbi	**2,660**	3,286
United States Dollar	**28**	28
Hong Kong Dollar	**6**	4
Malaysian Ringgit	**44**	52

19. TRADE PAYABLES

Trade payables are non-interest bearing. Current balances are normally settled on 14 to 60 days' terms. Non-current balances are not expected to be settled within the next twelve months.

20. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Accrued operating expenses	**62,625**	53,539	**5,776**	2,468
Advance payments	**933**	963	**–**	–
Other payables	**4,279**	5,106	**178**	509
Interest payable	**284**	14	**–**	1
Interest payable – term notes, unsecured	**1,353**	1,424	**1,353**	1,424
Amount due to an associate	**420**	458	**–**	–
	69,894	61,504	**7,307**	4,402
Represented by:				
Current	**69,704**	61,165	**7,307**	4,402
Non-current	**190**	339	**–**	–
	69,894	61,504	**7,307**	4,402

Other payables are non-interest bearing. Current balances are normally settled on 30 days' terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

20. OTHER PAYABLES AND ACCRUALS (CONTINUED)

The Group's other payables and accruals denominated in foreign currencies as at 31 March are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Chinese Renminbi	**5,113**	5,539
United States Dollar	**75**	81
Hong Kong Dollar	**444**	471
Malaysian Ringgit	**14**	3

21. BANK TERM LOANS, SECURED

		Group		Company	
	Note	**2016**	**2015**	**2016**	**2015**
		$'000	**$'000**	**$'000**	**$'000**
SGD Term loans – investment properties	(a)	**6,076**	6,516	**–**	–
SGD 2-year Term loan	(b)	**38,000**	–	**–**	–
SGD 3-year Term loan	(c)	**18,200**	–	**–**	–
RMB Term loan – investment property	(d)	**5,440**	7,313	**–**	–
SGD Term loan (short term)	(e)	**–**	6,000	**–**	6,000
		67,716	19,829	**–**	6,000
Due within 12 months		**13,543**	8,033	**–**	6,000
Due after 12 months		**54,173**	11,796	**–**	–
		67,716	19,829	**–**	6,000

(a) These bank loans bear interest ranging from 1.88% to 2.65% (2015: 1.78% to 2.13%) per annum. These term loans are repayable by monthly instalments over 15 years, commencing on their respective drawdown dates.

The term loans are secured by the following:

(i) first legal mortgage on the investment properties (Note 8); and

(ii) corporate guarantee from the Company (Note 38).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

21. BANK TERM LOANS, SECURED (CONTINUED)

(b) This bank loan bears interest ranging from 2.00% to 2.72% per annum. The term loan is repayable by quarterly instalments over 2 years, commencing on 26 June 2015:

The term loan is secured by the following:

(i) first legal mortgage on the investment property (Note 8) located at 9 Holt Road and on the leasehold factory building (Note 4);

(ii) charge on fixed deposits amounting to $4,752,000 (Note 17); and

(iii) corporate guarantee from the Company (Note 38).

(c) This bank loan bears interest ranging from 2.20% to 2.37% per annum. The term loan is repayable by monthly instalments over 3 years, commencing on 28 September 2015.

The term loan is secured by the following:

(i) charge on fixed deposits amounting to $5,000,000 (Note 17); and

(ii) corporate guarantee from the Company (Note 38).

(d) This bank loan bears interest ranging from 4.51% to 5.66% (2015: 5.66% to 6.03%) per annum. The term loan is repayable by quarterly instalments over 10 years, commencing on February 2010.

This loan is secured by a first charge over the investment property (Note 8) located in Tianjin, the People's Republic of China.

(e) This bank loan bears interest ranging from 2.20% to 2.51% (2015: 1.87% to 2.51%) per annum. The term loan is repayable on demand by the bank but is available for rollover for periods ranging from 1 to 6 months. The loan is secured by a charge on fixed deposits amounting to $2,056,000 (2015: $2,042,000) (Note 17). The term loan was fully repaid during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

22. BILLS PAYABLE TO BANKS, SECURED

Bills payable to banks bear interest at 3.24% (2015: 2.93% to 3.72%) per annum. These bills payable will mature 2 months (2015: within 2 to 4 months) from year-end.

Bills payable to banks are secured by the following:

(i) charge on fixed deposits and structured deposits amounting to $13,063,000 (2015: $14,030,000) and $1,002,000 (2015: $987,000) respectively (Notes 17 and 12);

(ii) first charge over the contract proceeds and project account arising from a construction project (Note 13); and

(iii) corporate guarantee from the Company (Note 38).

23. TERM NOTES, UNSECURED

On 5 July 2013, the Company established a S$300,000,000 Multicurrency Medium Term Note Program (the "Program"). On 20 November 2013, the Company issued $75,000,000 of notes under the Program. These notes are unsecured, bear interest at a fixed rate of 5.25% per annum and are repayable in May 2016.

24. SHARE CAPITAL

	2016		**2015**	
	Number of shares	**$'000**	**Number of shares**	**$'000**
Group and Company				
Issued and fully paid ordinary shares:				
At 1 April	**414,353,307**	**50,915**	414,353,307	50,915
Issuance of shares on bonus issue	**41,435,292**	**–**	–	–
At 31 March	**455,788,599**	**50,915**	414,353,307	50,915

On 16 December 2015, the Company allotted and issued 41,435,292 pursuant to the bonus issuance exercise.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

25. TREASURY SHARES

	2016		2015	
	Number of shares	$'000	Number of shares	$'000
Group and Company				
At 1 April	**1,637,000**	**851**	–	–
Acquired during the year	**6,028,940**	**2,503**	1,637,000	851
At 31 March	**7,665,940**	**3,354**	1,637,000	851

Treasury shares relate to ordinary shares of the Company that are held by the Company. During the year, the Company acquired 6,028,940 ordinary shares by way of market purchases on the Singapore Exchange and held as treasury shares.

