BUKIT SEMBAWANG
ESTATES LIMITED

ANNUAL REPORT 2019

Actual photo taken at 8 St Thomas

HOMES FOR EVERY GENERATION

CONTENTS

CORPORATE PROFILE

BUILDING QUALITY HOMES FOR EVERY GENERATION

Bukit Sembawang Estates Limited (BSEL) started developing landed properties in the 1950s and was incorporated in Singapore in 1967. It is one of the pioneer companies that obtained public-listing on SGX Mainboard in 1968. BSEL now focuses on property development, investments and other property-related activities.

OUR MISSION

As a leading and experienced property developer, we are committed to designing and building fine quality homes that satisfy the aspirations and lifestyles of our customers, for generations to come.

OUR MILESTONES

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

OUR COMMITMENT

We value every customer, every family, and we shall remain dedicated to creating quality homes that property owners will love, cherish and appreciate — for generation after generation.

CHAIRMAN'S STATEMENT

Review of Past Year's Performance

On behalf of the Board, I am pleased to report that our company has enjoyed a good year in FY2019, having recorded significantly higher revenue and attributable profit, on the back of new sales of our luxury condominium, 8 St Thomas as well as continued sales of our landed houses at Watercove and Nim Collection.

The Group's profit before tax for the financial year ended 31 March 2019 (FY2019) was $128.5 million, an increase of 114% as compared with $60.0 million for FY2018. The higher profits as compared with the previous year was due to higher profits recognised for projects sold during the year based on the over-time method. In FY2019, profits were recognised mainly from sales of 8 St Thomas, Watercove and Nim Collection. In FY2018, profits were recognised mainly from sales of Watercove and Nim Collection.

Correspondingly, the Group's profit after tax for FY2019 doubled to $101.3 million, from $50.7 million for FY2018. Revenue for FY2019 was $357.9 million (FY2018: $98.1 million).

Total equity stood at $1.3 billion.

In FY2019, we launched two new residential projects: Nim Collection Phase 2 in June 2018 and freehold luxury condominium 8 St Thomas in August 2018. Sales of these projects achieved relatively good take-up rates, despite the impact of the cooling measures experienced since July 2018. As at 11 June 2019, we have sold approximately 35% of 8 St Thomas, 76% of Nim Collection Phase 2, 91% of Nim Collection Phase 1 and 94% of Watercove.

We have successfully converted our residential project Paterson Collection into fully-furnished Gold-Standard serviced residences. The development has been rebranded as Fraser Residence Orchard, Singapore and is managed and operated by Frasers Hospitality Group under the renowned Fraser Residence brand.

Current Year's Prospects

After achieving a growth rate of 3.2% in 2018, the Singapore economy is expected to slow in 2019, with the Ministry of Trade and Industry's forecast range of between 1.5% to 2.5%, given the heightened uncertainties and downside risks in the global economy.

The cooling measures implemented in July 2018 continue to have a dampening effect on sentiments and prices in the residential property sector.

According to URA real estate statistics, the overall private residential property prices decreased by 0.7% in the 1st quarter 2019, a higher rate compared with the 0.1% decrease in the previous quarter. The number of new residential units sold in the 1st quarter 2019 was 1,838 units, flat compared with 1,836 units sold in the previous quarter.

The Group is closely monitoring the changing dynamics in the economy and property market, and, taking into account the expected residential property supply pipeline in the years ahead, will plan to launch new projects for sale in a timely manner.

Current Year's Plans

The Group will continue to focus on its core business of developing and selling high quality, well-designed residential condominiums and landed properties in Singapore.

For the new FY2020, we plan to launch Luxus Hills Phases 8, 9 and 16 comprising 117 999-year landed terrace houses located along Ang Mo Kio Avenue 5 and Yio Chu Kang Road. Another highly anticipated project is The Atelier, a freehold condominium in prime district 9 located at Makeway Avenue, on the former site of Makeway View. The Atelier is a single definitive tower of 120 bespoke residences with distinctive lifestyle facilities.

Other projects in the pipeline to launch include the condominium on the site of the former Katong Park Towers in prime district 15 and landed houses at Nim Collection and Luxus Hills.

Projects completed in the 2nd quarter this year include Watercove and Nim Collection Phase 1. Projects that are expected to be completed in the 3rd quarter this year include Nim Collection Phase 2 and Luxus Hills Phase 16.

The Group will continue to monitor market developments closely and explore acquiring suitable new sites to supplement its land bank when opportune.

Fraser Residence Orchard, Singapore opened its doors on 1 April 2019 and the serviced residence asset shall be a source of recurring income for the Group. The Group intends to seek and explore further opportunities to build up its stream of recurring income through commercial investment properties both in Singapore and overseas market.

Dividends

For FY2019, the Company did not declare any interim dividend.

In line with the better performance for FY2019, the Board is pleased to recommend a final dividend of 4 cents and a special dividend of 18 cents per ordinary share (FY2018: final dividend 4 cents and special dividend of 14 cents). The Company has maintained its final dividend policy of 4 cents per share. The total dividend payout ratio is 0.56.

The dividend payment, which amounts to $57.0 million, is subject to shareholders' approval at the 53rd Annual General Meeting ("AGM") to be held on 26 July 2019.

Directorate

Pursuant to the Company's Constitution, Mr Lee Chien Shih, Ms Fam Lee San and Mr Chng Kiong Huat shall be retiring by rotation at the forthcoming AGM. Being eligible, the Directors have consented to continue office and have offered themselves for re-election.

Acknowledgements

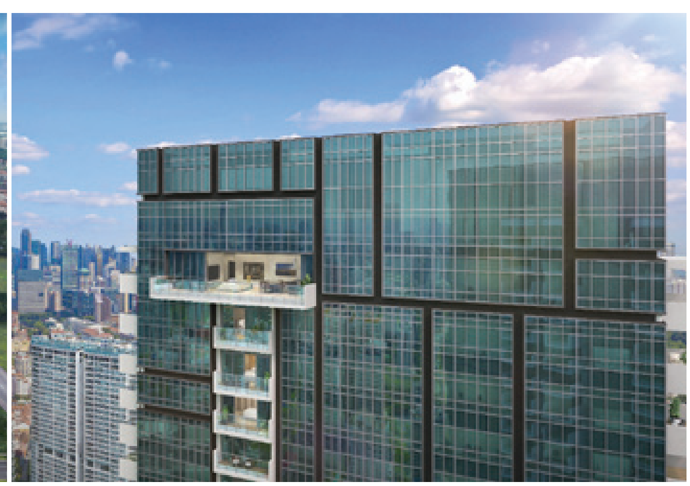
On behalf of the Board, I would like to thank the management and the staff for their continued dedication and efforts. I would also like to thank my fellow Directors for their support. Last, but not least, I would like to record our deep appreciation to our customers, our business partners, and our shareholders for their continued support and confidence. Together, we can grow the Group from strength to strength in the years ahead.

Koh Poh Tiong
Chairman
12 June 2019

FIVE-YEAR FINANCIAL SUMMARY

Consolidated Statements of Financial Position As at 31 March	2019 $'000	2018 $'000 *(Restated)	2017 $'000	2016 $'000	2015 $'000
Non-Current Assets					
Investment Property	**3,649**	3,811	3,973	4,135	4,202
Property, Plant and Equipment	**258,277**	241,284	102	79	132
Deferred Tax Assets	**2,461**	16,516	23,760	7,324	3,388
Current Assets	**1,517,163**	1,069,541	1,386,892	1,446,157	1,385,454
Current Liabilities	**(78,894)**	(78,453)	(137,523)	(161,949)	(104,136)
Non-Current Liabilities	**(398,123)**	(2,853)	(355)	(5,914)	(5,746)
	1,304,533	1,249,846	1,276,849	1,289,832	1,283,294
Share Capital	**631,801**	631,801	631,801	631,801	631,801
Reserves	**672,732**	618,045	645,048	658,031	651,493
Total Equity	**1,304,533**	1,249,846	1,276,849	1,289,832	1,283,294

Consolidated Statements of Comprehensive Income For the year ended 31 March					
Revenue	**357,855**	98,135	143,395	281,997	382,655
Profit Before Tax	**128,483**	59,957	79,732	106,901	109,055
Tax Expense	**(27,192)**	(9,239)	(7,274)	(14,922)	(16,313)
Profit After Tax	**101,291**	50,718	72,458	91,979	92,742



GROUP FINANCIAL HIGHLIGHTS

For the year ended 31 March	2019 $'000	2018 $'000 *(Restated)
Revenue	**357,855**	98,135
Profit Before Tax	**128,483**	59,957
Profit After Tax	**101,291**	50,718
Net Dividends paid	**-**	46,604
Net Dividends (proposed)	**56,960**	-
Share Capital	**631,801**	631,801
Total Equity	**1,304,533**	1,249,846
Net Return on Total Equity	**7.76%**	4.06%
Earnings Per Ordinary Share		
Basic earnings per share	**$0.39**	$0.20
Diluted earnings per share	**$0.39**	$0.20
Dividends Per Ordinary Share		
Gross	**$0.22**	$0.18
Net	**$0.22**	$0.18
Cover	**1.78 times**	1.09 times
Net Tangible Assets Per Ordinary Share	**$5.04**	$4.83

* *2018 figures have been restated to take into account the retrospective adjustments arising from the adoption of SFRS(I) 15 Revenue from contracts with customers.*

FINANCIAL CALENDAR

Financial Year ended 31 March 2019	
Announcement of First Quarter Results	**13 August 2018**
Announcement of Half-year Results	**12 November 2018**
Announcement of Third Quarter Results	**14 February 2019**
Announcement of Full-year Results	**27 May 2019**
Annual General Meeting & Extraordinary General Meeting	**26 July 2019**

Financial Year ending 31 March 2020	
Announcement of First Quarter Results	**August 2019**
Announcement of Half-year Results	**November 2019**
Announcement of Third Quarter Results	**February 2020**
Announcement of Full-year Results	**May 2020**

PROJECTS FOR SALE

8 ST THOMAS

250

freehold luxury homes

Artist's Impression

8 St Thomas

A home is not just an abode, but a statement of who you are.

At 8 St Thomas, bespoke living begins with timeless beauty and elegance. Artful geometric lines and forms dance in rhythm on the facades of magnificent twin towers, accentuating a quality home with exquisite style. The freehold condominium comprises 250 units and offers a range of one to four bedroom apartments and two exclusive penthouses complete with premium fittings and finishes.

Designed by award-winning firm DP Architects, 8 St Thomas offers a bespoke lifestyle beyond the home with social spaces invigorated with rich foliage and flowing landscapes, five thematic sky gardens and six sky terraces offering relaxation lounges, fitness decks and gourmet dining areas. A medley of spacious layouts, comprehensive amenities, and naturalistic landscaping welcome you home every day.

Artist's Impression

One of Singapore's finest luxury properties in prime district 9, 8 St Thomas offers unparalleled sweeping views of the glittering city overlooking Orchard Road and Marina Bay Sands, while bringing you closer to top shopping and dining destinations, prestigious schools, and the business district.

8 St Thomas is awarded the China Real Estate Design Award (CREDAWARD) SILVER in 2019. In 2018, the development also took home the New York Design Award GOLD, Asia Property Awards Best Luxury Condo Development & Best Condo Architectural Design (Singapore).

PROJECTS FOR SALE

NIM COLLECTION

98

landed homes

99

years leasehold

Artist's Impression

NIM COLLECTION

New Generation of Landed Homes

Nim Collection offers an exciting new mode of Seletar living in a cluster of 98 terraced, semi-detached and detached houses conveniently located along Nim Road off Ang Mo Kio Avenue 5. One of the first developments to explore URA's new envelope control guidelines for landed housing, award-winning firm W Architects brings ingenuity to the pioneering design of the partial four- and three-storey landed terrace houses.

Through varying spatial heights and volumes, connections to the outdoors on different levels and the intelligent embrace of natural light and air, residents will enjoy a thoughtful balance of intimate and communal spaces.

Actual Photo

Embraced by nature, tranquillity and the rich heritage of Seletar Hills, each home comes with five en-suite bedrooms, private lifts and is built for multi-generations living under one roof, with the verdant greenery of Nim Meadow Park just a few steps away. From its well-appointed interiors and quality finishes to its distinctive angular geometry, punctuated by multi-level gardens, Nim Collection encapsulates everything you love about Seletar in a home designed for its time.

Nim Collection is awarded the BCA Green Mark GOLD^PLUS and Asia Property Awards Best Housing Architectural Design (Asia) 2018.

WATERCOVE

Artist's Impression

80

freehold seafront landed homes

WATERCOVE

Exclusive freehold strata landed homes by the sea

In a welcome respite from the cold glass monoliths that dot the Singapore skyline, Watercove is a freehold development offering 76 terrace and 4 semi-detached houses designed in the style of colonial black and white bungalows, an aesthetic that continues from the development facade all the way to the interior. This is tastefully balanced with the architectural concept of a modern tropical resort, with lifestyle facilities such as a stunning lap pool, spa and even an onsen.

A rare gem situated by the sea along Wak Hassan Drive, Watercove offers spectacular waterfront views with access to the beach and Sembawang Park.

Artist's Impression

The seafront homes boast high ceilings and numerous windows which let in plenty of natural light and a refreshing sea breeze. Each unit enjoys a spacious layout ideal for multi-generation living and comes with four to five en-suite bedrooms, luxury lifestyle fittings, Smart Home features and a private lift.

