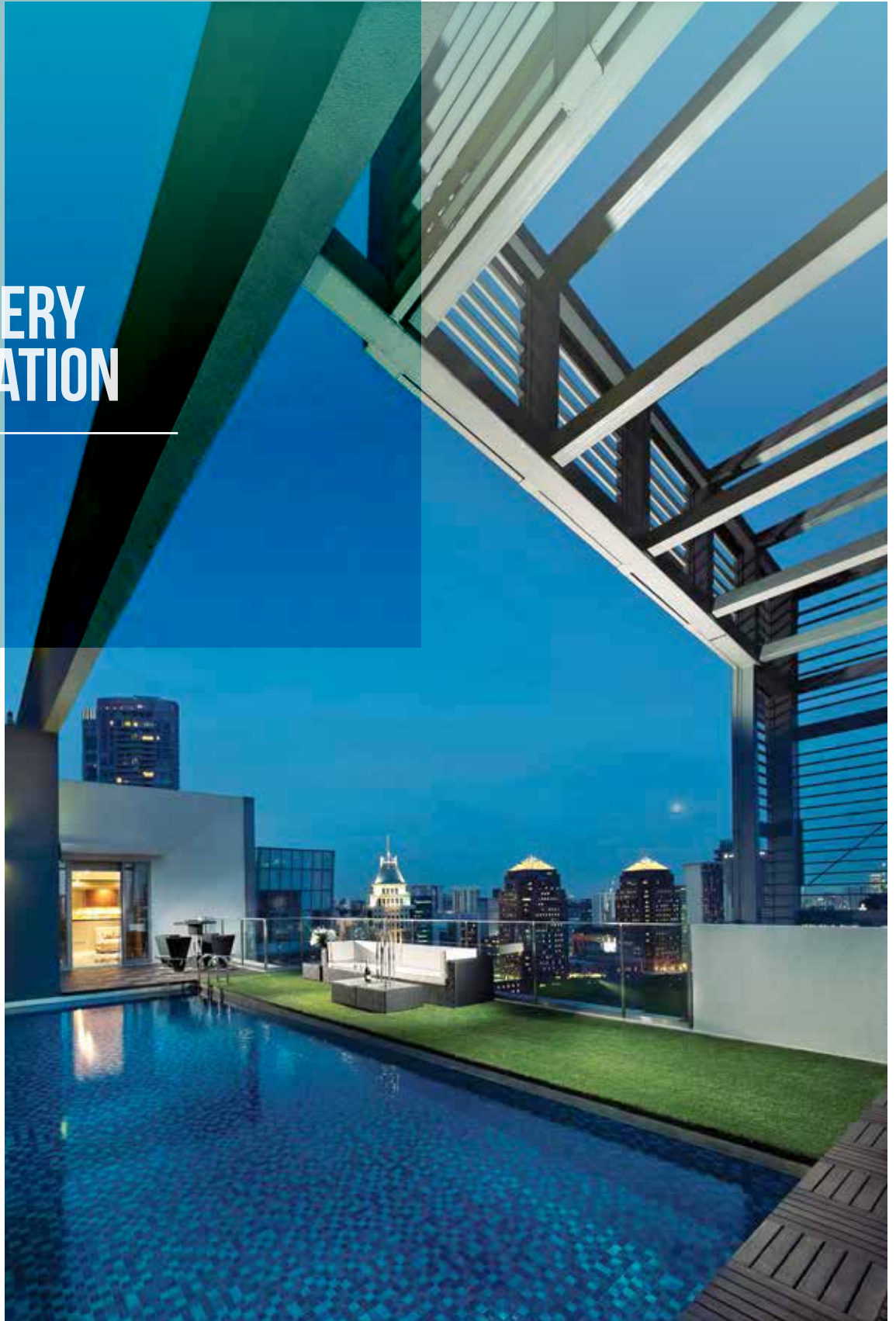




BUKIT SEMBAWANG
ESTATES LIMITED

HOMES FOR EVERY GENERATION

ANNUAL REPORT
2015





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CORPORATE PROFILE



For over half a century, Bukit Sembawang Group has built many of Singapore's renowned and established residential developments comprising landed homes, private condominiums and apartments.

Bukit Sembawang Group started developing landed properties in the 1950s. Bukit Sembawang Estates Limited was incorporated in Singapore in 1967 and was one of the pioneer companies that obtained public-listing on SGX Mainboard in 1968. The Group focuses on property development, investment and other property-related activities.

In our efforts to continually create and build better homes, we have extended our expertise to develop high-end private properties where no details are spared in bringing you the higher sophistication in life. Imported fittings and provisions will reflect a true mark of prestige and quality, catering to different lifestyle requirements and cosmopolitan outlook of the new group of homebuyers. Our widely-acclaimed portfolio of private condominiums are Parc Mondrian, Verdure, Paterson Suites, The Vermont on Cairnhill, which have been completed, and Skyline Residences which is due for completion soon.

Our commitment to continually deliver well-designed quality homes has won us awards and accolades. We have been accorded BCA ISO 9001:2008 Certification in Project Management Services since 2000 and have won BCA Construction Excellence Awards and numerous Green Mark awards for our various projects. We were awarded the BCI Asia Top Ten 2013 Developers Awards which is a coveted award for the Asian building and design industry. Recently in 2015, we have been awarded the Green Mark Gold Plus and Platinum certification by BCA for Luxus Hills Phase 8 and 9 respectively. In May 2015, The Vermont on Cairnhill was presented as one of the winners for the Residential Development (Singapore) Category in the Asia Pacific Property Awards 2015.

Bukit Sembawang Group, one of the pioneers in residential property development, has established a reputation as a trusted developer in building homes by continually delivering well-designed quality homes which are sought after, generation after generation.

**BALANCING VISION AND
FOCUS, WE EVOLVE
WITH THE TIMES WHILE
STAYING TRUE TO OUR
MISSION OF BUILDING
QUALITY HOMES FOR
EVERY GENERATION**



**PROJECTS
FOR SALE**

SKYLINE RESIDENCES

The Visionary Home Where the Sky's the Limit



Artist's Impression

Skyline Residences is a freehold development located in Telok Blangah with three 24-storey towers, comprising of 283 units with a selection of 1, 2, 3, 3+1, 4-bedroom units and penthouses and a wide variety of facilities. Perched on top a lush landscape deck, it offers views of the sea, Keppel Golf Course, Labrador Park and Mount Faber Park.

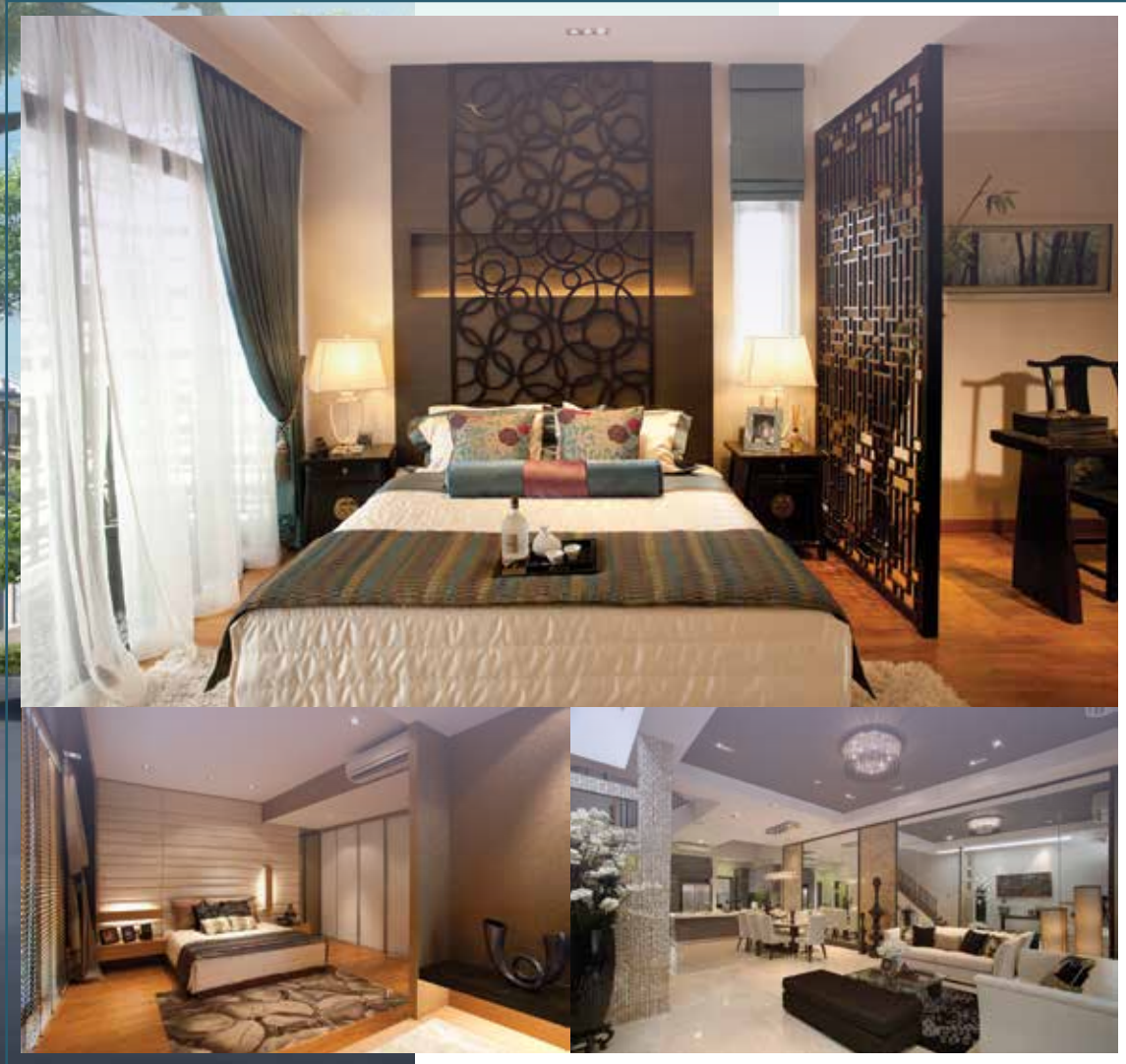
Conveniently located within walking distance to Telok Blangah MRT, Skyline Residences is also in close proximity to Universal Studios, Resorts World Sentosa and dining and shopping at VivoCity and Harbourfront Centre.



**PROJECTS
FOR SALE**

LUXUS HILLS PHASE 6

A New Family Life Begins Here



Artist's Impression

Luxus Hills Phase 6 is located along Seletar Green Avenue off Ang Mo Kio Avenue 5. It features 36 beautifully-crafted 3-storey semi-detached and terrace houses. Every home offers a cozy life of comfort in a 999-year leasehold development.

Luxus Hills Phase 6 is located near good schools with other amenities and conveniences close by to cater to family's needs. More than a home, it is truly an heirloom kept for the next generation.



**UPCOMING
LAUNCHES**

LUXUS HILLS PHASE 7

A New Family Life Begins Here



Artist's Impression

Located along Seletar Green Avenue off Ang Mo Kio Avenue 5, Luxus Hills Phase 7 features 32 elegantly-crafted 3-storey semi-detached and terrace houses with ensuite bedrooms, an exclusive sanctuary for discerning families.

Each of these 999-year leasehold houses is designed to provide spacious interiors complete with designer fittings and marble flooring. Situated in close proximity to shopping centres like AMK Hub, Greenwich V, The Seletar Mall and major expressways, it offers the entire family a variety life of unparalleled conveniences. A lifetime of family joy begins here, in a home built for every generation.



**UPCOMING
LAUNCHES**

WATERCOVE VILLE

Seafront Living by the Park



Watercove Ville in the North-Eastern edge of Sembawang is an 80-unit strata property that comprises of 78 terrace and 2 semi-detached houses, each designed with 5 bedrooms, spread across a basement, 3 levels of living space and an attic.

