KSH HOLDINGS LIMITED

REACHING FOR GREATER HEIGHTS

ANNUAL REPORT 2019

CONTENTS

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 will 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 has been listed on the Mainboard of the SGX-ST since 8 February 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 S$85 million.

KSH has an established track record of 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 Mount Alvernia Hospital in 2016, Madison Residences in 2014, as well as Fullerton Bay Hotel and NUS University Town's Education Resource Centre in 2013, amongst others. In 2019, KSH received the BCA Construction Excellence Award (Excellence) for NUS University Sports Centre and Construction Excellence Award (Merit) for Heartbeat@Bedok.

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**"), the Group 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. This includes a 36-storey retail and office complex, Tianjin Tianxing Riverfront Square, in the heart of the business district of Tianjin, the PRC.

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


4.5m
NO WAITING

ONGOING PROJECTS

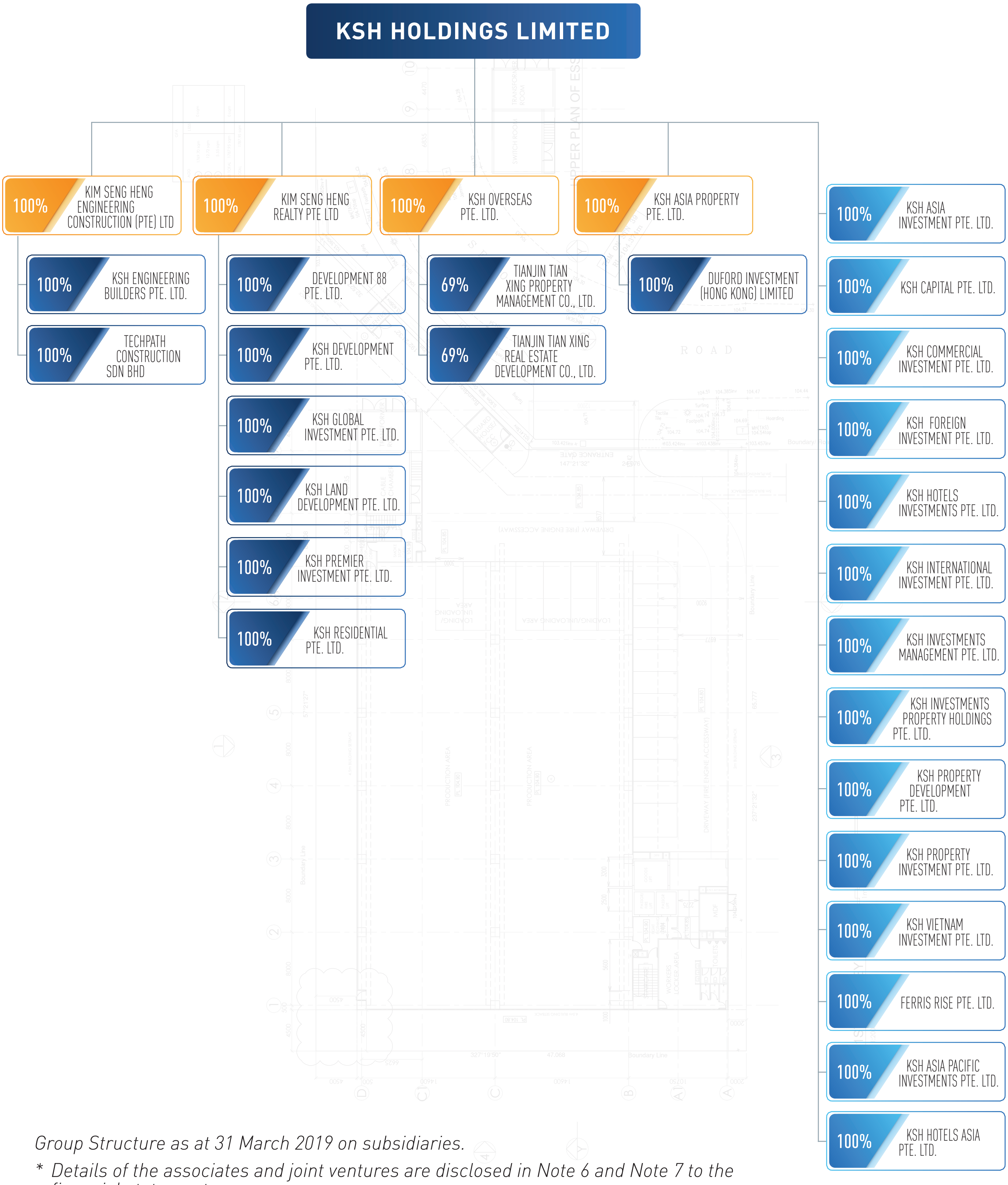
Construction Projects

1. A New Block of 2-Storey Building and A&A to Existing Building
2. Riverfront Residences
3. 4-Storey Building with Basement Car Park
4. 5-Storey Integrated Development with Car Park
5. Neighbourhood Police Post
6. Bus Interchange
7. Cable Entry Shaft
8. Research Building at National University of Singapore
9. Park Place Residences

Property Development Projects

1. Rezi 24
2. Park Colonial
3. Riverfront Residences
4. Affinity @ Serangoon
5. Rezi 35

GROUP STRUCTURE



Group Structure as at 31 March 2019 on subsidiaries.

* *Details of the associates and joint ventures are disclosed in Note 6 and Note 7 to the financial statements.*

MESSAGE FROM EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

Notably, we are heartened to be recognised for our high standards of management, technical expertise, and stellar workmanship in construction. We are pleased to have received the BCA Construction Excellence Award (Excellence) for the NUS University Sports Centre and the Construction Excellence Award (Merit) for Heartbeat@Bedok in May 2019. This is a strong affirmation of our technical know-how and effective project management from the local industry.

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you our annual report for the financial year ended 31 March 2019 ("**FY2019**").

We have been through an eventful 12 months plagued with macro uncertainties due to the ongoing trade war tensions and locally, policy changes in the property market and tough operating environment.

Notwithstanding the challenges, we were able to deliver a resilient set of results as we continued to maintain a long-term view on the business, backed by a robust construction order book through the award of new projects along with a strong balance sheet.

In FY2019, we recorded a total revenue of S$200.0 million, a 51.4% increase from S$132.1 million in revenue reported a year ago ("**FY2018**"). This was mainly attributable to a 54.2% rise in the Group's construction revenue, which saw an increase to S$194.3 million in FY2019 compared to S$126.0 million recorded in the previous corresponding year.

This was mitigated by a marginal decrease in rental income to S$5.7 million in FY2019, from S$6.1 million in the previous corresponding year, mainly attributable to the investment property in Tianjin, the People's Republic of China ("**PRC**").

Due to the adoption of new accounting standards which negatively impacted the Group's share of results of associates and joint ventures, the Group's net profit attributable to Owners of the Company stood at S$7.6 million in FY2019.

We continue to maintain a robust balance sheet and strong working capital position, which will allow us the financial flexibility to take on potential opportunities and construction projects when they arise. As at 31 March 2019, our fixed deposits, cash and bank balances stood at S$111.2 million, up from S$76.2 million a year ago.

STRONG CONSTRUCTION BUSINESS

In FY2019, the construction business continued to remain as our largest revenue driver, contributing 97.1% of our total revenue at S$194.3 million.

In December 2018, our new building situated at 39 Senoko Road has been completed. The building is intended for the production of structural steels and prefabricated building components, for the further expansion of our construction business.

We were able to capitalise on our strong fundamentals, established construction track record and BCA A1 grade as we leverage on our competitive advantage to tender for construction projects. This has allowed us to clinch a total of three construction contracts during FY2019 and another one in April 2019, ranging from residential to institutional projects totalling approximately S$403.5 million.

Together, we were able to maintain a strong order book of more than S$486.0 million as at end of April 2019 which is expected to contribute to the Group's financial results up to the financial year ending 31 March 2021.

Notably, we are heartened to be recognised for our high standards of management, technical expertise, and stellar workmanship in construction. We are pleased to have received the BCA Construction Excellence Award (Excellence) for the NUS University Sports Centre and the Construction Excellence Award (Merit) for Heartbeat@Bedok in May 2019. This is a strong affirmation of our technical know-how and effective project management from the local industry.

As we expect operating costs to escalate further, we will stay competitive and enhance productivity through skills upgrading and the adoption of innovation and technology, in our construction business to optimise margins.

With our strong track record in both public and private sector projects, and robust balance sheet, we are optimistic in capturing the positive outlook projected by the Singapore Building and Construction Authority ("**BCA**"), where total construction demand in 2019 is expected to reach between S$27.0 billion and S$32.0 billion[1].

RESILIENT PROPERTY DEVELOPMENT BUSINESS

SINGAPORE

The Group went through a fruitful year as we worked closely with our joint venture ("**JV**") partners and associates to successfully launch our four residential projects – Affinity @Serangoon, Riverfront Residences, Park Colonial and Rezi 24.

Notwithstanding the challenging market sentiments brought about by the surprise property cooling measures, all four properties were well-received by the market, having sold more than 2,200 units with positive margins based on options issued as of to date, out of the total 3,450 units across all four projects.

We have launched a total of 15 property development projects prior to FY2019 whereby most of these projects have been completely or substantially sold to-date. Together with the four newly launched projects in FY2019, this brings the Group's attributable share of progress billings to be recognised as sales revenue by the associates and JVs to more than S$476.0 million as at end of FY2019.

Latest statistics from the Urban Redevelopment Authority ("**URA**") showed that prices of private residential properties decreased by 0.7% in the first quarter of 2019, compared with the 0.1% decrease in the previous quarter.

In the first quarter of 2019, developers launched a total of 2,989 uncompleted private residential units (excluding Executive Condominiums ("**ECs**")) for sale as compared to 1,657 units in the previous quarter. In contrast, developers sold a total of 1,838 private residential units (excluding ECs) in the first quarter of 2019, compared with the 1,836 units sold in the previous quarter[2].

As we move forward into the upcoming financial year, we will continue to monitor market conditions and push sales for the newly launched projects. At the same time, we will work closely with our experienced JV partners to uncover opportunities and seek well-located sites for development to replenish our land bank for sustainable growth.

OVERSEAS

Overseas in China, our 22.5%-owned Gaobeidian township project is in progress and pending relevant approvals from the local authorities.

Together with our partners, we will continue to monitor market conditions closely and look forward to the launch of the Phase One development at an appropriate time, depending on prevailing market circumstances and subject to obtaining the necessary approvals required from the relevant authorities.

The project is expected to contribute positively to the Group's performance upon its completion.

EXPANDING PROPERTY INVESTMENT BUSINESS

Meanwhile on the property investment front, the investment properties in Singapore and overseas continue to maintain good occupancy and generate recurring income, in line with the Group's strategy to strengthen its recurring income stream.

1 *Building and Construction Authority, 14 January 2019 – Singapore's total construction demand to remain strong this year*

2 *Urban Redevelopment Authority, 26 April 2019 – Release of 1st Quarter 2019 real estate statistics*

MESSAGE FROM EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

Our 69%-owned investment property in the PRC, Tianjin Tianxing Riverfront Square, continues to enjoy resilient occupancy of about 73%, and contributes positively to the Group.

As part of our strategic move, we have grown substantially in our investment in hotel properties, through partnership with our reputable and experienced JV partners. Over the past 12 months, we have jointly acquired a wide network of operating hotel assets in the United Kingdom ("**UK**"), Japan and recently in Bhutan. We are also looking at building a hotel at Gaobeidian.

The Group currently has a total investment in 13 hotel properties, out of which seven hotels in the UK and Japan are operating and generating recurring income. These hotels are located conveniently at the city centres with favourable market cycles, near major transportation nodes and well-suited for both tourist and business travels. Our hotels are strategically invested in calculated stakes as part of risk management and syndication to take on larger projects.

Looking ahead, we will continue to seek investment opportunities in hotel properties together with our JV partners, who have extensive local knowledge, network and expertise. This will enable us to broaden our geographical foothold as we look to establish our property investment business as our third pillar of strength.

CONSISTENT & ATTRACTIVE DIVIDENDS

Despite the harsh economic outlook, we are cautiously optimistic and confident of our business given the Group's healthy financial position, strong order book and good projects on hand.

Hence, to thank our faithful shareholders for their continuous support, we are pleased to propose a final cash dividend of 1.20 Singapore cents per ordinary share. Coupled with the interim cash dividend of 1.00 Singapore cent per share distributed earlier in the financial year, this brings the total dividends declared for FY2019 to 2.20 Singapore cents per share.

APPRECIATION

I would like to take this opportunity to extend my heartfelt appreciation to the management team and staff for their hard work and commitment. Our resilient performance and solid fundamentals would not be possible without their dedication and expertise, along with our pool of long-serving and committed staff of engineers, quantity surveyors and site co-ordinators.

We are also extremely privileged to have our Board of Directors with varied and complementary expertise, who have provided invaluable guidance to the Group. Not forgetting our shareholders, customers, suppliers, sub-contractors, partners and stakeholders, thank you for your confidence in us as we strive to bring the Group forward towards greater growth.

CHOO CHEE ONN
Executive Chairman and Managing Director
3 July 2019

执行主席兼董事经理 致词

尊敬的股东们，

我很荣幸仅代表董事会呈现截止2019年3月31日的2019财政年度报告（“**2019财年**”）。

我们经历了充满变数的12个月。在过去一年里，我们感受到宏观经济的不确定性，包括持续贸易战所带来的紧张局势、本地房地产市场的政策变化以及恶劣的运营环境所带来的不稳定性。

尽管面临严峻挑战，我们仍然在本财年内提交出具稳健的成绩。我们持续在业务上制定长远目标，通过增添新项目来维持强劲的建筑订单，同时维持健康的资产负债水平。

在2019财年，我们的总收入为2亿新元，比去年同期（“**2018财年**”）的1亿3,210万新元增长了51.4%。这主要归于集团的建筑业收入，与去年同期的1亿2,600万新元相比，增长了54.2%至 1亿9,430万新元。

另外，总收入因租金收入从去年同期的610万新元，降至2019财年的570万新元而有所减少。租金收入的下调主要归因于中国天津的房地产投资项目。

由于采用了新的会计准则，集团在联营公司和合资企业业绩中所占份额产生了负面影响。在2019财年里，集团创造的拥有人应占溢利净额为 760 万新元。

我们将继续保持稳健的资产负债表和强劲的营运资本头寸，这将使我们在财务上具有灵活性，能够在潜在的机会和建设项目出现时采取行动。截至2019年3月31日，我们的定期存款、现金和银行存款馀额相比一年前的的 7,620 万新元上升至1亿1,120万新元。

强劲的建筑业务

在2019财年，建筑业务仍然是我们最主要的收入来源，占总收入的97.1%，即1亿9,430 万新元。

在2018年12月，我们位于圣诺哥路(Senoko Road) 39号的新建筑顺利竣工。该建筑将用于生产结构钢和预制建筑构件，以进一步扩展我们的建筑业务。

我们凭借扎实的基础、卓越的行业记录、以及BCA A1认证等优势来投标优良建设项目。本集团在2019财年共签订了三份建筑订单，并在2019年4月新增多一个建筑订单，当中包括住宅及机构的项目，总额约 4亿35万新元。

截至2019年4月底，我们继续维持超过4亿8,600万新元的强劲建筑订单。该订单预计将继续贡献集团的财务业绩直至截至2021年3月31日的财年。

值得一提的是，我们因其高标准的管理、技术专长和一流的施工工艺而深受赞誉。我们有幸在2019年5月凭借新加坡国立大学体育中心（NUS University Sports Centre）和勿洛心动大厦（Heartbeat@Bedok）两项目，分别夺得建设局建筑卓越（优秀）奖（BCA Construction Excellence Award (Excellence)）及建筑卓越（优异）奖 （Construction Excellence Award (Merit)）。本次奖项是业界对我们的能力、专业程度、以及高效的项目管理给予有力的肯定。

由于运营成本预计将进一步上升，我们将通过技能提升及在建筑业务中采用创新技术来优化利润，从而保持竞争力并且提高生产力。

执行主席兼董事经理 致词

凭借我们在公共及私人工程项目里所累积的行业资质以及稳健的资产负债表，我们对新加坡建设局于今年所预计将颁发总额约270亿新元至320亿新元间的建筑工程合约的良好前景，持乐观态度[1]。

稳健的房地产开发业务

新加坡

本集团经历了丰硕的一年，我们与合资夥伴和联营公司密切合作，成功推出的四个住宅项目分别为—Affinity@Serangoon、Riverfront Residences、英雅苑(Park Colonial) 和Rezi 24。

尽管突如其来的房地产降温措施在推出后给本地市场带来负面的市场情绪，但所推出的四个住宅项目都深受市场欢迎。截至目前，根据已经签订了的购房意向书，我们在所推出的3,450单位中，已以有盈利的价格售出超过2,200单位。

截至2019财年，我们共推出了15个房地产开发项目。到目前为止，大部分的项目已经全部或大量售出。加上2019财年新推出的四个项目，截至2019财年，本集团应占联营公司及合营公司将认可为收入的进度账单超过4亿7600万新元。

根据市区重建局（URA）的最新统计数据显示，2019年第一季度私人住宅物业价格下降了0.7%，相比上一季度的价格下降了0.1%。

在2019年第一季度，发展商共推出2,989套未完工的私人住宅（不包括执行共管公寓），相比上一季度推出的1,657套单位。发展商在2019年第一季度共售出1，838套私人住宅（不包括执行共管公寓），相比上一季度共售出1,836套单位[2]。

随著我们迈向下一个财政年度，我们将继续密切监测市场状况，继续推销新项目单位。与此同时，我们将与经验丰富的合资夥伴密切合作，发掘机遇，寻找地理位置优越的开发场地，为我们的土地储备补充资源，实现可持续增长。

海外

在中国市场，我们拥有22.5%权益的高碑店乡镇发展项目仍在进行，并且等待当地政府的相关批准。

我们将与合资夥伴一起合作，继续密切检测市场状况，并期待在适当时机，根据先行市场的情况，在获得相关机构的必要批准后推出第一阶段的发展项目。

该项目预计将在完工后，对集团业绩作出积极贡献。

扩展的房地产投资业务

同时，在房地产投资方面，新加坡和海外的投资性房地产继续保持良好的入住率，继续为集团提供良好的经常性收益，符合集团加强经常性收入流的战略。

我们在中国天津拥有69%权益的天星河畔广场持续享有约73%的稳定入住率，并继续为集团提供积极稳健的收入。

作为我们战略的举措，我们通过与信誉良好、经验丰富的合资夥伴，在酒店物业投资方面取得了长足的发展。在过去的12个月里，我们先后在英国、日本和不丹， 共同收购了一系列的经营酒店资产，形成了一个广泛的网络。同时，我们在中国高碑店也打算建设一家酒店。

到目前为止，本集团共投资13家酒店物业，其中英国和日本的七家酒店正在运营并产生经常性收入。这些酒店位于市中心，市场周期良好，靠近主要交通节点，适合旅游和商务旅行。我们经过战略性分析后投入在酒店的投资，是对风险管理的一部份，并为与他人合作承担更大的项目作准备。

展望未来，我们将与拥有丰富本地知识、网络和专业知识的合资夥伴一起继续寻求酒店地产的投资机会，促使我们将房地产投资业务发展为第三支柱力，并扩大本集团的地理位置和立足点。

稳健并具吸引力的股息

尽管经济前景严峻，但鉴于集团财务状况良好，以及稳健的建筑订单及良好项目，我们仍然对前景保持谨慎乐观态度，对业务充满信心。

因此，为了对本集团的忠实股东表达谢意，我们提议分发每股新币1.20分的末期现金股息。连同上次分发每股新币1.00分的中期现金股息，2019财年合计总股息分派为每股新币2.20分。

致谢

我想借此机会对管理团队和员工的辛勤工作和承诺表示衷心的感谢。如果没有他们的奉献精神和专业知识，以及我们长期尽忠职守协助管理团队的工程师、工料测量师和工地操作师的贡献，我们不会取得今日的稳健业绩及坚实基础。

我们也非常荣幸能让拥有丰富且互补专业知识的董事会，为本集团提供宝贵的指导。当然也包括股东们、客户、供应商、分包商、合作夥伴以及利益相关者，感谢你们对集团的信任，让我们努力使集团向更大的增长迈进.

朱峙安
执行董事兼董事总经理
2019年7月3日

[1] *新加坡建设局，2019年1月14日 — 新加坡总建筑需求预计保持强势*
[2] *市区重建局，2019年4月26日 — 2019年第一季度房地产数据*

FINANCIAL AND OPERATIONS REVIEW

Despite the harsh operating environment and macro economic uncertainty, the Group reported revenue of S$200.0 million for FY2019. With the impact from the adoption of new accounting standards, net profit attributable to Owners of the Company stood at S$7.6 million, on lower share of results from associates and joint ventures.

The Group's revenue reported an increase of 51.4% to S$200.0 million in FY2019 compared to $132.1 million reported a year ago, as a result of higher topline contribution from the Group's main revenue driver - the construction business.

Construction revenue recorded a 54.2% increase to S$194.3 million in FY2019 compared to S$126.0 million recorded in the previous corresponding year. In line with the rise in construction works done, cost of construction recorded an increase, resulting in lower margins.

The revenue growth was mitigated as rental income recorded a slight decrease to S$5.7 million in FY2019 from S$6.1 million in the previous corresponding year. This was mainly attributable to the investment property in Tianjin, the PRC.

In FY2019, the International Financial Reporting Standards (IFRS) Interpretations Committee issued a decision that borrowing costs incurred in relation to the acquisition of land and construction of a development project where revenue is recognised over time is capitalised up to the point that the project is ready for its intended sale. Borrowing costs incurred after that date is expensed as incurred.

Following the finalisation of this decision, the Group's share of results of associates and JVs were impacted for all associates and JVs with residential property development projects in Singapore.

This is despite the substantial number of units sold for the four residential property development projects launched during FY2019 at average selling price with positive margins. Overall, the revenue recognised for these four development projects was low due to a low percentage of completion as at the end of FY2019, as the projects were still at early stages of construction.

SHAREHOLDERS' EQUITY

FY2018

S$335.3M [1]

FY2019

S$327.8M

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

FY2018

S$30.6M [1]

FY2019

S$7.6M

(1) FY2018 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International).

FINANCIAL AND OPERATIONS REVIEW

Share of losses of associates of S$13.6 million in FY2019 is due to the S$7.7 million share of interest incurred and expensed off in full for the development property projects by the associates – the Affinity@Serangoon and Riverfront Residences. In addition, S$1.2 million of the Group's share of selling and marketing expenses for these two projects have been fully expensed off and contributed to the share of losses.