Watercove is awarded the BCA Green Mark GOLD^{PLUS} and EdgeProp Top Boutique Development Excellence Award 2018.

EdgeProp
SINGAPORE
EXCELLENCE
AWARDS 2018

Top Boutique
Development
Excellence

UPCOMING PROJECTS FOR SALE

LUXUS HILLS

117

landed homes

999

years leasehold

Artist's Impression

LUXUS HILLS

Live landed.
Your land, your home.

The new phases of Luxus Hills consist of exclusive collections of 117 contemporary landed homes off Ang Mo Kio Avenue 5. Enjoy the luxury of time and space with a 999-year leasehold address to call your own and a home to own for generations. Each home is a treasured gem nestled in a tranquil environment within Seletar Hills Estate, featuring three-storeys and exclusive four-storeys of expansive living spaces, designed with generous proportions and efficient, functional layouts.

Built for multi-generational living, there are four to five en-suite bedrooms with exclusive privacy, meticulously selected luxury fittings, Smart Home features and private lifts to cater to the needs of every household.

Artist's Impression

Appreciate lifestyle landed living amidst nature with verdant greenery that envelopes the estate and the vast Luxus Hills Park at your doorstep. A multitude of shopping and dining avenues beckon, such as Greenwich V, NEX and AMK Hub. Reputable schools such as Rosyth School are within 1 km. With new mega developments sprouting around the vicinity, like the Seletar Aerospace Park and Seletar Regional Centre, Luxus Hills will truly be a coveted address to own.

BCA GREEN MARK

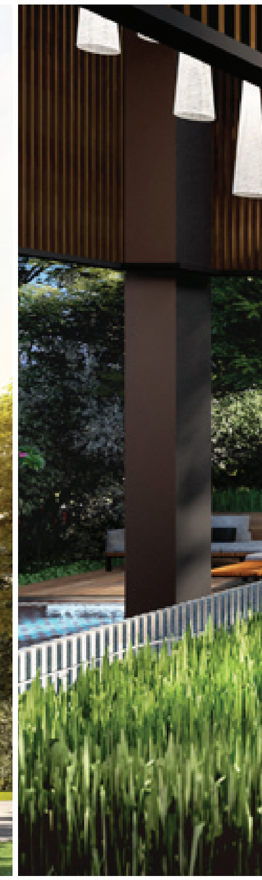
Luxus Hills is awarded the BCA Green Mark GOLD^{PLUS} for Phase 8 & Phase 16 and BCA Green Mark PLATINUM for Phase 9.

UPCOMING PROJECTS FOR SALE

THE ATELIER

120

bespoke residences



Artist's Impression

The ATELIER

The Atelier is a celebration of individuality and a home that embodies everything you are. Located on a rare freehold site at Makeway Avenue in prime district 9, it is set to become one of Singapore's most coveted addresses, where architecture, design and living spaces are designed for the way you live.

Artist's Impression

The freehold development is nestled in the exclusive Newton residential enclave and is a short 6 minutes' walk to Newton MRT Interchange. A district on the cusp of gentrification, the Newton neighbourhood exudes an eclectic charm and personality with its array of unique cafes, restaurants and lifestyle stores, juxtaposed with the ever-bustling shopping and entertainment belt that is Orchard Road which is just minutes away. Reputable schools such as Anglo-Chinese School (Barker Road), Anglo-Chinese School (Junior) and St Joseph's Institution Junior are within 1 km.

Offering 120 bespoke residences in a single definitive residential tower, The Atelier is an address that truly allows you to redefine how you live.

UPCOMING PROJECTS FOR SALE

FORMER KATONG PARK TOWERS

Artist's Impression

Nestled in the esteemed landed residential enclave of Meyer and Mountbatten estate in prime district 15, the new residential development is located at the former Katong Park Towers site. From your abode, you can enjoy panoramic views of the city skyline towards Marina Bay Sands and unblocked views of the surrounding landscape. For many, the Mountbatten estate evokes a warm nostalgia with its rich heritage, unique architecture and long-standing culinary gems.

Artist's Impression

Step out into the vibrant streets of iconic colourful shophouses and quaint eateries. Delight in a variety of family activities, be it shopping and dining at Parkway Parade, I12 Katong and Kallang Wave Mall, or exploring the great outdoors at Parkland Green, East Coast Park and Gardens by the Bay. Marine Parade is a family-centric area offering a full suite of pre-school, primary and secondary educational institutions such as Eton Preschool, Tao Nan Primary, Kong Hwa Primary, Dunman High and Nanyang Primary.

The new development is a short 5 minutes' walk to the upcoming Katong Park MRT Station (along the Thomson-East Coast Line) expected to complete in 2023 and 4 train stops to Marina Bay Financial Centre. The area also enjoys seamless connectivity via major expressways and is a short drive from the city centre.

AWARDS & ACCOLADES
2015-2019

COMPANY OVERALL

- **2017** | BCI Asia Top Ten Developers Awards 2017

- **2015** | Singapore Golden Jubilee Business Awards

BCA AWARDS

LUXUS HILLS PHASE 16
- **2019** | BCA Green Mark GOLD^{PLUS}

NIM COLLECTION PHASE 1 & 2
- **2018** | BCA Green Mark GOLD^{PLUS}

WATERCOVE
- **2017** | BCA Green Mark GOLD^{PLUS}

LUXUS HILLS PHASE 5
- **2016** | BCA Construction Excellence Award (CEA) Merit

LUXUS HILLS PHASE 8
- **2015** | BCA Green Mark GOLD^{PLUS}

LUXUS HILLS PHASE 9
- **2015** | BCA Green Mark PLATINUM

ARCHITECTURAL AWARDS

8 ST THOMAS
- **2019** | China Real Estate Design Award (CREDAWARD) SILVER in High-end Residence Category

- **2018** | Winner of Best Luxury Condo Architectural Design (Singapore) in PropertyGuru Asia Property Awards

- **2018** | New York Design Awards GOLD in Architecture – Residential – International Category

NIM COLLECTION PHASE 1 & 2
- **2018** | Winner of Best Housing Architectural Design (Singapore) in PropertyGuru Asia Property Awards

- **2018** | Winner of Best Housing Architectural Design (Asia) in PropertyGuru Asia Property Awards

14 & 16 LENGKOK ANGSA
- **2017** | DFA Design for Asia Awards SILVER

- **2017** | Winner of Architecture with the Distinction in Iconic Awards 2017

- **2016** | The International Architecture Awards 2016

PROPERTY AWARDS

SKYLINE RESIDENCES
- **2019** | Award Winner Residential High-rise Development (Singapore) in Asia Pacific Property Awards

8 ST THOMAS
- **2019** | Best Apartment/Condominium Singapore in Asia Pacific Property Awards
- **2018** | Winner of Best Luxury Condo Development (Singapore) in PropertyGuru Asia Property Awards
- **2018** | Highly Commended for Best Luxury Condo Interior Design (Singapore) in PropertyGuru Asia Property Awards

WATERCOVE
- **2018** | EdgeProp Top Boutique Development Excellence Award

VERDURE
- **2018** | Winner of Residential (Low Rise) Category in FIABCI-SINGAPORE Singapore Property Awards

NIM COLLECTION PHASE 1 & 2
- **2018** | Highly Commended for Best Landed Development (Singapore) in PropertyGuru Asia Property Awards
- **2018** | Highly Commended for Best Universal Design Development (Singapore) in PropertyGuru Asia Property Awards
- **2018** | Highly Commended for Best Residential Green Development (Singapore) in PropertyGuru Asia Property Awards

LUXUS HILLS PHASE 6 & 7
- **2018** | Award Winner Residential Development (Singapore) Category in Asia Pacific Property Awards
- **2018** | FIABCI World Prix d'Excellence Awards World Silver Winner in Residential (Low Rise) Category
- **2017** | Winner of Residential (Low Rise) Category in FIABCI-SINGAPORE Singapore Property Awards

LUXUS HILLS PHASE 5
- **2017** | Best Residential Development (Singapore) Category in Asia Pacific Property Awards

PATERSON SUITES
- **2017** | Best Residential High Rise Development (Singapore) Category in Asia Pacific Property Awards

LUXUS HILLS PHASE 1 TO 5
- **2016** | Winner of Master Plan Category in FIABCI-SINGAPORE Singapore Property Awards

SKYLINE RESIDENCES
- **2016** | Winner of Residential (Mid Rise) Category in FIABCI-SINGAPORE Singapore Property Awards

PATERSON SUITES
- **2015** | Winner of Residential (Mid Rise) Category in FIABCI-SINGAPORE Singapore Property Awards

THE VERMONT ON CAIRNHILL
- **2015** | Winner of Residential (Mid Rise) Category in FIABCI-SINGAPORE Singapore Property Awards
- **2015** | Highly Commended Residential Development (Singapore) Category in Asia Pacific Property Awards

GROUP STRUCTURE

BUKIT SEMBAWANG ESTATES LIMITED

- Sembawang Estates (Private) Limited
- Singapore United Estates (Private) Limited
- Bukit Sembawang View Pte. Ltd.
- Paterson Collection Pte. Ltd.
- Paterson One Pte. Ltd.
- BSEL Development Pte. Ltd.
- Bukit Sembawang Land Pte. Ltd.
- Bukit One Pte. Ltd.*
- Bukit Two Pte. Ltd.*
- Bukit Three Pte. Ltd.*
- Bukit Four Pte. Ltd.* *(Formerly known as Bukit Sembawang Residences Pte. Ltd.)*

All companies are incorporated in Singapore
**Dormant as of Date*

BOARD OF DIRECTORS

KOH POH TIONG

Chairman and Independent Director

Mr Koh Poh Tiong was appointed to the Board on 1 February 2017. He was appointed Chairman of the Board and Chairman of the Audit and Risk Management Committee on 4 August 2017. He is a member of the Remuneration Committee, Project Development Committee and Investment Committee.

Mr Koh is currently Board Director and Adviser of Fraser and Neave, Limited. Previously, he was the Chief Executive Officer (Food & Beverage Division) of Fraser and Neave, Limited and the Chief Executive Officer of Asia Pacific Breweries Limited.

Mr Koh holds a Bachelor of Science degree from the University of Singapore.

Date of first appointment as a Director: 1 February 2017

Date of last re-election as a Director: 27 July 2017

Present Directorships

Listed companies:
Fraser and Neave, Limited
Delfi Limited
Raffles Medical Group Limited
Saigon Beer-Alcohol-Beverage Corporation (Chairman)

Others:
National Kidney Foundation (Chairman)
Singapore Kindness Movement (Chairman)
Times Publishing Limited (Chairman)
Yunnan Yulinquan Liquor Co., Ltd (Chairman)
Great Eastern Life Assurance (Malaysia) Berhad
Great Eastern General Insurance (Malaysia) Berhad

Past Directorships in listed companies over preceding 3 years:
SATS Limited
United Engineers Limited

LEE CHIEN SHIH

Non-Executive and Non-Independent Director

Mr 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.

Mr Lee is a Director of the Lee Rubber Group of Companies, Lee Foundation Singapore and Lee Foundation Malaysia. He 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: 27 July 2016

Past Directorships in listed companies over preceding 3 years: Nil

NG CHEE SENG

Executive Director
Chief Executive Officer

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 registered architect with the Singapore Board of Architects, a member of the Singapore Institute of Architects and SCDF Fire Safety Standing Committee.

Date of first appointment as a Director: 19 April 2007

Date of last re-election as a Director: 27 July 2018

Past Directorships in listed companies over preceding 3 years: Nil

BOARD OF DIRECTORS

EDDIE TANG

Non-Executive and Independent Director

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 and Risk Management Committee, Remuneration Committee, Project Development Committee and Investment Committee.

After retiring from banking, Mr Tang 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: 27 July 2017

Past Directorships in listed companies over preceding 3 years: Nil

TAN SWEE SIONG

Non-Executive and Independent Director

Mr Tan Swee Siong was appointed to the Board on 1 August 2011. He is Chairman of the Investment Committee, and a member of the Audit and Risk Management Committee, Nominating Committee and Project Development Committee.

Mr Tan started the Real Estate desk of the Tolaram Group and served as its Head and CEO from 2006 till 2018. He is a Director in Medtech Asia which provides proprietary venture capital and private equity investments in a broad range of industries, primarily in healthcare, HealthTech and MedTech sectors.

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: 27 July 2018

Past Directorships in listed companies over preceding 3 years: Nil

FAM LEE SAN

Non-Executive and Non-Independent Director

Ms Fam Lee San was appointed as Director of the Company on 25 July 2014.

Ms Fam is currently the Financial Controller of Kallang Development (Pte) Limited, 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

Date of last re-election as a Director: 27 July 2016

Past Directorships in listed companies over preceding 3 years: Nil

CHNG KIONG HUAT

Non-Executive and Non-Independent Director

Mr Chng Kiong Huat was appointed to the Board on 24 July 2015. He is Chairman of the Project Development Committee and a member of the Investment Committee.

Mr Chng is an Executive Director of Kallang Development (Pte) Limited.

Mr Chng holds a Bachelor of Arts (Architecture Studies) degree and a Bachelor of Architecture (Hons) degree from the National University of Singapore, and a LLB (Hons) degree from the University of London. In 2012, he attended the Stanford Executive Program at Stanford University. He is a registered architect with the Singapore Board of Architects.