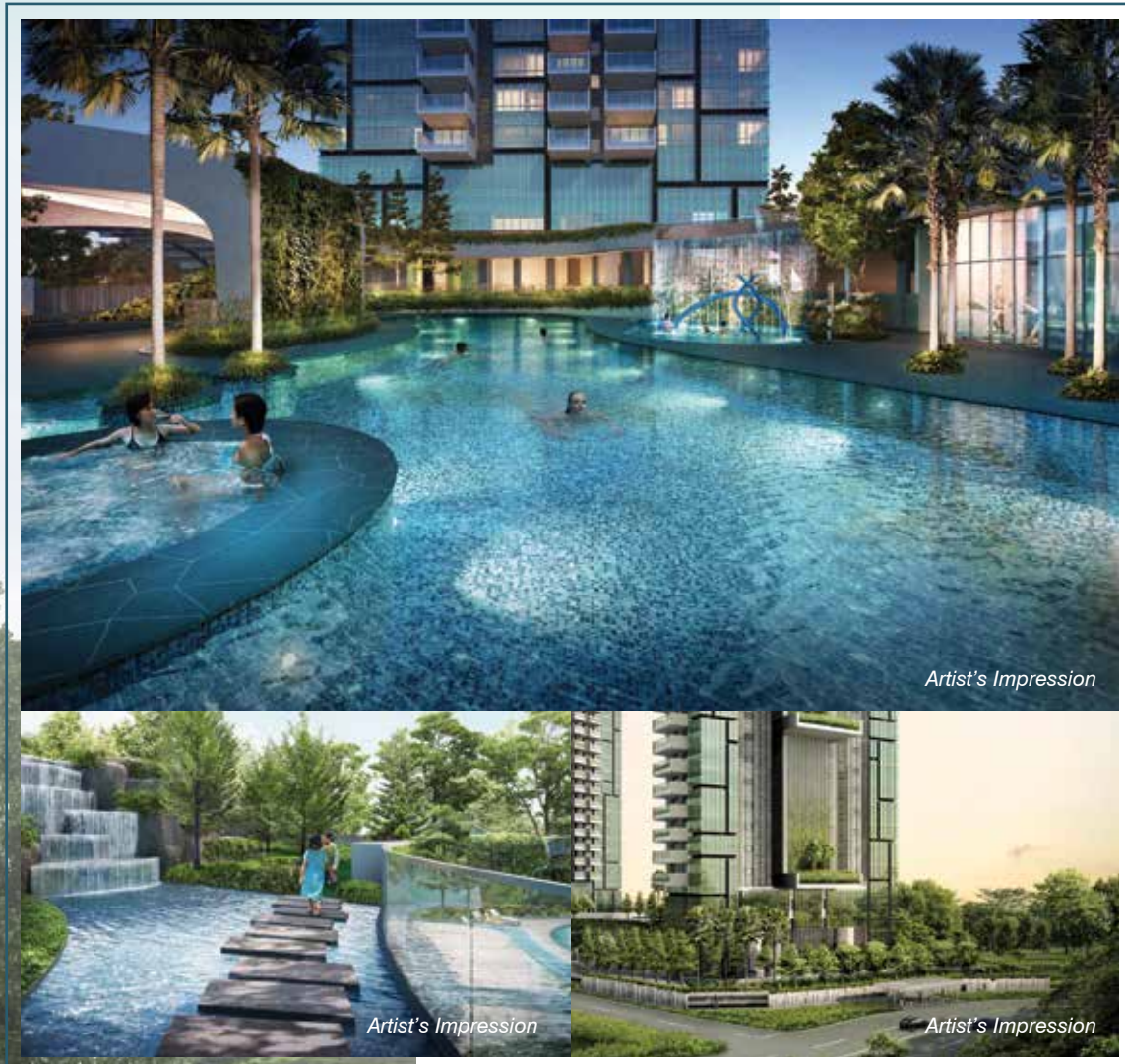
Inspired by Sembawang's colonial black-and-white bungalows, the architecture boasts high ceilings and numerous windows. With good ventilation coupled with resort-styled trimmings, it offers an expansive variety of facilities including a swimming pool, recreational pool, outdoor lounge, lounging garden and children's playground.



**NEW
PROJECTS**

ST THOMAS WALK

Contemporary City Living



Artist's Impression

St Thomas Walk is located in Prime District 9 at River Valley Road and comprises of 250 freehold units spread across two towers of 35 and 36 storey. Featuring a selection of 1, 2, 3, 4-bedroom and penthouses with spacious interiors complete with premium fittings and finishes. Each tower boasts a beautiful façade housing 5 sky gardens and 6 sky terraces respectively, complete with lounge areas, gourmet kitchens, reading areas and jacuzzi spaces.

Being minutes' drive from Singapore's Central Business District and Orchard Road shopping belt, it provides sheer convenience to residents with everything within easy reach.



**NEW
PROJECTS**

PATERSON COLLECTION

The Epitome of Luxury Living

Paterson Collection, located in Prime District 9 at Paterson Road, offers the ultimate in luxury living amidst two 19-storey towers comprising of 85 freehold units with a selection of spacious 2, 3-bedroom and penthouses with full-height glass offering panoramic views of Orchard Road.

With a wide variety of facilities such as a club house, jacuzzi, sky terrace and more, coupled with the Orchard Road shopping belt just minutes' walk away, it combines the best of both worlds at one of the most prestigious addresses in Singapore.

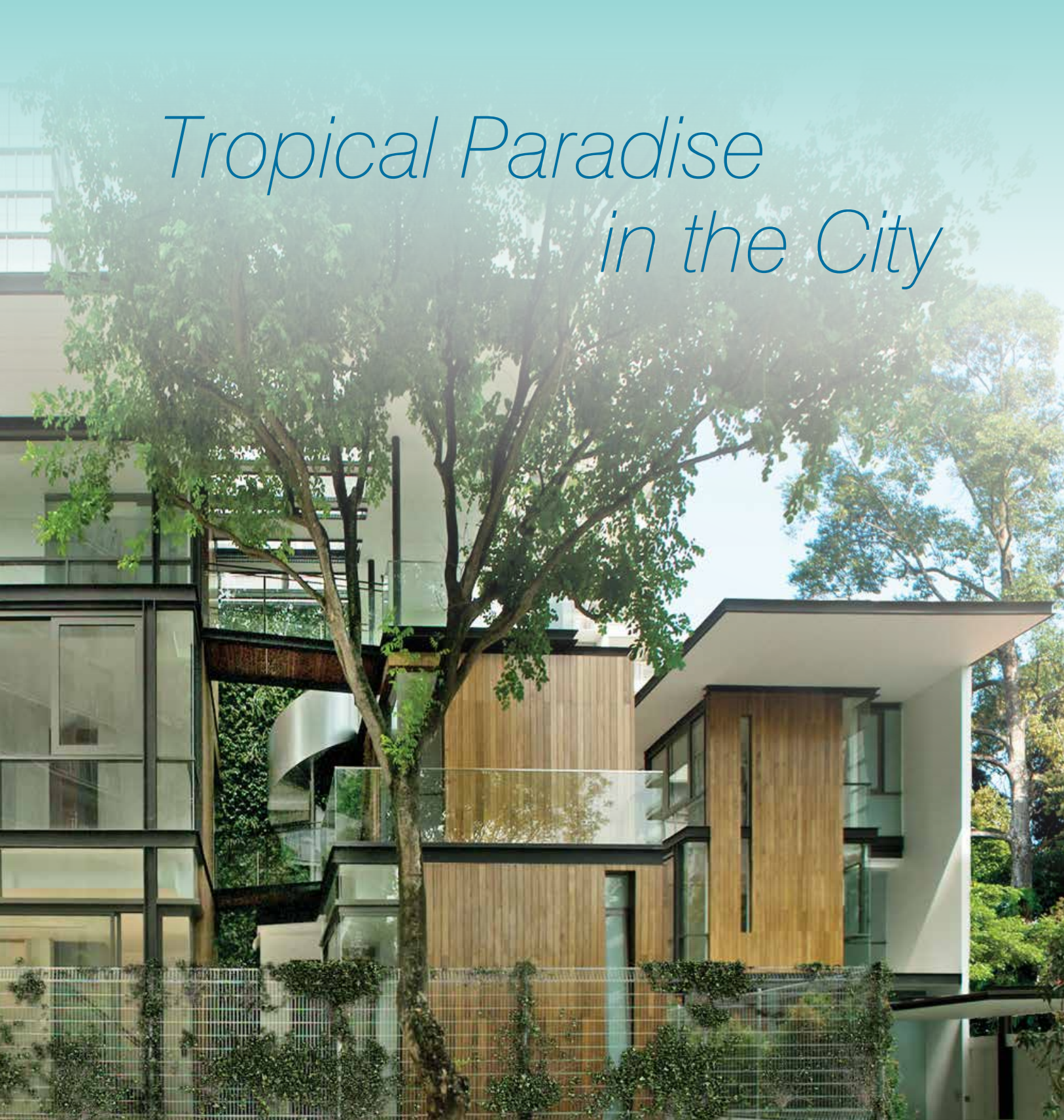




**NEW
PROJECTS**

2 SEMI-DETACHED HOUSES ALONG LENGKOK ANGSA

Tropical Paradise in the City



2 semi-detached houses, located in Prime District 9 at Lengkok Angsa off Paterson Road, are a stone's throw away from the bustling Orchard Road shopping belt.

Designed with an eco-inspired theme, it features a large cantilevered roof that allows natural light to penetrate 3 storeys down with a roof terrace that opens up to a breathtaking view of the urban cityscape.



**PROJECTS
FULLY SOLD**

**THE VERMONT ON
CAIRNHILL**

Urban Sophistication at its Finest



Located in one of Singapore's most coveted addresses in Prime District 9, The Vermont on Cairnhill is a freehold development that comprises of three towers with 158 exclusive units.

With the Orchard Road shopping belt just minutes' drive away, it offers the convenience and accessibility to a wide variety of dining venues, boutiques and designer labels. The Vermont on Cairnhill also features a wide variety of facilities such as swimming pool, sauna, foot reflexology walk, bubble pool, spa and many more.



**PROJECTS
FULLY SOLD**

PATERSON SUITES

The Coveted Home for the True Urbanite



Paterson Suites, a freehold condominium at Paterson Road that features two 22-storey towers comprising of 102 exclusive units, each featuring its own private lift lobby for the ultimate in privacy. With spacious interiors and designer branded fittings, it boasts true sophistication and luxury.

It is conveniently located within minutes' walk to Orchard Road, with a plethora of posh dining venues, boutiques and designer labels. It also features a wide variety of facilities such as a Teppanyaki Pavilion, sauna, spa pool, lounge pool with spa seats, spa beds and many more.

CHAIRMAN'S STATEMENT

The Group's profit before tax for the financial year ended 31 March 2015 (FY2015) was \$109.1 million, a decrease of 18.2% as compared to \$133.3 million for FY2014. The Group's net profit after tax for FY2015 was \$92.7 million, a decrease of 16.6% as compared to \$111.3 million for FY2014. The decrease was due to lower sales as a result of the difficult market conditions in the residential property market.

The Group's development profit for FY2015 consisted of the recognition of revenue (based on percentage of completion method) for the housing units sold at The Vermont on Cairnhill, Skyline Residences and Luxus Hills Phases 5 and 6.

We launched Luxus Hills Phase 6 in October 2013, and as at the end of the financial year, we have sold 70% of this project. During the year, we sold an additional 40 units of The Vermont on Cairnhill, and as the date of this report, the project is fully sold.

We have also made good progress on construction, and Skyline Residences is expected to be completed by the 4th quarter of 2015. We obtained TOP (Temporary Occupation Permit) for Luxus Hills Phase 5 in August 2014, CSC (Certificate of Statutory Completion) for The Vermont on Cairnhill in July 2014, and CSC for Luxus Hills Phase 4 in October 2014.

Dividends

During the financial year, the Company did not pay any interim dividend.

The Board is recommending a final dividend of 4 cents and a special dividend of 29 cents per ordinary share (2014: final dividend of 4 cents and a special dividend of 12 cents per ordinary share).

The dividend payment, which amounts to \$85.4 million (2014: \$41.4 million) or 92.1% (2014: 37.2%) of net profit after tax, is subject to shareholders' approval at the 49th Annual General Meeting ("AGM").

Current Year's Prospects

According to recent statistics from the Urban Redevelopment Authority, prices of private residential properties continue to decline for the 1st quarter of 2015. This was the sixth straight quarter of decline and the price decline was across all segments of the private residential property market. Developers sold 1,311 of private residential property units in the 1st quarter of 2015, lower than the 1,744 units sold in the same period in 2014.

With the cumulative effects of the government property cooling measures and rising interest cost, the demand

and buying sentiments for residential property will remain subdued. The prospects for the Group's sales performance for the forthcoming year shall therefore be challenging.

Directorate

Mr Ng Chee Seng and Mr Tan Swee Siong shall be retiring by rotation pursuant to the Articles of Association. Mr Eddie Tang will be retiring pursuant to section 153(6) of the Companies Act. Each of them, being eligible, offers himself for re-election/re-appointment at the forthcoming AGM.

Acknowledgements

On behalf of the Board, I extend our appreciation to the continued dedication and efforts of Management and staff. I would like to thank my fellow Directors for their contributions and commitment. Last but not least, my sincere thanks to all our clients and our shareholders for their continued support and confidence.

Guok Chin Huat Samuel

Chairman
9 June 2015



CHAIRMAN'S STATEMENT

THE VERMONT ON CAIRNHILL IS FULLY SOLD

The Vermont on Cairnhill was presented as one of the winners for the Residential Development (Singapore) Category in the Asia Pacific Property Awards 2015.