26. TRANSLATION RESERVE

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

27. OTHER RESERVES

		Group		Company	
		2016	2015	2016	2015
		$'000	$'000	$'000	$'000
Statutory reserves	(a)	**1,027**	894	**–**	–
General reserves	(b)	**102**	89	**–**	–
Warrant reserves	(c)	**2,156**	2,156	**2,156**	2,156
Other reserves	(d)	**(107)**	(107)	**–**	–
		3,178	3,032	**2,156**	2,156

Movement

(a) ***Statutory reserves***

	Group	
	2016	2015
	$'000	$'000
At 1 April	**894**	895
Transferred from retained earnings	**133**	(1)
At 31 March	**1,027**	894

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

27. OTHER RESERVES (CONTINUED)

Movement (continued)

(a) ***Statutory reserves (continued)***

In accordance with the Foreign Enterprise Law applicable to a subsidiary in the People's Republic of China ("PRC"), the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(b) ***General reserves***

	Group	
	2016	**2015**
	$'000	**$'000**
At 1 April	**89**	89
Transferred from retained earnings	**13**	–
At 31 March	**102**	89

In accordance with the "Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment" and the Group's PRC subsidiaries' Articles of Association, appropriations from net profit should be made to the Reserve Fund and the Enterprise Expansion Fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors. The percentage to be appropriated to the Reserve Fund and the Enterprise Expansion Fund is determined by the Board of Directors of the PRC subsidiaries.

(c) ***Warrant reserves***

Warrant reserves comprise proceeds from the issue of warrants and a capital gain on re-issuance of treasury shares of $642,000 in prior years.

(d) ***Other reserves***

Other reserves represent the premium paid on acquisition of non-controlling interests of $107,000 in prior years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

28. OTHER INCOME

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Gain on sale of plant and equipment	**10**	46	**–**	–
Interest income	**6,874**	9,981	**3,653**	3,140
Other income	**1,426**	1,095	**4**	–
Gain on fair value adjustments of investment properties	**375**	1,292	**–**	–
Fair value gain on structured deposits	**15**	–	**–**	–
Foreign exchange gain	**74**	171	**6**	7
Dividend income from a subsidiary	**–**	–	**17,000**	6,000
Management and administrative fee income from associates/subsidiaries	**267**	465	**3,953**	4,998
	9,041	13,050	**24,616**	14,145

29. PERSONNEL EXPENSES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Salaries, wages and bonuses	**11,149**	8,185	**6,782**	3,579
Central Provident Fund and other pension costs	**1,293**	1,184	**32**	36
Directors' fees	**180**	180	**180**	180
Other personnel expenses	**2,235**	1,455	**339**	52
	14,857	11,004	**7,333**	3,847

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

29. PERSONNEL EXPENSES (CONTINUED)

The above includes compensation of key management personnel.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Compensation of key management personnel				
Salaries, wages and bonuses	**6,782**	3,579	**6,782**	3,579
Central Provident Fund and other pension costs	**32**	36	**32**	36
Directors' fees	**180**	180	**180**	180
Total compensation paid to key management personnel	**6,994**	3,795	**6,994**	3,795
Comprise amounts paid to:				
– Directors of the Company	**6,535**	3,321	**6,535**	3,321
– Other key management personnel	**459**	474	**459**	474
	6,994	3,795	**6,994**	3,795

30. FINANCE COSTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense				
– finance leases	**26**	10	**–**	–
– term loans	**1,439**	688	**59**	115
– bills payable	**21**	304	**–**	–
– term notes, unsecured	**3,803**	3,929	**3,803**	3,929
– others	**1,221**	1,092	**–**	64
	6,510	6,023	**3,862**	4,108
Others				
– bank charges	**10**	68	**1**	3
	6,520	6,091	**3,863**	4,111

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

31. OTHER OPERATING EXPENSES

The following items have been included in other operating expenses:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Audit fees	**300**	288	**133**	133
Non audit fees paid to:				
Auditor of the Company	**78**	103	**10**	41
Allowance for doubtful debts	**157**	40	**–**	–
Foreign exchange loss	**610**	417	**–**	–
Operating lease expenses	**277**	592	**–**	–
Fair value loss on structured deposits	**–**	69	**–**	–
Loss on sale of plant and equipment	**175**	21	**–**	–
Loss on sale of investment properties	**–**	60	**–**	–
Impairment loss on loan due from an associate	**1,263**	–	**–**	–
Impairment loss on amount due from a subsidiary (non-trade)	**–**	–	**1,702**	–

32. TAX EXPENSE AND DEFERRED TAX

Major components of income tax expense for the years ended 31 March are:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current tax				
– current year	**4,668**	2,674	**240**	17
– under provision in respect of previous years	**(177)**	607	**(26)**	60
Deferred tax				
– current year	**734**	515	**–**	–
– under provision in respect of previous years	**(601)**	–	**–**	–
Tax expense recognised in profit or loss	**4,624**	3,796	**214**	77