Date of first appointment as a Director: 24 July 2015

Date of last re-election as a Director: 27 July 2016

Past Directorships in listed companies over preceding 3 years: FEO Hospitality Asset Management Pte. Ltd. (as manager of Far East Hospitality Trust)

KEY MANAGEMENT

OOI CHEE ENG

Mr Ooi is the Chief Financial Officer and Company Secretary of the Group. He joined the Group in 2018. He is responsible for the Group's corporate secretarial, finance, accounting, tax, administration and human resource functions. He has more than 20 years of experience in finance and accounting.

Mr Ooi holds a Bachelor of Accountancy degree from the Nanyang Technological University 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 Head (Property and Maintenance Management). He joined the Group in 2001 and is responsible for the maintenance and management of all the existing and new properties in the Group. He has been in the construction and property development industry for more than 25 years.

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 General Manager, Head of Projects. She joined the Group in 2007 and is responsible for the design and development of the Group's properties. She has more than 20 years of project experience.

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 registered architect with the Singapore Board of Architects, a member of the Singapore Institute of Architects and the Singapore Institute of Arbitrators.

HO JENNY

Ms Ho holds the position of Assistant General Manager (Marketing) and heads the Marketing Department. She joined the Group in 2017 and is responsible for the sales and marketing of the Group's properties. She has more than 16 years in residential sales and marketing experience.

Ms Ho holds a Bachelor of Real Estate Management from Oxford Brookes University.

DIRECTORATE & OTHER CORPORATE INFORMATION

DIRECTORS

Koh Poh Tiong *(Chairman, Non-Executive, Independent)*
Lee Chien Shih *(Non-Executive, Non-Independent)*
Ng Chee Seng *(CEO, Executive)*
Eddie Tang *(Non-Executive, Independent)*
Tan Swee Siong *(Non-Executive, Independent)*
Fam Lee San *(Non-Executive, Non-Independent)*
Chng Kiong Huat *(Non-Executive, Non-Independent)*

AUDIT AND RISK MANAGEMENT COMMITTEE

Koh Poh Tiong *(Chairman)*
Eddie Tang
Tan Swee Siong

NOMINATING COMMITTEE

Eddie Tang *(Chairman)*
Lee Chien Shih
Tan Swee Siong

REMUNERATION COMMITTEE

Lee Chien Shih *(Chairman)*
Koh Poh Tiong
Eddie Tang

PROJECT DEVELOPMENT COMMITTEE

Chng Kiong Huat *(Chairman)*
Koh Poh Tiong
Ng Chee Seng
Eddie Tang
Tan Swee Siong

INVESTMENT COMMITTEE

Tan Swee Siong *(Chairman)*
Koh Poh Tiong
Eddie Tang
Chng Kiong Huat

COMPANY SECRETARY

Ooi Chee Eng

REGISTERED OFFICE

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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 : Lo Mun Wai
(With effect from financial year ended 31 March 2016)

SHARE REGISTRAR

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

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

CORPORATE GOVERNANCE REPORT

Bukit Sembawang Estates Limited (Company) is committed to ensure good standards of corporate governance are practised throughout the Company and its subsidiaries (Group) as a fundamental part of its responsibilities to protect and enhance shareholder value.

This Report describes the corporate governance practices and activities of the Group for the financial year ended 31 March 2019 in relation to each of the principles of the Code of Corporate Governance 2012 (Code). The Board of Directors (Board) will renew these practices from time to time to ensure that they address the specific needs of business demands and circumstances and evolving corporate governance issues. During the financial year, the Group has adhered to the principles and guidelines as set out in the Code where appropriate and deviations from the code are explained.

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 and Risk Management, Remuneration, Nominating, Project Development and Investment 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 are described in this Report.

The Board is accountable to shareholders while Management is accountable to the Board. All Directors objectively discharge their duties and responsibilities, act in good faith and consider at all times the interests of the Group. The Group 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 conducts regular scheduled meetings and meets at least four times in a year, with additional meetings convened as and when necessary. The Board and Board Committees may also make decisions through circulating resolutions. 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 arrange and fund Directors' participation at industry conferences, seminars or any training programme in connection with their duties as Directors of the Company and on changes in the relevant new laws and regulations and changing commercial risks to enable them to make well-informed decisions. The Company Secretary will also bring to the Directors' attention, information on conferences and seminars that may be of relevance or use to them. Induction and orientation are provided to new Directors.

A newly appointed Director will be provided with a formal letter of appointment, setting out among other matters, the roles, obligations, duties and responsibilities as a member of the Board.

BOARD COMPOSITION AND GUIDANCE

***Principle 2** – There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders[1]. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board currently comprises seven Directors, of whom three are independent Directors. Six of the Directors are non-executive Directors.

In compliance with the guidelines of the Code, the independent Directors make up more than one-third of the Board. Directors are able to exercise objective judgement on corporate decisions independently.

Non-executive Directors participated actively in ensuring proposed strategies, goals and objectives are debated constructively before adoption. They also reviewed and monitored the Group's performance in achieving these goals and objectives, and have met during the year without the presence of Management.

The Board comprises well qualified members with diversified skills, experience and relevant knowledge. No individual or small group of individuals dominates the Board's decision making.

While the Company's Constitution allow for the appointment of a maximum of 10 Directors, the Board is of the view that the current Board size of seven Directors with their experience and expertise is appropriate, taking into account the nature and scope of the Group's operations.

The names and background of the Directors in office are set out in the Directors' Statement. Particulars of their direct and indirect interests in the Company's shares are also shown in the Directors' Statement.

[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.

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.

The Company does not appoint a Lead Independent Director as the Chairman is an independent Director.

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.*

Nominating Committee (NC)

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

Mr Eddie Tang (Chairman)
Mr Lee Chien Shih
Mr Tan Swee Siong

The NC's written Terms of Reference are approved and subject to periodic review by the Board. The key 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. Engage in succession planning for the positions of Chairman, Directors and senior executives;

3. 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;

4. 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

5. 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 three independent Directors currently represents more than one-third of the Board. 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 Eddie Tang, Mr Tan Swee Siong, and Mr Koh Poh Tiong are independent Directors, and that no individual or group of individuals dominate the Board's decision-making process. Each Director abstained from all deliberations by the NC and the Board on their own respective independence.

The Board notes that Mr Eddie Tang shall be serving as independent Director for more than 9 years from the date of his initial appointment. After careful deliberation, the Board (excluding Mr Eddie Tang) is of the view that his length of service has not compromised his director's objectivity and his commitment and ability to discharge his duty as independent Director.

Mr Eddie Tang has fulfilled all the criteria according to Guideline 2.3 of the Code being an independent Director. The Board also judged his independent character and judgement and noted factors demonstrating continued independence such as expressions of frank, divergent and independent views at meetings, the complete absence of any other circumstances that might compromise independence and the absence of any evidence of a lack thereof. The Board is confident that Mr Eddie Tang has the ability to continue exercising strong independent judgement in the discharge of his duties and have requested that he continue for the ensuing year. Mr Eddie Tang has acceded to the Board's request.

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 listed Company Directorships which a Director may concurrently hold.

The Company does not have any alternate Director.

At present, new Directors are appointed by way of a Board resolution, upon NC's interview and approval of their appointments.

The NC assessed and recommended to the Board, the Directors to be put forward for re-election at the Company's Annual General Meeting (AGM). Article 94 of the Company's Constitution requires one-third of the Directors to retire by rotation from office at every AGM provided that all Directors must retire at least once every three years. In addition, Article 76 of the Company's Constitution provides that newly appointed Directors must retire and subject themselves to re-election by shareholders at the next AGM following their appointment. All retiring Directors are eligible for re-elections.

At the forthcoming AGM, Mr Lee Chien Shih, Ms Fam Lee San and Mr Chng Kiong Huat will be retiring by rotation pursuant to Article 94 of the Company's Constitution. Mr Lee Chien Shih, Ms Fam Lee San and Mr Chng Kiong Huat, being eligible and having given their consents for re-election, will be put forward for re-election at the forthcoming AGM.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information set out in Appendix 7.4.1 relating to the above Directors for re-election at the forthcoming AGM is disclosed from page 39 to page 46 of this Annual Report.

The NC identifies, evaluates and selects suitable candidates for new Directorships. The NC considers factors such as the ability of the prospective candidates to contribute to discussions, the structure, size and composition of the Board including mix of expertise, skills and attributes to the existing Directors so as to identify needed and/or desired competencies to supplement the Board's existing attributes.

The selection of candidates for new appointments to the Board as part of the Board's renewal process will also 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.

Directors' Attendance at Board and Committee Meetings from 1 April 2018 to 31 March 2019						
	Board	Audit and Risk Management Committee	Remuneration Committee	Nominating Committee	Project Development Committee	Investment Committee
Number of Meetings Held	5	4	1	1	4	2
Mr Koh Poh Tiong	5	4	1	–	4	2
Mr Lee Chien Shih	5	–	1	1	–	–
Mr Ng Chee Seng	5	–	–	–	4	–
Mr Eddie Tang	5	4	1	1	4	2
Mr Tan Swee Siong	5	4	–	1	4	2
Ms Fam Lee San	5	–	–	–	–	–
Mr Chng Kiong Huat	5	–	–	–	4	2

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 ongoing 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 operational, financial 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 ongoing 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.

The Company Secretary attends all Board meetings and assists the Chairman in ensuring that the Board procedures, applicable rules and regulations 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 three non-executive Directors, a majority of whom are independent:

Mr Lee Chien Shih (Chairman)
Mr Koh Poh Tiong
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 Mr 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 RC's written Terms of Reference are approved and subject to periodic review by the Board. The key terms of reference 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.

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 are 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' Statement 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 was 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 $	Fees $	Salary [1] $	Bonus [1] $	Benefits-in-kind $
Non-Executive Directors					
Mr Koh Poh Tiong	122,000	122,000	–	–	–
Mr Lee Chien Shih	56,000	56,000	–	–	–
Mr Eddie Tang	94,000	94,000	–	–	–
Mr Tan Swee Siong	90,000	90,000	–	–	–
Ms Fam Lee San [2]	50,000	50,000	–	–	–
Mr Chng Kiong Huat [2]	78,000	78,000	–	–	–
Total	490,000	490,000	–	–	–
Executive Director					
Mr Ng Chee Seng [3]	442,419	–	302,775	126,500	13,144

1 Includes employer's CPF contribution.
2 Payable to Kallang Development (Pte) Limited.
3 Mr Ng Chee Seng is also the CEO.

The above proposed total fees of $490,000 (2018: $503,700) for non-executive Directors is subject to shareholders' approval at the AGM on 26 July 2019.

Remuneration of Key Executives

The Group has four key executives (who are not Directors or the CEO). The breakdown of the remuneration of each of the key executives for the financial year ended 31 March 2019 is shown in the table below. The aggregate remuneration paid to the key executives including bonus payable to them for the financial year is $1,476,000 (2018: $717,000).

Total Remuneration Bands	Total (%)	Salary [1] (%)	Bonus [1] (%)	Benefits-in-kind (%)
$250,000 to $500,000				
Ms Katharine Kum Lai Hoong General Manager, Head of Projects	100	62	37	1
Ms Geraldine Ong [2] General Manager, Investment and Asset Management	100	100	–	–
Below $250,000				
Mr Ooi Chee Eng [3] Chief Financial Officer and Company Secretary	100	53	47	–
Mr Dennis Loh [4] Head of Finance and Company Secretary	100	100	–	–
Mr Justin Ho Ngiam Chan Head (Property and Maintenance Management)	100	74	24	2
Ms Ho Jenny Assistant General Manager (Marketing)	100	61	38	1

1 Includes employer's CPF contribution.
2 Resigned in January 2019.
3 Joined in August 2018.
4 Resigned in October 2018.

Remuneration of Directors' Immediate Family

During the financial year ended 31 March 2019, 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.

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 has in place an adequate and effective system of risk management and internal controls addressing material financial, operational, compliance and information technology risks to safeguard the interests of the company and its shareholders.

The Audit and Risk Management Committee (ARMC) 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 ARMC assists the Board to oversee Management in the formulation, updating and maintenance of an adequate and effective risk management framework and while the ARMC 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 ARMC 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 ARMC. 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 ARMC. The system of risk management and internal controls is continually being refined by Management, the ARMC and the Board.

The Board has received assurance from the CEO and the Chief Financial Officer that:

(a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 March 2019 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 ARMC, 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 2019 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.

AUDIT AND RISK MANAGEMENT COMMITTEE (ARMC)

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

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

Mr Koh Poh Tiong (Chairman)
Mr Eddie Tang
Mr Tan Swee Siong

No former partner or director of the Company's existing audit firm or auditing corporation is a member of ARMC.

The ARMC's written Terms of Reference are approved and subject to periodic review by the Board.

The ARMC 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 ARMC meetings to the Board with such recommendations as the ARMC 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 ARMC has power to conduct or authorise investigations into any matters within its terms of reference.

The ARMC meets with the external auditors at least annually and with the internal auditors at least once every two years, without the presence of Management to consider any matters which may be raised privately.

In discharging its functions, the ARMC 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 ARMC, under which employees of the Group may, in confidence, raise concerns about possible corporate irregularities in matters of financial reporting or other matters.

The ARMC 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 ARMC has recommended that KPMG LLP be nominated for re-appointment as external auditors at the AGM to be held on 26 July 2019. KPMG LLP has indicated their willingness to accept re-appointment.

The ARMC 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 ARMC.

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.

The ARMC 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. The internal auditor carried out its function according to the standards set by International Standards for the Professional Practice of Internal Auditing, established by the Institute of Internal Auditors.