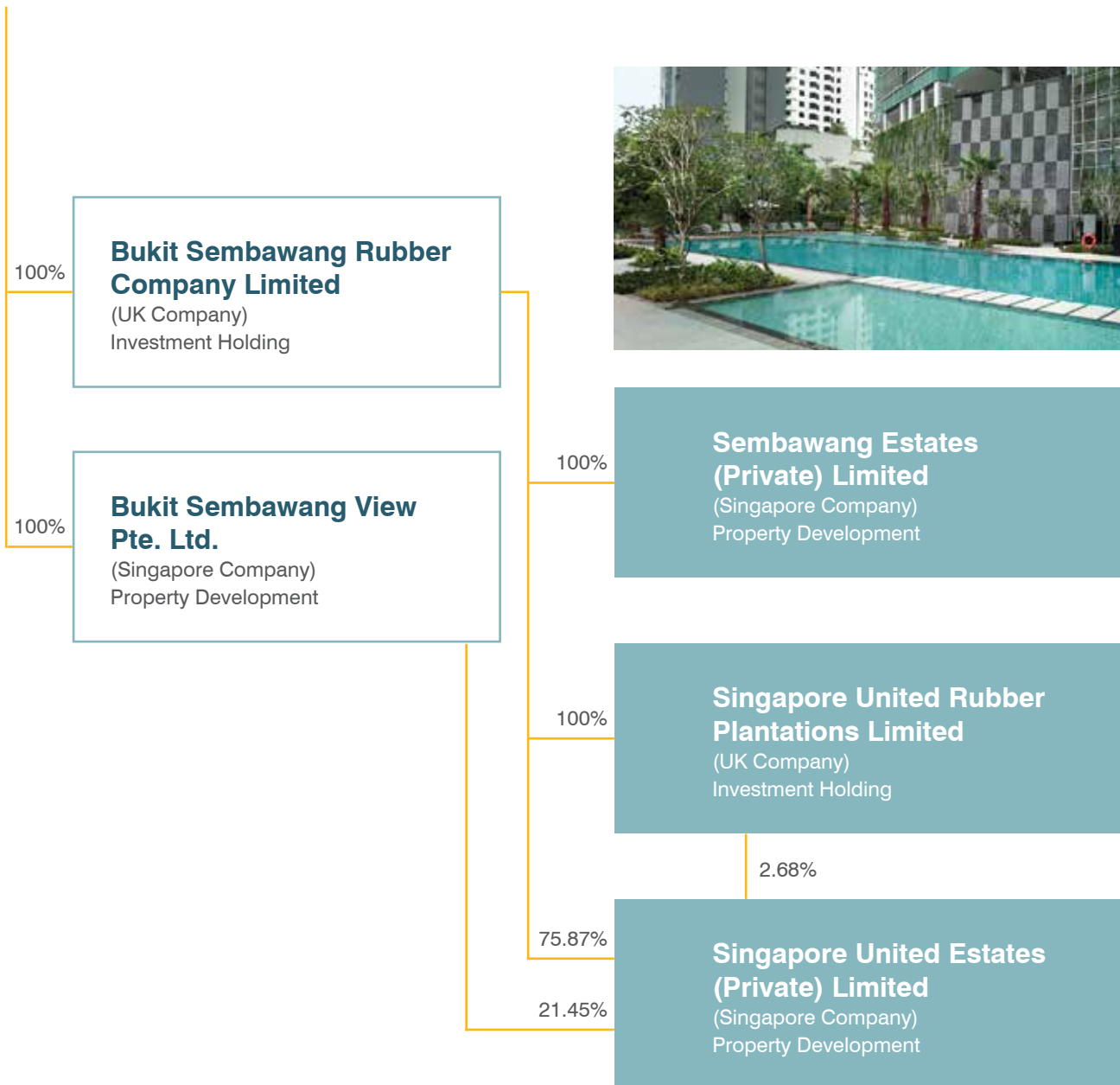


Artist's Impression

GROUP STRUCTURE

Bukit Sembawang Estates Limited

(Singapore Company)
Investment Holding



DIRECTORATE & OTHER CORPORATE INFORMATION

DIRECTORS

Guok Chin Huat Samuel
(Chairman, Non-Executive, Independent)

Lee Chien Shih
(Non-Executive)

Ng Chee Seng
(CEO, Executive)

Eddie Tang
(Non-Executive, Independent)

Tan Swee Siong
(Non-Executive, Independent)

Fam Lee San
(Non-Executive)

Tan Chwee Huat
(Alternate Director to Lee Chien Shih)

AUDIT COMMITTEE

Guok Chin Huat Samuel *(Chairman)*
Eddie Tang
Tan Swee Siong

NOMINATING COMMITTEE

Eddie Tang *(Chairman)*
Guok Chin Huat Samuel
Lee Chien Shih

REMUNERATION COMMITTEE

Lee Chien Shih *(Chairman)*
Guok Chin Huat Samuel
Eddie Tang

PROJECT DEVELOPMENT COMMITTEE

Tan Swee Siong *(Chairman)*
Guok Chin Huat Samuel
Lee Chien Shih
Ng Chee Seng
Eddie Tang
Fam Lee San

COMPANY SECRETARY

Loh Siew Keen Dennis

REGISTERED OFFICE

250 Tanjong Pagar Road
#09-01 St Andrew's Centre
Singapore 088541
Telephone : +65 6890 0333
Facsimile : +65 6536 1858
Website : www.bukitsembawang.sg

COMPANY REGISTRATION NUMBER

196700177M

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner in charge : Tan Huay Lim
(With effect from financial year ended 31 March 2012)



SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Telephone : +65 6227 6660 / +65 6228 0507
Facsimile : +65 6225 1452

BANKERS

Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad
CIMB Bank Berhad
United Overseas Bank Limited
DBS Bank Ltd

FIVE-YEAR FINANCIAL SUMMARY

	2015	2014	2013	2012	2011 (Restated)*
	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH					
Investment Property	4,202	4,362	4,522	4,683	4,843
Property, Plant and Equipment	132	204	268	119	155
Available-for-Sale Financial Assets	-	-	-	-	48,094
Deferred Tax Assets	3,388	244	244	250	224
Net Current Assets	1,281,318	1,237,590	1,167,550	1,096,147	908,991
Deferred Taxation	(5,746)	(10,422)	(13,027)	(9,682)	(1,666)
	<u>1,283,294</u>	<u>1,231,978</u>	<u>1,159,557</u>	<u>1,091,517</u>	<u>960,641</u>
Share Capital	631,801	631,801	631,801	631,801	616,160
Reserves	651,493	600,177	527,756	459,716	344,481
Total Equity	<u>1,283,294</u>	<u>1,231,978</u>	<u>1,159,557</u>	<u>1,091,517</u>	<u>960,641</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

Revenue	<u>382,655</u>	<u>408,289</u>	<u>354,658</u>	<u>390,574</u>	<u>515,119</u>
Profit Before Tax	109,055	133,324	142,960	206,888	205,381
Tax Expense	(16,313)	(22,066)	(28,316)	(23,983)	(29,432)
Profit After Tax	<u>92,742</u>	<u>111,258</u>	<u>114,644</u>	<u>182,905</u>	<u>175,949</u>

* The financial information for 2011 has been restated to take into account the retrospective adjustments arising from the adoption of INT FRS 115 *Agreements for the Construction of Real Estate*.

GROUP FINANCIAL HIGHLIGHTS



	2015	2014
	\$'000	\$'000
For the year ended 31 March		
Revenue	382,655	408,289
Profit Before Tax	109,055	133,324
Profit After Tax	92,742	111,258
Net Dividends (proposed)	85,441	41,426
Share Capital	631,801	631,801
Total Equity	1,283,294	1,231,978
Net Return on Total Equity	7.23%	9.03%
Earnings Per Ordinary Share		
Basic earnings per share	\$0.36	\$0.43
Diluted earnings per share	\$0.36	\$0.43
Dividends Per Ordinary Share		
Gross	\$0.33	\$0.16
Net	\$0.33	\$0.16
Cover	1.09 times	2.69 times
Net Tangible Assets Per Ordinary Share	\$4.96	\$4.76

FINANCIAL CALENDAR

Financial Year ended 31 March 2015

Announcement of First Quarter Results	14 August 2014
Announcement of Half-year Results	13 November 2014
Announcement of Third Quarter Results	13 February 2015
Announcement of Full-year Results	27 May 2015
Annual General Meeting	23 July 2015

Financial Year ended 31 March 2016

Announcement of First Quarter Results	August 2015
Announcement of Half-year Results	November 2015
Announcement of Third Quarter Results	February 2016
Announcement of Full-year Results	May 2016

BOARD OF DIRECTORS

GUOK CHIN HUAT SAMUEL

Mr Guok Chin Huat Samuel was appointed to the Board on 3 March 2008 and was appointed Chairman of the Board on 21 July 2011. He is also Chairman of the Audit Committee, and a member of the Nominating Committee, Remuneration Committee and Project Development Committee.

Mr Guok also serves as Independent Director on two other SGX-listed companies and one company listed on Taiwan Stock Exchange. He graduated from Boston University with Majors in Finance and International Economics, Minor in Chemistry.

Date of first appointment as a Director: 3 March 2008
Date of last re-election as a Director: 25 July 2014

Present Directorships of listed companies:

Global Palm Resources Holdings Ltd
 Redwood Group Limited
 Datapulse Technology Limited

Past Directorships of listed companies over preceding 3 years: Nil

LEE CHIEN SHIH

Dr Lee Chien Shih was appointed to the Board on 1 October 1999. He is Chairman of the Remuneration Committee and a member of the Nominating Committee and Project Development Committee. He is a Director of the Lee Rubber Group of Companies, Lee Foundation, Singapore and Great Eastern Holdings Limited.

Dr Lee holds a MBBS from the National University of Singapore.

Date of first appointment as a Director: 1 October 1999
Date of last re-election as a Director: 25 July 2014

Present Directorships of listed companies:

Great Eastern Holdings Limited

Past Directorships of listed companies over preceding 3 years: Nil

NG CHEE SENG

Mr Ng Chee Seng joined the Group in 1994 and he is the Chief Executive Officer of the Group. He was appointed to the Board on 19 April 2007. He is a member of the Project Development Committee.

Mr Ng holds a Bachelor of Architecture degree and a Master degree in Property and Maintenance Management from the National University of Singapore. He is a member of the Singapore Institute of Architects and Conservation Advisory Panel.

Date of first appointment as a Director: 19 April 2007
Date of last re-election as a Director: 25 July 2013

EDDIE TANG

Mr Eddie Tang was appointed to the Board on 22 May 2009. He is Chairman of the Nominating Committee, and a member of the Audit Committee, Remuneration Committee and Project Development Committee. After retiring from banking, he is now CEO/Director of Medvance Pte Ltd.

Mr Tang holds a degree in Psychology from the University of Queensland and Master's degrees in Asian Studies and Banking/Finance from Australia and UK respectively. He was awarded a PhD Scholarship from the Australian National University and an Honorary Doctorate of Economics by the University of Queensland.

Date of first appointment as a Director: 22 May 2009
Date of last re-election as a Director: 25 July 2014

TAN SWEE SIONG

Mr Tan Swee Siong was appointed to the Board on 1 August 2011. He is Chairman of the Project Development Committee and a member of the Audit Committee. He is currently the Head of Real Estate with the Tolaram Group.

Mr Tan holds a B.Eng (Hons) from the National University of Singapore and MBA from the Melbourne Business School.

Date of first appointment as a Director: 1 August 2011
Date of last re-election as a Director: 25 July 2013

BOARD OF DIRECTORS

FAM LEE SAN

Ms Fam Lee San was appointed in 2012 as Alternate Director to Mr Teo Kim Yam, and subsequently was appointed as Director on 25 July 2014. She is a member of the Project Development Committee. She is currently the Financial Controller of Kallang Development Pte Ltd, a subsidiary of Lee Rubber Company Pte Ltd. She is also a Director of various companies in the Lee Rubber Group.

Ms Fam holds a Bachelor of Accountancy degree from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

Date of first appointment as a Director: 25 July 2014

TAN CHWEE HUAT

Mr Tan Chwee Huat was appointed on 25 February 2013 as Alternate Director to Dr Lee Chien Shih. He is currently the General Manager of various property companies under the Lee Rubber Group in Singapore with a varied portfolio of Commercial, Industrial, Retail, Residential and Serviced Residence.

Mr Tan holds a Bachelor of Science Degree in Building from the National University of Singapore. He is a member of Singapore Institute of Surveyors and Valuers (SISV).

Effective date as Alternate Director: 25 February 2013



KEY MANAGEMENT

DENNIS LOH SIEW KEEN

Mr Dennis Loh is the Head of Finance and Company Secretary of the Group. He joined the Group in 2014. He is responsible for the Group's corporate secretarial, finance, accounting and tax functions. He has more than 20 years of experience in finance and accounting.

Mr Loh holds a Bachelor of Accountancy degree from the University of Singapore and is a Chartered Accountant of Singapore and member of the Institute of Singapore Chartered Accountants.

JUSTIN HO NGIAM CHAN

Mr Justin Ho holds the position of Assistant General Manager (Project and Property Management). He joined the Group in 2001 and is responsible for residential development projects and property management in the Group. He has more than 20 years of project experience.

Mr Ho holds a Master in Business Administration degree from the University of Leeds (UK) and a Bachelor of Engineering degree (Civil & Structural) from the National University of Singapore.

KATHARINE KUM LAI HOONG

Ms Katharine Kum holds the position of Assistant General Manager (Design and Development Management). She joined the Group in 2007 and is responsible for the design and development of the Group's properties.

Ms Kum holds a Bachelor of Architecture degree (Hons) and a Bachelor of Environmental Design degree from the University of Western Australia. She is a member of the Singapore Institute of Architects and the Singapore Institute of Arbitrators.



The Vermont on Cairnhill

CORPORATE GOVERNANCE REPORT

Bukit Sembawang Estates Limited (Company) is committed to ensuring a high standard of corporate governance within the Company and its subsidiaries (Group). This Report describes the corporate governance practices and activities of the Group for the financial year ended 31 March 2015 in relation to each of the principles of the Code of Corporate Governance 2012 (Code), and deviations are explained. Unless otherwise stated, the corporate governance processes were in place during the financial year.

BOARD MATTERS

THE BOARD'S CONDUCT OF 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.

The Board provides strategic direction to the Company and the Group and its principal role and functions include the following:

1. Approving the broad policies, property development strategies and financial objectives of the Company and the Group and monitoring the performance of Management;
2. Overseeing and evaluating the adequacy of internal controls and risk management based on best corporate governance practices, and financial reporting in compliance with statutory requirements;
3. Approving the nominations and re-nominations to the Board and appointment of key personnel;
4. Approving annual budgets, major funding proposals and investments;
5. Setting the Company's dividend policy and recommending dividends; and
6. Setting the Company's values and standards and ensuring that obligations to shareholders and others are understood and met.