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

32. TAX EXPENSE AND DEFERRED TAX (CONTINUED)

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Profit from operations before share of results of associates and joint ventures	**18,321**	19,612	**10,072**	5,003
Tax at the domestic rates applicable to profit in the countries concerned[1]	**8,862**	6,938	**1,712**	851
Tax effect of:				
– Expenses not deductible	**2,538**	262	**1,465**	187
– Deferred tax assets not recognised	**–**	3	**–**	–
– Tax rebates and exemption	**(168)**	(50)	**(46)**	(1)
– Non-taxable income	**(6,143)**	(4,255)	**(2,890)**	(1,020)
– Under provision in respect of previous years	**(786)**	607	**(27)**	60
– Withholding tax expense	**649**		**–**	–
– Others	**(328)**	65	**–**	–
Tax expense recognised in profit or loss	**4,624**	3,796	**214**	77

[1] This is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

32. TAX EXPENSE AND DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax liabilities:				
Differences in depreciation	**762**	1,007	**–**	–
Tax effect on revaluation of investment properties	**16,587**	17,746	**–**	–
Others	**2,663**	2,043	**–**	–
	20,012	20,796	**–**	–
Deferred tax assets:				
Employee benefits	**(139)**	(106)	**–**	–
Tax effect on provision for general defects liability period for completed projects	**(332)**	–	**–**	–
	19,541	20,690	**–**	–

33. EARNINGS PER SHARE

Basic earnings per share ("EPS") amounts are calculated by dividing the Group's profit after taxation attributable to owners of the Company by the weighted average number of ordinary shares taken into account the weighted average effect of changes in treasury shares transactions during the year.

Diluted earnings per share is calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares taken into account the weighted average effect of changes in treasury shares transactions during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares.

For purposes of calculating basic and diluted loss per share, the weighted average number of ordinary shares was adjusted to take into account the effect arising from the bonus issue undertaken by the Company in 2015 (Note 24). Earnings per share for the previous financial year had been restated with the above adjustment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

33. EARNINGS PER SHARE (CONTINUED)

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

	Group	
	2016	**2015**
	$'000	**$'000**
Profit net of tax attributable to owners of the Company used in the computation of earnings per share	**61,487**	41,655

	2016	**2015**
	'000	**'000**
		(Restated)
Weighted average number of ordinary shares for computing basic and diluted earnings per share	**448,123**	453,988
Basic and diluted earnings per share (cents per share)	**13.72**	9.18

34. NET ASSET VALUE PER SHARE

Net asset value per share is calculated by dividing the Group's net assets attributable to owners of the Company by the total number of issued ordinary shares excluding treasury shares at the end of the year.

For purposes of calculating net asset value per share, the total number of issued ordinary shares was adjusted to take into account the effect arising from the bonus issue undertaken by the Company in 2015 (Note 24). Net asset value per share for the previous financial year had been restated with the above adjustment.

The following table reflects the net asset and share data used in the computation of net asset value per share for the years ended 31 March:

	Group	
	2016	**2015**
	$'000	**$'000**
Net assets attributable to owners of the Company	**293,242**	253,282

	2016	**2015**
	'000	**'000**
		(Restated)
Total number of issued ordinary shares excluding treasury shares as at 31 March	**448,123**	453,988
Net asset value per share (cents per share)	**65.44**	55.79

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

35. DIVIDENDS

	Group and Company	
	2016	**2015**
	$'000	**$'000**
Dividends paid during the year:		
Dividends on ordinary shares:		
– Interim exempt (one-tier) dividend for 2016: 1.55 cents (2015: 1.25 cents) per share	**6,315**	5,180
– Final exempt (one-tier) dividend for 2015: 1.50 cents (2014: 1.75 cents) per share:	**6,191**	7,251
Proposed but not recognised as a liability as at 31 March:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
– Final exempt (one-tier) dividend for 2016: 2.00 cents (2015: 1.50 cents) per share	**8,962**	6,191

The Directors have proposed a final cash and cash special tax-exempt (one-tier) dividend of 2.00 cents per share ("Proposed Final Dividend for FY2016"), amounting to approximately $8,962,000 be paid in respect of the year ended 31 March 2016. The dividend will be recorded as a liability in the balance sheets of the Company and Group upon approval by the shareholders at the Annual General Meeting of the Company.

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

36. RELATED PARTY TRANSACTIONS

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

	Group	
	2016	**2015**
	$'000	**$'000**
Construction services rendered to:		
– Related companies	–	1,412
– Associates	33	–
At 31 March	33	1,412

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

37. SEGMENT INFORMATION

Reporting format

The Group's primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that serves different markets.

Business segments

The construction segment relates to acting as main contractors in construction projects in Singapore and Malaysia, and provision of services mainly to property developers in both the private and public sectors.

The property development and management segment relates to the development and sales of properties and the provision of property management services.

The others segment relates to general corporate and investment holding activities.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Revenue disclosed in geographical segments is based on the geographical location of operations.

Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise tax liabilities and corporate liabilities.

Segment accounting policies are the same as the policies described in Note 2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

37. SEGMENT INFORMATION (CONTINUED)

(a) Business segments

The following tables present revenue and results information regarding the Group's business segments for the years ended 31 March 2016 and 2015.

There are no inter-segment sales within the Group.