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.*

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 (www.bukitsembawang.sg) and announced to SGX-ST via SGXNET. The Company's website is updated in a timely manner with the Group's corporate and business information. All information on the Company's new initiatives is first disseminated through the Company's website and SGXNET.

The Company also maintained a feedback column on its website through which investors and shareholders can submit their queries.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously (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.

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.*

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. All Directors, Management and external auditors are requested to be present and available to address shareholders' questions relevant to the AGM.

The Company's Constitution allows a shareholder of the Company to appoint one or two proxies to attend and vote at all general meetings.

Resolutions at general meetings are each substantially separate issue. All resolutions at general meetings are single item resolutions. Voting for all resolutions passed at shareholders' meetings were conducted by electronic poll voting counted and validated by an independent scrutineer since 2016 for efficiency and transparency and would continue to be so at the forthcoming AGM. Voting results of the general meetings, including the total number of votes cast for or against each resolution, are released via SGXNET on the same day. The Company prepares minutes of general meetings.

PROJECT DEVELOPMENT MATTERS

Project Development Committee (PDC)

The PDC comprises the following members:

Mr Chng Kiong Huat (Chairman)
Mr Koh Poh Tiong
Mr Ng Chee Seng
Mr Eddie Tang
Mr Tan Swee Siong

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.

INVESTMENT MATTERS

Investment Committee (IC)

The IC comprises the following members:

Mr Tan Swee Siong (Chairman)
Mr Koh Poh Tiong
Mr Eddie Tang
Mr Chng Kiong Huat

The primary function of the IC is to review new property investments and development projects in Singapore and overseas locations and recommend them to the Board for approval.

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

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 interested person transaction (IPT).

The IPT approved during the financial year ended 31 March 2019 is set out as below:

Name of Interested Person/ Description of Transaction	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)[2]	
	31.03.2019 $'000	31.03.2018 $'000
Sale of residential unit #03-01 at Paterson Collection to South Asia Shipping Company Private Limited (SASC)[1]	Nil	3,300

(1) SASC is an associate of Mr Lee Chien Shih (a non-executive and non-independent Director of the Company).

(2) The Company does not have a general mandate from shareholders pursuant to Rule 920 of the SGX-ST Listing Manual.

Additional Information on Directors Seeking Re-election

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

Name of Director	Lee Chien Shih	Fam Lee San	Chng Kiong Huat
Date of Appointment	1 October 1999	25 July 2014	24 July 2015
Date of last re-appointment	27 July 2016	27 July 2016	27 July 2016
Age	59	52	57
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	Mr Lee has continued to discharge his duties well and continued to positively contribute to the Company.	Ms Fam has continued to discharge her duties well and continued to positively contribute to the Company.	Mr Chng has continued to discharge his duties well and continued to positively contribute to the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Non-Independent Director, Chairman of the Remuneration Committee and Member of the Nominating Committee	Non-Executive Non-Independent Director	Non-Executive Non-Independent Director, Chairman of the Project Development Committee, Member of the Investment Committee
Professional qualifications	Bachelor of Medicine and Bachelor of Surgery from the National University of Singapore.	Bachelor of Accountancy Degree from the National University of Singapore. Member of the Institute of Singapore Chartered Accountants.	Bachelor of Arts (Architecture Studies) and Bachelor of Architecture (Hons) degree from the National University of Singapore. Bachelor of Laws (Hons) from the University of London. Registered architect with the Singapore Board of Architects.

Additional Information on Directors Seeking Re-election

Name of Director	Lee Chien Shih	Fam Lee San	Chng Kiong Huat
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	1) Director of Lee Rubber Company Pte Ltd, a substantial shareholder of the Company. 2) Director (Alternate) of Selat Pte Limited, a substantial shareholder of the Company. 3) Director (Alternate) of Singapore Investments Pte Ltd, a substantial shareholder of the Company.	1) Director of Kallang Development (Pte) Limited, a substantial shareholder of the Company.	1) Director of Kallang Development (Pte) Limited, a substantial shareholder of the Company.
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Working experience and occupation(s) during the past 10 years	Mr Lee is a Director of the Lee Rubber Group of Companies, Lee Foundation Singapore and Lee Foundation Malaysia.	Ms Fam is currently the Financial Controller of Kallang Development (Pte) Limited, a subsidiary of Lee Rubber Company Pte Ltd. She is also a Director of various companies in the Lee Rubber Group.	Mr Chng is an Executive Director of Kallang Development (Pte) Limited and had been an Executive Director of Far East Organization.
Shareholding interest in the listed issuer and its subsidiaries	Yes	No	Yes
Shareholding details	528,000 Ordinary Shares	Nil	10,000 Deemed Interest

Additional Information on Directors Seeking Re-election

Name of Director	Lee Chien Shih	Fam Lee San	Chng Kiong Huat
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	1) Great Eastern Holdings Ltd	1) Tropical Warehousing Co. Pte Ltd.	1) Far East SOHO International Pte. Ltd. 2) Far East SOHO Pte. Ltd. 3) FCL Peak Pte. Ltd. 4) Precious Sand Pte. Ltd. 5) Yishun Gold Pte. Ltd. 6) Woodlands Square Pte. Ltd. (Alternate Director) 7) Walden Group Pte. Ltd. 8) Chng Consulting Group Pte. Ltd. 9) FEO Hospitality Asset Management Pte. Ltd.

Additional Information on Directors Seeking Re-election

Name of Director	Lee Chien Shih	Fam Lee San	Chng Kiong Huat
Present	1) Lee Rubber Company Pte Ltd 2) Selat Pte Limited (Alternate) 3) Singapore Investments Pte Ltd (Alternate) 4) Lee Foundation, Singapore 5) Lee Foundation, States of Malaya	1) Casuarina Properties Pte Ltd 2) Cyber City Trading Pte Ltd 3) Cyberhub Capital Pte Ltd 4) Cyberpoint Capital Pte Ltd 5) Cyberport Capital Pte Ltd 6) Capital Intelligence Pte Ltd 7) Kallang Development (Pte) Limited 8) Kota Development Pte Ltd 9) SE Alliance Management Pte Ltd 10) The Lotus Land Pte Ltd 11) Tropical Produce Co. Pte Ltd 12) Bio East Pte. Ltd 13) Enviro East Pte. Ltd 14) Pulau Properties Pte Ltd 15) Firwood Investments Pte. Ltd. 16) Joneswick Pte Ltd	1) Kallang Development (Pte) Limited 2) Pulau Properties (Pte) Ltd 3) Casuarina Properties Pte Ltd 4) Adat Pertama Sdn. Bhd. 5) Amber Heights Sdn Bhd. 6) Bio East Pte. Ltd. 7) Enviro East Pte. Ltd. 8) Gunung Impian Development Sdn Bhd
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within two years from the date he/she ceased to be a partner?	No	No	No

Additional Information on Directors Seeking Re-election

Name of Director	Lee Chien Shih	Fam Lee San	Chng Kiong Huat
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him/her?	No	No	No
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No	No

Additional Information on Directors Seeking Re-election

Name of Director	Lee Chien Shih	Fam Lee San	Chng Kiong Huat
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

Additional Information on Directors Seeking Re-election

Name of Director	Lee Chien Shih	Fam Lee San	Chng Kiong Huat
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No	No
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere.	No	No	No
in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?			

Additional Information on Directors Seeking Re-election

Name of Director	Lee Chien Shih	Fam Lee San	Chng Kiong Huat
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure Applicable to the Appointment of Director Only			
Any prior experience as a director of a listed company?	N.A.	N.A.	N.A.
If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.			
Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable) **Note:-** N.A. – Not Applicable			

SUSTAINABILITY REPORT

1. BOARD STATEMENT

The Board of Directors of Bukit Sembawang Estates Limited ("the Board") recognises that sustainability is integral to the successful execution of our mission and corporate strategy. We strongly believe that "Building Quality Homes for Every Generation" also means committing to a journey towards sustainability to safeguard the well-being of our stakeholders and continue to deliver long-term value to them.

The Board oversees the overall sustainability direction. The Sustainability Steering Committee ("SSC") and Sustainability Task Force ("STF"), formed by the senior management, develop the sustainability strategy and drive sustainability program across the whole Group. The Board has approved the environmental, social and governance ("ESG") factors identified as material to our business and sees to it that they are appropriately monitored and managed.

2. SUSTAINABILITY APPROACH

As a listed company, we seek to deliver a stable economic return to our investors. In order to achieve this goal, we take a holistic approach to manage risks and opportunities. We actively identify and address issues that are significant to our business and stakeholders, which involves environmental stewardship, social engagement to corporate governance.

What does sustainability mean to us?

Sustainable Economic Performance
Sustainability issues help us to mitigate risks and bring about new opportunities to our business.

Care for the Environment
We strive to minimise our environmental footprint so that future generations can enjoy the same quality of environment in the times to come.

Employees
A diverse, collaborative and competent workforce is essential for our long-term business growth.

Give Back to the Community
Building a stable, friendly and appreciative relationship with the community can help us to build our reputation and fulfil our corporate social responsibility.

License to Operate
We comply to environmental, socio-economic (including anti-corruption) and marketing laws and regulations to maintain our license to operate.

2.1 Care for the Environment

We place great importance on environmental stewardship. Besides recognising the real and urgent threat of global climate change, we are committed to delivering high-quality sustainable housing developments to realise the benefits of green practices. We also aim to conduct our business in an environmentally conscious manner and reduce our carbon emissions and other environmental footprints.

2.2 Value Employees and Give Back to the Community

As a responsible corporate citizen, we strive to bring about positive social impacts. We value our employees through competitive welfare packages and training programs. At the same time, we also acknowledge the importance to establish a stable, friendly and appreciative relationship with the local community. We actively engage and support the community through charitable services and donations.

2.3 Effective Corporate Governance

We also understand the importance of effective corporate governance towards the long-term success of our sustainability strategy and our overall development. We are committed to creating a transparent and effective governance to maintain high standards of business ethics beyond compliance.

2.4 Sustainability Steering Committee

A formalised sustainability governance structure is in place to identify, drive and execute sustainability initiatives across the Group. The SSC is chaired by the Chief Executive Officer ("CEO") who reports to the Board on a regular basis. The SSC is supported by the STF which includes senior management representatives from various functions. The SSC is responsible for developing and implementing our sustainability strategy, determining the material ESG factors as well as managing and monitoring the performance of these factors.

3. ABOUT THIS REPORT

This Sustainability Report (the "Report") is aligned with Singapore Exchange ("SGX") requirements and prepared with reference to the Global Reporting Initiative ("GRI") Standards 2016. The Report covers the listed entity, Bukit Sembawang Estates Limited and its group of companies. The information and data contained in this report relate to the period from 1st April 2018 to 31st March 2019 (FY2019).

4. MATERIALITY ASSESSMENT

In line with the GRI Standards' materiality approach, we have appointed an external consultant to conduct a materiality review with our senior management. The review has been conducted based on FY2018 materiality assessment results.

The following ten factors have been identified as material for our FY2019 sustainability report disclosures, as illustrated in the diagram below. Compared to the previous year assessment, "Green Buildings" and "Occupational Health & Safety" ("OHS") (as part of contractor and supplier assessment) have been upgraded to be material, as opposed to our previous report where these factors were additional disclosures. The upgrading of "Green Buildings" reflects our commitment to continuously achieve Green Mark Awards and Quality Mark Certifications for our existing and future developments. By placing more emphasis on OHS assessment of contractors, despite the Group not having direct influence on the health and safety issues of the contractors, we highlight our desire to work closely with our contractors to provide safe and healthy worksites. It should be noted that the Group has practices in place to assess the health & safety conditions of the contractors before engaging them. The Board approved the results of the review.

FY2019 key material factors:

Economic
- Economic Performance[1]

Environmental
- Materials
- Energy
- Emissions
- Green Buildings

Social
- Local Communities
- Training and Education

Governance
- Anti-Corruption
- Compliance
- Contractor and supplier Assessment including OHS assessment

5. OUR ENVIRONMENT

To better govern our environmental performance, we have established an ISO 9001:2015 and ISO 14001:2015 certified Quality & Environmental Management System ("QEMS"), managed and monitored by an appointed ISO Management Representative. The system includes a comprehensive set of managerial tools to govern the objectives, policies and procedures regarding quality and environment. Every year, The Group conducts an internal audit to ensure that our QEMS activities are performed effectively and take corrective actions when necessary. The performance of our QEMS is communicated annually during the Management Review Meeting.

We have established an Environment Sustainability Committee ("ESC") to promote green initiatives in both our previous and new office. Every month, the ESC sends out the Green e-Mailer to all staff to reiterate the importance of environmental sustainability. The ESC convenes monthly to discuss various environmental and green issues of our corporate office.

In 2017, in recognition of our continued commitment to sustainability, we have received the "Eco-Office Label" by the Singapore Environmental Council (valid until 2020) after first receiving it in 2015. This label encompasses a comprehensive assessment of the sustainability practices in our previous corporate office, including organisational environmental awareness, indoor air quality, water and energy conservation, waste management and recycling, procurement from environmentally-friendly sources, as well as green administrative operation. Following our office relocation in December 2018, we have been awarded the Eco-Office Professional status through the Eco-Office Plus certification. This is a demonstration of our commitment to environmentally-friendly practices and continuous education to our staff. The label will be valid for 2 years from 27th March 2019.

In this report, the policy and performance for our material environmental factors focus on both our previous and new corporate office.