In the discharge of its functions, the Board is supported by Board committees, comprising the Audit, Remuneration, Nominating and Project Development Committees, which provide independent oversight of Management, and which also serve to ensure that there are appropriate checks and balances. Information on these committees and their activities during the year under review is described elsewhere in this Report.

The Board is accountable to shareholders while Management is accountable to the Board. The Company has in place financial authorisation limits for operating and capital budgets, procurement of goods and services, and cheque signatory arrangements. Approval sub-limits are also provided at Management level to facilitate operational efficiency. Matters that are specifically reserved for the Board's decision include material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividend payments to shareholders, main contracts, marketing proposals, land acquisitions and other transactions or events of a material nature requiring announcement under the listing rules of Singapore Exchange Securities Trading Limited (SGX-ST).

The Board meets at least four times a year, with additional meetings convened as and when necessary. The attendance of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings, is disclosed in this Report.

At the request of Directors, the Company will fund Directors' participation at industry conferences, seminars or any training programme in connection with their duties as Directors of the Company. The Company Secretary will bring to the Directors' attention, information on seminars that may be of relevance or use to them. Induction and orientation are provided to new Directors.

CORPORATE GOVERNANCE REPORT

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% shareholders¹. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board is currently comprised of six Directors, of whom three are independent and non-executive. The names of the Directors in office are set out in the Directors' Report. Particulars of their direct and indirect interests in the Company's shares are also shown in the Directors' Report.

While the Company's Articles of Association (Articles) allow for the appointment of a maximum of 10 Directors, the Board is of the view that a Board size of six Directors with their experience and expertise is appropriate, taking into account the nature and scope of the Company's operations.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

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 Company has a separate Chairman and CEO. The Chairman is a non-executive and independent Director whilst the CEO is an executive Director.

The CEO is the Chief Executive in the Company and bears executive responsibility for the Company's main property business, while the Chairman bears responsibility for the workings of the Board. The Chairman and the CEO are not related.

The Chairman encourages constructive relations among members of the Board and between the Board and Management and facilitates contributions of the non-executive Directors. The Chairman ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the CEO and Company Secretary. The Chairman reviews Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. As a general rule, Board papers are sent to Directors at least a week in advance in order for Directors to be adequately prepared for the meeting.

BOARD MEMBERSHIP

Principle 4 – *There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.*

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.*

¹ A "10% shareholder" is a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share or those shares is not less than 10% of the total votes attached to all the voting shares in the Company. "Voting shares" exclude treasury shares.

CORPORATE GOVERNANCE REPORT

Nominating Committee (NC)

The NC comprises of three non-executive Directors, the majority of whom, including the NC Chairman, are independent:

Mr Eddie Tang (Chairman)
Mr Guok Chin Huat Samuel
Dr Lee Chien Shih

The main Terms of Reference of the NC are to:

1. Recommend to the Board on all Board and Board committees appointments and re-nominations, including recommending the Chairman for the Board and for each Board committee;
2. Determine annually and, as and when circumstances require, if a Director is independent and whether he is able to carry out his duties as a Director and make its recommendations to the Board;
3. Assess annually the effectiveness of the Board as a whole, its Board Committees, and the contribution by each individual Director to the effectiveness of the Board; and
4. Recommend to the Board on relevant matters relating to the review of training and professional development programs for the Board.

The NC, in considering the nomination of any Director for re-appointment, assesses the Director's contribution to the Board including attendance record at meetings of the Board and Board committees and the quality of participation at meetings.

The NC evaluates the Board's performance as a whole, its Board Committees, and the contributions of individual Directors to the effectiveness of the Board. The assessment criteria adopted include both a quantitative and qualitative evaluation. The qualitative criteria for assessing the Board's collective performance include Board size and composition, access to information, processes and accountability and Board Committees' performance in relation to discharging their responsibilities set out in their respective terms of reference, while the quantitative assessment criteria include net profit, return on equity, earnings per share, dividend per share and pay-out ratio, allowing for comparison against industry peers. The assessment criteria for individual Directors include factors such as Director's attendance, preparedness for meetings, participation level and contribution at meetings, analytical skills, knowledge/insight and strategic planning as well as overall contribution to the Board and the Board Committees, as appropriate.

The independence of each Director is reviewed annually by the NC. The NC, in reviewing the independence of each Director, adopts the Code's definition of what constitutes an independent Director. A Director is required to inform the NC of any relationships or circumstances which arise that are likely to affect, or could appear to affect, his independence. The Board, after taking into consideration the NC's review of the independence of each Director for this financial year, is of the view that Mr Guok Chin Huat Samuel, Mr Eddie Tang and Mr Tan Swee Siong are independent Directors and that, further, no individual or group of individuals dominate the Board's decision-making process. Mr Guok, Mr Tang and Mr Tan have each served on the Board for less than nine years.

When a Director serves on multiple Boards, that Director is required to ensure that sufficient time and effort is allocated to the affairs of the Company with assistance from Management, which provides complete and timely information on a regular basis for effective discharge of the Director's duties as well as a comprehensive schedule of events drawn up in consultation with the relevant Director. Accordingly, the Board has not set a maximum number of other company directorships which a Director may concurrently hold.

CORPORATE GOVERNANCE REPORT

The NC assessed and recommended to the Board, the Directors to be put forward for re-appointment pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (Companies Act) (applicable to a Director of or over 70 years of age), re-election pursuant to Article 94 of the Articles (applicable to Directors' retirement by rotation) and appointment pursuant to Article 95 of the Articles (applicable to an appointment of a new Director), at the Company's Annual General Meeting (AGM). Each NC member abstained from participating in deliberations in respect of himself.

The NC also considers the structure, size and composition of the Board. The selection of candidates for new appointments to the Board as part of the Board's renewal process will depend on factors such as the current and mid-term needs and goals of the Company and the nature and size of the Group's operations. A candidate would be evaluated on relevant expertise and potential contributions to the Board.

Directors' Attendance at Board and Committee Meetings from 1 April 2014 to 31 March 2015					
Name of Director	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nominating Committee Meeting	Project Development Committee Meeting
Mr Guok Chin Huat Samuel	5	4	1	4	6
Mr Teo Kim Yam ¹	2	-	-	-	-
Dr Lee Chien Shih ⁴	5	-	1	4	1
Mr Ng Chee Seng	5	-	-	-	6
Mr Eddie Tang ⁴	5	4	1	4	1
Mr Tan Swee Siong ³	5	4	-	-	6
Ms Fam Lee San ^{2,4}	5	-	-	-	1
Mr Tan Chwee Huat	3	-	-	-	-
Number of Meetings Held	5	4	1	4	6

¹ Mr Teo Kim Yam retired on 25 July 2014.

² Ms Fam Lee San's appointment as Alternate Director to Mr Teo Kim Yam terminated upon Mr Teo's retirement and was appointed as Director on 25 July 2014.

³ Mr Tan Swee Siong was appointed as Chairman of the Project Development Committee on 13 February 2015.

⁴ Dr Lee Chien Shih, Mr Eddie Tang and Ms Fam Lee San were appointed as Members of the Project Development Committee on 25 March 2015.

ACCESS TO INFORMATION

Principle 6 – *In order to fulfil 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.*

In order to ensure that the Board is able to fulfil its responsibilities, Management provides the Board members with the monthly financial, operational and budget reports and other management statements within 12 days after the month-end. Analysts' reports on the Company are forwarded to the Directors on an on-going basis as and when available. The Directors are provided with the phone numbers and particulars of the Company's senior management and Company Secretary to facilitate access.

All Directors have unrestricted access to the Company's records and information and receive detailed financial and operational reports from Management to enable them to carry out their duties. Directors may also liaise with Management and seek additional information if required. Directors may, at any time, in the furtherance of their duties, request for independent professional advice at the Company's expense.

CORPORATE GOVERNANCE REPORT

The Company Secretary attends all Board meetings and assists the Chairman in ensuring that the Board procedures are followed. The Company Secretary is also responsible for communicating changes in listing rules or other regulations affecting corporate governance and compliance where applicable, to the Board and the Company.

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.*

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.*

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.*

Remuneration Committee (RC)

The RC comprises of three non-executive Directors, a majority of whom are independent:

Dr Lee Chien Shih (Chairman)
Mr Guok Chin Huat Samuel
Mr Eddie Tang

To minimise the risk of potential conflicts of interest, all the members of the RC, including the Chairman of the RC, are independent from Management. The Board considers it appropriate for Dr Lee Chien Shih (a non-independent Director) to head the RC as this is in keeping with the Board's objective that remuneration policies should be in alignment with the long-term interests of the Company and of all stakeholders.

The principal responsibilities of the RC are to:

1. Recommend to the Board base salary levels, benefits and incentive opportunities, and identify components of salary which can be best used to focus Management staff on achieving corporate objectives;
2. Approve the structure of Directors' fees and senior management's compensation programme to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully; and
3. Review Directors' fees and senior management's compensation annually and determine appropriate adjustments.

CORPORATE GOVERNANCE REPORT

The Company adopts an overall remuneration policy for staff comprising a fixed component in the form of a base salary. The variable component is in the form of a bonus that is linked to the Company's and the individual's performance, and is tied to the extent to which certain key financial and operational performance indicators, such as return on equity and the creation of shareholder wealth, are achieved. Compensation packages and revisions of senior management's remuneration are subject to the review and approval of the RC. Presently, the Company does not have any share option or share award scheme.

Annual appraisals and review of executive's compensation is carried out by the RC to ensure that the remuneration packages of the CEO and senior management are commensurate with their performance and that of the Company, having regard to the financial and commercial health and business needs of the Group, and in line with industry norms.

Directors' fees are set in accordance with a remuneration framework comprising basic fees, attendance fees and additional fees for serving on Board committees. Directors' fees are approved by shareholders at the AGM before they are paid. Executive Directors do not receive Directors' fees.

Annual Remuneration Report

The Company has decided against the inclusion of an annual remuneration report in this Report as the matters required to be disclosed therein have been disclosed in this Report, the Directors' Report and the notes to the financial statements. The Board responds to queries from shareholders at AGMs on matters pertaining to remuneration policies and Directors' remuneration.

The Directors, the CEO and other key management personnel are remunerated on an earned basis. There are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

Remuneration of Directors

The remuneration of each Director is shown in the table below:

Name of Director	Total Remuneration \$'000	Fees \$'000	Salary ¹ \$'000	Bonus ¹ \$'000	Benefits-in-kind \$'000
Non-Executive Directors					
Mr Guok Chin Huat Samuel	125	125	-	-	-
Mr Teo Kim Yam ²	20	20	-	-	-
Dr Lee Chien Shih ³	64	64	-	-	-
Mr Eddie Tang	80	80	-	-	-
Mr Tan Swee Siong	88	88	-	-	-
Ms Fam Lee San ⁴	32	32	-	-	-
Total	409	409	-	-	-
Executive Director					
Mr Ng Chee Seng ⁵	507	-	289	204	14

¹ Includes employer's CPF contribution.

² Payable to Lee Rubber Co (Pte) Ltd.

³ No Directors' fees are payable by the Company to the alternate director of Dr Lee Chien Shih.

⁴ Payable to Kallang Development (Pte) Ltd.

⁵ Mr Ng Chee Seng is also the CEO.

The above proposed total fees of \$409,000 (2014: \$471,000) for non-executive Directors is subject to shareholders' approval at the AGM on 23 July 2015.

CORPORATE GOVERNANCE REPORT

Remuneration of Key Executives

The Group currently has three key executives (who are not also Directors or the CEO). The remuneration of each of the key executives is within the band of \$250,000 for the financial year ended 31 March 2015 and a breakdown is shown in the table below. The aggregate remuneration paid to the key executives including bonus payable to them for the financial year is \$626,000.

Name of Key Executive and Designation	Total (%)	Salary ¹ (%)	Bonus ¹ (%)	Benefits-in-kind (%)
Ms Tan Guat Ngoh ² Chief Accountant and Company Secretary	100	100	-	-
Mr Dennis Loh Siew Keen ³ Head of Finance and Company Secretary	100	64	36	-
Mr Justin Ho Ngiam Chan Assistant General Manager (Project and Property Management)	100	66	33	1
Ms Katharine Kum Lai Hoong Assistant General Manager (Design and Development Management)	100	65	33	2

¹ Includes employer's CPF contribution.

² Resigned on 31 January 2015.

³ Appointed on 26 November 2014.

Remuneration of Directors' Immediate Family

During the financial year ended 31 March 2015, none of the Directors had immediate family members who were employees of the Company.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

In presenting the periodic announcements of the results of the Company and the Group, it is the aim of the Board to provide a balanced and comprehensible assessment of the Group's performance, position and prospects on a quarterly basis.

To ensure that the Board is able to fulfil its responsibilities, Management provides the Board with monthly reports on the operations and significant events that took place in the respective companies during the month.

CORPORATE GOVERNANCE REPORT

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 Company believes that it has in place an effective system of internal controls addressing material financial, operational, compliance and information technology risks to safeguard shareholders' interests and the Group's assets, and also to manage risks.

The Audit Committee (AC) is responsible for making the necessary recommendation to the Board such that an opinion or comment regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual report of the Company according to the Listing Manual of the SGX-ST and the Code.

The Company has an established risk identification and management framework developed with the assistance of an external consultant. The ownership of the risks lies with the respective heads of departments and CEO with stewardship residing with the Board. The AC assists the Board to oversee Management in the formulation, updating and maintenance of an adequate and effective risk management framework and while the AC reviews the adequacy and effectiveness of the risk management and internal control systems.