Share of results of joint ventures decreased from S$12.3 million in FY2018 to S$4.2 million in FY2019, mainly due to the Group's share of interest incurred and expensed off in full for Park Colonial of S$4.0 million and S$1.2 million of the Group's share of selling and marketing expenses.

As a result of the above, net profit attributable to Owners of the Company stood at S$7.6 million in FY2019.

As a firm believer in prudent capital management, the Group continues to maintain a strong balance sheet and the Group's working capital position remains healthy with fixed deposits, cash and bank balances of S$111.2 million as at 31 March 2019, up from S$76.2 million a year ago. Shareholders' equity stood at S$327.8 million as at 31 March 2019.

Based on an issued share capital of 569,735,645 shares as at 31 March 2019, the Group's fully-diluted earnings per share decreased to 1.34 SGD cents from 5.36 SGD cents as at 31 March 2018, in tandem with the lower net profit. Net asset value per share decreased to 57.53 SGD cents from 58.84 SGD cents across the comparative periods.

CONSTRUCTION

Over the last four decades, the Group has built a solid brand recognition with its established track record of successful projects and tactical approach to project selection. The Group maintains a good mix of construction projects across both the private and public sectors at approximately 58.2% and 41.8% respectively, ranging from residential to infrastructure projects.

During the year, KSH secured a total of four contracts for the construction of residential and institutional projects, namely:

1) S$266.3 million contract to build Riverfront Residences, comprising nine 17-storey apartment blocks, which is 35%-owned by the Group
2) S$28.0 million contract to build a 4-Storey Building with Basement Car Park
3) S$53.8 million contract to build a 5-Storey Integrated Development with Car Park
4) S$55.4 million contract to build a new block of 2-Storey Building and A&A to Existing Building

The first three projects were secured in August 2018 while the last contract was secured recently in April 2019. With the inclusion of the contracts secured during the year, KSH maintains a robust construction order book of more than S$486.0 million as at end of April 2019 and is expected to contribute to the Group's financial results up to the financial year ending 31 March 2021.

KSH's other ongoing projects stated in Table 1.1 are progressing on schedule while the Group looks to aggressively tender for both public and private sector projects of healthy margins to grow its order book.

Table 1.1

List of current ongoing projects

As at 31 May 2019

Project Name	Contract Value (S$'m)	Project Type	Sector
A New Block of 2-Storey Building and A&A to Existing Building	55.4	Institutional	Public
Riverfront Residences	266.3	Residential	Private
4-Storey Building with Basement Car Park	28.0	Institutional	Public
5-Storey Integrated Development with Car Park	53.8	Institutional	Public
Neighbourhood Police Post	5.8	Institutional	Public
Bus Interchange	20.0	Infrastructure	Public
Cable Entry Shaft	18.6	Civil Engineering	Public
Research Building at National University of Singapore	145.7	Institutional	Public
Park Place Residences	139.1	Residential	Private

In addition to the Group's steady performance despite the challenging operating environment, the Group was also accorded the BCA Construction Excellence Award (Excellence) for the NUS University Sports Centre and the Construction Excellence Award (Merit) for Heartbeat@Bedok in May 2019. This is a strong testament and solid recognition of the Group's high standards of management, technical expertise, and stellar workmanship in construction.

On the construction sector's outlook, the Ministry of Trade and Industry ("**MTI**")[1] reported a turnaround from a three-year decline with a 2.9% year-on-year growth in the first quarter of 2019, the first after 10 consecutive quarters of contraction. Construction output rose during the quarter on account of an increase in both public sector and private sector construction work.

The BCA[2] remains optimistic on pipeline demand, projecting the total value of construction contracts to be awarded this year to reach between S$27.0 billion and S$32.0 billion. Public sector projects are expected to constitute 60% of the forecast to reach between S$16.5 billion to S$19.5 billion, boosted by major infrastructure projects and a pipeline for major industrial building projects. This represents a 23% increase in construction demand compared with the year before.

[1] *Ministry of Trade and Industry Singapore, 21 May 2019 – MTI Expects GDP Growth to be "1.5 to 2.5 Per Cent" in 2019*

[2] *Building and Construction Authority, 14 January 2019 – Singapore's total construction demand to remain strong this year*

PROPERTY DEVELOPMENT

Table 2.1

Sale Status of residential projects launched during FY2019

Four residential projects launched during FY2019 – Affinity @Serangoon, Riverfront Residences, Park Colonial and Rezi 24, were well-received by the market

Sale status as at 31 March 2019 based on Options signed by buyers:

	Total Units	Group Stake	Group's Attributable Share of Total Units	Group's Attributable Share of Units Sold	Group's Attributable Share of Units Sold
Affinity @ Serangoon	1,057	7.5 %	79	476	58.8%
Riverfront Residences	1,478	35.0 %	517		
Park Colonial	805	20.0 %	161		
Rezi 24	110	48.0 %	52		
Total	3,450		809		

FINANCIAL AND OPERATIONS REVIEW

SINGAPORE

Statistics released by the URA[3] showed that prices of private residential properties decreased by 0.7% in the first quarter of FY2019 ("**1Q 2019**"), compared with the 0.1% decrease in the previous quarter.

On market demand, developers launched 2,989 uncompleted private residential units (excluding ECs) for sale in 1Q 2019, compared with 1,657 units in the previous quarter. Developers sold a total of 1,838 private residential units (excluding ECs) in 1Q 2019, compared with the 1,836 units sold in the previous quarter.

In FY2019, the Group has successfully launched its four residential projects – Affinity @ Serangoon, Riverfront Residences, Park Colonial and Rezi 24. Despite challenging market sentiments, the properties were well-received by market, having sold more than 2,200 units with positive margins based on options issued to date.

As at FY2019, the Group has more than S$476.0 million of attributable share of progress billings to be recognised as sales revenue from property development projects held by its associates and joint ventures. Most of the Group's residential and mixed-use development properties launched prior to FY2019 have been completely or substantially sold at prices within or above expectations, demonstrating the Group and its partners' sharp project selection acumen and project execution abilities.

In the coming financial year, the Group will remain focused on driving sales for the existing projects, while keeping a close watch on market conditions and navigating through cyclical challenges.

OVERSEAS

Over the years, the Group has broadened its geographical footprint together with its reputable and strategic partners in growing its strong network in varied markets to maximise returns on its financial resources.

With the ongoing trade war uncertainty, KSH and its partners will continue to monitor market conditions closely and look forward to the Phase One launch of KSH's 22.5%-owned Gaobeidian township development project in Hebei province at an opportune time. The project is also pending the relevant approvals from local authorities and is expected to contribute positively to the Group's performance upon its completion.

PROPERTY INVESTMENT

Table 3.1

Property Investments
As at 31 March 2019

	Hotels	Location	Group's Stake (%)	No. of Rooms	Status
1	LUMA Concept Hotel	London, UK	10	89	In operation & generating recurring income
2	IBIS Gloucester Hotel	Gloucester, UK	15	127	
3	IBIS Bradford Hotel	West Yorkshire, UK	15	86	
4	Holiday Inn Express Manchester City Centre	Manchester City, UK	30	147	
5	Hotel Indigo Glasgow	Glasgow, UK	20	94	
6	Smile Hotel Asakusa	Tokyo, Japan	30	96	
7	Super Hotel Sapporo – Susukino	Hokkaido, Japan	10	164	
8	Hampton by Hilton Leeds	Leeds, UK	17.5	In progress	
9	Day Inns Liverpool	Liverpool, UK	20		
10	Dry Bar Boutique Hotel	Manchester City, UK	25		
11	Crowne Plaza London Kensington	London, UK	20		
12	Hotel Resort at Paro	Paro district, Bhutan	10		
13	Hotel at Gaobeidian	Gaobeidian, People's Republic of China	10.714		

In line with the Group's strategy to bolster its recurring income streams, the Group has made strategic overseas investments in assets that are either primed for high yields upon development, or are operating assets that are immediately revenue-accretive.

In FY2019, the Group has jointly acquired a wide network of operating hotel assets in the UK, Japan and recently in Bhutan as well as a hotel at Gaobeidian. These hotels are located in the heart of cities with favourable market cycles, with convenient transportation access. The Group currently has a total of 13 hotel investments overseas, of which seven are in operation and generating recurring income.

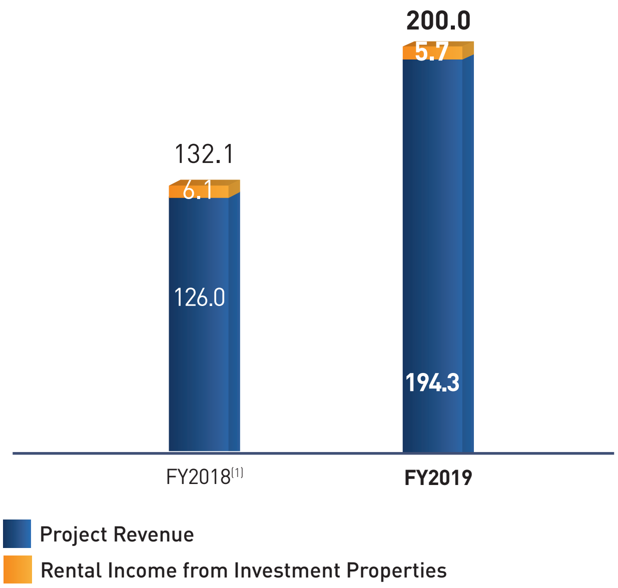
Meanwhile, KSH's investment in the 69%-owned Tianjin Tianxing Riverfront Square in Tianjin, the PRC, continues to record resilient occupancy of about 73%, and contributes positive recurring income to the Group. The Group has plans to further increase its investments and geographical footprint in hotel properties.

Barring unforeseen circumstances, the Group is cautiously optimistic on the outlook of its performance for the financial year ending 31 March 2020.

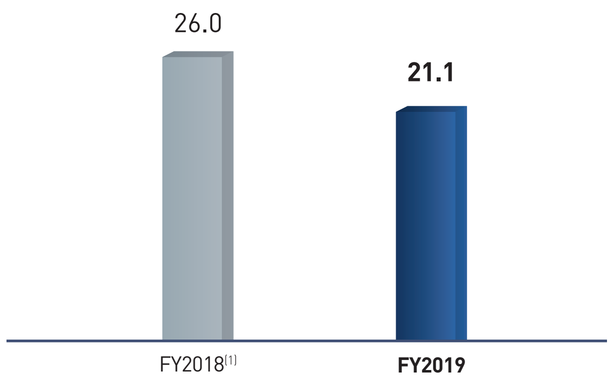
[3] *Urban Redevelopment Authority, 26 April 2019 - Release of 1st Quarter 2019 real estate statistics*

FINANCIAL HIGHLIGHTS

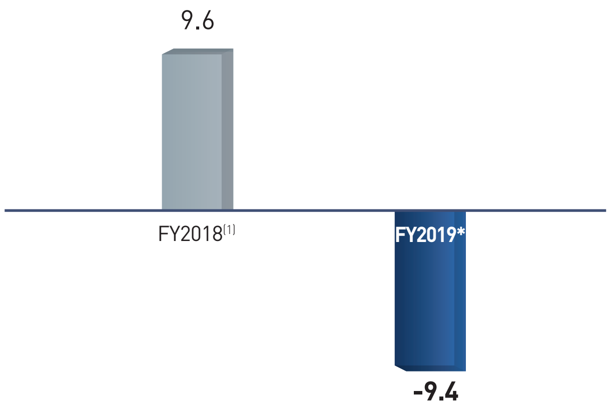
Revenue (S$'m)



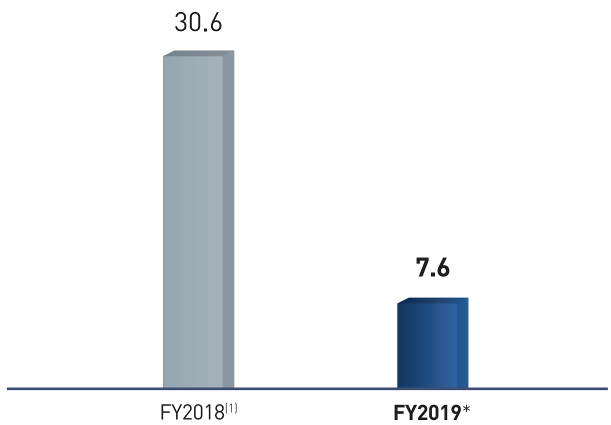
Profit from Operations Before Share of Results of Associates and Joint Ventures (S$'m)



Share of Results of Associates and Joint Ventures (S$'m)



Profit Attributable to Shareholders (S$'m)



(1) FY2018 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International).

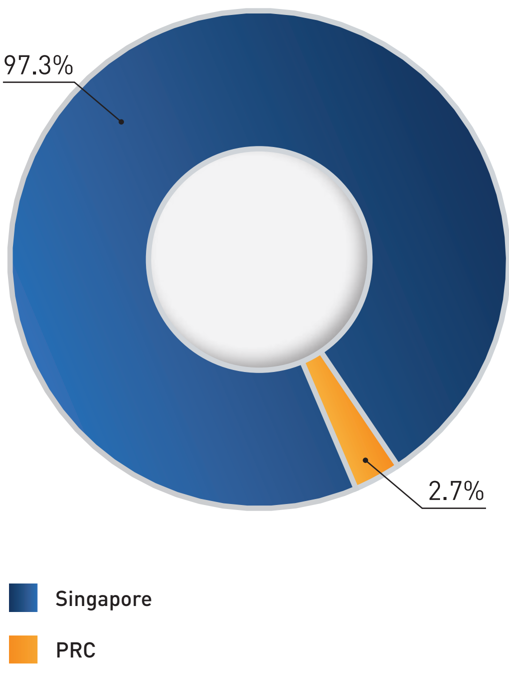
** In FY2019, the International Financial Reporting Standards (IFRS) Interpretations Committee issued a decision that borrowing costs incurred in relation to the acquisition of land and construction of a development project where revenue is recognised over time is capitalised up to the point that the project is ready for its intended sale. Borrowing costs incurred after that date is expensed as incurred.*

Following the finalisation of this decision, the Group's share of results of associates and joint ventures were impacted for all associates and joint ventures with residential property development projects in Singapore.

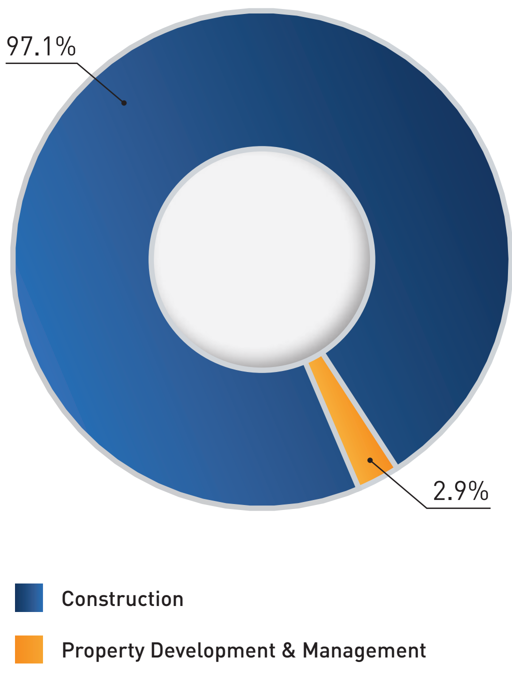
In FY2019, the share of results of associates and joint ventures was after share of interest incurred and expensed off in full for development property projects amounting to S$11.7 million.

FINANCIAL HIGHLIGHTS

Revenue by Geographical Segment



Revenue by Business Segment



S$'m	FY2018[1]	FY2019
Balance Sheet Highlights		
Shareholders' Equity	335.3	**327.8**
Net Current Assets	22.4	**31.4**
Net Tangible Assets	358.7	**351.3**
Efficiency		
Return on Asset (%)	5.4	**1.4**
Return on Equity (%)	8.7	**2.4**
Healthy Debt Coverage		
Net Debt to Equity (x)	0.13	**0.13**
Interest Cover (x)	19.6	**3.8**

(1) FY2018 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International).

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 28, 2017. Currently, he oversees the entire construction function and business operations of the Group. Since 1974 when he founded a construction business 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, 2016. 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 1974 when he founded a construction business 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 27, 2018. As a Project Director, Mr. Kwok is responsible for the management and execution of construction projects. 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 27, 2018. Mr. Lim is an accountant by vocation and has more than 30 years of experience in the tax, financial services and investment banking industries. He has held several management positions in various organisations including managing director with Asia Pacific Business Consultants Pte Ltd, 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 25, 2016. 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. Khua was awarded the prestigious Pingat Bakti Masyarakat, or The Public Service Medal in 2016.

MR. KO CHUAN AUN, Independent Director, was appointed to the Board on August 5, 2013 and was last re-elected on July 28, 2017. He holds chairmanships and directorships in various private and public companies. Mr. Ko was appointed as an Independent Director of Koon Holdings Ltd, Lian Beng Group Limited, Pavillon Holdings Ltd and San Teh Ltd. Mr. Ko has more than 15 years of working experience with the then Trade Development Board of Singapore ("**TDB**") (now known as Enterprise Singapore or ESG). His last appointment with the then TDB was Head of China Operations. In the past 29 years, Mr. Ko has been very actively involved in business investments in the PRC market. He was previously appointed as a Member of the Steering Committee of the Network China. In addition, he served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade and Investment Committee as well as Investment Advisor to the Fushun Foreign Trade & Economic Co-operation Bureau, PRC respectively. 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

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. Mr. Tang 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.

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: Low Yen Mei
(Date of appointment: since financial year ended 31 March 2017)

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
The Hong Kong and Shanghai Banking Corporation
United Overseas Bank Limited
RHB Bank Berhad

REGISTERED OFFICE

36 Senoko Road
Singapore 758108

INVESTOR RELATIONS

Citigate Dewe Rogerson Singapore Pte Ltd
105 Cecil Street
#09-01 The Octagon
Singapore 069534
Email: dolores.phua@citigatedewerogerson.com/
samantha.koh@citigatedewerogerson.com
KSH contact : mainoffice@kimsengheng.com.sg

STATEMENT OF **CORPORATE GOVERNANCE**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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. The Company believes that it has largely complied with the spirit and intent of the Code and in areas where the Company's practices have deviated from the Code, rationale for the same is provided herein.

(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;
(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.

STATEMENT OF **CORPORATE GOVERNANCE**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

All Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

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.

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. Pursuant to Article 97 of the Company's Constitution, Directors may participate in Board Meetings by means of a conference telephone, video conferencing, audio visual or other similar communications equipment by means of which all persons participating in the Board Meetings can hear each other.

In addition to holding meetings, important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

STATEMENT OF **CORPORATE GOVERNANCE**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 2019:

	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 Company will also provide the newly-appointed Director with a formal letter setting out his/her duties and obligations.

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. 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**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board is of the view that the current Board members comprise persons whose diverse skills, experience, knowledge of the Company and attributes provide for effective direction for the Group. To maintain or enhance the Board's balance and diversity, the existing attributes and core competencies of the Board are reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of diversity, 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, and is of the view that the Board has a good balance of Directors who come from diverse backgrounds and have extensive industry knowledge and/or business, financial, accounting and management experience.

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 non-executive Independent Directors constructively challenge and help develop proposals on strategy, assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. 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.

STATEMENT OF **CORPORATE GOVERNANCE**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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' Report on pages 42 and 43 of this Annual Report.

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.

The Company is of the view that it maintains a satisfactory independent element on the Board as at least one-third of the Board comprises Independent Directors and the Company believes the Board is able to exercise independent judgment on corporate affairs. Guideline 2.2 of the Code, however, recommends that independent directors make up at least half of the Board where:

(a) the Chairman of the Board and the Chief Executive Officer (or equivalent) is the same person;
(b) the Chairman and the Chief Executive Officer are immediate family members;
(c) the Chairman is part of the management team; or
(d) the Chairman is not an independent director.

The NC and Board are of the view that although the Independent Directors do not currently make up half of the Board, all of the Directors have debated vigorously on the subject matters tabled at the Board meetings held in FY2019, regardless of whether they were independent or not. All decisions of the Board are based on collective decision without any individual or small group of individuals influencing or dominating the decision-making process. In addition, the NC and the Board believe that Mr. Choo, as one of the founders of the Group and the Managing Director since the Company's listing, is in the best position to lead the Board as Executive Chairman.

As the Executive Chairman, Mr. Choo bears the following responsibilities:

(a) leading the Board to ensure its effectiveness on all aspects of its role;
(b) setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
(c) promoting a culture of openness and debate at the Board;
(d) ensuring that the Directors receive complete, adequate and timely information;
(e) ensuring effective communication with shareholders;
(f) encouraging constructive relations within the Board and between the Board and Management;
(g) facilitating the effective contribution of Independent Directors towards the Company; and
(h) together with the Audit and Risk Committee, promoting high standards of corporate governance.

STATEMENT OF **CORPORATE GOVERNANCE**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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)

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. Résumés 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.

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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.

There are no alternate directors appointed to the Board as at the date of this Annual Report. The Board will generally avoid approving the appointment of alternate directors unless alternate directors are appointed for limited periods in exceptional cases such as when a director has a medical emergency.

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	68	9 March 2006	Nil[1]	**Present Directorships** – **Past Directorships** –
Mr. Kwok Ngat Khow	71	22 March 2006	27 July 2018	**Present Directorships** – **Past Directorships** –
Mr. Tok Cheng Hoe	68	22 March 2006	25 July 2016	**Present Directorships** – **Past Directorships** –
Mr. Lim Kee Seng	67	22 March 2006	28 July 2017	**Present Directorships** – **Past Directorships** –

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Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies
Mr. Lim Yeow Hua @ Lim You Qin	57	18 December 2006	27 July 2018	**Present Directorships** KTL Global Limited Oxley Holdings Limited Accrelist Limited **Past Directorships** Great Group Holdings Ltd China Minzhong Food Corporation Limited Advanced Integrated Manufacturing Ltd Ying Li International Real Estate Limited Eratat Lifestyle Limited (in liquidation)
Mr. Khua Kian Kheng Ivan	44	18 December 2006	25 July 2016	**Present Directorships** Moneymax Financial Services Ltd No Signboard Holdings Ltd. **Past Directorships** –
Mr. Ko Chuan Aun	61	5 August 2013	28 July 2017	**Present Directorships** San Teh Ltd Koon Holdings Limited Lian Beng Group Limited Pavillon Holdings Ltd. **Past Directorships** Brothers (Holdings) Limited KOP Limited Super Group Ltd

Note:

(1) Prior to 1 January 2019, Mr. Choo Chee Onn, being the Managing Director, was not subject to retirement by rotation pursuant to Article 89 of the Company's Constitution. Following 1 January 2019, Mr. Choo Chee Onn shall be subject to retirement by rotation pursuant to Rule 720(5) of the Listing Manual of the SGX-ST.