5.1 Materials

We are aware of the environmental impact associated with materials used during office administration.

[1] *Please refer to the the Chairman's Statement, Five-Year Financial Summary, Group Financial Highlights and Financial Reports of the FY2019 Annual Report for details.*

Tree Planting Day (August 2018)

*Since 2015, we have launched an annual **"Plant-A-Tree"** event to offset our carbon emissions. On 21 August 2018, all of our staff came together and planted 25 trees in Luxus Hills Park. We plan to plant a total of 30 trees in the coming financial year with an increase of 5 trees every year thereafter. This demonstrates our active role in playing a part to mitigate global climate change.*

For our office supplies, we opt for products from sustainable suppliers or those with an accredited environmental or green label, such as the Green Label Singapore, FSC (Forest Stewardship Council), PEFC (Programs for the Endorsement of Forest Certification). We prefer recycled paper products and refrain from bleached paper with high chlorine content. On top of sourcing environmentally-friendly products, we also strive to reduce the volume of our consumption through the promotion of 4Rs. (Reduce, Reuse, Recycle and Rethink). The ESC has started a number of awareness building programs to educate our staff about green practices and 4Rs. We closely monitor our paper usage through the records of paper reams purchased and those used for printing. Monthly records of paper usage are also shared during monthly Management Meetings and monthly e-mailer distribution. All staff computers are set to print double-sided, in grayscale and reduced paper margins. We have also set up recycling bins in our office and encouraged our administration procedures to go paperless.

As a testament to our sustainability efforts, in FY2017, we used 2.45 reams of paper per employee per month and this was reduced to 2.4 reams of paper per employee per month in both FY2018 and FY2019. The next year, we aim to maintain our paper consumption to 2.4 reams per staff at the head office.

5.2 Energy and Emissions

Energy use and its related greenhouse gas ("GHG") emissions are significant contributors to the global climate change. As a responsible corporate citizen, we are committed to improve our energy efficiency and reduce our GHG emissions. To reduce our overall electricity usage, we have installed energy efficient LED lights in our office and working spaces and installed occupancy sensors along office corridors. Sub-area light switches are put in place for greater controllability so that lights can be switched off in unused areas. We strongly believes in inculcating

Material Factor	Performance Indicator	FY2019	FY2018	FY2017
Energy	Annual Electricity Consumption (kWh)	49,984.23	53,190.00	59,595.00
	Energy Consumption Intensity (kWh per employee per month)	154.27	177.30	198.65
Emission	Annual Emission of Carbon Dioxide Equivalent (tonnes of CO2e) ("tCO2e")	20.52[2]	21.86[3]	24.50
	Emission Intensity (tCO2e per employee per month)	0.063	0.07	0.08

[2] *Emission conversion factor is adapted from Singapore Energy Statistics 2018, published by the Energy Market Authority of Singapore. The Grid Emission Factor ("GEF") used is 0.0004105 tCO2e/kWh, the average of Operating Margin ("OM") GEF and Build Margin ("BM") GEF for the year 2017.*

[3] *Emission conversion factor is adapted from Singapore Energy Statistics 2017, published by the Energy Market Authority of Singapore. The GEF used is 0.00041105 tCO2e/kWh, the average of OM GEF and BM GEF for the year 2016.*

and sharing good sustainability practices with our staff. Since 2013, we hold a half yearly spring cleaning exercise in our office to remind all staff on the importance of waste reduction. In FY2019, we have held green activities workshops including Miniature Garden Workshop and Eco Talk conducted by external vendors.

All our energy initiatives led to significant energy saving and emission reduction, which is demonstrated in the data listed below. Following our relocation, we aim to improve our energy efficiency and reduce our monthly electricity consumption per staff to 180 kWh from April 2019.

5.3 Green Buildings

As a leading Property Developer, we strive to deliver fine quality homes that cater to the sustainability aspirations and lifestyles of our customers. We are committed to building homes with innovative and functional concepts by integrating environmental sustainability into architectural design, building details, construction work and providing good maintenance and after-sale service.

Since 2008, all our developments have received Green Mark Awards and Quality Mark Certifications by the Building and Construction Authority ("BCA") of Singapore recognising our efforts in environmental design and performance which includes:

- Reduction in energy, water and material resource usage,
- Reduction in potential environmental impact; and
- Improve indoor environmental quality for better health and well-being.

In FY2019, we have hit our yearly target by achieving at least BCA Green Mark Gold Awards for all homes built. BCA Green Mark Gold Plus were received for the phase 1 and 2 of our Nim Collection. We aim to maintain our target for FY2020.

In FY2019, the Group has signed an agreement with Frasers Hospitality Group, who manages Fraser Residence Orchard, Singapore serviced apartment. To demonstrate our commitment toward sustainability, Fraser, together with our support, will form an "Environmental and Health and Safety Committee" to formulate annual initiatives such as property energy reduction, property water reduction, recycling initiatives, environmental initiatives with staff and residents.

6. OUR SOCIETY

We strive to build and maintain good relationships with our employees and the communities that we operate in. We

Celebrating Chinese New Year 2019 with elderly residents of Bright Hill Evergreen Home

wish to create a collaborative, competent and safe working environment for our employees. At the same time, we are actively involved in community engagements and service programs to give back to the society at large.

6.1 Local communities

We believe the social value we create is as important as the economic value. The Corporate Social Responsibility ("CSR") Committee governs our community engagement endeavours. The CSR Committee selects and carries out Corporate Community Involvement ("CCI") activities in line with the Group's CCI guideline. We have in place a key performance indicator at the management level to encourage employee participation in CCI activities. The CSR Committee also gather feedbacks on CCI activities held for future improvements.

In FY2019, we have completed the following CCI activities:

- Mid-Autumn celebration with the elderly residents of Bright Hill Evergreen Home in September 2018;
- Donation of pre-loved items to Willing Hearts Orphanage in September 2018;
- Donation of 10 boxes of clothes and soft toys to Global Ehsan Relief in January 2019; and
- Chinese New Year celebration with the elderly residents of Bright Hill Evergreen Home in February 2019.

Apart from community outreach initiatives, we have also provided donations to help fund programmes run by charitable organisations including SHERA 50th Anniversary & Heritage

Celebrating Mid-autumn Festival 2018 with elderly residents of Bright Hill Evergreen Home

Book, NKF, Sit-A-Thon, Bright Hill Evergreen Home, Bright Vision Hospital, Lions Home for Elders, ARC(s), SAVG, MINDS, etc.

In FY2019, we achieved our target of completing at least 3 CCI activities. We also actively encourage each staff to participate in at least one the activity. For the forthcoming year, we aim to keep our target of at least 3 CCI activities, and continuously encourage staff participation.

6.2 Training and Education

We recognise that human capital is key to the long-term success of our business. We have taken steps to encourage the development of our employees giving them an opportunity to realise their fullest potential.

When new employees first join the company, they are orientated on the Group's business, policies, corporate culture and core values. Our employees are encouraged to attend seminars, workshops and skills programs when a learning need is identified. During annual performance appraisal, areas of training required are also identified by the Heads of Divisions to help address any performance concern and enhance employee's potential and development. The Group arranges external training across a wide range of topics, such as Project and Property Development, Construction Safety, Digital and Web Analytics, Real Estate Financing, Accounting, ISO 9001 and ISO 14001:2015, Self-Improvement & Administration, Marketing and Human Resources.

After the completion of the training, the staff shall provide feedback on the training and share the knowledge with the respective team. Through these learning and development programs, we are able to build a strong, capable and motivated team equipped with the relevant skill sets.

The Human Resource coordinates and monitors a list of training programs and maintains a record of training requirements and completion. In FY2019, we have achieved an average of 9 hours of training per employee representing 50% of our yearly target of 18 hours. This gap was due to a recent 36% increase of our staff strength with new hires joining over the course of the year. We will continue to work toward equipping our employee with the necessary knowledge and skills and aim to achieve the average hours of 18 hours of training per employee.

7. OUR GOVERNANCE

We recognise the importance of practising good governance as part of our core values to look after and enhance our shareholder's values and performance of the Group. We will ensure our compliance with environmental, socio-economic (including anti-corruption) and authorities rules and regulations (where applicable) through structured, robust and transparent governance. We will be equally diligent in screening our suppliers to meet the acceptable environmental and social sustainability standards.

7.1 Anti-Corruption

The Group adopts a zero-tolerance stance towards fraud and corruption. Through our policies in the procedures manuals and various trainings which set out clear expectations of employees in relation to anti-corruption practices, we are committed to conduct our business with integrity and compliance with applicable rules and regulations. We provide information and guidance to our employees on topics such as whistleblowing, anti-money laundering & counter terrorism financing, conflict of interest and insider trading which may arise in the course of their work. All of our employees have to declare any conflict of interest in writing when they join the Group. Our resolution for anti-corruption extends to all aspect of our business.

In FY2019, we have achieved our yearly target with zero incidence of corruption. We aim to maintain the same target in the coming year.

7.2 Compliance

Compliance with relevant rules and regulations is one of the most important pre-requisites for our continued operation and growth.

To comply with environmental rules and regulations, managers are required to follow the latest update on environmental regulations with control aspects such as water, air, noise, hazardous substances, and toxic industrial waste and incorporate them into the business. Once every quarter, the Group evaluates the compliance of Environmental Management System and adopts the necessary corrective actions.

In the socio-economic area, we consistently maintain high standards of ethics and code of conduct. Before each project launch, we ensure that we complete the item checklist as per authority requirements. We only engage accredited consultants to help us apply for the required licenses. In the case of any non-compliance or pending litigation, the highest level of management is informed and involved in the follow-ups.

We maintain full compliance with relevant authorities on rules and regulations (if any) with regards to marketing communications and collaterals. Our Marketing team shall review all marketing communication materials to ensure compliance with the applicable acts prior to promotions.

The Group places strong emphasis on ensuring the security and confidentiality of its database and customer information. We are committed to protecting the privacy and personal data of our customers and employees. We use various security measures including a data protection policy which defines how personal data are collected, used and protected. A data protection clause and option for consent are provided in materials requesting personal information from the stakeholders.

In FY2019, we have achieved our yearly target with zero incidence of non-compliance with relevant environmental, socio-economic and marketing related rules and regulations. We have not identified any complaints regarding breaches of customer data. In FY2020, we will strive to maintain our good track record and maintain zero incidence of non-compliance with applicable rules and regulations.

7.3 Contractor and Supplier Assessment

Through careful environmental, social and safety assessment of contractors, property management service providers and suppliers, we can make sure that they abide by our business ethics and safeguard our reputation as a responsible corporate citizen.

Relevant policies and procedures are in place to ensure that our contractors, property management service providers and suppliers are in compliance with our QEMS Procedures for Environment, Pollution Control, Waste Management, Resources Conservation, and Sustainability. We also conduct regular checks to verify that environmental sustainability practices are observed as documented in our Environmental Sustainability E-manual, which follows the Principles of 4Rs.

On a regular basis, we update our list of environmental, social and safety assessment criteria to make sure that it is consistent with the best industry practices. In FY2018, we have started to carry out supplier environmental and social assessment to most of our new suppliers before engaging them. As an example, we select suppliers that source non-hazardous and conflict-free materials. The new suppliers are assessed for their environmental commitment and obligations to ISO 14001:2015.

As part of our selection criteria, we also track safety records and well-recognised certifications, such as ISO 14001: 2015, BCA Construction Quality Assessment System ("CONQUAS") and BCA's Quality Mark. Matters relating to occupational health and safety are monitored and deliberated during the Management Meetings. Timely investigation and execution of preventive or corrective actions are taken upon any reported incident.

In FY2019, we performed a screening of all our main contractors. The screening also included the assessment of OHS safety records and certifications. As the environmental and social impacts come mostly from our main contractors, we would focus our assessment efforts on them. In the coming financial year, we will continue to screen all our main contrators and aim to perform regular updates to our assessment criteria.

8. The Way Ahead

We believe that sustainability should remain at the heart of our operations. Each year, we gather more evidence of the benefits of sustainability is bringing to our business, as well as to the society and the environment. We aim to continue to uphold our belief and commitment to integrating sustainability into our business and continually looking for new initiatives to deliver long-term economic value as well as make positive social, ethical and environmental impacts.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

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 2019.

In our opinion:

(a) the financial statements set out on pages 61 to 115 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); 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.

Directors

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

Koh Poh Tiong
Lee Chien Shih
Ng Chee Seng
Eddie Tang
Tan Swee Siong
Fam Lee San
Chng Kiong Huat

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings in the name of the director		**Other holdings in which the director is deemed to have an interest**	
Name of director and corporation in which interests are held	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**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
Chng Kiong Huat	–	–	10,000	10,000

Directors' interests (cont'd)

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning 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 2019.

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

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 and Risk Management Committee

The members of the Audit and Risk Management Committee at the date of this statement are:

- Koh Poh Tiong (Chairman)
- Eddie Tang
- Tan Swee Siong

All the members of the Audit and Risk Management Committee are non-executive directors of the Company who are independent of the Group and Company's management.

The Audit and Risk Management 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 and Risk Management Committee has held four meetings since the last directors' statement. In performing its functions, the Audit and Risk Management 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 and Risk Management 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).

Audit and Risk Management Committee (cont'd)

The Audit and Risk Management 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 and Risk Management Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Management 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 for the Company and its subsidiaries.

Auditors

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

On behalf of the Board of Directors

Koh Poh Tiong
Director

Ng Chee Seng
Director

12 June 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
Bukit Sembawang Estates Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bukit Sembawang Estates Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 61 to 115.