The Company maintains a risk register which identifies the material risks facing the Group and the internal controls in place to manage or mitigate those risks. Heads of departments and CEO review and update the risk register regularly. The risk register is reviewed annually by the AC and the Board.

Internal and external auditors conduct audits that involve testing the effectiveness of the material internal controls in the Group. Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal and external auditors are reported to the AC. The effectiveness of the measures taken by Management in response to the recommendations made by the internal and external auditors is also reviewed by the AC. The system of risk management and internal controls is continually being refined by Management, the AC and the Board.

The Board has received assurance from the CEO and the Head of Finance that:

- (a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 March 2015 give a true and fair view of the Group's operations and finances; and
- (b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the framework established and the reviews conducted by Management and both the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls, including financial, operational compliance and information technology controls and risk management systems, were adequate as at 31 March 2015 to address the risks which the Group considers relevant and material to its operations.

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

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

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

The AC comprises of three members, all of whom are independent non-executive Directors. The Chairman and the other members of the AC have vast experience in managerial positions in the property and finance industry and are therefore capable of discharging the AC's functions. They are as follows:

Mr Guok Chin Huat Samuel (Chairman)
Mr Eddie Tang
Mr Tan Swee Siong

The AC performs the following functions in accordance with Section 201B(5) of the Companies Act, the SGX-ST's Listing Manual and the Code:

1. Reviews with the external auditors, their audit plan, evaluation of the accounting controls, audit reports and any matters which the external auditors wish to discuss;
2. Reviews with the internal auditors, the scope and the results of internal audit function and their evaluation of the overall internal control systems;
3. Reviews the quarterly, half-yearly and full-year results, and annual financial statements, including announcements to shareholders and the SGX-ST prior to submission to the Board;
4. Makes recommendations to the Board on the appointment of external auditors, their remuneration and reviews the cost effectiveness, independence and objectivity of the external auditors;
5. Reviews interested person transactions that may arise within the Company and the Group to ensure compliance with Chapter 9 of the SGX-ST's Listing Manual and to ensure that the terms of such transactions are:
 - on normal commercial terms; and
 - not prejudicial to the interests of the Company and its minority shareholders;
6. Reports actions and minutes of the AC meetings to the Board with such recommendations as the AC considers appropriate; and
7. Reviews reports received, if any, pursuant to the provisions of the Company's Whistle-blowing Policy and undertakes the proceedings as prescribed.

The AC has power to conduct or authorise investigations into any matters within its terms of reference.

The AC meets with the external auditors at least annually and with internal auditors at least once every two years, without the presence of Management.

In discharging its functions, the AC is provided with sufficient resources, has access to and co-operation of Management and internal auditors and has discretion to invite any Director or executive officer to attend its meetings. All major findings and recommendations are brought to the attention of the Board.

The Company has put in place a whistle-blowing framework, endorsed by the AC, under which employees of the Group may, in confidence, raise concerns about possible corporate irregularities in matters of financial reporting or other matters.

CORPORATE GOVERNANCE REPORT

The AC has undertaken a review of all non-audit services provided by the external auditors during the financial year, and is of the view that they would not affect the independence of the external auditors.

The AC has recommended that KPMG LLP be nominated for re-appointment as external auditors at the AGM to be held on 23 July 2015. KPMG LLP has indicated their willingness to accept re-appointment.

The AC members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements by attending training sessions and talks by the external auditors and other professionals.

INTERNAL AUDIT (IA)

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

The IA function is outsourced to Ernst & Young Advisory Pte Ltd, who reports directly to the AC. The AC reviews at least annually, the adequacy and effectiveness of the outsourced internal audit function.

The internal auditor reviews once every two years the Group's main business processes, the activities in each of the Group's key business segments and the Group companies responsible for these business activities and processes.

Having an IA function assures the Board of the adequacy and maintenance of proper accounting records, and the reliability of the information used within or published by the Company.

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 Company treats all its shareholders fairly and equitably and keeps all its shareholders informed of its corporate activities, including changes in the Company or its business which would be likely to materially affect the price or value of its shares, on a timely and consistent basis.

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings of shareholders and informs shareholders of the rules, including voting procedures, governing such meetings. In addition, for transparency, the Company discloses proxies received by the Company directing the Chairman to vote (as proxy for members) for or against the motions at the general meetings.

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.*

CORPORATE GOVERNANCE REPORT

CONDUCT OF SHAREHOLDER MEETINGS

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

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Manual and the Securities and Futures Act, Chapter 289 of Singapore (SFA), the Board's policy is that shareholders be informed promptly of all major developments that impact the Company and its subsidiaries.

Quarterly, half-year and full-year results are published on the Company's website and announced to SGX-ST via SGXNET. All information on the Company's new initiatives is first disseminated through the Company's website and SGXNET.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously (if after close of trading) with such meetings. Quarterly, half-year and full-year financial statements and annual reports are announced or issued within the mandatory period.

All shareholders of the Company are sent a copy of the Annual Report and Notice of AGM. The Notice which is despatched at least 14 days before the AGM, is also advertised in a prominent English language newspaper. At AGMs, shareholders are given the opportunity to air their views and ask questions. The Directors, Management and external auditors will be present and available to address shareholders' questions germane to the AGM.

The Articles allow a shareholder of the Company to appoint one or two proxies to attend and vote at all general meetings.

PROJECT DEVELOPMENT MATTERS

Project Development Committee (PDC)

The PDC comprises of six members:

Mr Tan Swee Siong (Chairman)
Mr Guok Chin Huat Samuel
Dr Lee Chien Shih
Nr Ng Chee Seng
Mr Eddie Tang
Ms Fam Lee San

The principal responsibilities of PDC are to oversee matters such as approving vendor lists, minor work contracts, supply and maintenance contracts and nominated sub-contracts.

CORPORATE GOVERNANCE REPORT

BEST PRACTICES POLICIES

Dealing in Securities

The Company has issued a policy on dealings in the securities of the Company to its Directors and Management, setting out the implications of insider trading and guidance on such dealings. It has adopted the best practices recommendations of the SGX-ST on Dealing in Securities to provide further guidance to Directors and employees dealing in the Company's securities. Pursuant to the guidelines, Directors and key executives of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's securities during the period commencing two weeks before the announcement of the Group's results for each of the first three quarters of the financial year and one month before the Group's full-year results and ending on the respective announcement date. In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's securities on short-term considerations.

Directors are required to report to the Company Secretary whenever they deal in the Company's shares and the necessary announcements are made in accordance with the notification requirements under the Securities and Futures Act (Chapter 289) of Singapore.

Interested Person Transactions (IPT)

The Company has an internal policy in respect of any transactions with interested persons and has in place a process to review and approve any IPT. For this financial year, there were no IPT nor any material contracts entered between the Company and its subsidiaries involving the interests of the Chief Executive Officer, Directors or controlling shareholders of the Company.

SUSTAINABILITY REPORT

Bukit Sembawang Estates Limited and its subsidiaries (Group) is committed to achieving sustainability benefits for the environment, our people and the community and in the process, safeguard the well-being and interests of its diverse stakeholders. This Report describes the sustainability efforts of the Group during the financial year ended 31 March 2015.

Environmental Sustainability

Green Practices: The Environmental Sustainability Committee promotes Green initiatives and encourages staff to be conscientious about the saving of electricity and recycling to preserve the planet for a better tomorrow. Activities/efforts such as recycling, reducing paper usage, using energy saving light bulbs and refillable ink pens, spring cleaning conducted periodically to reduce waste and switching off electricity at all power points after office hours have become regular/daily habits in the office. Green mailer is emailed to all staff on regular basis to reiterate the importance of reducing today's consumption of natural resources to benefit future generations. During the year, the Group also participated in Earth Hour on 28 March 2015. Such Green efforts are further extended to the managing agents of the Group's developments.

Sustainability Development: The Group is committed in its efforts to include environmentally sustainable features in its property developments. The Group has obtained many Green Mark awards by the Building and Construction Authority (BCA) since 2008 for its development projects for constructing environment-friendly buildings and promoting sustainability in the built environment from project conceptualisation and design, as well as during construction stage.

Recently, the Group was awarded the Green Mark Gold Plus and Platinum certification by BCA for Luxus Hills Phase 8 and 9 in 2015. The Group also won the BCI Asia Top Ten 2013 Developers Awards where winners were those with the highest score in terms of sustainability and green building ratings.

During the year, the Group contributed and planted over 200 trees on the Luxus Hills open common and public areas and along Ang Mo Kio Avenue 5. This is the Group's major efforts to contribute to green and environmentally friendly living surroundings. To commemorate and mark the significance of the Group's policy to pursue Green initiatives, the Environmental Sustainability Committee organised a tree planting day on 9 February 2015, in which almost all the staff participated.

Human Capital

Learning and Development: The Group is committed to providing training and development opportunities to equip staff with the knowledge and skills to perform their job functions efficiently. Staff has attended work-related training and courses to upgrade themselves and to keep abreast with the current regulatory framework, authorities' requirements, technical knowledge and property market conditions. This helps to enhance work contributions and personal development. New hires are provided with on-the-job training and are orientated on the Group's businesses, culture and core values.

Workplace Safety and Health: The Group promotes a strong safety culture in the workplace to achieve a safe working environment. The Group has an established Workplace Safety and Health policy manual for staff to adhere to recommended safety standards and practices. The Group strives to fully integrate health and safety into all aspects of its activities through a continuous improvement of process. Matters relating to health and safety at the workplace are regularly assessed and deliberated during management meetings. Safety planning and management is diligently practiced through the various stages of our projects from design inception, development, construction and property management. Risk assessments are carried out to identify hazards. The risks involved are analysed and adequate controls are put in place to minimise or eliminate these exposures.

SUSTAINABILITY REPORT

**DURING THE YEAR,
THE GROUP CONTRIBUTED
AND PLANTED OVER 200
TREES ON THE LUXUS HILLS
OPEN COMMON AND PUBLIC
AREAS AND ALONG ANG MO KIO
AVENUE 5.**



Tree Planting Day

SUSTAINABILITY REPORT

Community and Society

Donations to Charitable Organisations: Donations are made to various charitable organisations annually with the recommendation by the Corporate Social Responsibility (CSR) Committee.

Community Involvement: Led by the CSR Committee, the Group reaches out to the community by making meaningful contributions.

During the year, the CSR Committee organised two outreach programs to the residents of Hong Kah North Day Care Centre. These were two activities over the Chinese New Year and the Mid-Autumn Festival where almost all the staff and management of the Group interacted and shared festive joy and cheer with the elderly residents, and distributed gifts and presents. The activities were well received by the Care Centre and its residents.



Sharing Chinese New Year joy with residents of Hong Kah North Day Care Centre



Mid-Autumn Celebration with residents of Hong Kah North Day Care Centre



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DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2015.

Directors

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

Guok Chin Huat Samuel
 Lee Chien Shih
 Ng Chee Seng
 Eddie Tang
 Tan Swee Siong
 Fam Lee San (Appointed on 25 July 2014)
 Tan Chwee Huat (Alternate Director to Lee Chien Shih)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year in shares in the Company are as follows:

Name of director and corporation in which interests are held	Holdings in the name of the director		Other holdings in which the director is deemed to have an interest	
	At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year

The Company

Ordinary shares fully paid

Lee Chien Shih	528,000	528,000	–	–
Ng Chee Seng	–	–	24,000	24,000

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

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2015.

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 in the Company or any other body corporate.

DIRECTORS' REPORT

Directors' interests (cont'd)

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 16 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

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

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

Audit Committee

The members of the Audit Committee at the date of this report are:

- Guok Chin Huat Samuel (Chairman), independent and non-executive director
- Eddie Tang, independent and non-executive director
- Tan Swee Siong, independent and non-executive director

The Audit Committee performs the functions specified in Section 201B of the Companies Act, the Listing Manual and the Best Practices Guide of the Singapore Exchange, and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

DIRECTORS' REPORT

Audit Committee (cont'd)

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

The Company is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual in respect of the appointment of auditors.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Guok Chin Huat Samuel

Director

Ng Chee Seng

Director

9 June 2015

STATEMENT BY DIRECTORS

In our opinion:

- (a) the financial statements set out on pages 51 to 85 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Guok Chin Huat Samuel

Director

Ng Chee Seng

Director

9 June 2015

INDEPENDENT AUDITORS' REPORT

Members of the Company
Bukit Sembawang Estates Limited

Report on the financial statements

We have audited the accompanying financial statements of Bukit Sembawang Estates Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 March 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 85.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Bukit Sembawang Estates Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

9 June 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current assets					
Investment property	4	4,202	4,362	–	–
Property, plant and equipment	5	132	204	–	–
Investments in subsidiaries	6	–	–	80,294	80,294
Deferred tax assets	7	3,388	244	–	–
		7,722	4,810	80,294	80,294
Current assets					
Development properties	8	1,040,717	1,118,445	–	–
Trade and other receivables	9	15,316	5,610	743,573	803,155
Cash and cash equivalents	11	329,421	204,896	228,570	89,319
		1,385,454	1,328,951	972,143	892,474
Total assets		1,393,176	1,333,761	1,052,437	972,768
Equity attributable to shareholders of the Company					
Share capital	12	631,801	631,801	631,801	631,801
Reserves	13	651,493	600,177	187,311	127,431
Total equity		1,283,294	1,231,978	819,112	759,232
Non-current liabilities					
Deferred tax liabilities	7	5,746	10,422	14	14
Current liabilities					
Trade and other payables	14	74,783	65,746	233,311	213,522
Current tax payable		29,353	25,615	–	–
		104,136	91,361	233,311	213,522
Total liabilities		109,882	101,783	233,325	213,536
Total equity and liabilities		1,393,176	1,333,761	1,052,437	972,768