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 and Rule 210(5)(d) of the Listing Manual of the SGX-ST. 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.

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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. However, with effect from 1 January 2019, all directors must submit themselves for re-nomination and re-appointment at least once every three (3) years pursuant to Rule 720(5) of the Listing Manual of the SGX-ST. Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years and Mr. Choo Chee Onn shall submit himself for re-nomination and re-appointment at the forthcoming AGM. After assessing each of their contributions and performance, the NC has recommended the re-elections of Mr. Tok Cheng Hoe, Mr. Khua Kian Kheng Ivan and Mr. Choo Chee Onn 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.

Reviews of each individual Director's contribution to the effectiveness of the Board, and the effectiveness of the Board as a whole and the Board Committees are also undertaken on a continuous basis by the NC. Given that the Board Committees comprise only of Independent Directors, there is no need at present to conduct a formal annual assessment of each of the Board Committees.

No external facilitator has been appointed by the Company.

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);

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(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.

Based on the NC's review, the NC considers the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board to be satisfactory and is of the view that the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

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, including board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and internal financial statements, to enable them to be fully cognisant of the decisions and actions of the Company's Executive Management. In respect of budgets, in the event that there are any material variances between the projections and actual results, these are disclosed and explained to the Board by 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 Joint Company Secretary and to other Senior Management Personnel of the Company and of the Group at all times in carrying out their duties. The Joint 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. The appointment and removal of the Joint Company Secretary is a matter for the Board as a whole.

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.

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(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)

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. For FY2019, the RC has not consulted any external remuneration consultants as there is no required remuneration matters that rendered the appointment of any remuneration consultants. None of the executive directors' service agreements or independent directors' fees were revised during FY2019.

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.

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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.

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. Based on the RC's review, the RC is of the view that the service agreements include fair and reasonable termination clauses which are not overly generous. Non-Executive Directors have no service agreements.

The Company currently has no employee share option scheme or other long-term incentive scheme in place for its Executive Directors and key management personnel.

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 of S$250,000 for services rendered during the financial year ended 31 March 2019 are as follows:

	Number of Directors
S$500,000 to S$899,999	1
S$250,000 to S$499,999	3
Below S$250,000	3
Total	**7**

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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 2019.

The Board is of the view that it is not necessary to present detailed disclosure on the Company's remuneration policy as the remuneration policy for Executive Directors and key management personnel is a management decision that the Board is generally entitled to make.

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. As such, the Company does not disclose the remuneration of the Company's Directors and key management personnel to the nearest thousand but in bands of S$250,000. 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 2019 are set out below:

	Salary %	Bonus %	Directors' Fees %	Allowances and Other Benefits %	Total Compensation %
Directors					
S$500,000 to S$899,999					
Choo Chee Onn	85	7	–	8	100
S$250,000 to S$499,999					
Lim Kee Seng	82	7	–	11	100
Kwok Ngat Khow	79	7	–	14	100
Tok Cheng Hoe	81	7	–	12	100
Below S$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)					
S$250,000 to S$499,999					
Tang Hay Ming Tony	85	8	–	7	100

Note:

(1) For the financial year ended 31 March 2019, 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.

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

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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 2019.

(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 Management closely monitors the Company's compliance with legislative and regulatory requirements, including requirements under the Listing Manual of the SGX-ST, and where appropriate, will propose the adoption of written policies to the Board.

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, including the determination of the Company's levels of risk tolerance and risk policies, 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

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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.

The ARC ensures that a review of the adequacy and 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 and effective 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 adequacy and 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 2019.

The Internal Auditor 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 Auditor perform tests over operating effectiveness of certain controls that they intend to rely on that are relevant to the preparation of its financial statements. The External Auditor 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 2019 in its current business environment.

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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.

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.

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The ARC meets from time to time with the Group's External Auditor 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 Auditor, Ernst & Young LLP, annually. The ARC had assessed the External Auditor 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. None of the members of the ARC (i) are a partner or director of Ernst & Young LLP, or (ii) have any financial interest in Ernst & Young LLP.

The ARC also conducted a review of non-audit services performed by the External Auditor and is satisfied that the nature and extent of such services do not prejudice the independence and objectivity of the External Auditor. For the financial year ended 31 March 2019, the audit and non-audit fees paid to the External Auditor of the Company were S$345,000 and S$79,000 (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.

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 102 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

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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 Auditor of the Group to perform internal audit work under an internal audit plan. KPMG Services Pte. Ltd. is a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Internal Auditor report directly to the Chairman of the ARC on all internal audit matters.

The role of the Internal Auditor 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 Auditor. The ARC ensures that the Internal Auditor is adequately resourced and has appropriate standing within the Company.

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 that the current risk management function and system and internal audit function is independent, effective and adequately resourced as the internal audit function is outsourced to the Internal Auditor and will assess the same regularly.

(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.

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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.

Price-sensitive information is released to all parties such as Shareholders, stakeholders and the public simultaneously to ensure a level playing field. Any material information or respective quarterly, half-yearly and full year results (all issued within the mandatory period) is disseminated through SGXNET. In disclosing information, the Company strives to be as descriptive, detailed and forthcoming as possible, and to avoid boilerplate disclosures.

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.

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 Auditor is also present to assist the Directors in addressing any relevant queries by the Shareholders.

STATEMENT OF **CORPORATE GOVERNANCE**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principle regarding "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

The Joint 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. The Company prefers non-electronic poll voting as it saves costs and still gives an acceptable turnaround time to generate poll results.

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.

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 2019, the Company did not enter into any interested person transaction of a value amounting to S$100,000 or more save for the sale of certain property by the Company's associated company to associates of certain directors for which the announcement pursuant to Rule 910(1) of the Listing Manual has been made on SGXNET.

The Board confirms that for the financial year ended 31 March 2019, the Company has complied with Listing Rule 1207(18).

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 2019.

4. Sustainability Reporting

The Company has prepared a sustainability report with regard to its practices for FY2019 and such report outlines the following: (a) material environmental, social and governance factors; (b) policies, practices and performance; (c) targets; and (d) sustainability reporting framework. The Company's sustainability report will be available on SGXNET.

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 2019.

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 2019 and the financial performance, changes in equity and cash flows of the Group and the financial performance 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 (other than wholly-owned subsidiaries) as stated below:

	Direct interest	
Name of Director	**At the beginning of year**	**At the end of year**
The Company		
Ordinary shares		
Choo Chee Onn	108,843,298	108,843,298
Lim Kee Seng	68,237,360	68,237,360
Tok Cheng Hoe	81,255,273	81,255,273
Kwok Ngat Khow	81,255,273	81,255,273
Lim Yeow Hua @ Lim You Qin	302,500	302,500
Khua Kian Kheng Ivan	302,500	302,500

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2019.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

OPTIONS

No options were issued by the Company during the financial year. As at 31 March 2019, there were no options on the unissued shares of the Company or its subsidiaries which are outstanding.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("**ARC**") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the Internal and External Auditors of the Group and the Company, and reviewed the Internal Auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group's and the Company's Management to External and Internal Auditors;

- Reviewed 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;

- Reviewed the effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the Internal Auditor;

DIRECTORS' **STATEMENT**

AUDIT AND RISK COMMITTEE (CONTINUED)

- Met 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 ARC;
- Reviewed 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;
- Reviewed the cost effectiveness, independence and objectivity of the External Auditor;
- Reviewed the nature and extent of non-audit services provided by the External Auditor;
- Recommended to the Board of Directors that the External Auditor be nominated for re-appointment, approved the compensation of the External Auditor and reviewed the scope and results of the audit;
- Reported actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")'s Listing Manual.

The ARC, 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 ARC has also conducted a review of interested person transactions.

The ARC convened four meetings during the financial year. The ARC 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 ARC are disclosed in the Statement 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
3 July 2019

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KSH HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KSH Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2019, the statements of changes in equity, income statements and statements of comprehensive income of the Group and the Company, and consolidated statement of cash flows of the Group, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet, the income statement, the statement of comprehensive income and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the financial performance and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Key Audit Matters (continued)

Accounting for construction contracts

The Group is engaged to provide building and construction services for which it recognised revenue using the cost-based input method that reflects the over-time transfer of control to its customers. The amount of revenue recognised is dependent on the stage of completion of the projects, which is measured based on the proportion of contract costs incurred to date to the estimated total contract costs for each contract.

The determination of the total contract costs and costs to complete require significant management judgement and estimates, which may have an impact on the amounts of construction contract revenue and profits recognised during the year. In addition, as disclosed in Note 2.2 to the financial statements, the Group's initial application of SFRS(I) 15 *Revenue from Contracts with Customers* has resulted in significant transitional adjustments to the Group's financial statements due to a change from output method to input method as management believes the input method better depicts performance under the contract. Accordingly, we identified this as a key audit matter.

As part of our audit procedures, we reviewed contractual terms for major contracts with customers and substantiated project revenues and costs incurred against underlying supporting documents on a sampling basis. We also assessed management's project costs estimation process. We further perused customers and subcontractor correspondences and discussed the progress of the projects with project managers for any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated contract costs. For revisions made to budgeted costs, we discussed with project personnel and management on the rationale for such changes and checked the revision of the budgeted costs to supporting documentation. We checked the mathematical accuracy of the revenue recognised based on the input method calculations. For projects which are expected to be loss-making, we reviewed management's assessment and assessed the reasonableness of the provision for onerous contracts provided by management. In addition, we evaluated management's assessment of the impact to revenue recognition from the adoption of SFRS(I) 15 and reviewed the quantification of the transitional adjustments made to the financial statements.

Information regarding the Group's construction contract revenue and contract assets and contract liabilities is disclosed in Note 31 to the financial statements.

Accounting for interests in associates and joint ventures

The Group's interests in associates and joint ventures comprise the investments in and loans and amounts due from associates and joint ventures. The associates and joint ventures of the Group are mainly involved in the business of property development. The recoverability of the interests in these associates and joint ventures are dependent on the success of the relevant property development projects. The contributions from the development projects are dependent on economy, government policies, and demand and supply of the properties in their respective markets. Consequently, there is a risk of downward valuation of the development projects. Therefore, management conducted an impairment assessment to determine whether any further impairment loss is required.

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Key Audit Matters (continued)

Accounting for interests in associates and joint ventures (continued)

We identified this as a key audit matter because the interests in associates and joint ventures and the share of the results are material to the Group's balance sheet and profit and loss respectively, and the impairment assessment involves significant management judgement and is based on assumptions that are affected by future market and economic conditions.

We carried out procedures to understand the Group's process for identifying impairment triggers, and considered management's assessment of impairment of interests in associates and joint ventures. We tested the adequacy of expected credit loss ("ECL") allowance at year end, including assessing whether management's approach is consistent with SFRS(I) 9 requirements. In assessing management's estimate of the ECL allowance, we considered the Group's historical credit loss experience and forward-looking macroeconomic information that affect the recoverability of amounts due from associates and joint ventures. We also evaluated management's assessment of whether the credit risk of these receivables has increased significantly since initial recognition. We inquired and discussed with management and the component auditors of the significant associates and joint ventures to understand the status of current property development projects and the future business plans of the associates and joint ventures. We also reviewed the component auditors' work papers and evaluated the audit evidence obtained as a basis for forming our opinion on the consolidated financial statements as a whole. This includes reviewing the component auditors' assessment of the reasonableness of the estimated selling prices of the development properties based on recent sales transactions and the total estimated contract costs for properties under construction. In addition, we reviewed the application of the equity method and elimination of unrealised gains and losses resulting from transactions between the Group and the associates and joint ventures during the financial year. We also evaluated the significant accounting policies of the associates and joint ventures to ensure alignment with the Group's accounting policies.

Information regarding the Group's interests in associates and joint ventures is disclosed in Notes 6 and 7 to the financial statements.

Valuation of investment properties

The Group owns a portfolio of investment properties, comprising residential and commercial properties located in Singapore and China. The Group records investment properties at their fair values. Management engages independent professional valuers in the countries in which the investment properties are located to determine the fair values of these properties. The valuers determine the fair values of the investment properties using market comparable approach and discounted cash flow approach. The valuation of investment properties is a key audit matter because it involves the use of a range of estimates made by management and the independent valuers.

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Key Audit Matters (continued)

Valuation of investment properties (continued)

As part of our audit procedures, we considered the objectivity, independence and expertise of the valuers engaged by management. We engaged our internal valuation specialists to assist us in reviewing the appropriateness of the valuation methodologies. We also involved our internal valuation specialists to review the reasonableness of key assumptions such as price per square metre and market rent per square metre of the properties by making comparison to observable transaction data involving properties with comparable characteristics such as nature, location and size. We also discussed with management and valuers to understand and assess the appropriateness of the valuation models and property-related data, including estimates used by the valuers and management. We assessed the reasonableness of the movements in fair value of the investment properties based on available industry data and current property market outlook.

Information regarding the Group's investment properties is disclosed in Notes 9 and 43(d)(i) to the financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Low Yen Mei.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

3 July 2019

BALANCE **SHEETS**

AS AT 31 MARCH 2019

	Note	Group			Company		
		2019	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
		$'000	$'000	$'000	**$'000**	$'000	$'000
Non-current assets							
Property, plant and equipment	4	**18,499**	15,366	6,726	**–**	–	–
Investments in subsidiaries	5	**–**	–	–	**16,791**	16,791	16,791
Interests in associates	6	**184,111**	188,849	154,679	**–**	–	–
Interests in joint ventures	7	**89,663**	81,855	42,934	**–**	–	–
Investment securities	8	**1,248**	*	*	**–**	–	–
Investment properties	9	**121,380**	123,882	120,109	**–**	–	–
Amount due from a minority shareholder of a subsidiary (non-trade)	10	**2,231**	2,310	2,242	**–**	–	–
Deferred tax assets	36	**587**	125	30	**112**	–	–
Club membership	11	**32**	35	37	**–**	–	–
Other receivables	12	**1,246**	2,274	2,225	**–**	–	–
Amounts due from subsidiaries (non-trade)	16	**–**	–	–	**187,348**	198,960	77,954
Structured deposits	13	**3,065**	1,054	1,019	**–**	–	–
		422,062	415,750	330,001	**204,251**	215,751	94,745
Current assets							
Trade receivables	14	**25,459**	17,741	12,232	**–**	–	–
Other receivables and deposits	15	**2,072**	1,886	1,451	**170**	65	20
Prepayments		**430**	413	401	**19**	19	18
Amounts due from a joint venture (non-trade)	17	**–**	29,834	–	**–**	–	–
Amounts due from associates (non-trade)	18	**4,950**	10,980	–	**–**	–	–
Contract assets	31	**33,129**	19,145	22,238	**–**	–	–
Structured deposits	13	**4,700**	4,700	–	**–**	–	–
Fixed deposits	19	**65,823**	49,223	89,673	**39,267**	12,276	17,444
Cash and bank balances	20	**45,392**	26,927	56,180	**13,939**	4,521	1,038
		181,955	160,849	182,175	**53,395**	16,881	18,520
Total assets		**604,017**	576,599	512,176	**257,646**	232,632	113,265
Current liabilities							
Trade payables	21	**15,020**	16,218	19,062	**–**	–	–
Other payables and accruals	22	**57,721**	55,751	58,041	**1,026**	2,825	3,930
Deferred income		**217**	72	88	**–**	–	–
Finance lease obligations		**611**	248	223	**–**	–	–
Provision for income tax		**2,767**	3,251	5,037	**835**	718	444
Contract liabilities	31	**1,927**	–	5,946	**–**	–	–
Bank term loans, secured	23	**38,699**	26,082	38,642	**26,602**	9,140	1,140
Bank overdrafts, secured	24	**–**	6,690	–	**–**	–	–
Bills payable to banks, secured	25	**32,721**	30,091	513	**–**	–	–
Provision for onerous contract	31	**916**	–	–	**–**	–	–
		150,599	138,403	127,552	**28,463**	12,683	5,514

* Less than $1,000

BALANCE **SHEETS**

AS AT 31 MARCH 2019

	Note	Group			Company		
		2019	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
		$'000	$'000	$'000	**$'000**	$'000	$'000
Non-current liabilities							
Amounts due to subsidiaries (non-trade)	16	**–**	–	–	**75,491**	94,946	34,354
Other payables and accruals	22	**192**	197	186	**–**	–	–
Finance lease obligations		**1,639**	346	413	**–**	–	–
Bank term loans, secured	23	**81,793**	59,432	26,934	**78,050**	50,745	8,385
Deferred tax liabilities	36	**18,534**	19,505	18,839	**–**	–	–
		102,158	79,480	46,372	**153,541**	145,691	42,739
Total liabilities		**252,757**	217,883	173,924	**182,004**	158,374	48,253
Net assets		**351,260**	358,716	338,252	**75,642**	74,258	65,012
Equity attributable to owners of the Company							
Share capital	26	**50,915**	50,915	50,915	**50,915**	50,915	50,915
Translation reserve	27	**(344)**	3,475	127	**–**	–	–
Accumulated profits		**271,622**	276,687	261,133	**22,098**	20,714	11,468
Asset revaluation reserve	28	**219**	219	219	**–**	–	–
Fair value adjustment reserve	30	**1,248**	–	–	**–**	–	–
Other reserves	29	**4,119**	3,961	3,774	**2,629**	2,629	2,629
		327,779	335,257	316,168	**75,642**	74,258	65,012
Non-controlling interests		**23,481**	23,459	22,084	**–**	–	–
Total equity		**351,260**	358,716	338,252	**75,642**	74,258	65,012
Net asset value per share (cents per share)	38	**57.53**	58.84	69.37			

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group		Company	
		2019	2018	**2019**	2018
		$'000	$'000	**$'000**	$'000
Revenue					
Project revenue	31	**194,296**	125,997	**–**	–
Rental income from investment properties		**5,705**	6,086	**–**	–
		200,001	132,083	**–**	–
Other income	32	**12,299**	10,743	**19,901**	30,415
Cost of construction		**(168,052)**	(96,627)	**–**	–
Personnel expenses	33	**(10,498)**	(10,978)	**(2,094)**	(3,872)
Depreciation of property, plant and equipment	4	**(2,067)**	(1,713)	**–**	–
Finance costs	34	**(4,414)**	(2,205)	**(2,626)**	(1,249)
Other operating expenses	35	**(6,211)**	(5,288)	**(541)**	(528)
		(191,242)	(116,811)	**(5,261)**	(5,649)
Profit from operations before share of results of associates and joint ventures		**21,058**	26,015	**14,640**	24,766
Share of results of associates		**(13,646)**	(2,628)	**–**	–
Share of results of joint ventures		**4,215**	12,250	**–**	–
Profit before taxation		**11,627**	35,637	**14,640**	24,766
Income tax expense	36	**(3,169)**	(4,395)	**(722)**	(707)
Profit for the year		**8,458**	31,242	**13,918**	24,059
Attributable to:					
Owners of the Company		**7,627**	30,554	**13,918**	24,059
Non-controlling interests		**831**	688	**–**	–
		8,458	31,242	**13,918**	24,059
Earnings per share (cents per share)					
– Basic and diluted	37	**1.34**	5.36		

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 2019

	Note	Group		Company	
		2019	2018	**2019**	2018
		$'000	$'000	**$'000**	$'000
Profit for the year		**8,458**	31,242	**13,918**	24,059
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Fair value gain on equity instruments at fair value through other comprehensive income		**33**	–	**–**	–
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		**(4,628)**	4,035	**–**	–
Other comprehensive income for the year, net of tax		**(4,595)**	4,035	**–**	–
Total comprehensive income for the year		**3,863**	35,277	**13,918**	24,059
Total comprehensive income attributable to:					
Owners of the Company		**3,841**	33,902	**13,918**	24,059
Non-controlling interests		**22**	1,375	**–**	–
		3,863	35,277	**13,918**	24,059

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Group	Note	Attributable to owners of the Company							
		Share capital $'000	Translation reserve $'000	Accumulated profits $'000	Asset revaluation reserve $'000	Other reserves $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 April 2017 (FRS framework)		50,915	127	265,714	219	3,774	320,749	22,084	342,833
Cumulative effects of adopting SFRS(I)		–	–	(4,581)	–	–	(4,581)	–	(4,581)
At 1 April 2017 (SFRS(I) framework)		**50,915**	**127**	**261,133**	**219**	**3,774**	**316,168**	**22,084**	**338,252**
Profit for the year		–	–	30,554	–	–	30,554	688	31,242
Other comprehensive income									
Foreign currency translation		–	3,348	–	–	–	3,348	687	4,035
Other comprehensive income for the year		–	3,348	–	–	–	3,348	687	4,035
Total comprehensive income for the year		–	3,348	30,554	–	–	33,902	1,375	35,277
Contributions by and distributions to owners									
Interim and final tax-exempt dividends on ordinary shares	39	–	–	(14,813)	–	–	(14,813)	–	(14,813)
Transfer to other reserves		–	–	(187)	–	187	–	–	–
Total contributions by and distributions to owners		–	–	(15,000)	–	187	(14,813)	–	(14,813)
At 31 March 2018		50,915	3,475	276,687	219	3,961	335,257	23,459	358,716

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

		Attributable to owners of the Company								
Group	Note	**Share capital $'000**	**Translation reserve $'000**	**Accumulated profits $'000**	**Asset revaluation reserve $'000**	**Fair value adjustment reserve $'000**	**Other reserves $'000**	**Total equity attributable to owners of the Company $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 April 2018 (FRS framework)		50,915	3,475	280,187	219	–	3,961	338,757	23,459	362,216
Cumulative effects of adopting SFRS(I)		–	–	(3,500)	–	1,215	–	(2,285)	–	(2,285)
At 1 April 2018 (SFRS(I) framework)		50,915	3,475	276,687	219	1,215	3,961	336,472	23,459	359,931
Profit for the year		–	–	7,627	–	–	–	7,627	831	8,458
Other comprehensive income										
Fair value gain on equity instruments at FVOCI		–	–	–	–	33	–	33	–	33
Foreign currency translation		–	(3,819)	–	–	–	–	(3,819)	(809)	(4,628)
Other comprehensive income for the year		–	(3,819)	–	–	33	–	(3,786)	(809)	(4,595)
Total comprehensive income for the year		–	(3,819)	7,627	–	33	–	3,841	22	3,863
Contributions by and distributions to owners										
Interim and final tax-exempt dividends on ordinary shares	39	–	–	(12,534)	–	–	–	(12,534)	–	(12,534)
Transfer to other reserves		–	–	(158)	–	–	158	–	–	–
Total contributions by and distributions to owners		–	–	(12,692)	–	–	158	(12,534)	–	(12,534)
At 31 March 2019		**50,915**	**(344)**	**271,622**	**219**	**1,248**	**4,119**	**327,779**	**23,481**	**351,260**