	Construction $'000	Property development and management $'000	Others $'000	Eliminations $'000	Total $'000
2016					
Revenue					
– external sales	239,182	6,272	–	–	**245,454**
Segment results	26,548	1,657	(10,239)	–	17,966
Share of results of associates and joint ventures	–	47,024	1,130	–	48,154
Interest income	997	15	5,863	–	6,875
Finance costs	(922)	(512)	(5,086)	–	(6,520)
Profit/(loss) before taxation	26,623	48,184	(8,332)	–	**66,475**
Tax expense					(4,624)
Non-controlling interests					(364)
Net profit attributable to owners of the Company					**61,487**
Segment assets	268,960	123,151	74,699	(84,156)	**382,654**
Interests in associates	–	173,416	6,454	–	179,870
Interests in joint ventures	–	37,912	–	–	37,912
Total assets					**600,436**
Segment liabilities	121,758	21,743	40,426	(61,957)	121,970
Borrowings	57,368	11,516	70,682	–	139,566
Unallocated liabilities					23,333
Total liabilities					**284,869**
Other segment information:					
Capital expenditures	1,443	4	–	–	1,447
Depreciation of property, plant and equipment	1,999	18	–	–	2,017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

37. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (continued)

	Construction $'000	Property development and management $'000	Others $'000	Eliminations $'000	Total $'000
2015					
Revenue					
– external sales	239,911	6,180	–	–	246,091
Segment results	17,450	3,118	(4,846)	–	15,722
Share of results of associates and joint ventures	–	26,127	124	–	26,251
Interest income	407	24	9,550	–	9,981
Finance costs	(382)	(474)	(5,235)	–	(6,091)
Profit/(loss) before taxation	17,475	28,795	(407)		45,863
Tax expense					(3,796)
Non-controlling interests					(412)
Net profit attributable to owners of the Company					41,655
Segment assets	192,872	132,201	75,186	(91,725)	308,534
Interests in associates	–	137,263	5,258	–	142,521
Interests in joint ventures	–	49,007	–	–	49,007
Total assets					500,062
Segment liabilities	116,812	22,555	34,751	(69,680)	104,438
Borrowings	1,981	13,829	80,433	–	96,243
Unallocated liabilities					22,420
Total liabilities					223,101
Other segment information:					
Capital expenditures	1,526	7	–	–	1,533
Investment properties	–	2,788	–	–	2,788
Depreciation of property, plant and equipment	1,834	32	–	–	1,866

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

37. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

The following tables present revenue, capital expenditures and certain asset information regarding the Group's geographical segments for the years ended 31 March 2016 and 2015.

There are no inter-segment sales within the Group.

2016	Singapore $'000	Malaysia $'000	Vietnam $'000	Australia $'000	England, United Kingdom $'000	The People's Republic of China $'000	Eliminations $'000	Total $'000
Revenue	239,533	–	–	–	–	5,921	–	**245,454**
Segment assets	313,470	377	–	770	–	107,881	(39,844)	382,654
Interests in associates	135,807	–	698	–	14,374	28,991	–	179,870
Interests in joint ventures	37,912	–	–	–	–	–	–	37,912
Total assets								**600,436**
Other segment information:								
Capital expenditures	1,443	–	–	–	–	4	–	1,447

2015	Singapore $'000	Malaysia $'000	Cambodia $'000	The People's Republic of China $'000	Eliminations $'000	Total $'000
Revenue	240,130	–	–	5,961	–	246,091
Segment assets	216,052	402	–	117,362	(25,282)	308,534
Interests in associates	126,767	1,356	3	14,395	–	142,521
Interests in joint ventures	49,007	–	–	–	–	49,007
Total assets						500,062
Other segment information:						
Capital expenditures	1,526	–	–	7	–	1,533
Investment properties	2,788	–	–	–	–	2,788

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

38. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

Guarantees

The Group and Company have provided the following guarantees at the end of the reporting period.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Guarantees given to financial institutions in connection with facilities given to:				
(a) subsidiaries*	–	–	**436,260**	463,634
(b) associates	**215,536**	296,401	**215,536**	296,401
(c) joint ventures	**130,208**	81,075	**130,280**	81,075

* As at 31 March 2016, the total amount of facilities utilised was $130,686,000 (2015: $93,720,000).

Based on information currently available, the Group and Company do not expect any liabilities to arise from the guarantees.

(b) Operating lease commitments as lessees

The Group has operating lease commitments on the land that the factory buildings are located and on certain office equipment. Most of these leases contain renewable options. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing. These non-cancellable operating leases have remaining lease terms of 1 to 38 (2015: 1 to 39) years.

Future minimum lease payments payable under non-cancellable operating leases as at 31 March are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Future minimum lease payments		
– not later than one year	**354**	312
– later than one year but not later than five years	**1,280**	1,185
– later than five years	**6,435**	6,378
	8,069	7,875

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

38. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

(c) Operating lease commitments as lessors

The Group entered into commercial and residential property leases on its investment properties under non-cancellable operating leases. These leases have remaining non-cancellable lease terms of up to 6 (2015: 7) years.

Future minimum lease payments receivable under the non-cancellable operating leases as at 31 March are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	**4,028**	4,426
Later than one year but not later than five years	**4,098**	4,905
Later than five years	**789**	1,582
	8,915	10,913

39. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2016 $'000 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
Assets				
Financial assets				
Financial assets at fair value through profit or loss				
Structured deposits (Note 12)	–	1,002	–	1,002
Other investments	1	–	–	1
Financial assets as at 31 March 2016	1	1,002	–	1,003
Non-financial assets				
Investment properties (Note 8)				
Commercial	–	–	107,840	107,840
Residential	–	15,500	–	15,500
Non-financial assets as at 31 March 2016	–	15,500	107,840	123,340

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets and liabilities measured at fair value (continued)

	Group 2015 $'000 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
Assets				
Financial assets				
Financial assets at fair value through profit or loss				
Structured deposits (Note 12)	–	987	–	987
Other investments	1	–	–	1
Financial assets as at 31 March 2015	1	987	–	988
Non-financial assets				
Investment properties (Note 8)				
Commercial	–	–	115,613	115,613
Residential	–	16,100	–	16,100
Non-financial assets as at 31 March 2015	–	16,100	115,613	131,713

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Structured deposits

Structured deposits are valued using a valuation technique with market observable inputs. These inputs include quoted prices in active markets for investments linked to these deposits and credit quality of counterparties.