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	Note	2015 \$'000	2014 \$'000
Revenue	15	382,655	408,289
Cost of sales		<u>(254,036)</u>	<u>(248,700)</u>
Gross profit		128,619	159,589
Other income		1,005	478
Administrative expenses		(3,681)	(3,771)
Other operating expenses		<u>(18,712)</u>	<u>(23,210)</u>
Profit from operations	16	107,231	133,086
Finance income	17	<u>1,824</u>	<u>238</u>
Profit before tax		109,055	133,324
Tax expense	18	<u>(16,313)</u>	<u>(22,066)</u>
Profit and total comprehensive income for the year		92,742	111,258
Earnings per share			
Basic and diluted earnings per share (cents)	19	<u>35.82</u>	<u>42.97</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	Note	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Total \$'000
Group						
At 1 April 2013		631,801	60,714	428,205	38,837	1,159,557
Total comprehensive income for the year						
Profit for the year		–	–	111,258	–	111,258
Transactions with owners, recorded directly in equity						
Dividends to equity holders:	20					
- final/special dividends for the previous year, paid		–	–	–	(38,837)	(38,837)
- transfer to dividend reserve		–	–	(41,426)	41,426	–
Total transactions with owners		–	–	(41,426)	2,589	(38,837)
At 31 March 2014		631,801	60,714	498,037	41,426	1,231,978

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	Note	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Total \$'000
Group						
At 1 April 2014		631,801	60,714	498,037	41,426	1,231,978
Total comprehensive income for the year						
Profit for the year		–	–	92,742	–	92,742
Transactions with owners, recorded directly in equity						
Dividends to equity holders:	20					
- final/special dividends for the previous year, paid		–	–	–	(41,426)	(41,426)
Total transactions with owners		–	–	–	(41,426)	(41,426)
At 31 March 2015		631,801	60,714	590,779	–	1,283,294

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Profit before tax		109,055	133,324
Adjustments for:			
Depreciation of investment property		160	160
Depreciation of property, plant and equipment		100	79
Finance income		(1,824)	(238)
Allowance for foreseeable losses on development properties		13,331	17,494
Operating profit before working capital changes		120,822	150,819
Changes in working capital:			
Development properties		64,397	(52,649)
Trade and other receivables		(9,284)	11,364
Trade and other payables		9,037	8,783
Cash generated from operations		184,972	118,317
Interest received		1,401	228
Taxes paid		(20,394)	(16,877)
Net cash from operating activities		165,979	101,668
Cash flows from investing activity			
Purchase of property, plant and equipment		(28)	(15)
Net cash used in investing activity		(28)	(15)
Cash flows from financing activity			
Dividends paid		(41,426)	(38,837)
Net cash used in financing activity		(41,426)	(38,837)
Net increase in cash and cash equivalents		124,525	62,816
Cash and cash equivalents at beginning of the year		204,896	142,080
Cash and cash equivalents at end of the year	11	329,421	204,896

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 9 June 2015.

1 Domicile and activities

Bukit Sembawang Estates Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 250 Tanjong Pagar Road, #09-01 St Andrew's Centre, Singapore 088541.

The principal activity of the Company is that relating to investment holding. The principal activities of the subsidiaries are those relating to investment holding and property development.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group).

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRSs).

2.2 Basis of measurement

The financial statements are prepared on the historical cost basis except for certain financial assets and financial liabilities which are stated at fair value and/or amortised cost, as set out in the accounting policies below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, are described in the following notes:

- Note 3.11 – measurement of profit attributable to properties under development
- Note 6 – measurement of recoverable amount of investments in subsidiaries
- Note 8 – estimation of the percentage of completion, construction costs, attributable profits and allowance for foreseeable losses
- Note 18 – estimation of provisions for current and deferred taxation

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Executive Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as independent valuers' report, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

2.5 Changes in accounting policies

Offsetting of financial assets and financial liabilities

Under the Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The adoption of Amendments to FRS 32 has no impact on the measurements of the Group's assets and liabilities.

Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group re-assessed the control conclusion for its investees. Based on the re-assessment as at 1 April 2014, there are no changes in the control conclusion for its investees.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost or directors' valuation amount less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency transactions

Transactions in foreign currencies are translated at the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.3 Investment property

Investment property is property held either to earn rental income or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes.

Investment property is stated at cost less accumulated depreciation and impairment losses.

Depreciation on investment property is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of the investment property.

The estimated useful lives are as follows:

Freehold office premises	50 years
Furniture and fittings	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.4 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal with the carrying amount of the item) is recognised in profit or loss.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives are as follows:

Furniture, fittings and equipment	3 to 5 years
Motor vehicles	5 years
Computers	1 year

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.5 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity.

Borrowing costs that are directly attributable to the acquisition and development of the development property are capitalised as part of development property during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statement of financial position. If progress billings exceed costs incurred plus recognised profits, the balance is presented as deferred income.

3.6 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.6 Financial instruments (cont'd)

Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

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

The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Non-derivative financial assets (cont'd)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, deferred tax assets and development properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Warranties

A provision of warranties is recognised when construction of the underlying development properties have been completed. The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the period during which related services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.10 Financial guarantee contracts

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment, when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contracts.

3.11 Revenue recognition

Development properties for sale

Revenue from sales of development properties is recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

The percentage of completion is measured by reference to the work performed, based on the ratio of costs incurred to date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.11 Revenue recognition (cont'd)

Dividends

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.12 Finance income

Finance income comprises mainly interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

3.13 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.14 Tax (cont'd)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative expenses of the foreign incorporated subsidiaries.

3.16 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

4 Investment property

	\$'000
Group	
Cost	
At 1 April 2013/31 March 2014/31 March 2015	8,094
Accumulated depreciation	
At 1 April 2013	3,572
Depreciation charge for the year	160
At 31 March 2014	3,732
Depreciation charge for the year	160
At 31 March 2015	3,892
Carrying amounts	
At 1 April 2013	4,522
At 31 March 2014	4,362
At 31 March 2015	4,202
Fair value	
At 31 March 2013	14,900
At 31 March 2014	15,350
At 31 March 2015	16,840

Investment property comprises office premises that are leased to external customers. Generally, each of the leases is fixed for a period of 3 to 4 years, and subsequent renewals are negotiated at prevailing market rate and terms. None of the leases contain any contingent rent arrangements. Rental income of \$426,000 (2014: \$478,000) was derived from the investment property during the year.

The fair value of the investment property is based on a valuation conducted by a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the location and category of the investment property being valued. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is based on the comparative method, having regard to the prevailing conditions of the property, the property market, in particular, the office sector, and recent market transactions for similar properties in the same location.

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment

	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
Group				
Cost				
At 1 April 2013	196	434	141	771
Additions	3	–	12	15
At 31 March 2014	199	434	153	786
Additions	–	–	28	28
Written off	–	–	(4)	(4)
At 31 March 2015	199	434	177	810
Accumulated depreciation				
At 1 April 2013	135	233	135	503
Depreciation charge for the year	31	45	3	79
At 31 March 2014	166	278	138	582
Depreciation charge for the year	27	45	28	100
Written off	–	–	(4)	(4)
At 31 March 2015	193	323	162	678
Carrying amounts				
At 1 April 2013	61	201	6	268
At 31 March 2014	33	156	15	204
At 31 March 2015	6	111	15	132

The depreciation charge is included in administrative expenses in consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

6 Investments in subsidiaries

	Company	
	2015 \$'000	2014 \$'000
Investments in subsidiaries	80,294	80,294

During the year, the Company assessed the recoverable amount of its investments in subsidiaries and determined that the recoverable amount of the subsidiaries, based on the fair value of its individual assets less costs to sell, is higher than the carrying amount as at 31 March 2015.

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group	
		2015 %	2014 %
<u>Direct subsidiaries of the Company</u>			
Bukit Sembawang View Pte. Ltd.	Singapore	100	100
Bukit Sembawang Rubber Company Limited	England and Wales	100	100
<u>Indirect subsidiaries of the Company</u>			
Sembawang Estates (Private) Limited	Singapore	100	100
Singapore United Estates (Private) Limited	Singapore	100	100
Singapore United Rubber Plantations Limited	England and Wales	100	100

KPMG LLP are the auditors of all Singapore-incorporated subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

7 Deferred tax assets/(liabilities)

Movements in deferred tax assets and liabilities during the year are as follows:

	At 1/4/2013 \$'000	Recognised in profit or loss (note 18) \$'000	At 31/3/2014 \$'000	Recognised in profit or loss (note 18) \$'000	At 31/3/2015 \$'000
Group					
Deferred tax assets					
Property, plant and equipment	–	–	–	(4)	(4)
Trade and other receivables	–	–	–	(2)	(2)
Development properties	–	–	–	2,718	2,718
Trade and other payables	155	–	155	348	503
Tax losses	89	–	89	84	173
	<u>244</u>	<u>–</u>	<u>244</u>	<u>3,144</u>	<u>3,388</u>
Deferred tax liabilities					
Property, plant and equipment	(11)	7	(4)	4	–
Trade and other receivables	(14)	–	(14)	(18)	(32)
Development properties	(13,002)	(376)	(13,378)	1,932	(11,446)
Allowance for foreseeable losses on development properties	–	2,974	2,974	2,266	5,240
Trade and other payables	–	–	–	492	492
	<u>(13,027)</u>	<u>2,605</u>	<u>(10,422)</u>	<u>4,676</u>	<u>(5,746)</u>
	<u>(12,783)</u>	<u>2,605</u>	<u>(10,178)</u>	<u>7,820</u>	<u>(2,358)</u>
Company					
Deferred tax liabilities					
Trade and other receivables	(14)	–	(14)	–	(14)

NOTES TO THE FINANCIAL STATEMENTS

7 Deferred tax assets/(liabilities) (cont'd)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred tax assets	3,388	244	-	-
Deferred tax liabilities	(5,746)	(10,422)	(14)	(14)
	(2,358)	(10,178)	(14)	(14)

8 Development properties

	Group	
	2015 \$'000	2014 \$'000
Properties in the course of development		
Cost	1,239,302	1,174,545
Allowance for foreseeable losses on development properties	(30,825)	(17,494)
	1,208,477	1,157,051
Attributable profit	221,011	166,307
Progress billings	(398,360)	(311,923)
	1,031,128	1,011,435
Completed units, at cost	9,589	107,010
	1,040,717	1,118,445

The Group did not incur any borrowing costs during the financial year.

The Group recognises profit on sale of development properties using the percentage of completion method. The stage of completion is measured by reference to the quantity surveyor/architect's certification of the estimated construction costs incurred to-date to the estimated total construction costs for each project.

In estimating the construction costs for each project, management relied on historical experience, contractual agreements with contractors/suppliers and the work of professionals such as quantity surveyors/architects. Any change in the estimates of the construction costs, variations, omissions or the effect of a change in the estimate of the outcome of a contractual agreement could impact the computation of the percentage of completion and the amount of revenue and expenses recognised in profit or loss in the period in which the change is made and in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

8 Development properties (cont'd)

Allowance for foreseeable losses of \$13,331,000 (2014: \$17,494,000) were made on certain projects of the Group due to the weakening market condition. The allowance for foreseeable losses is made taking into account the open market value of development properties. Valuations of the development properties were undertaken by a firm of independent professional valuers who have appropriate recognised professional qualifications and recent experience in the location and category of the development properties being valued. The valuations were based on the comparative method. The valuation method used involves making estimates of total construction costs and selling prices of the development properties.

9 Trade and other receivables

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables		14,589	4,966	–	–
Deposits and other receivables	10	719	632	453	59
Amounts due from subsidiaries		–	–	743,120	803,096
		15,308	5,598	743,573	803,155
Prepayments		8	12	–	–
		15,316	5,610	743,573	803,155

Trade receivables relate mainly to amounts due from buyers of development properties.

The ageing of trade receivables at the reporting date is:

Group	Gross	
	2015 \$'000	2014 \$'000
Not past due	14,589	2,465
Past due 1 – 30 days	–	833
Past due 31 – 120 days	–	1,096
Past due more than 120 days	–	572
	14,589	4,966

Based on the Group's historical experience and management's assessment of the collectability of trade receivables, the Group believes that no impairment is necessary in respect of trade receivables not past due or past due.

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS

10 Deposits and other receivables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deposits	162	307	–	–
Other receivables	557	325	453	59
	719	632	453	59

11 Cash and cash equivalents

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Amounts held under “Project Account Rules – 1997 Ed.”	77,691	105,222	–	–
Fixed deposits placed with financial institutions	222,807	87,017	222,807	87,017
Cash at banks and in hand	28,923	12,657	5,763	2,302
	329,421	204,896	228,570	89,319

The withdrawals from amounts held under “Project Account Rules – 1997 Ed.” are restricted to payments for expenditure incurred on development projects.

Amounts held under the “Project Account Rules – 1997 Ed.” includes \$62,000,000 (2014: \$45,000,000) held in fixed deposits placed with financial institutions. The fixed deposits have maturity periods of 7 days to 91 days (2014: 24 days to 58 days) from the end of the year.