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Share capital $'000	Accumulated profits $'000	Other reserves $'000	Total equity $'000
Company					
At 1 April 2017		50,915	11,468	2,629	65,012
Profit for the year		–	24,059	–	24,059
Total comprehensive income for the year		–	24,059	–	24,059
Interim and final tax-exempt dividends on ordinary shares	39	–	(14,813)	–	(14,813)
At 31 March 2018		50,915	20,714	2,629	74,258
At 1 April 2018		50,915	20,714	2,629	74,258
Profit for the year		–	13,918	–	13,918
Total comprehensive income for the year		–	13,918	–	13,918
Interim and final tax-exempt dividends on ordinary shares	39	–	(12,534)	–	(12,534)
At 31 March 2019		**50,915**	**22,098**	**2,629**	**75,642**

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 2019

	Note	**2019 $'000**	2018 $'000
Operating activities			
Profit before taxation		**11,627**	35,637
Adjustments for:			
Depreciation of property, plant and equipment	4	**2,067**	1,713
Amortisation of club membership	11	**3**	2
Loss on disposal of plant and equipment, net		**6**	22
Loss on disposal of a subsidiary	35	**–**	2
Gain on fair value adjustments of investment properties	9	**(1,234)**	(566)
Fair value gain on structured deposits	32	**(11)**	(35)
Impairment losses on financial assets	35	**303**	60
Provision for onerous contract		**916**	–
Interest expense	34	**4,164**	1,920
Interest income	32	**(7,413)**	(6,798)
Share of results of associates		**13,646**	2,628
Share of results of joint ventures		**(4,215)**	(12,250)
Operating cash flows before changes in working capital		**19,859**	22,335
Changes in working capital:			
(Increase)/decrease in:			
Trade and other receivables, deposits and prepayments		**(7,727)**	(4,044)
Contract assets		**(13,984)**	1,660
Increase/(decrease) in:			
Trade and other payables and accruals		**2,096**	(5,134)
Deferred income		**145**	(16)
Contract liabilities		**609**	(5,946)
Cash flows from operations		**998**	8,855
Income taxes paid		**(3,877)**	(6,050)
Interest income received		**7,413**	6,798
Exchange differences		**1,003**	(601)
Net cash flows from operating activities		**5,537**	9,002
Investing activities			
Purchase of plant and equipment	4	**(3,036)**	(10,494)
Proceeds from sale of plant and equipment		**3**	327
Increase in investments in associates	6	**(450)**	(11,638)
Payment for cancellation of shares in associates on capital reduction	6	**800**	–
Increase in loans and amounts due from associates, net		**(56,276)**	(41,116)
Decrease/(increase) in loans and amounts due from joint ventures, net		**26,241**	(56,505)
Dividends received from associates		**50,585**	6,225
Decrease in loans due from investee companies		**–**	25
Net cash flows from/(used in) investing activities		**17,867**	(113,176)

CONSOLIDATED **STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	**2019** **$'000**	2018 $'000
Financing activities			
Dividends paid		**(12,534)**	(14,813)
Proceeds from bank term loans		**75,200**	62,000
Repayment of bank term loans		**(40,129)**	(42,182)
Proceeds from bills payable to banks		**2,630**	30,091
Repayment of bills payable to banks		**–**	(513)
Interest paid		**(4,164)**	(1,920)
Repayment of finance lease obligations		**(520)**	(248)
Increase in pledged fixed deposits		**(6,986)**	(404)
Increase in structured deposits		**(2,011)**	(4,735)
Net cash flows from financing activities		**11,486**	27,276
Net increase/(decrease) in cash and cash equivalents		**34,890**	(76,898)
Effect of exchange rate changes on cash and cash equivalents		**(121)**	101
Cash and cash equivalents at beginning of year		**38,980**	115,777
Cash and cash equivalents at end of year	20	**73,749**	38,980

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 2019

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 is located at 36 Senoko Road, Singapore 758108.

The principal activity of the Company is that of an investment holding. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 5 to 7 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 (International) ("SFRS(I)").

For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). The financial statements for the year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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

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

2.2 First time adoption of SFRS(I)

The financial statements for the year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 April 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective for annual financial periods beginning on or after 1 April 2018 are disclosed below.

NOTES TO THE **FINANCIAL STATEMENTS**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of SFRS(I) (continued)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 April 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- The comparative information does not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

<u>SFRS(I) 9 *Financial Instruments*</u>

On 1 April 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018. The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening accumulated profits at the date of initial application, 1 April 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of SFRS(I) (continued)

SFRS(I) 9 *Financial Instruments* (continued)

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 April 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group's debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

The Group elects to measure its currently held available-for-sale ("AFS") unquoted equity securities at FVOCI.

The Group previously measures its investment in unquoted equity securities at cost. Upon adoption of SFRS(I) 9, the Group measures the unquoted equity securities at FVOCI. The impact arising from this change resulted in an increase in carrying value of $1,215,000 to the unquoted equity securities with a corresponding adjustment to fair value adjustment reserve as at 1 April 2018.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of SFRS(I) (continued)

SFRS(I) 9 *Financial Instruments* (continued)

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

There is no additional impairment on the Group's and the Company's financial assets recognised arising from adoption of SFRS(I) 9 as at 1 April 2018.

The Group has assessed which business model apply to the financial assets held by the Group at 1 April 2018 and has classified its financial instruments into the appropriate categories in accordance with SFRS(I) 9. The effects are as follows:

Financial assets: Measurement category	**Group**				
	FRS39 Carrying amount on 31 March 2018 $'000	**Re-classifications $'000**	**Re-measurements $'000**	**SFRS(I) 9 Carrying amount on 1 April 2018 $'000**	**Fair value reserves effect 1 April 2018 $'000**
Cost	*	–	–	*	–
Reclassified to FVOCI	–	(*)	–	(*)	–
Cost balances, re-classifications and re-measurements at 1 April 2018	*	(*)	–	*	–
Reclassified from AFS equity securities carried at cost	–	*	1,215	1,215	1,215
FVOCI balances, re-classifications and re-measurements at 1 April 2018	–	*	1,215	1,215	1,215

* Less than $1,000

The initial application of SFRS(I) 9 does not have any reclassification effect to the Company's financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of SFRS(I) (continued)

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 April 2017;
- For completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year ended 31 March 2018;
- For the comparative year ended 31 March 2018, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

The Group is in the business of infrastructure construction, property development and property investment and also has interests in associates and joint ventures which are in the business of property development. The key impact of adopting SFRS (I) 15 is detailed as follows:

(a) Construction contracts

The Group previously recognised construction contract revenue 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. The stage of completion is measured by reference to the surveys of work performed.

With the adoption of SFRS(I) 15, the Group will continue to recognise construction contract revenue over time by measuring the progress towards complete satisfaction of performance obligations. Under the new standard, the methods of measuring progress include output methods or input methods. The Group has determined that the cost-based input method reflects the over-time transfer of control to customers.

As a result, the Group reclassified trade receivables amounting to $21,537,000 to contract assets and recognised additional contract assets and contract liabilities of $701,000 and $5,946,000 respectively, with a corresponding decrease in accumulated profits of $1,244,000 on 1 April 2017. Construction work-in-progress in excess of progress billings of $1,945,000 and progress billings in excess of construction work-in-progress of $5,946,000 were de-recognised as at 1 April 2017.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of SFRS(I) (continued)

SFRS(I) 15 *Revenue from Contracts with Customers* (continued)

(a) Construction contracts (continued)

The Group's balance sheet as at 31 March 2018 was restated, resulting in the reclassification of trade receivables amounting to $11,501,000 to contract assets and recognition of additional contract assets of $7,644,000 and a corresponding decrease in accumulated profits of $1,931,000. The income statement for the year ended 31 March 2018 was also restated, resulting in decreases in project revenue and increase in cost of construction of $561,000 and $127,000 respectively. Construction work-in-progress in excess of progress billings of $9,575,000 as at 31 March 2018 were de-recognised accordingly.

(b) Sale of development properties

Finance costs

Before 1 April 2018, the Group's associates and joint ventures recognised finance costs incurred on development properties on a percentage of completion method multiplied by the individual project's percentage of sales. Under SFRS(I) 15, finance costs incurred in relation to the acquisition of land and construction of a development project where revenue is recognised over time is capitalised up to the point that the project is ready for its intended sale. Finance costs incurred after that date is expensed as incurred.

This resulted in a decrease in accumulated profits by $3,548,000 and $1,894,000 on 1 April 2017 and 31 March 2018 respectively and a decrease in interests in associates and joint ventures by $1,825,000 and $1,723,000 respectively on 1 April 2017.

(c) Tax adjustments

The income statement for the year ended 31 March 2018 was restated, resulting in the decrease in project revenue and increase in cost of construction of $561,000 and $127,000 respectively.

The corresponding tax impact to the Group arising from the adoption of SFRS(I) 15 resulted in decrease in provision for income tax of $211,000 with a corresponding increase in accumulated profits amounting to $211,000 on 1 April 2017 and a decrease in income tax expense of $117,000 for the year ended 31 March 2018 with a corresponding increase in accumulated profits amounting to $325,000 on 31 March 2018.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of SFRS(I) (continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 April 2017 to the balance sheet of the Group.

	Group			
	1 April 2017 (FRS) $'000	SFRS(I) 1 adjustments $'000	SFRS(I) 15 adjustments $'000	1 April 2017 (SFRS(I)) $'000
Non-current assets				
Property, plant and equipment	6,726	–	–	6,726
Interests in associates	156,504	–	(1,825)	154,679
Interests in joint ventures	44,657	–	(1,723)	42,934
Investment securities	*	–	–	*
Investment properties	120,109	–	–	120,109
Amount due from a minority shareholder of a subsidiary (non-trade)	2,242	–	–	2,242
Club membership	37	–	–	37
Other receivables	2,225	–	–	2,225
Deferred tax assets	30	–	–	30
Structured deposits	1,019	–	–	1,019
	333,549	–	(3,548)	330,001
Current assets				
Trade receivables	33,769	–	(21,537)	12,232
Other receivables and deposits	1,451	–	–	1,451
Prepayments	401	–	–	401
Construction work-in-progress in excess of progress billings	1,945	–	(1,945)	–
Contract assets	–	–	22,238	22,238
Fixed deposits	89,673	–	–	89,673
Cash and bank balances	56,180	–	–	56,180
	183,419	–	(1,244)	182,175

* Less than $1,000

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of SFRS(I) (continued)

	Group			
	1 April 2017 (FRS) $'000	SFRS(I) 1 adjustments $'000	SFRS(I) 15 adjustments $'000	1 April 2017 (SFRS(I)) $'000
Current liabilities				
Trade payables	17,741	–	1,321	19,062
Other payables and accruals	58,041	–	–	58,041
Deferred income	88	–	–	88
Finance lease obligations	223	–	–	223
Provision for income tax	5,248	–	(211)	5,037
Progress billings in excess of construction work-in-progress	5,946	–	(5,946)	–
Contract liabilities	–	–	5,946	5,946
Bank term loans, secured	38,642	–	–	38,642
Bills payable to banks, secured	513	–	–	513
	126,442	–	1,110	127,552
Non-current liabilities				
Trade payables	1,321	–	(1,321)	–
Other payables and accruals	186	–	–	186
Finance lease obligations	413	–	–	413
Bank term loans, secured	26,934	–	–	26,934
Deferred tax liabilities	18,839	–	–	18,839
	47,693	–	(1,321)	46,372
Equity attributable to owners of the Company				
Share capital	50,915	–	–	50,915
Translation reserve	127	–	–	127
Accumulated profits	265,714	–	(4,581)	261,133
Asset revaluation reserve	219	–	–	219
Other reserves	3,774	–	–	3,774
	320,749	–	(4,581)	316,168
Non-controlling interests	22,084	–	–	22,084
Total equity	342,833	–	(4,581)	338,252

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of SFRS(I) (continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 March 2018 and 1 April 2018 to the balance sheet of the Group.

	Group					
	31 March 2018 (FRS) $'000	SFRS(I) 1 adjustments $'000	SFRS(I) 15 adjustments $'000	31 March 2018 (SFRS(I)) $'000	SFRS(I) 9 adjustments $'000	1 April 2018 (SFRS(I)) $'000
Non-current assets						
Property, plant and equipment	15,366	–	–	15,366	–	15,366
Interests in associates	190,204	–	(1,355)	188,849	–	188,849
Interests in joint ventures	82,394	–	(539)	81,855	–	81,855
Investment securities	*	–	–	*	1,215	1,215*
Investment properties	123,882	–	–	123,882	–	123,882
Amount due from a minority shareholder of a subsidiary (non-trade)	2,310	–	–	2,310	–	2,310
Deferred tax assets	125	–	–	125	–	125
Club membership	35	–	–	35	–	35
Trade receivables	1,617	–	(1,617)	–	–	–
Other receivables	2,274	–	–	2,274	–	2,274
Structured deposits	1,054	–	–	1,054	–	1,054
	419,261	–	(3,511)	415,750	1,215	416,965
Current assets						
Trade receivables	27,625	–	(9,884)	17,741	–	17,741
Other receivables and deposits	1,886	–	–	1,886	–	1,886
Prepayments	413	–	–	413	–	413
Amounts due from a joint venture (non-trade)	29,834	–	–	29,834	–	29,834
Amounts due from associates (non-trade)	10,980	–	–	10,980	–	10,980
Construction work-in-progress in excess of progress billings	9,575	–	(9,575)	–	–	–
Contract assets	–	–	19,145	19,145	–	19,145
Structured deposits	4,700	–	–	4,700	–	4,700
Fixed deposits	49,223	–	–	49,223	–	49,223
Cash and bank balances	26,927	–	–	26,927	–	26,927
	161,163	–	(314)	160,849	–	160,849

* Less than $1,000

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of SFRS(I) (continued)

	Group					
	31 March 2018 (FRS) $'000	**SFRS(I) 1 adjustments $'000**	**SFRS(I) 15 adjustments $'000**	**31 March 2018 (SFRS(I)) $'000**	**SFRS(I) 9 adjustments $'000**	**1 April 2018 (SFRS(I)) $'000**
Current liabilities						
Trade payables	15,726	–	492	16,218	–	16,218
Other payables and accruals	55,751	–	–	55,751	–	55,751
Deferred income	72	–	–	72	–	72
Finance lease obligations	248	–	–	248	–	248
Provision for income tax	3,576	–	(325)	3,251	–	3,251
Bank term loans, secured	26,082	–	–	26,082	–	26,082
Bank overdrafts, secured	6,690	–	–	6,690	–	6,690
Bills payable to banks, secured	30,091	–	–	30,091	–	30,091
	138,236	–	167	138,403	–	138,403
Non-current liabilities						
Trade payables	492	–	(492)	–	–	–
Other payables and accruals	197	–	–	197	–	197
Finance lease obligations	346	–	–	346	–	346
Bank term loans, secured	59,432	–	–	59,432	–	59,432
Deferred tax liabilities	19,505	–	–	19,505	–	19,505
	79,972	–	(492)	79,480	–	79,480
Equity attributable to owners of the Company						
Share capital	50,915	–	–	50,915	–	50,915
Translation reserve	3,475	–	–	3,475	–	3,475
Accumulated profits	280,187	–	(3,500)	276,687	–	276,687
Asset revaluation reserve	219	–	–	219	–	219
Other reserves	3,961	–	–	3,961	–	3,961
Fair value adjustment reserve	–	–	–	–	1,215	1,215
	338,757	–	(3,500)	335,257	1,215	336,472
Non-controlling interests	23,459	–	–	23,459	–	23,459
Total equity	362,216	–	(3,500)	358,716	1,215	359,931

The adoption of SFRS (I) does not have any impact to the balance sheet of the Company as at 1 April 2017, 31 March 2018 and 1 April 2018.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of SFRS(I) (continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and application of the new accounting standards to the income statement of the Group for the year ended 31 March 2018. The adoption of SFRS(I) and application of the new accounting standards do not have any impact to the other comprehensive income of the Group for the year ended 31 March 2018.

	2018 (FRS) $'000	SFRS(I) 15 adjustments $'000	2018 (SFRS(I)) $'000
Revenue			
Project revenue	126,558	(561)	125,997
Rental income from investment properties	6,086	–	6,086
	132,644	(561)	132,083
Other income	10,743	–	10,743
Cost of construction	(96,500)	(127)	(96,627)
Personnel expenses	(10,978)	–	(10,978)
Depreciation of property, plant and equipment	(1,713)	–	(1,713)
Finance costs	(2,205)	–	(2,205)
Other operating expenses	(5,287)	(1)	(5,288)
	(116,683)	(128)	(116,811)
Profit from operations before share of results of associates and joint ventures	26,704	(689)	26,015
Share of results of associates	(3,098)	470	(2,628)
Share of results of joint ventures	11,067	1,183	12,250
Profit before taxation	34,673	964	35,637
Income tax expense	(4,512)	117	(4,395)
Profit for the year	30,161	1,081	31,242
Attributable to:			
Owners of the Company	29,473	1,081	30,554
Non-controlling interests	688	–	688
Total comprehensive income for the year	30,161	1,081	31,242
Earnings per share (cents per share):			
– Basic and diluted	5.17	–	5.36

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening accumulated profits at the date of initial application, 1 April 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 April 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before 1 April 2019.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

SFRS(I) 16 *Leases* (continued)

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 April 2019

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to record an adjustment to increase right-of-use assets and corresponding adjustment to lease liabilities for the financial year ended 31 March 2020. In addition, the Group expects to record an adjustment to increase its depreciation and interest expense with related adjustment to lease expenses.

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

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

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(a) *Basis of consolidation (continued)*

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.

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 SFRS(I).

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

(b) *Consolidated financial statements*

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

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 are re-attributed to non-controlling interest and are 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 2019

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 2.19. 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 80 of SFRS(I) 1-16 *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	–	50 years
Furniture and fittings and air-conditioners	–	5 – 15 years
Office equipment	–	5 – 8 years
Computers	–	3 years
Motor vehicles	–	5 – 10 years
Loose tools	–	5 years
Plant and machinery	–	6 – 15 years
Renovations	–	5 years

Construction in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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 de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 that are held 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. 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 de-recognised 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 de-recognition 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 de-recognised.

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 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or 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 of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, 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.

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.

2.11 Subsidiaries

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

In the Company's 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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 that of the Group, the Group's share of results is arrived at based on the latest available audited financial statements and un-audited management financial statements up 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 2019

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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

<u>Investments in debt instruments</u>

Subsequent measurement

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

Amortised cost

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

<u>Investments in equity instruments</u>

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

De-recognition

A financial asset is de-recognised when the contractual right to receive cash flows from the asset has expired. On de-recognition 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 2019

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 method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.15 Impairment of financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of financial assets (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand, fixed deposits and highly liquid investments that 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 over time by measuring the progress towards complete satisfaction of performance obligations. The Group has determined that the cost-based input method reflects the over-time transfer of control to customers.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. The Group is restricted contractually from directing the assets for another use as they are being constructed, and has enforceable rights to payment for performance completed to date. The revenue is recognised over time, based on the construction costs incurred to date as a proportion of estimated total construction costs to be incurred.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

The contract assets relate to unbilled work-in-progress and have substantially the same characteristics as the trade receivables for the same type of contracts. The impairment policy as explained in Note 2.15 also applies to contract assets.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Construction contracts (continued)

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

2.18 Provisions

General

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.

Onerous Contract

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Borrowing costs

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

2.20 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 Singapore companies in the Group make 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 are accrued to the employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of each reporting period.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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.

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 in which the Group does not transfer 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 2.22 (b).

2.22 Revenue

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

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

(a) *Project revenue*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue (continued)

(b) *Rental income*

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

2.23 Dividend and interest income

Dividend income is recognised in profit or loss when the Group's right to receive payment has been established.

Interest income is recognised in profit or loss, as it accrues, using the effective interest method.

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.

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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes (continued)

(b) *Deferred tax (continued)*

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.

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

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.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes (continued)

(c) *Sales tax*

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

– where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of sales tax included.

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 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance 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.

2.27 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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 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, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

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

3.2 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.

(a) *Construction contracts and revenue recognition*

Construction contract revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract.

Management has determined that a cost-based input method for these services provides a faithful depiction of the Group's performance in transferring control of the goods and services promised to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the contract. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the performance obligation within the contract.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(a) *Construction contracts and revenue recognition (continued)*

The estimated total contract costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project managers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in the Group's other similar construction contracts for the past 3 to 5 years.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For the financial year ended 31 March 2019, the Group recorded revenue of $194,296,000 (2018: $125,997,000) from its construction contracts. The carrying amounts of contract assets and contract liabilities arising from construction contracts at the end of the reporting period are $33,129,000 and $1,927,000 respectively (31 March 2018: $19,145,000 and nil respectively, 1 April 2017: $22,238,000 and $5,946,000 respectively).

(b) *Revaluation of investment properties*

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged real estate valuation experts to assess fair value as at 31 March 2019.

The fair values of investment properties are determined by independent real estate valuation experts using market comparable approach and discounted cash flow approach.

The determination of the fair values of the investment properties require the use of estimates on yield adjustments such as location, size, tenure, age and condition. These estimates are based on local market conditions existing at the end of each reporting date.

The key assumptions used to determine the fair value of the investment properties are further explained in Note 9 and 43(d)(i). The carrying amount of the Group's investment properties as at 31 March 2019 was $121,380,000 (31 March 2018: $123,882,000, 1 April 2017: $120,109,000).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(c) *Impairment assessment of interest in associates and joint ventures*

The Group has significant interests in associates and joint ventures. The Group's interests in associates and joint ventures comprise the investments and amounts due from associates and joint ventures. The associates and joint ventures of the Group are mainly involved in the business of property development. The Group assesses at the end of each reporting period whether there is any objective evidence that the interest is impaired.