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

Basis for opinion

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

Key audit matters

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

<u>Valuation of development properties</u>
(Refer to Note 8 to the financial statements)

The Group has residential development properties in Singapore with a carrying amount of $1.3 billion as at 31 March 2019. Development properties represent the largest category of assets on the statement of financial position and are measured at the lower of cost and net realisable value ("NRV"). NRV represents the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated selling expenses. The determination of the estimated NRV of development properties is critically dependent upon the Group's expectation of the future selling prices of the development properties. In estimating the future selling prices of unsold development properties, the Group has taken into account the selling prices estimated by an external valuer, real estate price trend information, and its sale strategy for the properties.

The residential development projects are subject to risk of foreseeable losses, if the estimated selling prices fall below the estimated total construction costs.

Members of the Company
Bukit Sembawang Estates Limited

Our response

We focused on development projects with low margins.

We assessed the reasonableness of the selling prices estimated by the external valuers and/or management by comparing to recent transacted prices for the same project and/or comparable properties in the vicinity of the properties, taking into consideration the prevailing market trends and the Group's selling plans for these properties.

Our findings

We found the Group's estimated future selling prices, which is used in determining the NRV and the resultant allowance for foreseeable losses on its development projects, to be comparable to market data.

<u>Valuation of property, plant and equipment</u>
(Refer to Note 5 to the financial statements)

Risk

The Group has property, plant and equipment in the statement of financial position, with a carrying amount of $258 million as at 31 March 2019. Property, plant and equipment comprises mainly serviced apartment units. Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses and are subject to an annual review to assess if they may be impaired. Where an indicator of impairment is identified on a property, the Group uses an external valuation to estimate the recoverable amount of a property. The valuation is sensitive to key assumptions applied and a change in the key assumptions may have an impact on the recoverable amount.

Our response

We considered the valuation method used against those applied by valuers for similar property types. We compared the key assumptions used in the valuation, which included discount rate and terminal yield rate, by comparing them to available industry data, taking into consideration comparability and market factors. Where the rates are outside the expected range, we held discussions with the valuer to understand the effect of additional factors considered.

Our findings

The valuation method used is in line with generally accepted market practices and the key assumptions applied are consistent with market data.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Shareholding Statistics (the "Report") which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 June 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2019

	Note	Group 2019 $'000	Group 2018 $'000	Group 1 April 2017 $'000	Company 2019 $'000	Company 2018 $'000	Company 1 April 2017 $'000
Non-current assets							
Investment property	4	**3,649**	3,811	3,973	**–**	–	–
Property, plant and equipment	5	**258,277**	241,284	102	**–**	–	–
Investments in subsidiaries	6	**–**	–	–	**313,000**	310,000	310,000
Deferred tax assets	7	**2,461**	16,516	22,179	**–**	–	–
		264,387	261,611	26,254	**313,000**	310,000	310,000
Current assets							
Consumable stocks		**224**	–	–	**–**	–	–
Development properties	8	**1,304,129**	859,319	996,483	**–**	–	–
Contract costs	9	**363**	1,172	–	**–**	–	–
Contract assets	10	**124,299**	9,565	–	**–**	–	–
Trade and other receivables	11	**15,929**	53,851	24,494	**444,243**	322,906	208,235
Cash and cash equivalents	12	**72,219**	145,634	365,378	**25,218**	99,341	345,246
		1,517,163	1,069,541	1,386,355	**469,461**	422,247	553,481
Total assets		**1,781,550**	1,331,152	1,412,609	**782,461**	732,247	863,481
Equity attributable to shareholders of the Company							
Share capital	13	**631,801**	631,801	631,801	**631,801**	631,801	631,801
Reserves	14	**672,732**	618,045	652,768	**110,345**	87,973	170,945
Total equity		**1,304,533**	1,249,846	1,284,569	**742,146**	719,774	802,746
Non-current liabilities							
Borrowings	15	**367,242**	–	–	**–**	–	–
Other payables	16	**14,832**	–	–	**–**	–	–
Provisions		**73**	–	–	**–**	–	–
Deferred tax liabilities	7	**15,976**	2,853	355	**2**	49	355
		398,123	2,853	355	**2**	49	355
Current liabilities							
Trade and other payables	16	**63,367**	76,810	101,972	**40,186**	11,740	59,850
Borrowings	15	**15,400**	–	–	**–**	–	–
Contract liabilities	10	**–**	908	–	**–**	–	–
Current tax payable		**127**	735	25,713	**127**	684	530
		78,894	78,453	127,685	**40,313**	12,424	60,380
Total liabilities		**477,017**	81,306	128,040	**40,315**	12,473	60,735
Total equity and liabilities		**1,781,550**	1,331,152	1,412,609	**782,461**	732,247	863,481

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019

	Note	2019 $'000	2018 $'000
Revenue	17	**357,855**	98,135
Cost of sales		**(189,499)**	(34,410)
Gross profit		**168,356**	63,725
Other income		**326**	194
Administrative expenses		**(6,469)**	(4,317)
Other operating expenses		**(29,344)**	(2,488)
Profit from operations	18	**132,869**	57,114
Finance income		**418**	2,876
Finance costs		**(4,804)**	(33)
Net finance (costs)/income	19	**(4,386)**	2,843
Profit before tax		**128,483**	59,957
Tax expense	20	**(27,192)**	(9,239)
Profit and total comprehensive income for the year		**101,291**	50,718
Earnings per share			
Basic and diluted earnings per share (cents)	21	**39.12**	19.59

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2019

	Note	Share capital $'000	Capital reserve $'000	Accumulated profits $'000	Total $'000
Group					
At 1 April 2017		631,801	56,908	595,860	1,284,569
Total comprehensive income for the year					
Profit for the year		–	–	50,718	50,718
Transactions with owners, recorded directly in equity					
Contributions by and distributions to equity holders					
Dividends paid	22	–	–	(85,441)	(85,441)
Total contributions by and distributions to equity holders		–	–	(85,441)	(85,441)
Total transactions with owners		–	–	(85,441)	(85,441)
At 31 March 2018		631,801	56,908	561,137	1,249,846

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2019

	Note	Share capital $'000	Capital reserve $'000	Accumulated profits $'000	Total $'000
Group					
At 1 April 2018		631,801	56,908	561,137	1,249,846
Total comprehensive income for the year					
Profit for the year		–	–	101,291	101,291
Transactions with owners, recorded directly in equity					
Contributions by and distributions to equity holders					
Dividends paid	22	–	(46,604)	–	(46,604)
Total contributions by and distributions to equity holders		–	(46,604)	–	(46,604)
Total transactions with owners		–	(46,604)	–	(46,604)
At 31 March 2019		631,801	10,304	662,428	1,304,533

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit before tax		**128,483**	59,957
Adjustments for:			
Depreciation of investment property	4	**162**	162
Depreciation of property, plant and equipment	5	**154**	102
Impairment loss on property, plant and equipment	5	**9,672**	–
Gain on disposal of property, plant and equipment		**–**	(38)
Property, plant and equipment written off		**11**	–
Allowance for foreseeable losses on development properties recognised/(written back)	8	**9,954**	(35,545)
Net finance costs/(income)	19	**4,386**	(2,843)
		152,822	21,795
Changes in:			
Consumable stocks		**(224)**	–
Development properties		**(501,069)**	(67,471)
Contract costs		**809**	(1,172)
Contract assets		**(114,734)**	(9,565)
Trade and other receivables		**85,584**	(31,136)
Trade and other payables		**(534)**	(25,162)
Contract liabilities		**(908)**	908
Cash used in operations		**(378,254)**	(111,803)
Interest received		**711**	4,655
Taxes paid		**(622)**	(26,056)
Net cash used in operating activities		**(378,165)**	(133,204)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**–**	45
Additions to property, plant and equipment		**(25,985)**	(1,111)
Net cash used in investing activities		**(25,985)**	(1,066)
Cash flows from financing activities			
Proceeds from borrowings		**576,300**	200,000
Repayment of borrowings		**(192,200)**	(200,000)
Dividends paid to owners of the Company		**(46,604)**	(85,441)
Interest paid		**(6,761)**	(33)
Net cash generated from/(used in) financing activities		**330,735**	(85,474)
Net decrease in cash and cash equivalents		**(73,415)**	(219,744)
Cash and cash equivalents at beginning of the year		**145,634**	365,378
Cash and cash equivalents at end of the year	12	**72,219**	145,634

The accompanying notes form an integral part of these 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 12 June 2019.

1 Domicile and activities

Bukit Sembawang Estates Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 2 Bukit Merah Central, #13-01, Singapore 159835.

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

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 the Singapore Financial Reporting Standards (International) ("SFRS(I)"). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with the Financial Reporting Standards in Singapore ("FRS"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in note 27.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes 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 the financial statements in conformity with SFRS(I)s 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.

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 5 – classification of property as property, plant and equipment.

Information about 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 3.16 – estimation of provisions for current and deferred taxation
- Note 5 – impairment assessment of property, plant and equipment
- Note 8 – measurement of allowance for foreseeable losses on development properties

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 Board of Directors.

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 SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

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).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 April 2017 for the purpose of the transition to SFRS(I), unless otherwise indicated. These accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are 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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is 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.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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 less accumulated impairment losses.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to 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. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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 Significant accounting policies (cont'd)

3.4 Property, plant and equipment

(i) Recognition and measurement

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. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

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.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

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. Freehold land and renovation in-progress are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

The estimated useful lives for the current and comparative years are as follows:

Freehold buildings	50 years
Furniture, fittings and equipment	3 to 5 years
Plant and machinery	5 years
Motor vehicles	5 years
Computers	3 years

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

3.5 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure and other costs directly attributable to the development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-down to net realisable value is presented as allowance for foreseeable losses.

3.6 Contract costs

Incremental costs of obtaining a contract for the sale of a development property are capitalised as contract costs only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue on the contract. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

3.7 Contract assets and liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction of development properties. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities primarily relate to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

3 Significant accounting policies (cont'd)

3.8 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 April 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment – Policy applicable from 1 April 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

3 Significant accounting policies (cont'd)

3.8 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment – Policy applicable from 1 April 2018 (cont'd)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3 Significant accounting policies (cont'd)

3.8 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 April 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial assets – Policy applicable before 1 April 2018

The Group classifies non-derivative financial assets into the loans and receivables category.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 April 2018

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.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

These financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade and other payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of ownership of the transferred assets. In these cases, the transferred assets are not derecognised.

3 Significant accounting policies (cont'd)

3.8 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or when they expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(vi) 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.

3.9 Impairment

(i) Non-derivative financial assets and contract assets

Policy applicable from 1 April 2018

The Group recognises loss allowances for expected credit losses ("ECL") on:

- financial assets measured at amortised cost; and
- contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.

3 Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

Simplified approach

The Group applies the simplified approach to provide for ECL for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Group applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECL are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due from the entity in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 April 2018

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, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market of a security.

3 Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

Policy applicable before 1 April 2018 (cont'd)

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

An impairment loss was 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. When the Group considered 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.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, consumable stocks, development properties, contract costs and contract assets, 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 related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs of disposal. 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 to reduce the carrying amounts of the 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 Significant accounting policies (cont'd)

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 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. If the effect is material, 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.

Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

Restoration costs

A provision for restoration costs is recognised when the Group enters into a lease agreement for the premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises. The premises shall be reinstated to the condition set out in the lease agreements upon the expiration of the lease agreements.

3.12 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 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 Significant accounting policies (cont'd)

3.13 Revenue

Sale of development properties

The Group develops and sells residential development projects to customers through fixed-price contracts. Revenue is recognised when the control over a development property has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

Where a development property has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the construction of the development property. The measure of progress is determined based on the stage of completion of construction certified by quantity surveyors. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In respect of contracts where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised only when the completed property is delivered to the customer and the customer has accepted it in accordance with the sales contract.

Revenue is measured at the transaction price agreed under the contract entered into with customers. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced based on a payment schedule which is typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised. The accounting policy for contract assets and contract liabilities is set out in note 3.7.

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.

Hospitality income

Revenue from serviced apartment operations is recognised at the point when the accommodation and related services are rendered.

3 Significant accounting policies (cont'd)

3.14 Finance income and costs

The Group's finance income comprises interest income and finance costs comprises interest expense on borrowings and amortisation of transaction costs on borrowings.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15 Lease payments

Operating lease expenses 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.

3.16 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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

3 Significant accounting policies (cont'd)

3.16 Tax (cont'd)

- 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.

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.

3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.18 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 Company'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.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

3 Significant accounting policies (cont'd)

3.19 New standards and interpretations not yet adopted

A number of new standards, amendments to standards ad interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 28.

4 Investment property

	$'000
Group	
Cost	
At 1 April 2017, 31 March 2018 and 31 March 2019	8,189
Accumulated depreciation	
At 1 April 2017	4,216
Depreciation charge for the year	162
At 31 March 2018	4,378
Depreciation charge for the year	162
At 31 March 2019	4,540
Carrying amounts	
At 1 April 2017	3,973
At 31 March 2018	3,811
At 31 March 2019	3,649
Fair value	
At 31 March 2018	20,600
At 31 March 2019	20,600

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 $473,000 (2018: $488,000) 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 direct comparison method, having regard to the prevailing conditions of the property and recent market transactions for similar properties in the same location.

The fair value measurement for investment property has been categorised as a Level 2 fair value based on the inputs to the valuation technique used (see note 2.4).