12 Share capital

	2015		2014	
	Number of shares '000	\$'000	Number of shares '000	\$'000
Issued and fully-paid:				
Ordinary shares				
At 1 April/31 March	258,911	631,801	258,911	631,801

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

13 Reserves

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Capital reserves:				
- distributable	60,714	60,714	56,908	56,908
- non-distributable	–	–	5,000	5,000
	60,714	60,714	61,908	61,908
Accumulated profits	590,779	498,037	125,403	24,097
Dividend reserve	–	41,426	–	41,426
	651,493	600,177	187,311	127,431

The distributable capital reserve of the Group and of the Company comprises mainly profits from disposal of quoted investments. The non-distributable capital reserve of the Company comprises surplus on revaluation of investment in a subsidiary.

In 2014, the dividend reserve included the final tax exempt dividends of \$0.04 per share and special final tax exempt dividends of \$0.12 per share amounting to \$41,426,000 proposed by the directors.

14 Trade and other payables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables	2,801	422	1	–
Accrued operating expenses and development costs	70,450	63,695	746	682
Sundry payables	1,532	1,629	–	–
Amounts due to subsidiaries	–	–	232,564	212,840
	74,783	65,746	233,311	213,522

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

15 Revenue

	Group	
	2015 \$'000	2014 \$'000
Sale of development properties	381,973	407,638
Rental and related income	682	651
	382,655	408,289

NOTES TO THE FINANCIAL STATEMENTS

16 Profit from operations

The following items have been included in arriving at profit from operations:

	Group	
	2015	2014
	\$'000	\$'000
Fees paid to auditors of the Company:		
- Audit	147	147
- Non-audit fees	51	85
Contributions to defined contribution plans (included in staff costs)	219	171
Direct operating expenses arising from rental of investment property (excluding depreciation)	173	154
Directors' fees	409	471
Operating lease expenses	158	158
Staff costs	2,695	3,032
Allowance for foreseeable losses on development properties	<u>13,331</u>	<u>17,494</u>
<i>Transactions with key management personnel</i>		
Short-term employee benefits:		
- Directors' fees	409	471
- Remuneration of key management personnel included in staff costs	1,064	1,261
- Contributions to defined contribution plans	50	64
	<u>1,523</u>	<u>1,796</u>

Key management personnel include the directors of the Company and key executives of the Group.

17 Finance income

	Group	
	2015	2014
	\$'000	\$'000
Interest income		
- Fixed deposit	1,812	238
- Cash at bank	12	-
	<u>1,824</u>	<u>238</u>

NOTES TO THE FINANCIAL STATEMENTS

18 Tax expense

	Group	
	2015	2014
	\$'000	\$'000
Current tax expense		
Current year	26,164	24,680
Over provision in respect of prior years	(2,031)	(8)
	24,133	24,672
Deferred tax credit		
Origination and reversal of temporary differences	(1,816)	(1,913)
Over provision in respect of prior years	(6,004)	(693)
	(7,820)	(2,606)
Tax expense	16,313	22,066
Reconciliation of effective tax rate		
Profit before tax	109,055	133,324
Tax calculated using Singapore tax rate of 17%	18,539	22,665
Effect of other taxable temporary differences	(1,529)	2,380
Expenses not deductible for tax purposes	7,419	52
Income not subject to tax	(81)	(2,330)
Over provision in respect of prior years	(8,035)	(701)
	16,313	22,066

Judgement is required in determining the deductibility of certain expenses and taxability of certain income during the estimation of the provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provision for tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

19 Earnings per share

Basic and diluted earnings per share

	Group	
	2015	2014
	\$'000	\$'000
Basic and diluted earnings per share is based on:		
Profit for the year	92,742	111,258
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares	258,911	258,911

20 Dividends

The following dividends were declared and paid by the Group and the Company:

	Group and Company	
	2015	2014
	\$'000	\$'000
Tax-exempt final dividend paid of \$0.04 (2014: \$0.04) per share in respect of year 2014	10,356	10,356
Tax-exempt special final dividend paid of \$0.12 (2014: \$0.11) per share in respect of year 2014	31,070	28,481
	41,426	38,837

The following dividends were proposed by the directors:

Tax-exempt final dividend proposed of \$0.04 (2014: \$0.04) per share in respect of year 2015	10,356	10,356
Tax-exempt special final dividend proposed of \$0.29 (2014: \$0.12) per share in respect of year 2015	75,085	31,070
	85,441	41,426

NOTES TO THE FINANCIAL STATEMENTS

21 Operating leases

Leases as lessee

As at 31 March, the Group had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2015 \$'000	2014 \$'000
Payable:		
Within 1 year	118	158
After 1 year but within 5 years	–	118
	118	276

The Group leases an office under operating lease. The lease runs for an initial period of 3 to 4 years, with an option to renew the lease after that date.

Leases as lessor

The Group leases out its investment property held under operating leases (see note 4). The future minimum lease payments receivable under non-cancellable leases are as follows:

	Group	
	2015 \$'000	2014 \$'000
Receivable:		
Within 1 year	569	375
After 1 year but within 5 years	1,232	127
	1,801	502

NOTES TO THE FINANCIAL STATEMENTS

22 Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's primary exposure to credit risk arises through its trade and other receivables which relate mainly to amounts due from buyers of the Group's development properties. Settlement of such receivables is based on an agreed schedule in the sale and purchase agreements and the historical default rate has been low. Cash is placed with financial institutions with good credit rating.

In addition, the Group is exposed to credit risk in respect of financial guarantee contracts in connection with the guarantee contracts it has issued to banks for credit facilities granted to its subsidiaries. To mitigate the risk, management continually monitors the risk and has established processes including performing credit evaluations of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

22 Financial risk management (cont'd)

Credit risk (cont'd)

At the reporting date, there was no significant concentration of credit risk. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Group		Company	
		Carrying amount		Carrying amount	
		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
Trade and other receivables*	9	15,308	5,598	743,573	803,155
Cash and cash equivalents	11	329,421	204,896	228,570	89,319
		344,729	210,494	972,143	892,474

* Excludes prepayments.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by determining cash or another financial assets.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents, and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Cash flows	
			Within 1 year	Within 1 to 5 years
	\$'000	\$'000	\$'000	\$'000
Group				
2015				
Non-derivative financial liabilities				
Trade and other payables	74,783	(74,783)	(74,783)	–
2014				
Non-derivative financial liabilities				
Trade and other payables	65,746	(65,746)	(65,746)	–

NOTES TO THE FINANCIAL STATEMENTS

22 Financial risk management (cont'd)

Liquidity risk (cont'd)

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows	
			Within 1 year \$'000	Within 1 to 5 years \$'000
Company				
2015				
Non-derivative financial liabilities				
Trade and other payables	233,311	(233,311)	(233,311)	–
2014				
Non-derivative financial liabilities				
Trade and other payables	213,522	(213,522)	(213,522)	–

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group		Company	
	Carrying amount		Carrying amount	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Variable rate instruments				
Fixed deposits	284,807	132,017	222,807	87,017

NOTES TO THE FINANCIAL STATEMENTS

22 Financial risk management (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss (and reserves) by the amounts shown below. This analysis assumes that all other variables remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation and the associated tax effects. The analysis is performed on the same basis for 2014.

	Profit or loss	
	50 bp increase \$'000	50 bp decrease \$'000
Group		
2015		
Fixed deposits	1,424	(1,424)
2014		
Fixed deposits	660	(660)
Company		
2015		
Fixed deposits	1,114	(1,114)
2014		
Fixed deposits	435	(435)

Capital management policy

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders. For these purposes, the Group defines "capital" as all components of equity.

The Group regularly reviews and manages its capital structure, comprising shareholders' equity and borrowings, to ensure optimal capital structure and shareholders' returns, taking into consideration operating cash flow, capital expenditure, gearing ratio and prevailing market interest rates.

The Group achieved a return on shareholder's equity (based on profit for the year) of 7.23% for the year ended 31 March 2015 compared to 9.03% for the year ended 31 March 2014. There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

22 Financial risk management (cont'd)

Capital management policy (cont'd)

Under the Housing Developers (Control and Licensing) Act, in order to qualify for a housing developer's licence, certain subsidiaries of the Company, namely Bukit Sembawang View Pte. Ltd., Sembawang Estates (Private) Limited and Singapore United Estates (Private) Limited, are required to maintain a minimum paid-up capital of \$1,000,000. These entities complied with the requirement throughout the year. Other than as disclosed above, the Company and its subsidiaries are not subject to externally imposed capital requirements.

Accounting classifications and fair values

The fair values of assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Note	Loans and receivables \$'000	Other financial liabilities at amortised cost \$'000	Other assets \$'000	Total carrying amount \$'000	Fair value Level 2 \$'000
Group						
2015						
Assets not measured at fair value						
Investment property	4	–	–	4,202	4,202	16,840
Trade and other receivables*	9	15,308	–	–	15,308	–
Cash and cash equivalents	11	329,421	–	–	329,421	–
		344,729	–	4,202	348,931	16,840
Liabilities not measured at fair value						
Trade and other payables	14	–	(74,783)	–	(74,783)	–
2014						
Assets not measured at fair value						
Investment property	4	–	–	4,362	4,362	15,350
Trade and other receivables*	9	5,598	–	–	5,598	–
Cash and cash equivalents	11	204,896	–	–	204,896	–
		210,494	–	4,362	214,856	15,350
Liabilities not measured at fair value						
Trade and other payables	14	–	(65,746)	–	(65,746)	–

NOTES TO THE FINANCIAL STATEMENTS

22 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Loans and receivables \$'000	Other financial liabilities at amortised cost \$'000	Other assets \$'000	Total carrying amount \$'000	Fair value Level 2 \$'000
Company						
2015						
Assets not measured at fair value						
Trade and other receivables*	9	743,573	–	–	743,573	–
Cash and cash equivalents	11	228,570	–	–	228,570	–
		972,143	–	–	972,143	–
Liabilities not measured at fair value						
Trade and other payables	14	–	(233,311)	–	(233,311)	–
2014						
Assets not measured at fair value						
Trade and other receivables*	9	803,155	–	–	803,155	–
Cash and cash equivalents	11	89,319	–	–	89,319	–
		892,474	–	–	892,474	–
Liabilities not measured at fair value						
Trade and other payables	14	–	(213,522)	–	(213,522)	–

* Excludes prepayments.

The fair value of investment property as at 31 March 2015 is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction.

The valuation is determined externally by the independent valuers, using the Direct Comparison Method. The Direct Comparison Method involves the analysis and study of recent sales evidence of similar properties in comparable developments in the subject/comparable vicinities.

NOTES TO THE FINANCIAL STATEMENTS

23 Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Board of Directors reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Development properties: Development of residential properties for sale
- Investment property: Holding and management of office building

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the Group's Board of Directors. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Development properties		Investment holding		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
External revenue	382,146	407,812	509	477	382,655	408,289
Finance income	147	153	1,677	85	1,824	238
Depreciation	100	79	160	160	260	239
Reportable segment profit/(loss) before tax	107,581	133,421	1,479	(69)	109,060	133,352
Other material non-cash item:						
- Allowance for foreseeable losses on development properties	(13,331)	(17,494)	-	-	(13,331)	(17,494)

NOTES TO THE FINANCIAL STATEMENTS

23 Operating segments (cont'd)

Reconciliations of reportable segment profit or loss and other material items

	2015	2014
	\$'000	\$'000
Profit or loss		
Total profit or loss for reportable segments	109,060	133,352
Unallocated amounts	(5)	(28)
Consolidated profit before tax	109,055	133,324

	Reportable segment totals	Adjustments	Consolidated totals
	\$'000	\$'000	\$'000
Other material items 2015			
Finance income	1,824	-	1,824
Other material items 2014			
Finance income	238	-	238

The Group's operations are primarily in Singapore.

PROPERTIES OF THE GROUP

The properties of the Group as at 31 March 2015 are as follows:-

Location	Tenure	Site Area (Sq M)	Gross Floor Area (Sq M)	% of Completion	Expected Date of Completion	Group's Effective Interest in Property (%)	Description
Land in Seletar Hills Area							
Lots 9425C, 251N, 3310V & 5353N Mk 18 at Yio Chu Kang Road/Ang Mo Kio Avenue 5/Seletar Road	999-year lease commencing January 1879					100%	Written Permission has been granted for the proposed 944 units of landed housing development.
Phase 5		12,164	12,239	100%	-		Building plans have been approved for: Phase 5 (54 units)
Phase 6		7,546	7,955	56%	1Q 2016		Phase 6 (36 units)
Phase 7		7,724	7,030	20%	3Q 2016		Phase 7 (32 units)
Phase 8		9,288	10,322	-	-		Phase 8 (46 units)
Phase 9		7,210	7,716	-	-		Phase 9 (32 units)
Remaining phases		<u>127,832</u>	<u>122,208</u>	-	-		
		171,764	167,470				Phase 5 – main building work was completed in 3Q 2014. Phase 6 - main building architectural and external works are in progress. Phase 7 – main building structural work is in progress.
Lot 12949A Mk 18 at Nim Road/Ang Mo Kio Avenue 5/CTE	*999-year lease commencing January 1879	62,057	45,282	-	-	100%	Proposed 167 units of landed housing development.
		<u>54,806</u>	-	-	-	100%	Vacant non-residential Rural land for future residential development.
		116,863					
Lot 9934W Mk 18 at Ang Mo Kio Avenue 5/Nim Road/CTE	Statutory Grant	18,589	3,850	-	-	100%	Proposed 65 units of landed housing development.
Land in Sembawang Area							
Lots 2099V & 2277V Mk 19 at Sembawang Road/Kampong Wak Hassan	Statutory Grant	20,420	18,790	-	-	100%	Written Permission has been granted for the proposed 80 units of cluster housing development.