The Group applies the general approach to provide for ECLs on amounts due from associates and joint ventures carried at amortised cost. At each reporting date, the Group assesses whether the credit risk of a financial asset has increased significantly since initial recognition. When initial credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

The assessment of whether credit risk of a financial asset has increased significantly since initial recognition is a significant estimate. Credit risk assessment is based on both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The carrying amounts of the Group's interests in associates and joint ventures are disclosed in Notes 6 and 7 to the financial statements respectively.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation	At cost								
	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	Construction in Progress $'000	Total $'000
Cost										
As at 1.4.2017	1,100	2,865	1,058	1,853	2,545	286	11,002	951	174	21,834
Additions	–	–	3	258	346	76	–	–	10,017	10,700
Disposals	(1,100)	(47)	(1)	(132)	(238)	(20)	(905)	–	–	(2,443)
Translation difference	–	–	13	3	4	–	–	–	–	20
As at 31.3.2018 and 1.4.2018	–	2,818	1,073	1,982	2,657	342	10,097	951	10,191	30,111
Additions	–	926	11	274	338	145	3,518	–	–	5,212
Disposals	–	–	–	(19)	(70)	(8)	(26)	–	–	(123)
Transfer from construction in progress	–	9,262	–	–	–	–	–	–	(9,262)	–
Translation difference	–	–	(15)	(3)	(5)	–	–	–	–	(23)
As at 31.3.2019	**–**	**13,006**	**1,069**	**2,234**	**2,920**	**479**	**13,589**	**951**	**929**	**35,177**
Accumulated depreciation										
As at 1.4.2017	1,100	759	903	1,269	1,511	223	8,752	591	–	15,108
Charge for the year	–	56	46	257	398	31	747	178	–	1,713
Disposals	(1,100)	(47)	–	(109)	(206)	(20)	(612)	–	–	(2,094)
Translation difference	–	–	13	2	3	–	–	–	–	18
As at 31.3.2018 and 1.4.2018	–	768	962	1,419	1,706	234	8,887	769	–	14,745
Charge for the year	–	210	39	261	448	53	892	164	–	2,067
Disposals	–	–	–	(14)	(68)	(6)	(26)	–	–	(114)
Translation difference	–	–	(15)	(2)	(3)	–	–	–	–	(20)
As at 31.3.2019	**–**	**978**	**986**	**1,664**	**2,083**	**281**	**9,753**	**933**	**–**	**16,678**
Net carrying amount										
As at 1.4.2017	**–**	**2,106**	**155**	**584**	**1,034**	**63**	**2,250**	**360**	**174**	**6,726**
As at 31.3.2018	–	2,050	111	563	951	108	1,210	182	10,191	15,366
As at 31.3.2019	**–**	**12,028**	**83**	**570**	**837**	**198**	**3,836**	**18**	**929**	**18,499**

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cash outflows on purchase of property, plant and equipment

Cash payments of $3,036,000 (31 March 2018: $10,494,000, 1 April 2017: $473,000) were made to purchase property, plant and equipment during the year ended 31 March 2019.

Assets held under finance leases obligations

During the financial year ended 31 March 2019, the Group acquired property, plant and equipment with an aggregate cost of $5,212,000 (31 March 2018: $10,700,000, 1 April 2017: $473,000) of which $2,176,000 (31 March 2018: $206,000, 1 April 2017: nil) was acquired by means of finance lease agreement.

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

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Motor vehicles	**728**	875	931

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

Assets pledged as security

In addition to assets held under finance lease obligations, the leasehold factory building with net carrying amount of $12,028,000 (31 March 2018: $2,050,000, 1 April 2017: $2,106,000) has been pledged as security for banking facilities granted by the banks (Note 23).

5. INVESTMENTS IN SUBSIDIARIES

	Company		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Unquoted equity shares:			
Cost at the beginning and end of the year	**16,791**	16,791	16,791

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 2019 %	31.3.2018 %	1.4.2017 %
	Held by the Company				
#	Kim Seng Heng Engineering Construction (Pte) Ltd ("KSHEC") (Republic of Singapore)	Carry on business as builders and contractors	**100**	100	100
#	Kim Seng Heng Realty Pte Ltd ("KSHR") (Republic of Singapore)	Property development	**100**	100	100
#	KSH Overseas Pte. Ltd. ("KSHO") (Republic of Singapore)	Investment holding	**100**	100	100
#	KSH Property Development Pte. Ltd. ("KSHPD") (Republic of Singapore)	Property development	**100**	100	100
#	KSH Property Investment Pte. Ltd. ("KSHPI") (Republic of Singapore)	Holding of assets	**100**	100	100
#	Ferris Rise Pte. Ltd. ("FERRIS") (Republic of Singapore)	Holding of assets	**100**	100	100
#	KSH Asia Investment Pte. Ltd. ("KSHAI") (Republic of Singapore)	Investment holding	**100**	100	100
#	KSH Commercial Investment Pte. Ltd. ("KSHCI") (Republic of Singapore)	Investment holding	**100**	100	100
#	KSH Capital Pte. Ltd. ("KSHCA") (Republic of Singapore)	Investment holding	**100**	100	100
#	KSH Asia Property Pte. Ltd. ("KSHAP") (Republic of Singapore)	Investment holding	**100**	100	100
#	KSH Vietnam Investment Pte. Ltd. ("KSHVI") (Republic of Singapore)	Investment holding	**100**	100	100
#	KSH Hotels Investments Pte. Ltd. ("KSHHI") (Republic of Singapore)	Investment holding	**100**	100	100

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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		
			2019 %	31.3.2018 %	1.4.2017 %
	Held by the Company (continued)				
#	KSH Investments Management Pte. Ltd. ("KSHIM") (Republic of Singapore)	Holding of assets for investment	**100**	100	100
#	KSH Foreign Investment Pte. Ltd. ("KSHFI") (Republic of Singapore)	Property development and holding of assets for investment	**100**	100	100
#	KSH International Investment Pte. Ltd. ("KSHII") (Republic of Singapore)	Investment holding	**100**	100	–
#	KSH Investments Property Holdings Pte. Ltd. ("KSHIPH") (Republic of Singapore)	Property development and holding of assets for investment	**100**	100	–
#(1)	KSH Asia Pacific Investments Pte. Ltd.("KSHAS") (Republic of Singapore)	Property development and holding of assets for investment	**100**	–	–
#(2)	KSH Hotels Asia Pte. Ltd. ("KSHHA") (Republic of Singapore)	Property development and holding of assets for investment	**100**	–	–
	Held by subsidiaries				
^*	Tianjin Tian Xing Real Estate Development Co., Ltd. ("TTXRE") (The People's Republic of China)	Construction, rental, sale of property	**69**	69	69
^*	Tianjin Tian Xing Property Management Co., Ltd. ("TTXPM") (The People's Republic of China)	Property management	**69**	69	69
@	Duford Investment (Hong Kong) Limited ("Duford") (Hong Kong Special Administrative Region)	Investment holding	**100**	100	100
*¤	Techpath Construction Sdn Bhd ("Techpath") (Malaysia)	Building construction	**100**	100	100
#	KSH Land Development Pte. Ltd. ("KSHLD") (Republic of Singapore)	Property development and holding of assets for investment	**100**	100	100

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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		
			2019 %	31.3.2018 %	1.4.2017 %
	Held by subsidiaries (continued)				
#	KSH Global Investment Pte. Ltd. ("KSHGI") (Republic of Singapore)	Property development	**100**	100	100
#	KSH Development Pte. Ltd. ("KSHDE") (Republic of Singapore)	Property development	**100**	100	100
#(3)	KSH Avenue Pte. Ltd. ("KSHAV") (Republic of Singapore)	Road, bridge, tunnel, viaduct and elevated highway construction	**–**	–	51
#	Development 88 Pte. Ltd. ("Dev88") (Republic of Singapore)	Property development and holding of assets for investment	**100**	100	100
#	KSH Premier Investment Pte. Ltd. ("KSHPR") (Republic of Singapore)	Property development and holding of assets for investment	**100**	100	100
#	KSH Engineering Builders Pte. Ltd. ("KSHEB") (Republic of Singapore)	Carry on business as builders and contractors	**100**	100	100
#(4)	KSH Residential Pte. Ltd. ("KSHRE") (Republic of Singapore)	Property development and holding of assets for investment	**100**	100	–

Audited by Ernst & Young LLP, Singapore.

^ Audited by CAC 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.

(1) On 30 April 2018, the Company incorporated KSHAS, a wholly-owned subsidiary. The issued share capital of KSHAS, comprising 1 ordinary share, was subscribed for an aggregate cash consideration of $1.

(2) On 15 February 2019, the Company incorporated KSHHA, a wholly-owned subsidiary. The issued share capital of KSHHA, comprising 1 ordinary share, was subscribed for an aggregate cash consideration of $1.

(3) Struck off with effect from 4 July 2017.

(4) On 29 May 2017, KSHR, a wholly-owned subsidiary of the Company, incorporated KSHRE. KSHR owns 100% of the issued share capital of KSHRE, comprising 1 ordinary share, for an aggregate cash consideration of $1.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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 NCI	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 2019:					
Tianjin Tian Xing Real Estate Development Co., Ltd. ("TTXRE")	The People's Republic of China	**31%**	**818**	**23,361**	**–**
31 March 2018:					
Tianjin Tian Xing Real Estate Development Co., Ltd. ("TTXRE")	The People's Republic of China	31%	651	23,346	–
1 April 2017:					
Tianjin Tian Xing Real Estate Development Co., Ltd. ("TTXRE")	The People's Republic of China	31%	431	22,012	–

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		
	2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Current			
Assets	**2,846**	2,929	2,355
Liabilities	**(5,037)**	(6,307)	(5,917)
Net current liabilities	**(2,191)**	(3,378)	(3,562)
Non-current			
Assets	**107,191**	110,875	107,217
Liabilities	**(29,642)**	(32,187)	(32,648)
Net non-current assets	**77,549**	78,688	74,569
Net assets	**75,358**	75,310	71,007

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with material NCI (continued)

Summarised statement of comprehensive income

	TTXRE		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Revenue	**3,412**	3,680	3,317
Other income	**155**	1,050	326
Profit before taxation	**2,929**	2,734	1,932
Income tax expense	**(289)**	(635)	(541)
Profit after taxation	**2,640**	2,099	1,391
Other comprehensive income	**(2,593)**	2,205	(2,177)
Total comprehensive income	**47**	4,304	(786)

6. INTERESTS IN ASSOCIATES

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Shares, at cost	**35,438**	23,800	23,139
Additions during the year	**450**	11,638	661
Cancellation of shares pursuant to capital reduction	**(800)**	–	–
	35,088	35,438	23,800
Share of post-acquisition reserves	**121,713**	127,883	127,774
Dividends receivable	**(764)**	(792)	(768)
Dividends received	**(113,368)**	(62,783)	(56,558)
Translation difference	**(3,384)**	(1,423)	(2,696)
Carrying amount of investments	**39,285**	98,323	91,552
Loans due from associates^	**137,928**	116,082	84,368
Loans due to associates	**(866)**	(31,711)	(27,630)
Amounts due from associates (non-trade)	**7,764**	7,556	7,969
Amounts due to associates (non-trade)	*****	(1,401)	(1,580)
	184,111	188,849	154,679

* Less than $1,000

^ Amount includes share of losses of associates amounting to $13,076,000 (31 March 2018: $5,602,000, 1 April 2017: $2,865,000) applied to loans due from associates

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

6. INTERESTS IN ASSOCIATES (CONTINUED)

Loans due from associates amounting to $117,851,000 (31 March 2018: $43,216,000, 1 April 2017: $65,404,000) are unsecured and are not expected to be settled within the next twelve months. These loans bear effective interest rates ranging from 3.00% to 5.33% (31 March 2018: 3.00% to 5.28%, 1 April 2017: 3.00% to 5.00%) per annum and are to be settled in cash.

The remaining loans due from associates, amounting to $20,077,000 (31 March 2018: $72,866,000, 1 April 2017: $18,964,000) are unsecured, non-interest bearing, and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

Loans due to associates, amounting to $866,000 (31 March 2018: $31,711,000, 1 April 2017: $27,630,000) are unsecured, non-interest bearing, and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

Amounts due from/(to) associates (non-trade) are unsecured, non-interest bearing, and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

Receivables that are impaired

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

	Group	
	31.3.2018	1.4.2017
	$'000	$'000
Loans due from associates	123,009	88,558
Less: Allowance for impairment	(1,325)	(1,325)
	121,684	87,233
Movement in allowance account		
At beginning of the year	(1,325)	(1,263)
Charge for the year	–	(62)
At end of the year	(1,325)	(1,325)

As at 31 March 2018, the Group has provided an allowance of $1,325,000 (1 April 2017: $1,325,000) for impairment of loan due from an associate with a nominal amount of $1,325,000 (1 April 2017: $1,325,000). This associate has been suffering financial losses for the current and past financial years.

Expected credit loss

The movement in allowance for expected credit losses of loans due from associates computed based on lifetime ECL is as follows:

	Group
	2019
	$'000
Movement in allowance account:	
At beginning of the year	**1,325**
Charge for the year	**303**
At end of the year	**1,628**

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

6. INTERESTS IN ASSOCIATES (CONTINUED)

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

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Mergui Development Pte. Ltd.	**80**	2,193	4,708
Unique Development Pte. Ltd.	**1,171**	2,587	2,598
Unique Consortium Pte. Ltd.	**855**	13,388	14,159
Unique Rezi Pte. Ltd.	**1,269**	22,111	21,838
Residenza Pte. Ltd.	**420**	2,383	2,419
Epic Land Pte. Ltd.	**676**	9,710	9,783
Beijing Jin Hua Tong Da Real Estate Development Co., Ltd	**18,200**	20,010	20,769
Sino-Singapore Kim Seng Heng (Beijing) Engineering Construction Co., Ltd.	**6,441**	6,526	6,333
Hebei Yuezhi Real Estate Development Co., Ltd.	**9,244**	9,379	–
Other associates	**929**	10,036	8,945
Carrying amount of investments in associates	**39,285**	98,323	91,552

The Group has not recognised losses relating to Klang City Development Pte. Ltd. where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $1,313,000 (31 March 2018: $1,329,000, 1 April 2017: $1,275,000), of which $16,000 (31 March 2018: $54,000, 1 April 2017: $1,275,000) was the share of the current year's profits (31 March 2018: losses, 1 April 2018: losses). The Group has no obligation in respect of these losses.

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		
			2019	31.3.2018	1.4.2017
			%	%	%
	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	45
#	Mergui Development Pte. Ltd. ("Mergui") (Republic of Singapore)	Property development	**35**	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	50

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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		
			2019 %	31.3.2018 %	1.4.2017 %
	Held by subsidiaries (continued)				
#	Unique Development Pte. Ltd. ("Unique Development") (Republic of Singapore)	Real estate developers	**35**	35	35
#	Development 26 Pte. Ltd. ("Dev 26") (Republic of Singapore)	Property development	**45**	45	45
#	Residenza Pte. Ltd. ("Residenza") (Republic of Singapore)	Property development	**32**	32	32
#	Unique Realty Pte. Ltd. ("Unique Realty") (Republic of Singapore)	Property development	**25**	25	25
#	Unique Consortium Pte. Ltd. ("Unique Consortium") (Republic of Singapore)	Investment holding	**35**	35	35
#	Unique Capital Pte. Ltd. ("Unique Capital") (Republic of Singapore)	Investment holding	**25**	25	25
#	Unique Rezi Pte. Ltd. ("Unique Rezi") (Republic of Singapore)	Investment holding	**42**	42	42
#	Unique Resi Estate Pte. Ltd. ("Unique Resi Estate") (Republic of Singapore)	Property development	**30**	30	30
*	Unique Commercial Pte. Ltd. ("Unique Commercial") (Republic of Singapore)	Property development	**35**	35	35
#	Development 32 Pte. Ltd. ("Dev 32") (Republic of Singapore)	Property development	**45**	45	45
&(5)	Unique Wellness Pte. Ltd. ("Unique Wellness") (Republic of Singapore)	Voluntarily liquidated	**–**	20	20
#	Wealth Development Pte. Ltd. ("Wealth Development") (Republic of Singapore)	Property development	**30**	30	30
*	Klang City Development Pte. Ltd. ("Klang City Development") (Republic of Singapore)	Investment holding	**40**	40	40

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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		
			2019 %	31.3.2018 %	1.4.2017 %
	Held by subsidiaries (continued)				
#	Epic Land Pte. Ltd. ("EPIC") (Republic of Singapore)	Property dealing and property rental business	**28**	28	28
#(12)	Glenthorne Pte. Ltd. ("Glenthorne") (Republic of Singapore)	Investment holding	**10**	10	10
#(12)	Fairmont Land Pte. Ltd. ("Fairmont") (Republic of Singapore)	Investment holding	**15**	15	15
^(12)	LGB-NB Pte. Ltd. ("LGB-NB") (Republic of Singapore)	Investment holding	**15**	15	15
#	Prospere Hotels Pte. Ltd. ("Prospere") (Republic of Singapore)	Investment holding	**30**	30	30
*	Development 35 Pte. Ltd. ("Dev 35") (Republic of Singapore)	Property development	**49**	49	49
#	Goldprime Realty Pte. Ltd. ("Goldprime") (Republic of Singapore)	Investment holding	**20**	20	20
#	Oldham Street Pte. Ltd. ("Oldham") (Republic of Singapore)	Investment holding	**25**	25	25
#(1)	Unique Invesco Pte. Ltd. ("UNIV") (Republic of Singapore)	Investment holding	**37.5**	37.5	–
#(2)	Development 24 Pte. Ltd. ("DEV24") (Republic of Singapore)	Property development	**48**	48	–
+(3)	Rio Casa Venture Pte. Ltd. ("Rio Casa") (Republic of Singapore)	Property development	**35**	35	–
~(4)	Hebei Yuezhi Real Estate Development Co., Ltd. ("Hebei Yuezhi") (The People's Republic of China)	Real estate developers	**22.5**	22.5	–

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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		
			2019 %	31.3.2018 %	1.4.2017 %
	Held by subsidiaries (continued)				
#(6)	Prospere Glow Pte Ltd ("Glow") (Republic of Singapore)	Investment holding	**20**	–	–
#(7)	Prospere Bliss Pte Ltd ("Bliss") (Republic of Singapore)	Investment holding	**30**	–	–
=(8)	Dawa Hospitality Private Limited ("Dawa") (Bhutan)	Investment holding	**10**	–	–
#(9)	Prospere Glory Pte Ltd ("Glory") (Republic of Singapore)	Investment holding	**20**	–	–
#(10)	Leeds Bridge Pte Ltd ("Leeds") (Republic of Singapore)	Investment holding	**17.5**	–	–
#(11) (12)	Wickham Invesco Pte Ltd ("Wickham") (Republic of Singapore)	Investment holding	**15**	–	–

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

* Audited by Baker Tilly TFW LLP, Singapore

^ Audited by KPMG LLP, Singapore

Audited by Ernst & Young LLP, Singapore

+ Audited by RSM Chio Lim LLP, Singapore

~ Audited by Baoding Jiahe Certified Public Accountants Co., Ltd., the People's Republic of China

= Audited by Brandon Kinzang and Associates, Bhutan

& Not required to be audited in the respective country of incorporation

(1) On 26 July 2017, KSHR, a wholly-owned subsidiary, acquired 37.5% of equity interest in UNIV for a cash consideration of $375.

(2) On 17 October 2017, KSHR, a wholly-owned subsidiary, incorporated a wholly-owned subsidiary, DEV24. Subsequently, on 4 December 2017, KSHR disposed 52% of its interest in DEV24 for a cash consideration of $520,000.

(3) On 24 May 2017, KSHDE, a wholly-owned subsidiary, acquired 35% equity interest in Rio Casa for a cash consideration of $35. On 12 September 2017, Rio Casa increased its issued and paid-up capital by $3,999,900, of which KSHDE acquired 35% of equity interest for a cash consideration of $1,399,965.

(4) On 23 January 2018, KSHII, a wholly-owned subsidiary, acquired 22.5% equity interest in Hebei Yuezhi for a cash consideration of RMB45 million (SGD 9,277,200).

(5) Struck off with effect from 6 August 2018.

NOTES TO THE **FINANCIAL STATEMENTS**

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6. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the associates are as follows: (continued)

(6) On 23 April 2018, KSHIPH, a wholly-owned subsidiary, acquired 20% equity interest in Glow for a cash consideration of $20.

(7) On 15 May 2018, KSHAS, a wholly-owned subsidiary, acquired 30% equity interest in Bliss for a cash consideration of $30.

(8) On 13 December 2018, KSHHI, a wholly-owned subsidiary, acquired 10% equity interest in Dawa for a cash consideration of $450,000.

(9) On 21 December 2018, KSHHI, a wholly-owned subsidiary, acquired 20% equity interest in Glory for a cash consideration of $20.

(10) On 10 January 2019, KSHGI, a wholly-owned subsidiary, acquired 17.5% equity interest in Leeds for a cash consideration of $175.

(11) The shareholders of Wickham agreed to the entitlement of KSHCA, a wholly-owned subsidiary, to appoint a Director with voting right in the Board of Directors of Wickham with effect from 1 April 2018.

(12) The results of these associates were accounted for using the equity method in the consolidated financial statements notwithstanding that the Group holds less than 20% of the voting power in these companies. The Group is deemed to exercise significant influence by virtue of its representation on the board committees of these entities.