Residential investment properties

The valuation of residential investment properties are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

(d) Level 3 fair value measurements

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

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

Description	Fair value as at 31 March 2016	Valuation techniques	Unobservable inputs	Range
Investment Properties:				
Commercial	**107,840**	Market comparable approach	Yield adjustments based on management's assumptions*	10% to 20%

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (continued)

The following table shows the impact on the Level 3 fair value measurement of assets that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

		Effect of reasonably possible alternative assumptions
	Carrying amount $'000	Profit or loss $'000
Recurring fair value measurements		
Investment properties:		
Commercial	107,840	3,235

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

– For commercial investment properties, the Group adjusted the yield adjustments based on management's assumption by increasing and decreasing the adjustments by 3% depending on nature, location or condition of the specific property.

(ii) *Movements in Level 3 assets measured at fair value*

During the year, the Group recognised gains from fair value adjustments of commercial investment properties which amounted to $357,000 (net of translation difference). The disclosure of the movement in the investment properties balance in Note 8 constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

(iii) *Valuation policies and procedures*

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, Management reports to the Group's Audit Committee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (continued)

(iii) *Valuation policies and procedures (continued)*

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximations of fair value

The fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximations of fair value is as follows:

	Group			
	2016		2015	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair Value $'000
Financial liabilities:				
Bank term loans	**50,093**	**49,950**	5,784	5,945

Fair value information has not been disclosed for non-current receivables and payables. These balances have no fixed terms of repayment and are repayable only when the cash flows of the Company or counterparty permit. Accordingly, the fair values of these balances cannot be determined as the timing of the cash flows cannot be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, interest rate risk, foreign currency risk and credit risk. The Group currently does not actively pursue a policy of hedging these risks through the use of derivatives.

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

(i) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table sets out the maturity profile of the Group's and Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2016				
Group				
Trade and other payables	**90,097**	**5,305**	–	**95,402**
Loans and borrowings	**142,855**	**670**	–	**143,525**
Company				
Trade and other payables	**7,307**	–	–	**7,307**
Loans and borrowings	**71,188**	–	–	**71,188**
2015				
Group				
Trade and other payables	86,612	3,967	–	90,579
Loans and borrowings	11,552	89,286	3,878	104,716
Company				
Trade and other payables	4,402	–	–	4,402
Loans and borrowings	7,436	79,471	–	86,907

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Liquidity risk (continued)

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

	Total $'000	Within 1 year $'000	Within 1 to 5 years $'000
As at 31 March 2016			
Group			
Financial guarantees	**345,744**	**345,744**	–
Company			
Financial guarantees	**782,004**	**782,004**	–

	Total $'000	Within 1 year $'000	Within 1 to 5 years $'000
As at 31 March 2015			
Group			
Financial guarantees	377,475	377,475	–
Company			
Financial guarantees	841,110	841,110	–

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and Company's exposure to interest rate risk arises primarily from bank borrowings and loans, which comprise a mixture of fixed and floating rate debts. The floating rate debts are contractually re-priced at intervals of 1 to 6 months.

The Group currently does not actively pursue a policy of hedging this risk through the use of derivatives. Instead, the Group manages interest cost by borrowing at the most competitive rates under the most favourable terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 10 (2015: 10) basis points lower with all other variables held constant, the impact in terms of SGD to the Group's profit after taxation and equity would be $23,000 (2015: $9,000) higher; if the interest rates had been 10 (2015: 10) basis points higher with all other variables held constant, the impact in terms of SGD to the Group's profit after taxation and equity would be $23,000 (2015: $9,000) lower.

(iii) Foreign currency risk

Foreign currency risk arises from financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. The functional currencies of the Group entities are primarily SGD, Malaysian Ringgit ("MYR"), Chinese Renminbi ("RMB") and Hong Kong Dollar ("HKD").

The Group has minimal transactional currency exposures arising from sales or purchases of goods and services that are denominated in a currency other than the respective functional currencies of the Group entities. Similarly, the Group has minimal exposure to translation risk on its trade and other receivables and payables at the end of the reporting period as these balances are largely denominated in the functional currencies of the respective Group entities. It is the Group's policy to conduct transactions in the respective functional currencies of the Group entities where possible so as to minimise the Group's exposure to foreign currency risk.

The Group holds cash and cash equivalents denominated in currencies other than SGD for working capital purposes. As at the balance sheet date, the carrying amounts of cash and cash equivalents denominated in currencies other than SGD, are disclosed in Note 18.

Certain Group entities provide financing to other Group entities, either in the functional currencies of the lender or borrower, or in currencies other than the functional currencies of the Group entities. Certain long-term financing forms part of the Group's net investments in those Group entities and the resulting exchange differences are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement only on disposal of those Group entities. Such balances are denominated primarily in RMB, HKD, MYR and United States Dollar ("USD"). The Group currently does not actively pursue a policy of hedging its net investments in the Group entities as such currency positions are considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the HKD, RMB, MYR and USD exchange rates against the functional currencies of the Group entities, in SGD equivalent, with all other variables held constant, on the Group's profit net of tax and equity.