5 Property, plant and equipment

	Freehold land $'000	Freehold buildings $'000	Furniture, fittings and equipment $'000	Plant and machinery $'000	Motor vehicles $'000	Computers $'000	Renovation in-progress $'000	Total $'000
Group								
Cost								
At 1 April 2017	–	–	192	–	421	218	–	831
Additions	–	–	3	–	189	44	875	1,111
Transfer from development properties	158,644	81,536	–	–	–	–	–	240,180
Disposals	–	–	(1)	–	(362)	–	–	(363)
At 31 March 2018	158,644	81,536	194	–	248	262	875	241,759
Additions	–	–	816	–	–	366	25,648	26,830
Reclassification	–	3,499	15,679	7,345	–	–	(26,523)	–
Written off	–	–	(184)	–	–	(1)	–	(185)
At 31 March 2019	158,644	85,035	16,505	7,345	248	627	–	268,404
Accumulated depreciation and impairment loss								
At 1 April 2017	–	–	191	–	352	186	–	729
Depreciation charge for the year	–	–	1	–	52	49	–	102
Disposals	–	–	(1)	–	(355)	–	–	(356)
At 31 March 2018	–	–	191	–	49	235	–	475
Depreciation charge for the year	–	–	59	–	50	45	–	154
Impairment loss	–	9,672	–	–	–	–	–	9,672
Written off	–	–	(173)	–	–	(1)	–	(174)
At 31 March 2019	–	9,672	77	–	99	279	–	10,127
Carrying amounts								
At 1 April 2017	–	–	1	–	69	32	–	102
At 31 March 2018	158,644	81,536	3	–	199	27	875	241,284
At 31 March 2019	158,644	75,363	16,428	7,345	149	348	–	258,277

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

During the financial year ended 31 March 2018, the Group transferred certain condominium units ("Paterson Collection Project") from development properties to property, plant and equipment as the Group will retain the units for its own use as serviced apartment units to generate income.

5 Property, plant and equipment (cont'd)

Classification of property, plant and equipment

In assessing whether a property is classified as property, plant and equipment, the Group takes into consideration several factors including, but not limited to, the business model of the said property, the extent of ancillary services provided, the power that the Group has to make significant operating and financing decisions regarding the operations of the property and the significance of its exposure to variations in the net cash flows of the property. The factors above are considered collectively in determining the classification of property.

Impairment assessment

During the year ended 31 March 2019, arising from the challenging hospitality market which is expected to impact the trading performance of the serviced apartment units and lower the returns from the units than previously expected, the Group undertook an impairment assessment of the serviced apartment units. The recoverable amount as at 31 March 2019 of $252,600,000 was estimated using the value in use approach based on the discounted cash flow method as adopted by an external independent professional valuer engaged by the Group. Based on the assessment, the Group recognised an impairment loss of $9,672,000 (2018: Nil) on the serviced apartment units.

The impairment loss was included in other operating expenses in the consolidated statement of comprehensive income and the hospitality segment (note 26).

Judgement is involved in the impairment assessment, including determining the key assumptions applied in arriving at the recoverable amount. Changes to the assumptions applied could impact the recoverable amount in future periods.

The following table shows the key unobservable inputs used in estimating the recoverable amount:

Valuation technique	**Key unobservable inputs**	**Inter-relationship between key unobservable inputs and recoverable amount**
Discounted cash flow method	• Discount rate: 5% (2018: Not applicable) • Terminal yield rate: 3% (2018: Not applicable)	A significant decrease in discount rate and terminal yield rate would result in a significantly higher recoverable amount.

6 Investments in subsidiaries

	Company	
	2019	2018
	$'000	$'000
Unquoted equity shares, at cost	**315,200**	310,000
Impairment losses	**(2,200)**	–
	313,000	310,000

6 Investments in subsidiaries (cont'd)

During the year, the Company assessed the carrying amount of its investments in subsidiaries for indicators of impairment. Based on the assessment, the recoverable amount of the investment in subsidiaries was determined to be $313,000,000, which is below the carrying amount of $315,200,000. Accordingly, the Company recognised an impairment loss of $2,200,000 (2018: Nil) on its investments in certain subsidiaries. The recoverable amounts of the subsidiaries determined using the fair value less costs to sell approach and estimated taking into consideration the fair values of the underlying assets of the subsidiaries and fair values of the liabilities to be settled. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation techniques used.

Impairment losses

The movements in impairment losses in respect of investments in subsidiaries during the year are as follows:

	Company	
	2019	2018
	$'000	$'000
At the beginning of the financial year	**–**	–
Impairment losses made	**2,200**	–
At the ending of the financial year	**2,200**	–

Details of the significant subsidiaries are as follows:

Name of subsidiaries	**Principal place of business/Country of incorporation**	**Effective equity held by the Group**	
		2019	**2018**
		%	**%**
Direct subsidiaries of the Company			
Bukit Sembawang View Pte. Ltd.	Singapore	**100**	100
Singapore United Estates (Private) Limited	Singapore	**100**	100
Sembawang Estates (Private) Limited	Singapore	**100**	100
Paterson Collection Pte. Ltd.	Singapore	**100**	100
Paterson One Pte. Ltd.	Singapore	**100**	100
BSEL Development Pte. Ltd.	Singapore	**100**	100
Bukit Sembawang Land Pte. Ltd.	Singapore	**100**	100
Bukit One Pte. Ltd.[(1)]	Singapore	**100**	–
Bukit Two Pte. Ltd.[(1)]	Singapore	**100**	–
Bukit Three Pte. Ltd.[(1)]	Singapore	**100**	–
Bukit Four Pte. Ltd. (formerly known as Bukit Sembawang Residences Pte. Ltd.)	Singapore	**100**	100

(1) The subsidiaries were incorporated during the financial year ended 31 March 2019.

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

7 Deferred tax assets/(liabilities)

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1/4/2017 $'000	Recognised in profit or loss (note 20) $'000	At 31/3/2018 $'000	Recognised in profit or loss (note 20) $'000	At 31/3/2019 $'000
Group					
Deferred tax assets					
Development properties	21,146	(13,328)	7,818	(7,818)	**–**
Trade and other payables	31	2,587	2,618	35	**2,653**
Tax losses	1,023	6,340	7,363	(3,439)	**3,924**
	22,200	(4,401)	17,799	(11,222)	**6,577**
Deferred tax liabilities					
Property, plant and equipment	(21)	1	(20)	(13)	**(33)**
Development properties	–	(4,067)	(4,067)	(15,990)	**(20,057)**
Trade and other receivables	(355)	306	(49)	47	**(2)**
	(376)	(3,760)	(4,136)	(15,956)	**(20,092)**

The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group 2019 $'000	2018 $'000	1 April 2017 $'000
Deferred tax assets	**2,461**	16,516	22,179
Deferred tax liabilities	**(15,976)**	(2,853)	(355)

Movements in deferred tax liabilities of the Company during the year are as follows:

	At 1/4/2017 $'000	Recognised in profit or loss $'000	At 31/3/2018 $'000	Recognised in profit or loss $'000	At 31/3/2019 $'000
Company					
Deferred tax liabilities					
Trade and other receivables	(355)	306	(49)	47	**(2)**

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.

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

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	Group	
	2019	2018
	$'000	$'000
Deductible temporary differences	**22,235**	–
Tax losses	**745**	–
	22,980	–

8 Development properties

		Group	
	2019	2018	1 April 2017
	$'000	$'000	$'000
Properties under development, for which revenue is to be recognised over time	**915,109**	400,735	751,247
Completed units	**398,974**	458,584	281,603
	1,314,083	859,319	1,032,850
Allowance for foreseeable losses	**(9,954)**	–	(36,367)
Total development properties	**1,304,129**	859,319	996,483

Development properties recognised as "cost of sales" amounted to $170,075,000 (2018: $30,039,000) during the year.

Development properties of the Group with carrying amounts of $165,000,000 (2018: Nil; 1 April 2017: Nil) are mortgaged to a financial institution to secure credit facilities (see note 15).

Movements in allowance for foreseeable losses are as follows:

	Group	
	2019	2018
	$'000	$'000
At the beginning of the financial year	**–**	36,367
Allowance made/(written back)	**9,954**	(35,545)
Allowance utilised	**–**	(822)
At the end of the financial year	**9,954**	–

8 Development properties (cont'd)

The allowance for foreseeable losses was determined taking into consideration the expected selling prices for the projects, which were based on external independent professional valuations undertaken. The valuations were undertaken by 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 comparable sales method. The valuation method used involves making estimates of the selling prices of the development properties, taking into consideration the recent selling prices for comparable properties and prevailing property market conditions. Market conditions may, however, change which may affect the estimated future selling prices and accordingly, the carrying value of development properties may have to be adjusted in future periods.

The allowance for foreseeable losses on development properties recognised/written back is included in "other operating expenses".

9 Contract costs

The amount relates to commission fees incurred to property agents for securing sale contracts for the Group's development properties. During the year, $9,569,000 (2018: $2,894,000) of commission fees incurred were capitalised as contract costs.

Capitalised commission fees are amortised when the related revenue is recognised. During the year, $10,378,000 (2018: $1,722,000) was amortised. There was no impairment loss in relation to such costs capitalised.

10 Contract assets/(liabilities)

		Group	
	Note	**2019**	**2018**
		$'000	$'000
Contract assets	(i)	**124,299**	9,565
Contract liabilities	(ii)	**–**	908

(i) Contract assets

Contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its property development business. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract assets increased during 2019 and 2018 due to the timing differences between the agreed payment schedule and the progress of the construction work.

10 Contract assets/(liabilities) (cont'd)

(ii) Contract liabilities

Contract liabilities relate primarily to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

Contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The significant changes in the contract liabilities during the year are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Contract liabilities at the beginning of the year recognised as revenue during the year	**908**	–
Increases due to cash received, excluding amounts recognised as revenue during the year	**–**	908

11 Trade and other receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Accrued interest receivable	**–**	26	**–**	–
Trade receivables	**12,901**	6,464	**–**	–
Deposits	**892**	46,974	**–**	500
Other receivables	**365**	308	**15**	286
Amounts due from subsidiaries	**–**	–	**472,612**	322,093
Impairment losses	**–**	–	**(28,408)**	–
	–	–	**444,204**	322,093
	14,158	53,772	**444,219**	322,879
Prepayments	**1,771**	79	**24**	27
	15,929	53,851	**444,243**	322,906

As at 31 March 2018, included in deposits are deposits of $46,305,000 made relating to purchase of en bloc properties.

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand.

12 Cash and cash equivalents

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Amounts held under "Project Account Rules – 1997 Ed."	**28,615**	32,898	**–**	–
Fixed deposits placed with financial institutions	**13,004**	96,699	**13,004**	96,699
Cash at banks and in hand	**30,600**	16,037	**12,214**	2,642
	72,219	145,634	**25,218**	99,341

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 $19,000,000 (2018: $18,035,000) held in fixed deposits placed with financial institutions. The fixed deposits have maturity periods of 4 days to 12 days (2018: 5 days to 9 days) from the end of the financial year.

13 Share capital

	2019		2018	
	Number of shares		**Number of shares**	
	'000	**$'000**	**'000**	**$'000**
Issued and fully-paid ordinary shares with no par value				
At beginning and end of the year	**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.

14 Reserves

	Group			Company		
	2019	**2018**	**1 April 2017**	**2019**	**2018**	**1 April 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Capital reserve	**10,304**	56,908	56,908	**10,304**	56,908	56,908
Accumulated profits	**662,428**	561,137	595,860	**100,041**	31,065	114,037
	672,732	618,045	652,768	**110,345**	87,973	170,945

The capital reserve of the Group and of the Company comprises mainly profits from disposal of quoted investments which is distributable.

15 Borrowings

	Group	
	2019	2018
	$'000	$'000
Non-current liabilities		
- Secured bank loans	**117,345**	–
- Unsecured bank loans	**249,897**	–
	367,242	–
Current liabilities		
- Unsecured bank loans	**15,400**	–
	382,642	–

The bank loans bore interest at rates ranging from 1.85% to 3.05% (2018: Nil) per annum during the year.

The secured bank loans are collateralised by:

- mortgages on a development property of the Group (note 8); and
- assignment of all rights and interest in the sale and purchase agreements, performance bonds, accounts, tenancy agreements, construction contracts and insurances in respect of a development property of the Group.

Reconciliation of movements of financial liabilities to cash flows arising from financing activities

	Liabilities		Assets	
	Bank loans	Accrued interest payable	Prepayment[1]	Total
	$'000	$'000	$'000	$'000
Balance at 1 April 2018	–	–	–	–
Changes from financing cash flows				
Proceeds from bank loans	576,300	–	–	576,300
Repayment of bank loans	(192,200)	–	–	(192,200)
Interest paid	(1,550)	(3,419)	(1,792)	(6,761)
Total changes from financing cash flows	382,550	(3,419)	(1,792)	377,339
Non-cash changes				
Amortisation of transaction costs	92	–	142	234
Interest expense	–	4,570	–	4,570
Total non-cash changes	92	4,570	142	4,804
Balance at 31 March 2019	382,642	1,151	(1,650)	382,143

(1) *Relates to prepaid bank guarantee commissions and transaction costs for loan facilities not yet utilised.*

16 Trade and other payables

	Group			Company		
	2019	**2018**	**1 April 2017**	**2019**	**2018**	**1 April 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current						
Trade payables	**10,437**	10,553	1,336	**55**	–	1
Retention sums payable	**16,522**	22,587	21,181	**–**	–	–
Accrued development costs	**25,024**	38,499	77,184	**–**	–	–
Accrued operating expenses	**5,252**	4,331	1,988	**942**	758	1,179
Accrued interest payable	**1,151**	–	–	**–**	–	–
Sundry payables	**2,801**	417	283	**–**	1	–
Deferred income	**2,180**	423	–	**–**	–	–
Amounts due to subsidiaries	**–**	–	–	**39,189**	10,981	58,670
	63,367	76,810	101,972	**40,186**	11,740	59,850
Non-current						
Deferred income	**14,832**	–	–	**–**	–	–

Deferred income relates to the non-refundable deposits received in respect of units in a completed development property (note 8) sold under deferred payment schemes.