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

		Group	
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Loss after taxation	**(35,978)**	(14,353)	(1,227)
Other comprehensive income	**875**	875	875
Total comprehensive income	**(35,103)**	(13,478)	(352)

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

6. INTERESTS IN ASSOCIATES (CONTINUED)

The summarised financial information in respect of the material investments in associates, based on their SFRS(I) 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**			**Unique Consortium**			**Unique Rezi**		
	2019 $'000	31.3.2018 $'000	1.4.2017 $'000	**2019 $'000**	31.3.2018 $'000	1.4.2017 $'000	**2019 $'000**	31.3.2018 $'000	1.4.2017 $'000	**2019 $'000**	31.3.2018 $'000	1.4.2017 $'000
Current assets	**262**	8,297	19,235	**2,474**	7,997	8,809	**80**	29	48	**84**	67	17
Non-current assets	**–**	–	75	**943**	944	939	**24,835**	77,799	103,081	**3,377**	61,734	92,007
Total assets	**262**	8,297	19,310	**3,417**	8,941	9,748	**24,915**	77,828	103,129	**3,461**	61,801	92,024
Current liabilities	**(34)**	(2,032)	(5,859)	**(75)**	(1,553)	(2,329)	**(19)**	(19)	(9)	**(9)**	(9)	(7)
Non-current liabilities	**–**	–	–	**–**	–	–	**(22,453)**	(39,558)	(62,666)	**(434)**	(9,150)	(40,023)
Total liabilities	**(34)**	(2,032)	(5,859)	**(75)**	(1,553)	(2,329)	**(22,472)**	(39,577)	(62,675)	**(443)**	(9,159)	(40,030)
Net assets	**228**	6,265	13,451	**3,342**	7,388	7,419	**2,443**	38,251	40,454	**3,018**	52,642	51,994
Proportion of Group's ownership	**35%**	35%	35%	**35%**	35%	35%	**35%**	35%	35%	**42%**	42%	42%
Group's share of net assets	**80**	2,193	4,708	**1,170**	2,586	2,597	**855**	13,388	14,159	**1,268**	22,110	21,837
Other adjustments	**–**	–	–	**1***	1*	1*	**–**	–	–	**1***	1*	1*
Carrying amount of investment	**80**	2,193	4,708	**1,171**	2,587	2,598	**855**	13,388	14,159	**1,269**	22,111	21,838

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

6. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised balance sheet (continued)

	Residenza			Epic Land			BJHTD			Sino-KSHEC			Hebei Yuezhi		
	2019	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000
Current assets	**2,190**	10,038	16,582	**13,267**	149,596	182,304	**45,965**	52,267	46,004	**12,881**	13,073	13,002	**41,116**	41,717	–
Non-current assets	**–**	–	–	**–**	–	–	**38,133**	41,182	41,373	**–**	–	–	**–**	–	–
Total assets	**2,190**	10,038	16,582	**13,267**	149,596	182,304	**84,098**	93,449	87,377	**12,881**	13,073	13,002	**41,116**	41,717	–
Current liabilities	**(881)**	(2,594)	(1,606)	**(10,855)**	(33,118)	(147,363)	**(43,654)**	(48,982)	(41,223)	**1**	(21)	(335)	**–**	–	–
Non-current liabilities	**–**	–	(7,421)	**–**	(81,800)	–	**–**	–	–	**–**	–	–	**–**	–	–
Total liabilities	**(881)**	(2,594)	(9,027)	**(10,855)**	(114,918)	(147,363)	**(43,654)**	(48,982)	(41,223)	**1**	(21)	(335)	**–**	–	–
Net assets	**1,309**	7,444	7,555	**2,412**	34,678	34,941	**40,444**	44,467	46,154	**12,882**	13,052	12,667	**41,116**	41,717	–
Proportion of Group's ownership	**32%**	32%	32%	**28%**	28%	28%	**45%**	45%	45%	**50%**	50%	50%	**22.5%**	22.5%	–
Group's share of net assets	**419**	2,382	2,418	**675**	9,710	9,783	**18,200**	20,010	20,769	**6,441**	6,526	6,333	**9,251**	9,386	–
Other adjustments	**1***	1*	1*	**–**	–	–	**–**	–	–	**–**	–	–	**(7)***	(7)*	–
Carrying amount of investment	**420**	2,383	2,419	**675**	9,710	9,783	**18,200**	20,010	20,769	**6,441**	6,526	6,333	**9,244**	9,379	–

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

Summarised statement of comprehensive income

	Mergui Development		Unique Development		Unique Consortium		Unique Rezi		Residenza		Epic Land		BJHTD		Sino-KSHEC		Hebei Yuezhi	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**–**	17,555	**–**	1,797	**–**	–	**–**	–	**–**	–	**–**	18,950	**362**	1,151	**–**	–	**–**	–
Profit/(loss) after taxation	**(37)**	9,313	**54**	(31)	**(808)**	(2,203)	**(191)**	648	**(226)**	(111)	**736**	(264)	**(11,492)**	(21,198)	**(44)**	(2)	**(104)**	(57)
Other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**7,469**	19,504	**(126)**	386	**(498)**	41,739
Total comprehensive income	**(37)**	9,313	**54**	(31)	**(808)**	(2,203)	**(191)**	648	**(226)**	(111)	**736**	(264)	**(4,023)**	(1,694)	**(170)**	384	**(602)**	41,682

NOTES TO THE **FINANCIAL STATEMENTS**

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7. INTERESTS IN JOINT VENTURES

Details of the joint ventures are as follows:

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Shares, at cost	**250**	250	250
Share of post-acquisition reserves	**28,405**	19,646	6,416
Carrying amount of investments	**28,655**	19,896	6,666
Loans due from joint ventures^	**50,238**	59,903	34,667
Amounts due from joint ventures (non-trade)	**10,770**	2,056	1,601
	89,663	81,855	42,934

^ Amount includes share of losses of joint ventures amounting to $9,669,000 (31 March 2018: $5,124,000, 1 April 2017: $4,142,000) applied to loans due from joint ventures

Loans due from joint ventures amounting to $50,238,000 (31 March 2018: $59,903,000, 1 April 2017: $34,664,000) are unsecured, 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% (31 March 2018: 2.30% to 5.35%, 1 April 2017: 2.30% to 5.35%) per annum and are to be settled in cash.

Amounts due from joint ventures (non-trade) are unsecured, non-interest bearing, and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

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

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Phileap Pte. Ltd.	**–**	–	–
Unique Residence Pte. Ltd.	**28,655**	19,896	6,666
Unique Real Estate Pte. Ltd.	**–**	–	–
Carrying amount of investments in joint ventures	**28,655**	19,896	6,666

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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		
			2019	31.3.2018	1.4.2017
			%	%	%
	Held by a subsidiary				
#	Phileap Pte. Ltd. ("Phileap") (Republic of Singapore)	Property development	**25**	25	25
#	Unique Residence Pte. Ltd. ("Unique Residence") (Republic of Singapore)	Investment holding	**50**	50	50
# (1)	Lian Beng-KSH Pte. Ltd. ("Lian Beng-KSH") (Republic of Singapore)	Property development	**–**	–	50
# (2)	Unique Real Estate Pte. Ltd. ("Unique Real Estate") (Republic of Singapore)	Investment holding	**50**	50	–
	Held by a joint venture				
#	Fernvale Development Pte. Ltd. ("Fernvale Development") (Republic of Singapore)	Property development	**20**	20	20
# (3)	CEL Unique Pte. Ltd. ("CEL Unique") (Republic of Singapore)	Investment holding	**20**	20	–
# (4)	CEL Unique Holdings Pte. Ltd. ("CEL Unique Holdings") (Republic of Singapore)	Investment holding	**20**	20	–
# (5)	CEL Unique Development Pte. Ltd. ("CEL Unique Development") (Republic of Singapore)	Property development	**20**	20	–

Audited by Ernst & Young LLP, Singapore

(1) Struck off with effect from 29 March 2018.

(2) On 7 June 2017, KSHRE, a wholly-owned subsidiary of the Company, acquired 50% equity interest in Unique Real Estate for a cash consideration of $50.

(3) On 9 June 2017, Unique Real Estate acquired 40% equity interest in CEL Unique for a cash consideration of $10. With the acquisition, the Group's effective equity interest in CEL Unique is 20%.

(4) On 9 June 2017, CEL Unique incorporated CEL Unique Holdings, a wholly-owned subsidiary. The issued share capital of CEL Unique Holdings, comprising 2 ordinary shares, was subscribed for subscription value of $2. With the acquisition, the Group's effective equity interest in CEL Unique Holdings is 20%.

(5) On 9 June 2017, CEL Unique Holdings incorporated CEL Unique Development, a wholly-owned subsidiary. The issued share capital of CEL Unique Development, comprising 2 ordinary shares, was subscribed for subscription value of $2. With the acquisition, the Group's effective equity interest in CEL Unique Development is 20%.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

7. INTERESTS IN JOINT VENTURES (CONTINUED)

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

	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Profit/(loss) after taxation, representing total comprehensive income	**–**	3	(2)

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

Summarised balance sheet

	Phileap			**Unique Residence**			**Unique Real Estate**		
	2019	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000
Cash and cash equivalents	**565**	629	2,226	**123**	369	167	**31**	87	–
Development property	**33,136**	32,985	36,619	**–**	–	–	**–**	–	–
Other current assets	**72**	69	100	**1**	–	–	**1**	–	–
Current assets	**33,773**	33,683	38,945	**124**	369	167	**32**	87	–
Non-current assets	**–**	–	–	**157,709**	129,144	98,662	**112,833**	107,059	–
Total assets	**33,773**	33,683	38,945	**157,833**	129,513	98,829	**112,865**	107,146	–
Current liabilities	**117**	132	130	**140**	53	39	**6**	3	–
Non-current liabilities	**56,545**	52,932	55,383	**100,383**	89,668	85,458	**120,753**	107,701	–
Total liabilities	**56,662**	53,064	55,513	**100,523**	89,721	85,497	**120,759**	107,704	–
Net (liabilities)/ assets	**(22,889)**	(19,381)	(16,568)	**57,310**	39,792	13,332	**(7,894)**	(558)	–
Proportion of the Group's ownership	**25%**	25%	25%	**50%**	50%	50%	**50%**	50%	–
Group's share of net (liabilities)/ assets	**(5,722)**	(4,845)	(4,142)	**28,655**	19,896	6,666	**(3,947)**	(279)	–
Share of losses applied to loans due from joint ventures	**5,722**	4,845	4,142	**–**	–	–	**3,947**	279	–
Carrying amount of investments in joint ventures	**–**	–	–	**28,655**	19,896	6,666	**–**	–	–

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

7. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised statement of comprehensive income

	Phileap		Unique Residence		Unique Real Estate	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**–**	–	**–**	–	**–**	–
Interest income	**–**	–	**3,974**	3,935	**5,798**	3,247
Interest expense	**(1,213)**	(1,183)	**(2,890)**	(3,891)	**(5,852)**	(3,375)
(Loss)/profit before taxation	**(3,507)**	(2,814)	**17,560**	24,091	**(7,336)**	(558)
Income tax (expense)/ credit	**–**	–	**(41)**	1	**–**	–
(Loss)/profit after taxation, representing total comprehensive income	**(3,507)**	(2,814)	**17,519**	24,092	**(7,336)**	(558)

8. INVESTMENT SECURITIES

(a) Financial instruments as at 31 March 2019

	Group
	2019
	$'000
Non-current:	
At fair value through other comprehensive income	
– Equity securities (unquoted)	
SH Sapporo Pte Ltd	**1,248**

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

(b) Financial instruments as at 31 March 2018 and 1 April 2017

	Group	
	31.3.2018	1.4.2017
	$'000	$'000
Non-current:		
Available-for-sale investments		
– Equity securities (unquoted), at cost	*	*

* Less than $1,000

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

9. INVESTMENT PROPERTIES

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
At beginning of the year	**123,882**	120,109	123,340
Gain on fair value adjustments of investment properties	**1,234**	566	17
Translation difference	**(3,736)**	3,207	(3,248)
At end of the year	**121,380**	123,882	120,109

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		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Rental generating properties	**1,077**	1,113	1,094

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

Name of property	Description	Fair value		
		2019	31.3.2018	1.4.2017
		$'000	$'000	$'000
(1) Sheares Ville	Freehold residential property at 9 Holt Road #12-05 Singapore 249446, comprising an estimated floor area of 443 square metres	**6,000**	5,800	5,800
(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)	**104,921**	108,512	104,909
(3) Centennia Suites	Freehold residential property at 100 Kim Seng Road #13-01 Singapore 239427, comprising an estimated floor area of 115 square metres	**2,916**	2,650	2,600
(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	**3,543**	3,250	3,200

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

9. INVESTMENT PROPERTIES (CONTINUED)

Name of property	Description	Fair value		
		2019	31.3.2018	1.4.2017
		$'000	$'000	$'000
(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	**4,000**	3,670	3,600
		121,380	123,882	120,109

(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 2019, March 2018 and March 2017 respectively.

(2) The fair values have been determined based on valuations performed by Cushman & Wakefield International Property Advisers (Tianjin) Co., Ltd. ("C&W") and DTZ Debenham Tie Leung Property Advisory (Tianjin) Co Ltd ("DTZ"), both independent professional valuers, carried out in March 2019 and March 2018 respectively.

(3) The fair values have been determined based on valuations performed by TEHO Property Consultants Pte. Ltd. (formerly known as ECG Consultancy Pte. Ltd.), an independent professional valuer, carried out in March 2019, March 2018 and March 2017 respectively.

(4) The fair values have been determined based on valuations performed by TEHO Property Consultants Pte. Ltd. (formerly known as ECG Consultancy Pte. Ltd.), an independent professional valuer, carried out in March 2019, March 2018 and March 2017 respectively.

Rental income earned by the Group for the year ended 31 March 2019 from its investment properties, all of which are leased out under operating leases and comprising only minimum lease payments, amounted to $5,705,000 (31 March 2018: $6,086,000).

The investment properties have been pledged as securities for banking facilities granted by the banks (Note 23).

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

11. CLUB MEMBERSHIP

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Cost			
As at beginning and end of the year	**60**	60	60
Accumulated amortisation			
As at beginning of the year	**25**	23	21
Charge for the year	**3**	2	2
As at end of the year	**28**	25	23
Net carrying amount			
As at end of the year	**32**	35	37

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.

12. OTHER RECEIVABLES

These amounts due from investee companies (non-trade) are unsecured, non-interest bearing, and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

The amounts due from investee companies that are denominated in a foreign currency at the end of the reporting period are as follows:

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Japanese Yen (JPY)	**1,226**	1,357	1,405

13. STRUCTURED DEPOSITS

	Maturity dates	Group		
		2019	31.3.2018	1.4.2017
		$'000	$'000	$'000
Non-current:				
Structured deposits	February 2021	**3,065**	1,054	1,019
Current:				
Structured deposits	July 2019/July 2018	**4,700**	4,700	–

Non-current 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 deposits.

Current structured deposits are recorded at their fair values as at the end of the reporting period. These deposits are made for a term of 1 year, with the return as determined, quarterly by the market access product falling within the range barriers as set out under the terms of the deposits.

Non-current structured deposits are pledged to a bank as security for banking facilities granted to the Group (Notes 25).

NOTES TO THE **FINANCIAL STATEMENTS**

14. TRADE RECEIVABLES

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Current:			
Trade receivables	**22,149**	17,653	9,993
Trade receivables due from an associate	**3,296**	*	2,239
GST receivables	**14**	88	–
	25,459	17,741	12,232

* Less than $1,000

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 $23,701,000 (31 March 2018: $15,214,000, 1 April 2017: $12,207,000) which has been assigned to the banks for banking facilities granted to the Group as disclosed in Note 23.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $514,000 as at 31 March 2018 and $474,000 as at 1 April 2017 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		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Trade receivables past due:			
Less than 60 days	**2,235**	138	460
61 to 90 days	**12**	308	–
More than 90 days	**12**	68	14
	2,259	514	474

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

15. OTHER RECEIVABLES AND DEPOSITS

	Group			Company		
	2019	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Sundry debtors	**1,213**	1,398	1,039	**10**	10	10
Deposits	**315**	383	330	**–**	–	–
Interest receivable	**196**	104	71	**160**	55	10
Dividends receivable	**1,114**	792	768	**–**	–	–
Tax recoverable	**–**	2	–	**–**	–	–
	2,838	2,679	2,208	**170**	65	20
Less: Allowance for impairment	**(766)**	(793)	(757)	**–**	–	–
	2,072	1,886	1,451	**170**	65	20

The Group's other receivables and deposits denominated in foreign currency as at the end of the reporting period are as follows:

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Chinese Renminbi	**1,201**	1,356	1,038

Receivables that are impaired

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

	Group	
	31.3.2018	1.4.2017
	$'000	$'000
Other receivables – nominal amounts	793	757
Less: Allowance for impairment	(793)	(757)
	–	–
Movements in allowance account:		
At beginning of the year	757	805
Charge/(write-back) for the year	13	(23)
Exchange differences	23	(25)
At end of the year	793	757

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

15. OTHER RECEIVABLES AND DEPOSITS (CONTINUED)

Expected credit losses

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

	Group 2019 $'000
Movement in allowance account:	
At beginning of the year	**793**
Exchange differences	**(27)**
At the end of the year	**766**

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

Amounts due from subsidiaries (non-trade) amounting to $114,914,000 (31 March 2018: $119,658,000, 1 April 2017: $39,666,000) are unsecured and are not expected to be repaid within the next twelve months. These amounts are interest-bearing with average effective rates ranging from 2.30% to 5.35% (31 March 2018: 2.30% to 5.35%, 1 April 2017: 2.30% to 5.35%) per annum and are to be settled in cash.

The remaining amounts due from subsidiaries (non-trade) amounting to $72,434,000 (31 March 2018: $79,302,000, 1 April 2017: $38,288,000) are unsecured, non-interest bearing and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

Amounts due to subsidiaries (non-trade) amounting to $75,491,000 (31 March 2018: $94,946,000, 1 April 2017: $34,354,000) are unsecured, non-interest bearing, are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

Receivables that are impaired

Amounts due from subsidiaries (non-trade) that are impaired at the end of the reporting period and the movement of the allowance account used to record the impairment are as follows:

	Company	
	31.3.2018	1.4.2017
	$'000	$'000
Amounts due from subsidiaries (non-trade)	200,742	79,727
Less: Allowance for impairment	(1,782)	(1,773)
	198,960	77,954
Movements in allowance account:		
At beginning of the year	1,773	1,702
Charge for the year	9	71
At end of the year	1,782	1,773

As at 31 March 2018, the Company has provided an allowance of $1,782,000 (1 April 2017: $1,773,000) for impairment of amount due from a subsidiary with a nominal amount of $1,782,000 (1 April 2017: $1,773,000). This subsidiary has been suffering significant financial losses for the current and past two financial years.

Expected credit losses

The movement in allowance for expected credit losses on amounts due from subsidiaries (non-trade) is as follows:

	Company
	2019
	$'000
Movement in allowance account:	
At beginning and end of the year	**1,782**

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

17. AMOUNTS DUE FROM A JOINT VENTURE (NON-TRADE)

Amounts due from a joint venture (non-trade) amounting to nil (31 March 2018: $26,898,000, 1 April 2017: nil) are unsecured and are expected to be settled within the next twelve months. These receivables are interest-bearing with an effective rate of nil (31 March 2018: 5.00%, 1 April 2017: nil) per annum and are to be settled in cash. The amount as at 31 March 2018 was fully settled during the year.

The remaining amounts due from a joint venture, amounting to nil (31 March 2018: $2,936,000, 1 April 2017: nil) are unsecured, non-interest bearing and are expected to be repaid within the next twelve months. These balances are to be settled in cash. The amount as at 31 March 2018 was fully settled during the year.

18. AMOUNTS DUE FROM ASSOCIATES (NON-TRADE)

Amounts due from associates (non-trade) amounting to $4,950,000 (31 March 2018: $8,105,000, 1 April 2017: nil) are unsecured and are expected to be settled within the next twelve months. These receivables are interest-bearing with effective interest rates of 3.00% (31 March 2018: ranging from 5.00% to 5.28%, 1 April 2017: nil) per annum and are to be settled in cash.

The remaining amounts due from associates, amounting to nil (31 March 2018: $2,875,000, 1 April 2017: nil) are unsecured, non-interest bearing and are expected to be repaid within the next twelve months. These balances are to be settled in cash.

19. FIXED DEPOSITS

Fixed deposits have maturities ranging from 1 week to 1 year (31 March 2018: 1 week to 1 year, 1 April 2017: 1 week to 1 year) and earn interest at the respective short-term deposit rates. The interest rates for the year ended 31 March 2019 for the Group and the Company range from 0.05% to 2.95% (31 March 2018: 0.05% to 2.95%, 1 April 2017: 0.05% to 3.05%) per annum and from 0.05% to 1.95% (31 March 2018: 0.50% to 0.88%, 1 April 2017: 0.69% to 1.00%) per annum respectively.

Fixed deposits of the Group and the Company amounting to $37,466,000 (31 March 2018: $30,480,000, 1 April 2017: $30,076,000) and $21,168,000 (31 March 2018: $7,088,000, 1 April 2017: $2,070,000) respectively have been pledged to the banks for banking facilities granted to the Group and the Company as disclosed in Notes 23, 24 and 25.

The Group's fixed deposits denominated in foreign currency as at the end of the reporting period are as follows:

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Malaysian Ringgit	**194**	193	174

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

20. 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:

	Note	Group			Company		
		2019	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
		$'000	$'000	$'000	**$'000**	$'000	$'000
Cash and bank balances		**45,392**	26,927	56,180	**13,939**	4,521	1,038
Fixed deposits	19	**65,823**	49,223	89,673	**39,267**	12,276	17,444
		111,215	76,150	145,853	**53,206**	16,797	18,482
Less:							
Pledged fixed deposits		**(37,466)**	(30,480)	(30,076)	**(21,168)**	(7,088)	(2,070)
Bank overdrafts, secured	24	**–**	(6,690)	–	**–**	–	–
Cash and cash equivalents		**73,749**	38,980	115,777	**32,038**	9,709	16,412

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

The Group's cash and bank balances denominated in foreign currencies as at the end of the reporting period are as follows:

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Chinese Renminbi	**3,404**	3,357	2,886
United States Dollar	**28**	27	29
Hong Kong Dollar	**5**	5	7
Malaysian Ringgit	**25**	28	28

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

21. TRADE PAYABLES

Trade payables are non-interest bearing. Current balances are normally settled on 14 to 60 days' terms.

22. OTHER PAYABLES AND ACCRUALS

	Group			Company		
	2019	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Other payables	**3,654**	4,802	4,330	**235**	464	179
Accrued operating expenses	**52,481**	49,682	52,513	**558**	2,308	3,734
Advance payments	**827**	862	894	**–**	–	–
Interest payable	**548**	184	84	**233**	53	17
Amount due to an associate	**403**	418	406	**–**	–	–
	57,913	55,948	58,227	**1,026**	2,825	3,930
Represented by:						
Current	**57,721**	55,751	58,041	**1,026**	2,825	3,930
Non-current	**192**	197	186	**–**	–	–
	57,913	55,948	58,227	**1,026**	2,825	3,930

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

The Group's other payables and accruals denominated in foreign currencies as at the end of the reporting period are as follows:

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Chinese Renminbi	**4,641**	5,892	5,545
Hong Kong Dollar	**28**	31	27
Malaysian Ringgit	**2**	2	2

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

23. BANK TERM LOANS, SECURED

		Group			Company		
	Note	**2019**	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
		$'000	$'000	$'000	**$'000**	$'000	$'000
SGD Term loans – investment properties	(a)	**4,326**	4,910	5,493	**–**	–	–
SGD 2-year Term loan A	(b)	**–**	–	32,000	**–**	–	–
SGD 2-year Term loan B	(c)	**32,000**	38,000	–	**32,000**	38,000	–
SGD 3-year Term loan A	(d)	**–**	11,000	14,600	**–**	–	–
RMB Term loan – investment property	(e)	**1,314**	2,719	3,958	**–**	–	–
SGD 3-year Term loan B	(f)	**16,485**	8,385	9,525	**16,485**	8,385	9,525
SGD 3.25-year revolving short-term loan	(g)	**–**	13,500	–	**–**	13,500	–
SGD RHB revolving short-term loan	(h)	**11,167**	2,000	–	**9,167**	–	–
OCBC Specific Advance Facility Loan	(i)	**8,200**	5,000	–	**–**	–	–
SGD 3-year Term loan C	(j)	**25,000**	–	–	**25,000**	–	–
SGD BOC revolving short-term loan	(k)	**10,000**	–	–	**10,000**	–	–
SGD 3-year Term loan D	(l)	**12,000**	–	–	**12,000**	–	–
		120,492	85,514	65,576	**104,652**	59,885	9,525
Represented by:							
Current		**38,699**	26,082	38,642	**26,602**	9,140	1,140
Non-current		**81,793**	59,432	26,934	**78,050**	50,745	8,385
		120,492	85,514	65,576	**104,652**	59,885	9,525

(a) These bank loans bear interest ranging from 2.55% to 3.10% (31 March 2018: 2.35% to 2.65%, 1 April 2017: 2.10% to 2.65%) 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 9); and

(ii) corporate guarantee from the Company (Note 42).