		2016		2015	
		Profit net of tax $'000	**Equity $'000**	**Profit net of tax $'000**	**Equity $'000**
USD	– strengthened by 3% (2015: 3%)	**146**	**146**	160	160
	– weakened by 3% (2015: 3%)	**(146)**	**(146)**	(160)	(160)
RMB	– strengthened by 3% (2015: 3%)	**334**	**334**	358	358
	– weakened by 3% (2015: 3%)	**(334)**	**(334)**	(358)	(358)
HKD	– strengthened by 3% (2015: 3%)	**28**	**28**	28	28
	– weakened by 3% (2015: 3%)	**(28)**	**(28)**	(28)	(28)
MYR	– strengthened by 3% (2015: 3%)	**(2)**	**(2)**	(3)	(3)
	– weakened by 3% (2015: 3%)	**2**	**2**	3	3

(iv) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– The carrying amount of each class of financial assets recognised in the balance sheets; and

– Corporate guarantee provided by the Company for banking facilities granted to subsidiaries, associates and a joint venture (Note 38).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	2016		2015	
	$'000	**% of total**	**$'000**	**% of total**
Group				
By country:				
Singapore	**40,755**	**100**	59,014	100
By industry sector:				
Construction	**40,755**	**100**	59,014	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

41. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below is an analysis of the carrying amounts of financial instruments as at 31 March by categories as defined in FRS 39:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Financial assets at fair value through profit or loss – designated as such on initial recognition				
Structured deposits	**1,002**	987	–	–
Other investments	**1**	1	–	–
	1,003	988	–	–
Loans and receivables				
Loans due from associates	**76,067**	64,960	**–**	–
Amounts due from associates	**6,282**	9,107	**–**	–
Loans due from joint ventures	**33,617**	43,828	**–**	–
Amounts due from joint ventures	**5,797**	6,408	**–**	–
Other receivables (non-current)	**2,208**	724	**–**	–
Amount due from a minority shareholder of a subsidiary (non-trade)	**2,311**	2,486	**–**	–
Amounts due from subsidiaries (non-trade)	**–**	–	**121,064**	137,094
Trade receivables	**40,755**	59,014	–	–
Other receivables and deposits	**4,166**	1,456	**26**	23
Fixed deposits	**177,854**	82,431	**17,248**	12,063
Cash and bank balances	**15,155**	12,693	**3,604**	742
	364,212	283,107	**141,942**	149,922
Financial liabilities measured at amortised cost				
Trade payables	**25,508**	29,075	–	–
Other payables and accruals	**69,894**	61,504	**7,307**	4,402
Amounts due to subsidiaries	**–**	–	**8,224**	4,444
Loan due to an associate	–	720	–	–
Bank loans	**67,716**	19,829	–	6,000
Bills payable	**316**	1,438	–	–
Finance lease obligations	**852**	544	–	–
Term notes, unsecured	**70,682**	74,432	**70,682**	74,432
	234,968	187,542	**86,213**	89,278

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

42. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2016 and 31 March 2015.

As disclosed in Note 27, a subsidiary of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund and enterprise expansion fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiary for the financial years ended 31 March 2016 and 31 March 2015. The percentage to be appropriated to the above mentioned funds is determined by the Board of Directors of the PRC subsidiaries.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The Group includes within net debt, loans and borrowings, trade and other payables less cash and cash equivalents. Capital includes equity attributable to the owners of the Company less the abovementioned restricted statutory reserve fund and general reserve fund.

		Group	
	Note	2016 $'000	2015 $'000
Loans and borrowings		**139,566**	96,243
Trade and other payables		**95,402**	90,579
Less: Cash and cash equivalents	18	**(193,009)**	(95,124)
Net debt		**41,959**	91,698
Equity attributable to the owners of the Company		**293,242**	253,282
Less: Statutory reserve fund		**(1,027)**	(894)
General reserve fund		**(102)**	(89)
Total capital		**292,113**	252,299
Capital and net debt		**334,072**	343,997
Gearing ratio		**13%**	27%

The Group is also required by certain banks to maintain certain gross debt-to-equity ratios and shareholders' funds. The Group is in compliance with all externally imposed capital requirements for the year ended 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

43. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Acquisition of interest in Development 35 Pte. Ltd.

On 15 April 2016, Kim Seng Heng Realy Pte Ltd ("KSHR"), a wholly-owned subsidiary of the Company, acquired 49% of the equity interest in Development 35 Pte Ltd. ("Dev 35") from Tee Land Limited for a consideration of $490,000. The principal activities of Dev 35 are those of investment holding and real developers.

(b) Incorporation of KSH-Avenue Pte Ltd

On 11 May 2016, Kim Seng Heng Engineering construction (Pte) Ltd. ("KSHEC"), a wholly-owned subsidiary of the Company, together with Avenue Engineering Pte. Ltd. ("AE"), incorporated a company, KSH-Avenue Pte. Ltd. ("KSH-AE") KSHEC and AE hold equity interest of 51% and 49% respectively. The principal activities of KSH-AE are those of building and road construction.

44. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Directors on 27 June 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 17 JUNE 2016

Issued and Fully Paid Capital	:	S$54,124,915.22
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
Total no. of issued Ordinary Shares (excluding treasury shares)	:	448,122,659
Total no. of treasury shares	:	7,665,940

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	8	0.51	368	0.00
100 – 1,000	90	5.68	40,882	0.01
1,001 – 10,000	442	27.90	2,178,105	0.49
10,001 – 1,000,000	1,011	63.83	61,004,581	13.61
1,000,001 and above	33	2.08	384,898,723	85.89
	1,584	**100.00**	**448,122,659**	**100.00**

The percentage of shareholdings in the hands of the public as at 17 June 2016 was approximately 39.37% and hence the Company has complied with Rule 723 of the Listing Manual which states that an issuer must ensure that at least 10% of the total numbers of issued shares excluding treasury shares is at all times held by the public.

The Company holds 7,665,940 treasury shares as at 17 June 2016, representing 0.168% of the total number of issued ordinary shares excluding treasury shares.

TWENTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES	%
1	CHOO CHEE ONN	87,074,639	19.43%
2	KWOK NGAT KHOW	65,004,219	14.51%
3	TOK CHENG HOE	65,004,219	14.51%
4	LIM KEE SENG	54,589,888	12.18%
5	DBS NOMINEES PTE LTD	12,554,366	2.80%
6	UOB KAY HIAN PTE LTD	11,527,986	2.57%
7	DBS VICKERS SECS (S) PTE LTD	11,523,500	2.57%
8	OCBC SECURITIES PRIVATE LTD	11,100,740	2.48%
9	PHILLIP SECURITIES PTE LTD	6,610,370	1.48%
10	CHEUNG KA HO	6,540,000	1.46%
11	MAYBANK KIM ENG SECS PTE LTD	5,954,410	1.33%
12	CHEUNG TIN HANG	5,577,000	1.24%
13	CHUA SIAK NENG	5,207,165	1.16%
14	GOH KIA HUA	5,207,165	1.16%
15	CHEE SWEE HENG	3,641,000	0.81%
16	LIM & TAN SECURITIES PTE LTD	3,163,060	0.71%
17	PANG HENG KWEE	2,610,000	0.58%
18	CHOO POW LIAN	1,980,000	0.44%
19	ANG JUI KHOON	1,917,140	0.43%
20	TSE YIU KUEN OR VICTORIA KO MIU HA	1,797,900	0.40%
	TOTAL	**368,584,767**	**82.25%**

STATISTICS OF SHAREHOLDINGS

AS AT 17 JUNE 2016

SUBSTANTIAL SHAREHOLDERS

(As shown in the Company's Register of Substantial Shareholders as at 17 June 2016)

NAME	DIRECT INTEREST (NO. OF SHARES)	%	DEEMED INTEREST (NO. OF SHARES)	%
CHOO CHEE ONN	87,074,639	19.43	–	–
KWOK NGAT KHOW	65,004,219	14.51	–	–
TOK CHENG HOE	65,004,219	14.51	–	–
LIM KEE SENG	54,589,888	12.18	–	–
YIP SAU LEUNG(1)(2)	31,414,290	7.01	324,100	0.07

Notes:

(1) Yip Sau Leung's shareholding interest of 31,414,290 shares in the Company is held through various nominees.

(2) Yip Sau Leung is deemed to be interested in shares held by his spouse.

NOTICE OF 10TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 10th Annual General Meeting of **KSH HOLDINGS LIMITED** will be held at 60 Eu Tong Sen Street, Furama City Centre, Ballroom 1, Level 5, Singapore 059804 on Monday, 25 July 2016 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the audited accounts for the financial year ended 31 March 2016 and the Statement of the Directors of the Company ("**Directors**") and the Auditors' Report. **[Resolution 1]**

2. To declare a final tax exempt (one-tier) cash dividend of 1.50 cents per share and a final tax exempt (one-tier) special cash dividend of 0.50 cent per share for the financial year ended 31 March 2016. **[Resolution 2]**

3. To approve Directors' fees of S$180,000 to be paid quarterly in arrears for the financial year ending 31 March 2017 to the Independent Directors. (2016: S$180,000) **[Resolution 3]**

4. To re-elect the following Directors who retire in accordance with Article 89 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (a) Mr Khua Kian Kheng Ivan **[Resolution 4]**
   (b) Mr Tok Cheng Hoe **[Resolution 5]**

   Mr Khua Kian Kheng Ivan will, upon re-appointment as a Director of the Company, remain an Independent Director of the Company as well as the Chairman of the Nominating Committee and a member of each of the Audit and Risk Committee and Remuneration Committee and will be considered independent of Management.

   Mr Tok Cheng Hoe will, upon re-appointment as a Director of the Company, remain as an Executive Director.

5. To re-appoint Messrs Ernst & Young LLP as Auditor and to authorise the Directors to fix their remuneration. **[Resolution 6]**

NOTICE OF 10TH ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

6. **Authority to allot and issue shares up to 50 per centum (50%) of the total number of issued shares** **[Resolution 7]**

   That pursuant to Section 161 of the Companies Act, Cap. 50, of Singapore ("**Companies Act**") and listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the total number of issued shares excluding treasury shares issued by the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares issued by the Company. For the purpose of this resolution, the total number of issued shares excluding treasury shares to be issued by the Company shall be based on the total number of issued shares excluding treasury shares issued by the Company at the time this resolution approving the mandate is passed (after adjusting for any new shares arising from conversion or exercise of convertible securities; or new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the option or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual and any subsequent bonus issue, consolidation or subdivision of shares in the Company), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

   (See Explanatory Note (i))

7. That pursuant to Section 161 of the Companies Act, the Directors be empowered to allot and issue from time to time such number of shares in the capital of the Company as may be required to be allotted and issued pursuant to the KSH Scrip Dividend Scheme. **[Resolution 8]**