* The Singapore Land Authority (SLA) requires the Group to apply for lifting of the building restriction in the title in order to proceed with the development of the land Lot 12949A Mk 18. For permission to be granted to lift the building restriction, SLA requires the Group to surrender the existing 999-year lease for re-issuance of a fresh 99-year lease without building restriction. The Group has maintained that the building restriction does not apply. This issue remains unresolved.

PROPERTIES OF THE GROUP

Location	Tenure	Site Area (Sq M)	Gross Floor Area (Sq M)	% of Completion	Expected Date of Completion	Group's Effective Interest in Property (%)	Description
Residential Apartment Sites							
Lots 364-369, 389-392, 397-415, 906, 907 & 1317T TS 21 at 55 & 57 Paterson Road	Freehold	-	332	100%	-	100%	Main building work was completed in 3Q 2010. Sale of one unit to be completed.
Lots 370-375, 382-387, 488, 533, 535, 537, 539, 623, 1409 & 1410 TS 21 at 27-41 (odd nos.) Paterson Road & 1-19 (odd nos.) Lengkok Angsa	Freehold	5,791	13,329	92%	2Q 2015	100%	Written Permission has been granted for the proposed 85 units of residential development. Main building work is expected to complete in June 2015.
Lots 394 & 395 TS 21 at 14 & 16 Lengkok Angsa	Freehold	463	597	63%	3Q 2015	100%	Written Permission has been granted for the proposed 2 terrace houses. Main building architectural and external works are in progress.
Lots 715L, 780L, 1243X & 1245C TS 27 at 12, 12A & 12B Cairnhill Rise	Freehold	-	279	100%	-	100%	Main building work was completed in 3Q 2013. Sale of two units to be completed.
Lots 689T, 445M & 444C TS 21 at 2, 10 & 18 St Thomas Walk	Freehold	9,245	28,126	30%	3Q 2017	100%	Written Permission has been granted for the proposed 250 units of residential development. Main building structural work is in progress.
Lots 1833L & 1603A Mk 1 at 610 & 612 Telok Blangah Road	Freehold	14,382	32,268	67%	3Q 2015	100%	Written Permission has been granted for the proposed 283 units of residential development. Main building architectural and external works are in progress.

Location	Tenure	Floor Area (Sq M)	Description
Commercial Property in Orchard Road			
7 th Storey Tong Building	Freehold	638	Office premises for lease.

SHAREHOLDING STATISTICS

As at 9 June 2015

Number of Issued Shares	:	258,911,326
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 to 99	369	9.89	3,910	0.00
100 to 1,000	707	18.96	603,536	0.23
1,001 to 10,000	1,823	48.87	7,847,331	3.03
10,001 to 1,000,000	809	21.69	45,120,834	17.43
1,000,001 and above	22	0.59	205,335,715	79.31
Total	3,730	100.00	258,911,326	100.00

Based on the Registers of Shareholders and to the best knowledge of the Company, approximately 41% of the issued shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	SINGAPORE INVESTMENTS PTE LTD	34,633,008	13.38
2	SELAT PTE LIMITED	29,478,664	11.39
3	BNP PARIBAS SECURITIES SERVICES	28,946,998	11.18
4	CITIBANK NOMINEES SINGAPORE PTE LTD	25,610,558	9.89
5	LEE RUBBER COMPANY PTE LTD	21,955,968	8.48
6	RAFFLES NOMINEES (PTE) LTD	15,727,326	6.07
7	KALLANG DEVELOPMENT (PTE) LIMITED	11,875,192	4.59
8	GREAT EASTERN LIFE ASSURANCE CO LTD - PARTICIPATING FUND	6,171,184	2.38
9	LEE LATEX PTE LIMITED	5,271,400	2.04
10	DBS NOMINEES PTE LTD	3,276,757	1.27
11	LEE FOUNDATION	2,963,130	1.14
12	ISLAND INVESTMENT COMPANY PTE LTD	2,829,600	1.09
13	LEE FOUNDATION STATES OF MALAYA	2,591,000	1.00
14	HSBC (SINGAPORE) NOMINEES PTE LTD	2,253,968	0.87
15	OVERSEA-CHINESE BANK NOMINEES PTE LTD	1,986,076	0.77
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,857,710	0.72
17	YEO REALTY & INVESTMENTS (PTE) LTD	1,603,000	0.62
18	LEE PLANTATIONS PTE LIMITED	1,533,600	0.59
19	DBSN SERVICES PTE LTD	1,359,452	0.52
20	TAN PROPRIETARY (PTE) LTD	1,200,000	0.46
	Total	203,124,591	78.45

SHAREHOLDING STATISTICS

As at 9 June 2015

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

Shareholders	Direct Interest	Deemed Interest
Singapore Investments (Pte) Ltd	34,633,008	-
Selat (Pte) Limited	29,478,664	2,829,600 ¹
Lee Rubber Company (Pte) Limited	21,955,968	14,099,992 ²
Kallang Development (Pte) Limited	11,875,192	1,533,600 ³
Lee Foundation	2,963,130	64,997,272 ⁴
Aberdeen Asset Management Asia Limited	-	30,939,400
Aberdeen Asset Management PLC	-	30,939,400 ⁵
Aberdeen International Fund Managers Limited	-	20,470,600
Aberdeen Global	-	20,470,600
Asia Fountain Investment Company Limited	-	13,845,600
Guoco Group Limited	-	13,845,600 ⁶
GuocoEquity Assets Limited	-	13,845,600 ⁶
GuoLine Overseas Limited	-	13,845,600 ⁶
GuoLine Capital Assets Limited	-	13,845,600 ⁶
Hong Leong Investment Holdings Pte. Ltd.	-	13,845,600 ⁶
Hong Leong Company (Malaysia) Berhad	-	13,845,600 ⁶
HL Holdings Sdn Bhd	-	13,845,600 ⁶
Mr Quek Leng Chan	-	13,845,600 ⁶

¹ 2,829,600 shares owned by Island Investment Co. (Pte) Ltd.

² 11,875,192 shares owned by Kallang Development (Pte) Ltd, 1,533,600 shares owned by Lee Plantations (Pte.) Limited and 691,200 shares owned by Lee Rubber (Selangor) Sdn Bhd.

³ 1,533,600 shares owned by Lee Plantations (Pte.) Limited.

⁴ 29,478,664 shares owned by Selat (Pte) Limited, 34,633,008 shares owned by Singapore Investments (Pte) Limited, 864,000 shares owned by Lee Pineapple Company (Pte) Ltd and 21,600 shares owned by Lian Hin Rubber Co. Sdn Bhd.

⁵ 30,939,400 shares owned (deemed interest) by Aberdeen Asset Management Asia Limited.

⁶ 13,845,600 shares owned (deemed interest) by Asia Fountain Investment Company Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting of the Company will be held at **M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908**, on Thursday, 23 July 2015 at 10.30 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2015 and the Auditors' Report thereon. **(Resolution 1)**
2. To approve and declare a final dividend of 4 cents per share tax exempt (one-tier) and a special dividend of 29 cents per share tax exempt (one-tier) for the financial year ended 31 March 2015. **(Resolution 2)**
3. To re-elect the following Directors who are retiring by rotation pursuant to Article 94 of the Company's Articles of Association: [See Explanatory Note (a)]
 - (i) Mr Ng Chee Seng **(Resolution 3a)**
 - (ii) Mr Tan Swee Siong **(Resolution 3b)**
4. To re-appoint Mr Eddie Tang, who is retiring pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold office from the date of this Annual General Meeting until the next Annual General Meeting provided that if Section 153 of the Companies Act, Chapter 50 of Singapore is repealed and shall cease to be in force prior to the next Annual General Meeting of the Company and unless he is subject to any requirement under any written law or applicable regulatory requirement which permits him to hold office only until the next Annual General Meeting of the Company, Mr Eddie Tang shall, subject to retirement by rotation in accordance with the Articles of Association of the Company, hold office beyond the next Annual General Meeting of the Company. [See Explanatory Note (a)] **(Resolution 4)**
5. To approve the payment of Directors' fees of \$409,000 for the financial year ended 31 March 2015 (2014: \$471,000). **(Resolution 5)**
6. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other business which may properly be transacted at an Annual General Meeting.

As Special Business

To consider and, if thought fit, to pass the following resolution as an ordinary resolution with or without modifications:

8. General authority to allot and issue new shares in the capital of the Company

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10% of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued shares, excluding treasury shares, shall be based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities or from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
- (b) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (b)]

(Resolution 7)

By Order of the Board

DENNIS LOH SIEW KEEN
Company Secretary

7 July 2015
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. *A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one proxy or two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he must specify the number of shares to be represented by each proxy, failing which, the appointment shall be deemed to be in the alternative. A proxy need not be a member of the Company.*
2. *The instrument or form appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or his attorney, and, in the case of a corporation, be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.*
3. *The instrument or form appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time of holding the Annual General Meeting.*
4. *By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the 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.*

Explanatory Notes:

- (a) For ordinary resolutions 3(a), 3(b) and 4 above on the Directors standing for re-election or re-appointment at the Annual General Meeting, detailed information on the three Directors can be found on the "Board of Directors" and "Corporate Governance Report" sections of the Annual Report 2015.

Mr Ng Chee Seng, if re-elected, will remain as Executive Director, Chief Executive Officer and a member of the Project Development Committee. Mr Ng has a deemed interest of 24,000 ordinary shares in the issued share capital of the Company and there are no other relationships including immediate family relationships between Mr Ng and the other Directors, the Company or its 10% shareholders.

Mr Tan Swee Siong, if re-elected, will remain as a member of the Audit Committee and Chairman of the Project Development Committee and will be considered an Independent Director. There are no other relationships including immediate family relationships between Mr Tan and the other Directors, the Company or its 10% shareholders.

Mr Eddie Tang, if re-appointed, will remain as Chairman of the Nominating Committee and a member of each of the Audit Committee, Remuneration Committee and Project Development Committee and will be considered an Independent Director. There are no other relationships including immediate family relationships between Mr Tang and the other Directors, the Company or its 10% shareholders.

- (b) The Ordinary Resolution 7 in Item 8, if passed, will empower the Directors of the Company to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments from the date of this Annual General Meeting until the date of the next Annual General Meeting. The aggregate number of shares which the Directors may issue (including shares to be issued pursuant to convertibles) under this ordinary resolution must not exceed 50% of the total number of issued shares, excluding treasury shares, in the capital of the Company with a sub-limit of 10% for issues other than on a pro-rata basis. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares, excluding treasury shares, will be calculated based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time that this ordinary resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or exercise of share options or vesting of share awards which are outstanding or subsisting at the time that this ordinary resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. The sub-limit of 10% for issues other than on a pro-rata basis is below the 20% sub-limit permitted by the Listing Manual of the SGX-ST. The Directors believe that the lower sub-limit of 10% would sufficiently address the Company's present need to maintain flexibility while taking into account shareholders' concerns against dilution.

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PROXY FORM

BUKIT SEMBAWANG ESTATES LIMITED

Company Registration No. 196700177M
(Incorporated in the Republic of Singapore)

IMPORTANT: CPF Investors

- For investors who have used their CPF monies to buy Bukit Sembawang Estates Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely for INFORMATION ONLY.
- 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.
- CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

Personal Data Privacy

By 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 note 4 of the Notice of Annual General Meeting dated 7 July 2015.

I/We _____, NRIC/Passport/Co. Registration No. _____

of _____

being a member/members of Bukit Sembawang Estates Limited, hereby appoint:

Name	Address	NRIC/Passport No.	Number of Shares Represented

and/or (delete as appropriate)

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as my/our proxy/proxies to vote for me/us and on my/our behalf and, if necessary, to demand a poll at the 49th Annual General Meeting of the Company to be held on Thursday, 23 July 2015 at 10.30 a.m. and at any adjournment thereof.

The proxy/proxies is/are directed to vote for or against the resolutions set out in the Notice of Annual General Meeting and summarised below, as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain at his/their discretion, as he/they will on any other matter arising at the Meeting.

Resolutions	To be used on a Show of Hands		To be used in the event of a Poll	
	For*	Against*	Number of votes For**	Number of votes Against**
Ordinary Business				
1. Adoption of Reports and Financial Statements				
2. Approval and Declaration of Final and Special Dividends				
3. (a) Re-election of Mr Ng Chee Seng as a Director				
(b) Re-election of Mr Tan Swee Siong as a Director				
4. Re-appointment of Mr Eddie Tang as a Director				
5. Approval of Directors' fees				
6. Re-appointment of KPMG LLP as Auditors				
Special Business				
7. Approval of Share Issue Mandate				

* Please indicate your vote "For" or "Against" with an "X" within the box provided.

** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2015.

Total Number of Shares held

Signature(s) of Member(s)/Common Seal

Important: Please read notes overleaf

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BUKIT SEMBAWANG
ESTATES LIMITED

Affix
Postage
Stamp

BUKIT SEMBAWANG ESTATES LIMITED

c/o M & C Services Private Limited

112 Robinson Road

#05-01

Singapore 068902

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Notes to Proxy Form

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he must specify the number of shares to be represented by each proxy, failing which, the appointment shall be deemed to be in the alternative. A proxy need not be a member of the Company.
2. A member should insert the total number of shares held by him. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares entered against his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by the member.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy or proxies, to the Meeting.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time set for the 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 common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. 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 Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing the proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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ESTATES LIMITED

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