(b) This bank loan was fully repaid in 2018 and was secured by the following:

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

(ii) charge on fixed deposits amounting to nil (31 March 2018: nil, 1 April 2017: $4,782,000) (Note 19); and

(iii) corporate guarantee from the Company (Note 42).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

23. BANK TERM LOANS, SECURED (CONTINUED)

(c) This bank loan bears interest ranging from 2.01% to 2.36% (31 March 2018: 2.01% to 2.36%, 1 April 2017: nil) per annum. The term loan is repayable by quarterly instalments over 2 years, commencing on their respective drawdown dates.

The term loan is secured by a first legal mortgage on the investment property (Note 9) located at 9 Holt Road and on the leasehold factory building (Note 4).

(d) This bank loan was fully repaid during the year and was secured by the following:

(i) charge on fixed deposits amounting to nil (31 March 2018: $5,148,000, 31 March 2017: $5,088,000) (Note 19); and

(ii) corporate guarantee from the Company (Note 42).

(e) This bank loan bears interest at 4.51% (31 March 2018: 4.51%, 1 April 2017: 4.51%) per annum. The term loan is repayable by annual instalments over 10 years, commencing on February 2010.

The loan is secured by a first charge over the investment property (Note 9) located in Tianjin, the People's Republic of China.

(f) This bank loan bears interest ranging from 2.60% to 3.18% (31 March 2018: 2.06% to 2.68%, 1 April 2017: 1.97% to 2.07%) per annum. The term loan is repayable by monthly instalments over 3 years, commencing on 4 August 2016.

The term loan is secured by a charge on fixed deposits amounting to $5,106,000 (31 March 2018: $2,088,000, 1 April 2017: $2,070,000) (Note 19).

(g) This bank loan was fully repaid during the year and was secured by the following:

(i) charge on fixed deposits amounting to nil (31 March 2018: $5,000,000, 1 April 2017: nil) (Note 19); and

(ii) corporate guarantee from Kim Seng Heng Engineering Construction (Pte) Ltd, a wholly-owned subsidiary of the Group (Note 42).

NOTES TO THE **FINANCIAL STATEMENTS**

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23. BANK TERM LOANS, SECURED (CONTINUED)

(h) This bank loan bears interest ranging from 2.44% to 3.08% (31 March 2018: 2.25% to 2.44%, 1 April 2017: nil) per annum. The Group's term loan amounting to $2,000,000 commenced on 30 November 2017 and is repayable on demand. The Company's term loan amounting to $9,167,000 commenced on 25 September 2018 and matures 3 months from drawdown date.

The Group's term loan is secured by the following:

(i) charge on fixed deposits amounting to $3,071,000 (31 March 2018: $1,067,000, 1 April 2017: nil) (Note 19); and

(ii) corporate guarantee from the Company (Note 42).

The Company's term loan is secured by the following:

(iii) charge on fixed deposits amounting to $2,000,000 (31 March 2018: nil, 1 April 2017: nil) (Note 19); and

(iv) corporate guarantee from Kim Seng Heng Engineering Construction (Pte) Ltd, a wholly-owned subsidiary of the Company (Note 42).

(i) This bank loan bears interest ranging from 2.82% to 3.22% (31 March 2018: 2.30% to 2.45%, 1 April 2017: nil) per annum. The term loan commencing on 9 January 2018 is fully repayable on maturity.

The term loan is secured by the following:

(i) charge over the contract proceeds and project account arising from a construction project (Note 14); and

(ii) corporate guarantee from the Company (Note 42).

(j) This bank loan bears interest ranging from 2.64% to 3.08% (31 March 2018: nil, 1 April 2017: nil) per annum. The term loan commencing on 27 June 2018 is repayable over 3 years.

The term loan is secured by the following:

(i) charge on fixed deposits amounting to $5,000,000 (31 March 2018: nil, 1 April 2017: nil) (Note 19); and

(ii) corporate guarantee from Kim Seng Heng Engineering Construction (Pte) Ltd, a wholly-owned subsidiary of the Group (Note 42).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

23. BANK TERM LOANS, SECURED (CONTINUED)

(k) This bank loan bears interest with an average effective rate of 3.01% per annum. The term loan commencing on 15 March 2019 is repayable on maturity.

The term loan is secured by the following:

(i) charge on fixed deposits amounting to $5,000,000 (31 March 2018: nil, 1 April 2017: nil) (Note 19); and

(ii) corporate guarantee from Kim Seng Heng Engineering Construction (Pte) Ltd, a wholly-owned subsidiary of the Group (Note 42).

(l) This bank loan bears interest with an average effective rate of 3.42% (31 March 2018: nil, 1 April 2017: nil) per annum. The term loan commencing on 28 March 2019 is repayable on maturity.

The term loan is secured by pledged fixed deposits amounting to $4,000,000 (31 March 2018: nil, 1 April 2017: nil) (Note 20).

A reconciliation of liabilities arising from financing activities, excluding bank overdrafts is as follows:

	1 April 2017	Cash flows	Non-cash changes			31 March 2018
			Acquisition	Foreign exchange movement	Other	
	$'000	$'000	$'000	$'000	$'000	$'000
Bank term loans, secured:						
– current	38,642	(42,182)	–	40	29,582	26,082
– non-current	26,934	62,000	–	80	(29,582)	59,432
Finance lease obligations:						
– current	223	(248)	–	–	273	248
– non-current	413	–	206	–	(273)	346
Bills payable to banks, secured	513	29,578	–	–	–	30,091
Total	66,725	49,148	206	120	–	116,199

The 'other' column relates to reclassifications of non-current portion of loans and finance lease obligations due to passage of time.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

23. BANK TERM LOANS, SECURED (CONTINUED)

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

	31 March 2018	**Cash flows**	**Non-cash changes**			**31 March 2019**
			Acquisition	**Foreign exchange movement**	**Other**	
	$'000	$'000	$'000	$'000	$'000	**$'000**
Bank term loans, secured						
– current	26,082	(40,129)	–	(93)	52,839	**38,699**
– non-current	59,432	75,200	–	–	(52,839)	**81,793**
Finance lease obligations						
– current	248	(248)	–	–	611	**611**
– non-current	346	(272)	2,176	–	(611)	**1,639**
Bills payable to banks, secured	30,091	2,630	–	–	–	**32,721**
Total	116,199	37,181	2,176	(93)	–	**155,463**

The 'other' column relates to reclassification of non-current portion of loans and finance lease obligations due to passage of time.

24. BANK OVERDRAFTS, SECURED

The Group has bank overdraft facilities with several banks as at 31 March 2018. The bank overdrafts, denominated in SGD, bear interest ranging from 5.00% to 6.25% per annum and are secured by a charge on fixed deposits amounting to $18,244,000 (Note 19).

There are no bank overdraft facilities as at 31 March 2019 and 1 April 2017.

25. BILLS PAYABLE TO BANKS, SECURED

Bills payable to banks bear interest ranging from 2.75% to 4.15% (31 March 2018: 2.31% to 3.69%, 1 April 2017: 3.47%) per annum. These bills payable mature 3 months (31 March 2018: 5 months, 1 April 2017: 5 months) from year-end.

Bills payable to banks are secured by the following:

(i) charge on fixed deposits and structured deposits amounting to $16,298,000 (31 March 2018: $18,244,000, 1 April 2017: $18,137,000) and $3,065,000 (31 March 2018: $1,054,000, 1 April 2017: $1,019,000) respectively (Notes 19 and 13);

(ii) first charge over the contract proceeds and project account arising from a construction project (Note 14); and

(iii) corporate guarantee from the Company (Note 42).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

26. SHARE CAPITAL

	2019		2018	
	Number of shares	**$'000**	Number of shares	$'000
Group and Company				
Issued and fully paid ordinary shares:				
At beginning of year	**569,735,645**	**50,915**	455,788,599	50,915
Issuance of shares on bonus issue	**–**	**–**	113,947,046	–
At end of year	**569,735,645**	**50,915**	569,735,645	50,915

During the year ended 31 March 2018, the Company allotted and issued 113,947,046 shares 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.

27. 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.

28. ASSET REVALUATION RESERVE

The asset revaluation reserve represents the share of gain on property revaluation of associates, net of tax.

29. OTHER RESERVES

		Group			**Company**		
		2019	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
		$'000	$'000	$'000	**$'000**	$'000	$'000
Statutory reserves	(a)	**1,452**	1,309	1,139	**–**	–	–
General reserves	(b)	**145**	130	113	**–**	–	–
Warrant reserves	(c)	**2,629**	2,629	2,629	**2,629**	2,629	2,629
Other reserves	(d)	**(107)**	(107)	(107)	**–**	–	–
		4,119	3,961	3,774	**2,629**	2,629	2,629

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

29. OTHER RESERVES (CONTINUED)

Movement

(a) ***Statutory reserves***

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
At beginning of year	**1,309**	1,139	1,027
Transferred from accumulated profits	**143**	170	112
At end of year	**1,452**	1,309	1,139

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		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
At beginning of year	**130**	113	102
Transferred from accumulated profits	**15**	17	11
At end of year	**145**	130	113

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 include proceeds from the issue of warrants and capital gains on re-issuance of treasury shares of $1,514,000 (31 March 2018: $1,514,000, 1 April 2017: $1,514,000) and $1,115,000 (31 March 2018: $1,115,000, 1 April 2017: $1,115,000) respectively.

(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 2019

30. FAIR VALUE ADJUSTMENT RESERVE

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of investment securities designated at fair value through other comprehensive income at the end of the reporting period.

31. PROJECT REVENUE

	Group	
	2019	2018
	$'000	$'000
Construction contract revenue	**194,296**	125,997

The Group performed its obligations under construction contracts solely in Singapore and construction contract revenue is recognised over time in conjunction with the transfer of goods and services.

Information relating to contract balances arising from contracts with customers is disclosed as follows:

		Group	
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Contract assets	**33,129**	19,145	22,238
Receivables from contracts with customers (Note 14)	**25,445**	17,653	12,232
Contract liabilities	**(1,927)**	–	(5,946)

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date for construction. Contract assets are transferred to receivables when the rights become conditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers. Contract liabilities are recognised as revenue as the Group performs under the contract.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

31. PROJECT REVENUE (CONTINUED)

Transaction price allocated to remaining performance obligation

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 March 2019 is $430,600,000. This amount has not included the following:

- Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration for one year or less, or
  - The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

The Group expects to recognise $241,651,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 March 2019 in the financial year 2020, with the remaining $188,949,000 after the financial year 2020.

Provision for onerous contract

During the year, the Group provided $916,000 (31 March 2018: nil, 1 April 2017: nil) for the unavoidable costs of fulfilling certain construction contract with customers, that were in excess of the economic benefits expected to be received under the contract. The provision for the onerous contract is expected to be utilised at the end of the contract term. The provision has not been discounted as the effect of discounting is not significant.

32. OTHER INCOME

	Group		**Company**	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Interest income	**7,413**	6,798	**6,470**	4,770
Other income	**2,594**	1,705	**3**	6
Gain on fair value adjustments of investment properties	**1,234**	566	**–**	–
Fair value gain on structured deposits	**11**	35	**–**	–
Foreign exchange gain	**514**	1,186	**2**	11
Loss on disposal of a subsidiary	**–**	(2)	**–**	–
Dividend income from a subsidiary	**–**	–	**9,200**	20,000
Management and administrative fee income from associates/subsidiaries	**533**	455	**4,226**	5,628
	12,299	10,743	**19,901**	30,415

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

33. PERSONNEL EXPENSES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Salaries, wages and bonuses	**7,357**	7,880	**1,839**	3,603
Central Provident Fund and other pension costs	**1,292**	1,194	**45**	46
Directors' fees	**180**	180	**180**	180
Other personnel expenses	**1,669**	1,724	**30**	43
	10,498	10,978	**2,094**	3,872

The above includes compensation of key management personnel.

	Group and Company	
	2019	2018
	$'000	$'000
Compensation of key management personnel		
Salaries, wages and bonuses	**1,839**	3,603
Central Provident Fund and other pension costs	**46**	46
Directors' fees	**180**	180
Total compensation paid to key management personnel	**2,065**	3,829
Comprise amounts paid to:		
– Directors of the Company	**1,801**	3,366
– Other key management personnel	**264**	463
	2,065	3,829

34. FINANCE COSTS

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Interest expense on:				
– finance lease obligations	**54**	26	**–**	–
– term loans	**3,094**	1,753	**2,460**	999
– bills payable	**912**	135	**–**	–
– loans due to associates and joint ventures	**104**	6	**–**	–
	4,164	1,920	**2,460**	999
Others				
– bank charges	**250**	285	**166**	250
	4,414	2,205	**2,626**	1,249

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

35. OTHER OPERATING EXPENSES

The following items have been included in other operating expenses:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Audit fees	**335**	268	**136**	118
Non-audit fees paid to auditor of the Company	**94**	55	**10**	10
Impairment losses on financial assets	**303**	60	**–**	9
Foreign exchange loss	**821**	478	**–**	6
Operating lease expenses	**436**	561	**–**	–
Amortisation of club membership	**3**	2	**–**	–
Loss on disposal of a subsidiary	**–**	2	**–**	–
Loss on disposal of plant and equipment, net	**6**	22	**–**	–

36. INCOME TAX EXPENSE AND DEFERRED TAX LIABILITIES

Major components of income tax expense

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

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Current income tax				
– Current income taxation	**3,798**	4,453	**834**	716
– Under/(over) provision in respect of previous years	**24**	(188)	**–**	(9)
Deferred tax				
– Origination and reversal of temporary differences	**(653)**	130	**(112)**	–
Income tax expense recognised in profit or loss	**3,169**	4,395	**722**	707

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

36. INCOME TAX EXPENSE AND DEFERRED TAX LIABILITIES (CONTINUED)

Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March is as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Profit from operations before share of results of associates and joint ventures	**21,058**	26,015	**14,640**	24,766
Tax at the domestic rates applicable to profits in the countries where the Group operates[(1)]	**4,666**	8,398	**2,489**	4,210
Tax effect of:				
– Expenses not deductible	**1,147**	3,276	**–**	810
– Tax rebates and exemption	**(276)**	(158)	**(27)**	(36)
– Non-taxable income	**(2,321)**	(7,106)	**(1,740)**	(4,268)
– Under/(over) provision in respect of previous years	**24**	(188)	**–**	(9)
– Withholding tax expense	**15**	126	**–**	–
– Others	**(86)**	47	**–**	–
Income tax expense recognised in profit or loss	**3,169**	4,395	**722**	707

(1) The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Deferred tax liabilities

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Deferred tax liabilities:			
Differences in depreciation	**184**	293	510
Tax effect on revaluation of investment properties	**15,957**	16,760	16,166
Others	**2,393**	2,452	2,163
	18,534	19,505	18,839
Deferred tax assets:			
Employee benefits	**(246)**	(125)	(30)
Provision for general defects liability period for completed projects	**(341)**	–	–
Deferred tax liabilities, net	**17,947**	19,380	18,809

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

37. EARNINGS PER SHARE

Basic earnings per share ("EPS") 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 outstanding during the financial 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 outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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	
	2019	2018
	$'000	$'000
Profit for the year attributable to owners of the Company used in the computation of earnings per share	**7,627**	30,554
Weighted average number of ordinary shares for computing basic and diluted earnings per share	**569,736**	569,736
Basic and diluted earnings per share (cents per share)	**1.34**	5.36

38. 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 as at the end of the year.

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/1 April:

		Group	
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Net assets attributable to owners of the Company	**327,779**	335,257	316,168
Total number of issued ordinary shares as at 31 March/1 April	**569,736**	569,736	455,789
Net asset value per share (cents per share)	**57.53**	58.84	69.37

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

39. DIVIDENDS

	Group and Company	
	2019	2018
	$'000	$'000
Dividends paid during the year:		
Dividends on ordinary shares:		
– Interim exempt (one-tier) dividend for 2019: 1.00 cent (2018: 1.00 cent) per share	**5,697**	5,697
– Final exempt (one-tier) dividend for 2018: 1.20 cents (2017: 2.00 cents) per share	**6,837**	9,116
	12,534	14,813
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 2019: 1.20 cents (2018: 1.20 cents) per share	**6,837**	6,837

The Directors have proposed a final tax-exempt (one-tier) dividend of 1.20 cents per share ("Proposed Final Dividend for FY 2019"), amounting to approximately $6,387,000 to be paid in respect of the year ended 31 March 2019. 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.

40. 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	
	2019	2018
	$'000	$'000
Construction services rendered to:		
– Associates	**1**	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

41. 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**

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41. 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 2019 and 2018.

There are no inter-segment sales within the Group.

	Construction $'000	Property development and management $'000	Others $'000	Eliminations $'000	Total $'000
Year ended 31 March 2019					
Revenue					
External sales	**194,296**	**5,705**	**–**	**–**	**200,001**
Results					
Share of results of associates and joint ventures	**–**	**(9,409)**	**(22)**	**–**	**(9,431)**
Fair value gains on investment properties	**–**	**1,234**	**–**	**–**	**1,234**
Interest income	**383**	**11**	**7,019**	**–**	**7,413**
Finance costs	**(1,441)**	**(344)**	**(2,629)**	**–**	**(4,414)**
Profit before taxation	**15,984**	**(5,325)**	**968**	**–**	**11,627**
Segment assets	**253,265**	**121,821**	**125,583**	**(170,426)**	**330,243**
Interests in associates	**–**	**177,585**	**6,526**	**–**	**184,111**
Interests in joint ventures	**–**	**89,663**	**–**	**–**	**89,663**
Total assets					**604,017**
Segment liabilities	**116,209**	**27,399**	**215,398**	**(127,767)**	**231,239**
Unallocated liabilities*					**21,518**
Total liabilities					**252,757**
Other segment information:					
Capital expenditures	**5,211**	**1**	**–**	**–**	**5,212**
Depreciation of property, plant and equipment	**2,052**	**15**	**–**	**–**	**2,067**

* Unallocated liabilities comprise deferred tax liabilities, provision for income tax and deferred income which are added to segment liabilities to arrive at total liabilities reported in the balance sheet.

NOTES TO THE **FINANCIAL STATEMENTS**

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41. SEGMENT INFORMATION (CONTINUED)

(a) *Business segments (continued)*

	Construction $'000	Property development and management $'000	Others $'000	Eliminations $'000	Total $'000
Year ended 31 March 2018					
Revenue					
External sales	125,997	6,086	–	–	132,083
Results					
Share of results of associates and joint ventures	–	9,623	(1)	–	9,622
Fair value gains on investment properties	–	566	–	–	566
Interest income	544	12	6,242	–	6,798
Finance costs	(659)	(301)	(1,245)	–	(2,205)
Profit before taxation	21,785	12,709	1,143	–	35,637
Segment assets	245,072	165,479	87,053	(191,709)	305,895
Interests in associates	–	182,322	6,527	–	188,849
Interests in joint ventures	–	81,855	–	–	81,855
Total assets					576,599
Segment liabilities	119,765	30,455	187,890	(143,055)	195,055
Unallocated liabilities*					22,828
Total liabilities					217,883
Other segment information:					
Capital expenditures	10,695	5	–	–	10,700
Depreciation of property, plant and equipment	1,695	18	–	–	1,713

* Unallocated liabilities comprise deferred tax liabilities, provision for income tax and deferred income which are added to segment liabilities to arrive at total liabilities reported in the balance sheet.

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41. 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 2019 and 2018.

There are no inter-segment sales within the Group.

	Singapore $'000	Malaysia $'000	Vietnam $'000	Japan $'000	Australia $'000	England, United Kingdom $'000	The People's Republic of China $'000	Eliminations $'000	Total $'000
Year ended 31 March 2019									
Revenue	**194,617**	**–**	**–**	**–**	**–**	**–**	**5,384**	**–**	**200,001**
Segment assets	**280,813**	**298**	**157**	**–**	**1,389**	**36**	**86,055**	**(38,505)**	**330,243**
Interests in associates	**136,167**	**–**	**–**	**1,246**	**10**	**21,962**	**24,726**	**–**	**184,111**
Interests in joint ventures	**89,663**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**89,663**
Total assets									**604,017**
Other segment information:									
Capital expenditures	**5,211**	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**5,212**

	Singapore $'000	Malaysia $'000	Vietnam $'000	Japan $'000	Australia $'000	England, United Kingdom $'000	The People's Republic of China $'000	Eliminations $'000	Total $'000
Year ended 31 March 2018									
Revenue	126,309	–	–	–	–	–	5,774	–	132,083
Segment assets	255,597	303	–	–	897	3	87,987	(38,892)	305,895
Interests in associates	141,089	(1)	693	1,377	2,885	16,273	26,533	–	188,849
Interests in joint ventures	81,855	–	–	–	–	–	–	–	81,855
Total assets									576,599
Other segment information:									
Capital expenditures	10,695	–	–	–	–	–	5	–	10,700

	Singapore $'000	Malaysia $'000	Vietnam $'000	Japan $'000	Australia $'000	England, United Kingdom $'000	The People's Republic of China $'000	Eliminations $'000	Total $'000
As at 1 April 2017									
Segment assets	244,975	278	–	1,425	800	–	109,378	(42,293)	314,563
Interests in associates	111,677	–	693	–	2,885	12,525	26,899	–	154,679
Interests in joint ventures	42,934	–	–	–	–	–	–	–	42,934
Total assets									512,176
Other segment information:									
Capital expenditures	404	–	–	–	–	–	69	–	473

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42. 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		
	2019	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Guarantees given to financial institutions in connection with facilities given to:						
(i) subsidiaries*	**–**	–	–	**449,513**	280,191	415,769
(ii) associates	**326,287**	385,222	91,585	**326,287**	385,222	91,585
(iii) joint ventures	**150,973**	138,305	128,479	**150,973**	138,305	128,479

* The Company acts as a corporate guarantor for credit facilities granted to subsidiaries, for a total facility amount of $449,513,000 (31 March 2018: $280,191,000, 1 April 2017: $415,769,000) of which $83,878,000 (31 March 2018: $126,136,000, 1 April 2017: $131,466,000) has been utilised as at the end of the reporting period

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, staff accommodation for foreign workers 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 35 (31 March 2018: 1 to 36, 1 April 2017: 1 to 37) years.