   (See Explanatory Note (ii))

NOTICE OF 10TH ANNUAL GENERAL MEETING

8. **The proposed renewal of the Share Purchase Mandate** **[Resolution 9]**

That:

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

(i) on-market purchases (each a "**Market Purchase**") transacted on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with an equal access scheme as may be determined or formulated by the Directors as they consider fit,

in accordance with the Companies Act, the Listing Manual and all other laws, rules and regulations as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which purchases or acquisitions of Shares have been carried out to the full extent permitted under the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in a general meeting;

NOTICE OF
10TH ANNUAL GENERAL MEETING

(c) in this Resolution:

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

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier;

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

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

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

where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded, preceding the date of the Market Purchase, or the date of the making of the offer pursuant to the Off-Market Purchase, as the case may be, and deemed to be adjusted for any corporate action that occurs after such five-day period; and

"**date of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

NOTICE OF 10TH ANNUAL GENERAL MEETING

(d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient, necessary or desirable to give effect to the transactions contemplated by this Resolution.

(See Explanatory Note (iii))

9. To transact any other ordinary business of an Annual General Meeting of which due notice shall have been given.

BY ORDER OF THE BOARD
KSH HOLDINGS LIMITED

Tang Hay Ming Tony
Ong Beng Hong
Company Secretaries

8 July 2016

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) Resolution 7 authorises the Directors from the date of the above Annual General Meeting until the next annual general meeting to issue shares and convertible securities in the Company up to 50% of the Company's total number of issued shares excluding treasury shares in the capital of the Company, with an aggregate sub-limit of 20% of the Company's total number of issued shares excluding treasury shares for any issue of shares and convertible securities not made on a pro-rata basis to existing shareholders of the Company, as more particularly set out in the resolution.

(ii) Resolution 8 authorises the Directors to issue shares pursuant to the KSH Scrip Dividend Scheme to members who in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of qualifying dividend.

(iii) Resolution 9, if passed, will empower the Directors to purchase or otherwise acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Purchase Mandate does not exceed the Prescribed Limit, and at such price(s) as may be determined by the Directors from time to time up to but not exceeding the Maximum Price. The information relating to Resolution 9 is set out in the Appendix enclosed together with the Annual Report.

NOTICE OF 10TH ANNUAL GENERAL MEETING

NOTES:

(1) (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Annual General Meeting.

(b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

(2) A proxy need not be a member of the Company.

(3) The instrument appointing a proxy must be deposited at the Company's Registered Office, 36, Senoko Road Singapore 758108, not less than 48 hours before the time fixed for holding the Meeting.

PERSONAL DATA PRIVACY:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where member discloses the personal data of the member's proxy (ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE FOR DIVIDEND

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 15 August 2016 for the purpose of determining the shareholders' entitlements to:

(a) the final dividend of 1.50 Singapore cents per ordinary share (the "**Final Dividend**"); and

(b) the special cash dividend of 0.50 Singapore cents per ordinary share (the "**Special Dividend**"),

for the financial year ended 31 March 2016.

Duly completed registrable transfers in respect of shares in the Company received by the close of business at 5.00 p.m. on 15 August 2016 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, will be registered to determine shareholders' entitlements to the Final Dividend and the Special Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with shares in the Company as at 5.00 p.m. on 15 August 2016 will be entitled to the Final Dividend and Special Dividend on the basis of the number of shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. on such date.

The Final Dividend and Special Dividend, if approved by the members at the 10th Annual General Meeting to be held on 25 July 2016, will be paid on or about 22 August 2016.

KSH HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Registration No. 200603337G

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the timeframe specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the timeframe specified to enable them to vote on their behalf.
4. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the AGM.

I/We, ____ (Name)

of ____ (Address)

being a member/members of KSH Holdings Limited (the "**Company**"), hereby appoint

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

as my/our proxy/proxies to vote for me/us and attend on my/our behalf at the 10th Annual General Meeting ("**Meeting**") of the Company to be held at 60 Eu Tong Sen Street, Furama City Centre, Ballroom 1, Level 5, Singapore 059804 on Monday, 25 July 2016 at 9.30 a.m. and at any adjournment thereof.

(If you wish to exercise all your vote(s) "For" or "Against", please indicate your vote(s) "For" or "Against" with "X" in the space provided. Alternatively, please indicate the number of vote(s) as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Meeting).

No.	**Resolutions relating to**	**For**	**Against**
1.	To receive the Directors' Statement, Auditors' Report and Audited Accounts for the financial year ended 31 March 2016		
2.	To approve a final tax-exempt (one-tier) cash dividend of 1.50 cents per share and a final tax exempt (one-tier) special cash dividend of 0.50 cent per share for the financial year ended 31 March 2016		
3.	To approve Directors' Fees S$180,000 for the financial year ending 31 March 2017 to the Independent Directors		
4.	To re-elect Mr Khua Kian Kheng Ivan as a Director retiring under Article 89		
5.	To re-elect Mr Tok Cheng Hoe as a Director retiring under Article 89		
6.	To re-appoint Ernst & Young LLP as Auditor		
7.	To authorise the Directors to allot and issue new shares		
8.	To authorise the Directors to allot and issue shares pursuant to the KSH Scrip Dividend Scheme		
9.	To approve the renewal of the Share Purchase Mandate		

Dated this __________ day of ____________________ 2016

Total number of shares in	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: Please read notes overleaf

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 36, Senoko Road Singapore 758108, not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy (ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

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