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

	Group		
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Future minimum lease payments			
– not later than one year	**298**	293	453
– later than one year but not later than five years	**1,081**	1,123	1,244
– later than five years	**6,237**	6,528	7,967
	7,616	7,944	9,664

42. 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 (31 March 2018: 6, 1 April 2017: 6) years.

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

		Group	
	2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Not later than one year	**3,556**	4,070	4,033
Later than one year but not later than five years	**4,381**	5,884	4,486
Later than five years	**–**	154	691
	7,937	10,108	9,210

43. 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 than 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.

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43. 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 2019 $'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
Assets measured at fair value				
Financial assets:				
Equity securities at FVOCI				
Unquoted equity securities (Note 8)	–	–	**1,248**	**1,248**
Financial assets at fair value through profit or loss				
Structured deposits (Note 13)	–	**3,065**	–	**3,065**
Financial assets as at 31 March 2019	–	**3,065**	**1,248**	**4,313**
Non-financial assets:				
Investment properties (Note 9)				
Commercial	–	–	**104,921**	**104,921**
Residential	–	–	**16,459**	**16,459**
Non-financial assets as at 31 March 2019	–	–	**121,380**	**121,380**

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43. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

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

	Group 31.3.2018 $'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**
Assets measured at fair value				
Financial assets:				
Financial assets at fair value through profit or loss				
Structured deposits (Note 13)	–	1,054	–	1,054
Financial assets as at 31 March 2018	–	1,054	–	1,054
Non-financial assets:				
Investment properties (Note 9)				
Commercial	–	–	108,512	108,512
Residential	–	–	15,370	15,370
Non-financial assets as at 31 March 2018	–	–	123,882	123,882

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43. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

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

	Group 1.4.2017 $'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
Assets measured at fair value				
Financial assets:				
Financial assets at fair value through profit or loss				
Structured deposits (Note 13)	–	1,019	–	1,019
Financial assets as at 31 March 2017	–	1,019	–	1,019
Non-financial assets:				
Investment properties (Note 9)				
Commercial	–	–	104,909	104,909
Residential	–	–	15,200	15,200
Non-financial assets as at 31 March 2017	–	–	120,109	120,109

(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.

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43. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements

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

Equity securities at FVOCI

The fair values of unquoted equity securities are determined based on the fair values of the underlying assets and liabilities of the investee company.

Investment properties

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

Description	**Fair value as at 31 March 2019**	**Valuation techniques**	**Unobservable inputs**	**Rate/Range**
Investment Properties:				
Commercial	104,921**	Market comparable approach	Yield adjustments based on management's assumptions*	8% to 21%
		Discounted cash flow	Discount rate	5%
Residential	16,459	Market comparable approach	Yield adjustments based on management's assumptions*	1% to 18%

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

** Fair value of commercial investment property is obtained using the average of the market comparable approach and discounted cash flow at equal weightage.

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

For commercial investment property, a significant increase/(decrease) in discount rate based on management's assumptions would result in a significantly lower/(higher) fair value measurement whereas a significant increase/(decrease) in market rent growth rate based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

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.

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43. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (continued)

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

	Carrying amount $'000	Effect of reasonably possible alternative assumptions Profit or loss $'000
Recurring fair value measurements		
Investment properties:		
Commercial	104,921	3,148
Residential	16,459	461

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 and residential 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

The following table presents the reconciliation for investment properties which are measured at fair value on significant unobservable inputs (Level 3):

	Group **2019** **$'000**	 2018 $'000
Beginning of the year	**123,882**	120,109
– Fair value gain recognised in profit or loss	**1,234**	566
– Exchange differences	**(3,736)**	3,207
End of the year	**121,380**	123,882

(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 and Risk Committee.

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 SFRS(I) 13 fair value measurement guidance.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (continued)

(iii) Valuation policies and procedures (continued)

For valuations performed by external valuation experts, Management reviews the appropriateness of the valuation methodologies and assumptions adopted. 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 approximate fair value

The carrying amounts of current receivables and payables are reasonable approximation of their fair values due to their short-term nature.

The carrying amounts of finance lease obligations approximate their fair values as the implicit interest rates approximates the market interest rates prevailing at the financial year end.

The carrying amounts of bank term loans are reasonable approximation of their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of current structured deposits are reasonable approximation of their fair values as they are principal-protected with returns earned on interest. The structured deposits are also of short-term nature.

The carrying value of the non-current receivables and payables approximate their fair value as the discount rates did not fluctuate significantly from the date of inception.

44. 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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

Analysis of financial liabilities by remaining contractual maturities

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 repayment obligations:

	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2019				
Group				
Trade and other payables	**72,741**	**192**	**–**	**72,933**
Loans and borrowings (excluding finance lease obligations)	**73,575**	**83,178**	**845**	**157,598**
Finance lease obligations*	**817**	**2,193**	**–**	**3,010**
Company				
Trade and other payables	**1,026**	**–**	**–**	**1,026**
Loans and borrowings	**28,628**	**79,791**	**–**	**108,419**
31.3.2018				
Group				
Trade and other payables	71,969	197	–	72,166
Loans and borrowings	65,093	58,707	2,103	125,903
Company				
Trade and other payables	2,825	–	–	2,825
Loans and borrowings	10,495	51,280	–	61,775

* Present value of finance lease obligations as at 31 March 2019 due within one year is $611,000 (31 March 2018: $248,000) and due after one year is $1,639,000 (31 March 2018: $346,000), after deducting amounts representing finance charges of $760,000 (31 March 2018: $40,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities (continued)

	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
1.4.2017				
Group				
Trade and other payables	77,103	186	–	77,289
Loans and borrowings	40,323	25,752	2,724	68,799
Company				
Trade and other payables	3,930	–	–	3,930
Loans and borrowings	1,328	8,608	–	9,936

Undiscounted loan payments with variable rates had been determined with reference to conditions existing as at the end of the reporting period.

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.

	Within 1 year $'000	1 to 5 years $'000	Total $'000
2019			
Group			
Financial guarantees	**477,260**	**–**	**477,260**
Company			
Financial guarantees	**926,773**	**–**	**926,773**

	Within 1 year $'000	1 to 5 years $'000	Total $'000
31.3.2018			
Group			
Financial guarantees	523,527	–	523,527
Company			
Financial guarantees	803,718	–	803,718

NOTES TO THE **FINANCIAL STATEMENTS**

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Liquidity risk (continued)

	Within 1 year $'000	1 to 5 years $'000	Total $'000
1.4.2017			
Group			
Financial guarantees	220,064	–	220,064
Company			
Financial guarantees	351,530	–	351,530

(ii) Interest rate risk

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 10 (2018: 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 $31,000 (31 March 2018: $17,000, 1 April 2017: $56,000) lower; if the interest rates had been 10 (2018: 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 $31,000 (31 March 2018: $17,000, 1 April 2017: $56,000) higher.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) 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 20.

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 upon disposal of those Group entities. Such balances are denominated primarily in RMB, MYR, United States Dollar ("USD"), Pound Sterling ("GBP"), Japanese Yen ("JPY") and Hong Kong Dollar ("HKD"). 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.

Sensitivity analysis for foreign currency risk

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

		Group	
		2019	2018
		Profit before taxation	
		$'000	$'000
USD	– strengthened by 3% (2018: 3%)	**541**	246
	– weakened by 3% (2018: 3%)	**(541)**	(246)
RMB	– strengthened by 3% (2018: 3%)	**718**	359
	– weakened by 3% (2018: 3%)	**(718)**	(359)
MYR	– strengthened by 3% (2018: 3%)	**(2)**	(2)
	– weakened by 3% (2018: 3%)	**2**	2
GBP	– strengthened by 3% (2018: 3%)	**637**	482
	– weakened by 3% (2018: 3%)	**(637)**	(482)
JPY	– strengthened by 3% (2018: 3%)	**37**	–
	– weakened by 3% (2018: 3%)	**(37)**	–
HKD	– strengthened by 3% (2018: Nil)	**39**	29
	– weakened by 3% (2018: Nil)	**(39)**	(29)

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 the 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.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:
- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

Trade receivables and contract assets

The Group has applied the simplified approach to provide for impairment for ECLs prescribed by SFRS(I) 9, which permits the use of the lifetime expected loss provision for impairment of all contract assets and trade receivables. To measure the ECLs, contract assets and trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward looking information.

Given (i) the customers of the Group are well-known institutions and government agencies and there was no history of default in prior years; and (ii) no adverse change in the business environment is anticipated, management considered the default rate of trade receivables and contract assets to be minimal and the expected credit loss rate of institutions and government agencies to be nil for all ageing bands. As a result, no provision for impairment of trade receivables and contract assets is necessary.

The following are credit risk management practices and quantitative information about trade receivables and contract assets.

		Trade receivables			
31 March 2019	**Contract assets $'000**	**Current and more than 30 days past due $'000**	**More than 60 days past due $'000**	**More than 90 days past due $'000**	**Total $'000**
Gross carrying amount	**33,129**	**25,434**	**13**	**12**	**58,588**

Other receivables

Other receivables mainly comprised loans and amounts due from associates and joint ventures. The assessment of provision for impairment was limited to 12-month ECL. The Group has assessed and considered the credit risk for amounts due from associates and joint ventures to be low.

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44. 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 joint ventures (Note 42).

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:

	2019		31.3.2018		1.4.2017	
	$'000	**% of total**	$'000	% of total	$'000	% of total
Group						
By country:						
Singapore	**25,445**	**100**	17,653	100	12,232	100
By industry sector:						
Construction	**25,445**	**100**	17,653	100	12,232	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with 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 2019

45. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company		
	2019	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Financial assets at fair value through profit or loss – designated as such on initial recognition						
Structured deposits	**7,765**	5,754	1,019	**–**	–	–
Financial assets carried at fair value through other comprehensive income						
Unquoted equity securities	**1,248**	*	*	**–**	–	–
Financial assets carried at amortised cost						
Loans due from associates	**137,928**	116,082	84,368	**–**	–	–
Amounts due from associates (non-trade)	**7,764**	7,556	7,969	**–**	–	–
Loans due from joint ventures	**50,238**	59,903	34,667	**–**	–	–
Amounts due from joint ventures (non-trade)	**10,770**	2,056	1,601	**–**	–	–
Other receivables (non-current)	**1,246**	2,274	2,225	**–**	–	–
Amount due from a minority shareholder of a subsidiary (non-trade)	**2,231**	2,310	2,242	**–**	–	–
Amounts due from subsidiaries (non-trade)	**–**	–	–	**187,348**	198,960	77,954
Trade receivables	**25,459**	17,741	12,232	**–**	–	–
Other receivables and deposits	**2,072**	1,886	1,451	**170**	65	20
Fixed deposits	**65,823**	49,223	89,673	**39,267**	12,276	17,444
Cash and bank balances	**45,392**	26,927	56,180	**13,939**	4,521	1,038
	348,923	285,958	292,608	**240,724**	215,822	96,456

* Less than $1,000

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

45. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

	Group			Company		
	2019	31.3.2018	1.4.2017	**2019**	31.3.2018	1.4.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Financial liabilities measured at amortised cost						
Trade payables	**15,020**	16,218	19,062	**–**	–	–
Other payables and accruals	**57,721**	55,751	58,041	**1,026**	2,825	3,930
Amounts due to subsidiaries (non-trade)	**–**	–	–	**75,491**	94,946	34,354
Amounts due to associates (non-trade)	*****	1,401	1,580	**–**	–	–
Loans due to associates	**866**	31,711	27,630	**–**	–	–
Bank term loans, secured	**120,492**	85,514	65,576	**104,652**	59,885	9,525
Bills payable to banks, secured	**32,721**	30,091	513	**–**	–	–
Finance lease obligations	**2,250**	594	636	**–**	–	–
Bank overdrafts, secured	**–**	6,690	–	**–**	–	–
	229,070	227,970	173,038	**181,169**	157,656	47,809

* Less than $1,000

46. 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 2019 and 31 March 2018.

As disclosed in Note 29, 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 2019 and 31 March 2018. 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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

46. CAPITAL MANAGEMENT (CONTINUED)

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

	Note	**Group**	
		2019	2018
		$'000	$'000
Loans and borrowings		**155,463**	122,889
Trade and other payables		**72,933**	72,166
Less: Cash and bank balances and fixed deposits	20	**(111,215)**	(76,150)
Net debt		**117,181**	118,905
Equity attributable to the owners of the Company		**327,779**	335,257
Less: Statutory reserve fund		**(1,452)**	(1,309)
General reserve fund		**(145)**	(130)
Total capital		**326,182**	333,818
Capital and net debt		**443,363**	452,723
Gearing ratio		**26%**	26%

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 years ended 31 March 2019 and 2018.

47. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Acquisition of interest in KAP Hotel Investments Pte. Ltd.

On 18 April 2019, KSH Hotels Asia Pte. Ltd. ("KSHHA"), a wholly-owned subsidiary of the Company, acquired 20% of the equity interest in KAP Hotel Investments Pte. Ltd. ("KAP"), for a consideration of $1, together with Prospere Development Pte. Ltd. ("Prospere"), Oxley China Pte. Ltd. ("Oxley") and LBD (China) Pte. Ltd. ("LBD"). The principal activities of KAP are management consultancy services for hotels and holding of assets.

48. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Directors on 3 July 2019.

STATISTICS OF **SHAREHOLDINGS**

AS AT 19 JUNE 2019

DISTRIBUTION OF SHAREHOLDINGS

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)	:	569,735,645
Total no. of treasury shares	:	nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	75	3.63	3,650	0.00
100 – 1,000	133	6.43	57,137	0.01
1,001 – 10,000	622	30.11	3,468,960	0.61
10,001 – 1,000,000	1,202	58.18	80,774,138	14.18
1,000,001 AND ABOVE	34	1.65	485,431,760	85.20
TOTAL	**2,066**	**100.00**	**569,735,645**	**100.00**

The percentage of shareholdings in the hands of the public as at 19 June 2019 was approximately 34.86% 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 number of issued shares excluding treasury shares is at all times held by the public.

The Company does not hold any treasury shares as at 19 June 2019.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	120,538,536	21.16
2	KWOK NGAT KHOW	81,255,273	14.26
3	TOK CHENG HOE	81,255,273	14.26
4	LIM KEE SENG	68,237,360	11.98
5	YIP SAU LEUNG	29,049,887	5.10
6	DBS NOMINEES (PRIVATE) LIMITED	19,363,892	3.40
7	CHEE SWEE HENG	9,789,700	1.72
8	PANG HENG KWEE	8,077,500	1.42
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	7,072,200	1.24
10	OCBC SECURITIES PRIVATE LIMITED	6,764,085	1.19
11	CHUA SIAK NENG	6,508,956	1.14
12	GOH KIA HUA	6,297,056	1.11
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,376,222	0.77
14	ANG JUI KHOON	3,695,025	0.65
15	PHILLIP SECURITIES PTE LTD	3,389,224	0.59
16	UOB KAY HIAN PRIVATE LIMITED	2,190,232	0.38
17	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,118,310	0.37
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,069,234	0.36
19	CHING TSZ KIN ALLEN	1,883,787	0.33
20	RAFFLES NOMINEES (PTE.) LIMITED	1,869,021	0.33
	TOTAL	**465,800,773**	**81.76**

STATISTICS OF **SHAREHOLDINGS**

AS AT 19 JUNE 2019

SUBSTANTIAL SHAREHOLDERS

(As shown in the Company's Register of Substantial Shareholders as at 19 June 2019)

NAME	DIRECT INTEREST (NO. OF SHARES)	%	DEEMED INTEREST (NO. OF SHARES)	%
CHOO CHEE ONN	108,843,298	19.10	–	–
KWOK NGAT KHOW	81,255,273	14.26	–	–
TOK CHENG HOE	81,255,273	14.26	–	–
LIM KEE SENG	68,237,360	11.98	–	–
YIP SAU LEUNG	29,990,887[(1)]	5.26	2,130,625[(2)]	0.37

Notes:

(1) Yip Sau Leung's shareholding interest of 29,990,887 shares in the Company comprises of 29,049,887 shares held in his name and 941,000 shares held through a nominee.

(2) Yip Sau Leung is deemed interested in the 2,130,625 shares held by his spouse.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Tok Cheng Hoe, Mr. Khua Kian Kheng Ivan and Mr. Choo Chee Onn are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 26 July 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	MR. TOK CHENG HOE	MR. KHUA KIAN KHENG IVAN	MR. CHOO CHEE ONN
Date of Appointment	22 March 2006	18 December 2006	9 March 2006
Date of last re-appointment (if applicable)	25 July 2016	25 July 2016	Not Applicable
Age	68	44	68
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Mr. Tok Cheng Hoe for re-appointment as an Executive Director of the Company. The Board has reviewed and concluded that Mr. Tok Cheng Hoe possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr. Khua Kian Kheng Ivan for re-appointment as 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. The Board has reviewed and concluded that Mr. Khua Kian Kheng Ivan possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr. Choo Chee Onn for re-appointment as the Executive Chairman and Managing Director of the Company. The Board has reviewed and concluded that Mr. Choo Chee Onn possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. TOK CHENG HOE	MR. KHUA KIAN KHENG IVAN	MR. CHOO CHEE ONN
Whether appointment is executive, and if so, the area of responsibility	Executive; responsible for the management and execution of construction projects	Non-Executive	Executive; responsible for the overall management, strategic planning and business development of the Group
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Director, Chairman of the NC and a member of each of the Audit and Risk Committee and Remuneration Committee	Executive Chairman and Managing Director
Professional qualifications and working experience and occupation(s) during the past 10 years	Mr. Tok is presently an Executive Director of the Company Mr. Tok has more than 40 years of experience in the construction, construction-related and property development industries	Member of the Singapore Institute of Arbitrators and Associate of the Singapore Institute of Building Mr. Khua is presently an executive director of Hock Leong Enterprises Pte. Ltd., an oil and gas related servicing company Please refer to other principal commitments	Mr. Choo is presently an Executive Chairman and Managing Director of the Company Mr. Choo has more than 40 years of experience in the construction and property development industries
Shareholding interest in the listed issuer and its subsidiaries	81,255,273 shares	302,500 shares	108,843,298 shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR. TOK CHENG HOE	MR. KHUA KIAN KHENG IVAN	MR. CHOO CHEE ONN
Other Principal Commitments* Including Directorships# (for the last 5 years) * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Past (for the past 5 years): Not Applicable Present: Directorships in the Group's subsidiaries	Past (for the past 5 years): Not Applicable Present: Hock Leong Enterprises Pte. Ltd. Moneymax Financial Services Ltd. No Signboard Holdings Ltd	Past (for the past 5 years): Not Applicable Present: Directorships in the Group's subsidiaries
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR. TOK CHENG HOE	MR. KHUA KIAN KHENG IVAN	MR. CHOO CHEE ONN
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR. TOK CHENG HOE	MR. KHUA KIAN KHENG IVAN	MR. CHOO CHEE ONN
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(g) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. TOK CHENG HOE	MR. KHUA KIAN KHENG IVAN	MR. CHOO CHEE ONN
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

	MR. TOK CHENG HOE	MR. KHUA KIAN KHENG IVAN	MR. CHOO CHEE ONN
Disclosure applicable to the appointment of Director only.			
Any prior experience as a director of a listed company? If yes, please provide details of prior experience.	Not Applicable	Not Applicable	Not Applicable
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).			

NOTICE OF 13TH **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the 13th Annual General Meeting of **KSH HOLDINGS LIMITED** will be held at Furama Riverfront Singapore, Venus 1 Level 3, 405 Havelock Road, Singapore 169633 on Friday, 26 July 2019 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 2019 and the Statement of the directors of the Company ("**Directors**") and the Auditor's Report. **[Resolution 1]**

2. To declare a final tax exempt (one-tier) cash dividend of 1.20 cents per share for the financial year ended 31 March 2019. **[Resolution 2]**

3. To approve Directors' fees of S$180,000 to be paid quarterly in arrears for the financial year ending 31 March 2020 to the Independent Directors. (2019: S$180,000) **[Resolution 3]**

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

   (a) Mr. Tok Cheng Hoe **[Resolution 4]**
   (b) Mr. Khua Kian Kheng Ivan **[Resolution 5]**
   (c) Mr. Choo Chee Onn **[Resolution 6]**

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

   Mr. Khua Kian Kheng Ivan will, upon re-election 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 Remuneration Committee and Audit and Risk Committee and will be considered independent of Management.

   Mr. Choo Chee Onn will, upon re-election as a Director of the Company, remain as the Executive Chairman and Managing Director.

5. To re-appoint Messrs Ernst & Young LLP as Auditor and to authorise the Directors to fix their remuneration. **[Resolution 7]**

NOTICE OF 13TH **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 8]**

   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 9]**

   (See Explanatory Note (ii))

NOTICE OF 13TH **ANNUAL GENERAL MEETING**

8. **The proposed renewal of the Share Purchase Mandate** **[Resolution 10]**

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 13TH **ANNUAL GENERAL MEETING**

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued Shares (excluding treasury shares and subsidiary holdings), 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 subsidiary holdings and 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

(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))

NOTICE OF 13TH ANNUAL GENERAL MEETING

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

11 July 2019

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) Resolution 8 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 9 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 10, 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 10 is set out in the Appendix enclosed together with the Annual Report.

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, compilation and publication 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.

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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 13th Annual General Meeting ("**Meeting**") of the Company to be held at Furama Riverfront Singapore, Venus 1 Level 3, 405 Havelock Road, Singapore 169633 on Friday, 26 July 2019 at 9.30 a.m. and at any adjournment thereof.

(If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" in the space provided. Alternatively, please indicate the number of votes 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, Auditor's Report and Audited Accounts for the financial year ended 31 March 2019		
2.	To approve a final tax-exempt (one-tier) cash dividend of 1.20 cents per share for the financial year ended 31 March 2019		
3.	To approve Directors' Fees S$180,000 for the financial year ending 31 March 2020 to the Independent Directors		
4.	To re-elect Mr. Tok Cheng Hoe as a Director retiring under Article 89		
5.	To re-elect Mr. Khua Kian Kheng Ivan as a Director retiring under Article 89		
6.	To re-elect Mr. Choo Chee Onn as a Director retiring under Article 89		
7.	To re-appoint Ernst & Young LLP as Auditor		
8.	To authorise the Directors to allot and issue new shares		
9.	To authorise the Directors to allot and issue shares pursuant to the KSH Scrip Dividend Scheme		
10.	To approve the renewal of the Share Purchase Mandate		

Dated this _____ day of ____________ 2019

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.

KSH HOLDINGS LIMITED
Company Registration Number 200603337G
36 Senoko Road, Singapore 758108
Tel : (65) 6758 2266 | (65) 6662 9100
Fax : (65) 6758 2532