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

17 Revenue

	Group	
	2019	**2018**
	$'000	**$'000**
Development properties for which revenue is:		
- recognised over time	**314,595**	80,260
- recognised at a point in time	**42,486**	17,127
Rental and related income	**774**	748
	357,855	98,135

As at 31 March 2019, the Group has property development income of $20,581,000 which is expected to be recognised as revenue over the next 1 year as construction of development properties progresses.

On adoption of SFRS(I) 15, the Group applied the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

18 Profit from operations

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

	Note	Group 2019 $'000	Group 2018 $'000
Allowance for foreseeable losses on development properties recognised/(written back)	8	**9,954**	(35,545)
Direct operating expenses arising from rental of investment property (excluding depreciation)		**225**	164
Fees paid to auditors of the Company:			
- Audit		**198**	177
- Non-audit fees		**121**	47
Gain on disposal of property, plant and equipment		**–**	(38)
Property, plant and equipment written off		**11**	–
Impairment loss on property, plant and equipment	5	**9,672**	–
Operating lease expenses		**255**	182
Staff costs		**3,768**	2,763
Contributions to defined contribution plans (included in staff costs)		**332**	244

In 2018, the Group paid additional buyer's stamp duty of $31,815,000 arising from the intra-group transfer of the Paterson Collection Project (note 5).

19 Net finance (costs)/income

	Group 2019 $'000	Group 2018 $'000
Finance income		
Interest income		
- Fixed deposits	**417**	2,856
- Cash at bank	**1**	20
	418	2,876
Finance costs		
Amortisation of transaction costs on borrowings	**(234)**	–
Interest expense on borrowings	**(4,570)**	(33)
	(4,804)	(33)
Net finance (costs)/income	**(4,386)**	2,843

20 Tax expense

	Group 2019 $'000	Group 2018 $'000
Current tax expense		
Current year	**127**	735
(Over)/Under provision in respect of prior years	**(113)**	343
	14	1,078
Deferred tax expense		
Origination and reversal of temporary differences	**26,859**	9,749
Under/(Over) provision in respect of prior years	**319**	(1,588)
	27,178	8,161
Tax expense	**27,192**	9,239

Reconciliation of effective tax rate

	Group 2019 $'000	Group 2018 $'000
Profit before tax	**128,483**	59,957
Tax calculated using Singapore tax rate of 17% (2018: 17%)	**21,842**	10,193
Expenses not deductible for tax purposes	**1,314**	759
Income not subject to tax	**(77)**	(468)
Changes in unrecognised temporary differences	**3,907**	–
Under/(Over) provision in respect of prior years	**206**	(1,245)
	27,192	9,239

21 Earnings per share

Basic and diluted earnings per share

	Group 2019 $'000	Group 2018 $'000
Basic and diluted earnings per share is based on:		
Profit for the year	**101,291**	50,718

	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares	**258,911**	258,911

Diluted earnings per share is the same as basic earnings per share as there are no dilutive instruments in issue during the year.

22 Dividends

The following dividends were declared and paid by the Company:

	Company	
	2019	2018
	$'000	$'000
Final dividend paid of $0.04 per share in respect of 2018	**10,356**	–
Special dividend paid of $0.14 per share in respect of 2018	**36,248**	–
Final dividend paid of $0.04 per share in respect of 2017	**–**	10,356
Special dividend paid of $0.29 per share in respect of 2017	**–**	75,085
	46,604	85,441

After the respective reporting dates, the following dividends were proposed by the directors. These dividends have not been provided for.

	Company	
	2019	2018
	$'000	$'000
Final dividend proposed of $0.04 per share in respect of 2019	**10,356**	–
Special dividend proposed of $0.18 per share in respect of 2019	**46,604**	–
Final dividend paid of $0.04 per share in respect of 2018	**–**	10,356
Special dividend paid of $0.14 per share in respect of 2018	**–**	36,248
	56,960	46,604

23 Related parties

Transactions with key management personnel

	Group	
	2019	2018
	$'000	$'000
Key management personnel compensation comprised:		
Directors' fees	**490**	504
Short-term employee benefits	**1,828**	1,106
Contributions to defined contribution plans	**90**	60
	2,408	1,670

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

In 2018, a unit in a completed development property was sold to a company associated with a director of the Company for $3,300,000.

24 Operating leases

The Group as lessee

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

	Group	
	2019	**2018**
	$'000	**$'000**
Payable:		
Within 1 year	**285**	127
Between 1 to 5 years	**463**	–
	748	127

The Group has an office and office equipment under operating leases. The leases typically run for an initial period of 3 to 5 (2018: 3) years. There is an option to renew the lease of the office after the initial period.

The Group as lessor

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

	Group	
	2019	**2018**
	$'000	**$'000**
Receivable:		
Within 1 year	**577**	441
Between 1 to 5 years	**806**	132
	1,383	573

25 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.

25 Financial risk management (cont'd)

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 and Risk Management 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 and Risk Management 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 and Risk Management 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, and arises principally from the Group's receivables from customers.

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.

At the reporting date, there was no significant concentration of credit risk for the Group. At the reporting date, the amounts due from subsidiaries of $444,204,000 (2018: $322,093,000) represent a significant portion of the Company's financial assets. Except as disclosed, there is no significant concentration of credit risk for the Company and the Group. The carrying amount of financial assets and contract assets represent the maximum credit exposure to credit risk, before taking into account any collateral held.

Trade and other receivables and contract assets

For trade receivables and unbilled revenue from sale of development properties, the Group collects deposits from purchasers of the properties. If a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may resume possession of the units, retain a portion of the purchaser's deposits from payments made to date, and resell the property.

For trade receivables from rental debtors, the Group typically collects deposits or banker's guarantees as collateral. Late payments (if any) are monitored closely.

<u>Exposure to credit risk</u>

The maximum exposure to credit risk for trade and other receivables and contract assets at the reporting date by business segment is set out below:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Property development	**138,330**	62,551	**–**	–
Hospitality	**112**	–	**–**	–
Investment holding	**15**	786	**444,219**	322,879
	138,457	63,337	**444,219**	322,879

25 Financial risk management (cont'd)

Expected credit loss assessment as at 1 April 2018 and 31 March 2019

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are based on actual credit loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The exposure to credit risk and ECL for trade receivables as at 31 March 2019 is insignificant.

The following table provides information about the exposure to credit risk for trade receivables and contract assets as at 31 March 2019:

	Group 2019 $'000
Group	
Not past due	**135,923**
Past due more than 90 days	**1,277**
	137,200

Comparative information under FRS 39

An analysis of trade receivables and contract assets is as follows:

	Group 2018 $'000
Group	
Not past due	14,623
Past due 1 – 30 days	927
Past due 31 – 60 days	479
	16,029

There is no impairment loss on trade receivables and contract assets.

Non-trade amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries which were lent to subsidiaries to meet their funding requirements. Impairment on these balances has been measured on the 12-month or lifetime expected loss basis, as appropriate. In 2019, an impairment loss of $28,408,000 (2018: Nil) was recognised on amounts due from certain subsidiaries (note 11) due to a decline in the financial positions of the subsidiaries.

25 Financial risk management (cont'd)

Non-trade amounts due from subsidiaries (cont'd)

The movements in impairment losses in respect of amounts due from subsidiaries during the year are as follows:

	Company Lifetime ECL $'000
At 1 April 2018 per FRS 39 and SFRS(I) 9	–
Impairment losses recognised	28,408
At 31 March 2019 per SFRS(I) 9	28,408

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturity of the exposure. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

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 delivering 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.

25 Financial risk management (cont'd)

Liquidity risk (cont'd)

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

			Cash flows	
	Carrying amount	Contractual cash flows	Within 1 year	Between 1 to 5 years
	$'000	$'000	$'000	$'000
Group				
31 March 2019				
Non-derivative financial liabilities				
Borrowings	382,642	(432,394)	(26,061)	(406,333)
Trade and other payables*	61,187	(61,187)	(50,854)	(10,333)
	443,829	(493,581)	(76,915)	(416,666)
31 March 2018				
Non-derivative financial liabilities				
Trade and other payables*	76,387	(76,387)	(66,373)	(10,014)
1 April 2017				
Non-derivative financial liabilities				
Trade and other payables	101,972	(101,972)	(86,314)	(15,658)
Company				
31 March 2019				
Non-derivative financial liabilities				
Trade and other payables	40,186	(40,186)	(40,186)	–
31 March 2018				
Non-derivative financial liabilities				
Trade and other payables	11,740	(11,740)	(11,740)	–

* *Excludes deferred income*

Market risk

Market risk is the risk that changes in market prices, such as interest rates, 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.

25 Financial risk management (cont'd)

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 Carrying amount		Company Carrying amount	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Borrowings	**(189,042)**	–	**–**	–
Variable rate instruments				
Fixed deposits	**32,004**	114,734	**13,004**	96,699
Borrowings	**(193,600)**	–	**–**	–
	(161,596)	114,734	**13,004**	96,699

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at FVTPL. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 (2018: 50) basis points in interest rates at the reporting date would have increased/(decreased) profit or loss (before any tax effect) 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 2018.

	Group Profit or loss		Company Profit or loss	
	50 bp Increase	**50 bp decrease**	**50 bp increase**	**50 bp decrease**
	$'000	**$'000**	**$'000**	**$'000**
2019				
Cash flow sensitivity	**(808)**	**808**	**65**	**(65)**
2018				
Cash flow sensitivity	574	(574)	483	(483)

25 Financial risk management (cont'd)

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 flows, 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 7.76% for the year ended 31 March 2019 compared to 4.06% for the year ended 31 March 2018. There were no changes in the Group's approach to capital management during the year.

Under the Housing Developers (Control and Licensing) Act, in order to qualify for a housing developer's licence, certain subsidiaries of the Company 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 carrying amounts of financial assets and financial liabilities including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value
	Note	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 2 $'000
Group					
31 March 2019					
Financial assets not measured at fair value					
Trade and other receivables*	11	14,158	–	14,158	–
Cash and cash equivalents	12	72,219	–	72,219	–
		86,377	–	86,377	
Financial liabilities not measured at fair value					
Borrowings	15	–	(382,642)	(382,642)	(383,224)
Trade and other payables#	16	–	(61,187)	(61,187)	–
		–	(443,829)	(443,829)	

25 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount			Fair value
		Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 2 $'000
Group					
31 March 2018					
Financial assets not measured at fair value					
Trade and other receivables*	11	53,772	–	53,772	–
Cash and cash equivalents	12	145,634	–	145,634	–
		199,406	–	199,406	
Financial liabilities not measured at fair value					
Trade and other payables#	16	–	(76,387)	(76,387)	–

* *Excludes prepayments*
\# *Excludes deferred income*

	Note	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Company				
31 March 2019				
Financial assets not measured at fair value				
Trade and other receivables*	11	444,219	–	444,219
Cash and cash equivalents	12	25,218	–	25,218
		469,437	–	469,437
Financial liabilities not measured at fair value				
Trade and other payables	16	–	(40,186)	(40,186)

25 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000
Company				
31 March 2018				
Financial assets not measured at fair value				
Trade and other receivables*	11	322,879	–	322,879
Cash and cash equivalents	12	99,341	–	99,341
		422,220	–	422,220
Financial liabilities not measured at fair value				
Trade and other payables	16	–	(11,740)	(11,740)

* *Excludes prepayments*

Valuation techniques

The fair value of borrowings disclosed is derived using the discounted cash flow method which considers the present value of expected payments, discounted using a risk-adjusted discount rate.

26 Operating segments

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

- Property development: Development of residential properties for sale
- Investment holding: Holding and management of office building and investments
- Hospitality: Owner of serviced apartment units

The hospitality segment was described as "property owner" in 2018.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, 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.

Segment information by geographical segment is not presented as the Group's operations are in Singapore.

26 Operating segments (cont'd)

Information about reportable segments

	Property development		Investment holding		Hospitality		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	**357,298**	97,559	**557**	576	**–**	–	**357,855**	98,135
Finance income	**200**	60	**218**	2,816	**–**	–	**418**	2,876
Finance costs	**(4,749)**	–	**(55)**	–	**–**	**(33)**	**(4,804)**	(33)
Depreciation	**(154)**	(102)	**(162)**	(162)	**–**	–	**(316)**	(264)
Reportable segment profit/(loss) before tax	**140,361**	88,890	**(298)**	3,125	**(11,580)**	**(32,058)**	**128,483**	59,957
Material non-cash items:								
- Allowance for foreseeable losses on development properties (recognised)/ written back	**(9,954)**	35,545	**–**	–	**–**	–	**(9,954)**	35,545
- Impairment of property, plant and equipment	**–**	–	**–**	–	**(9,672)**	–	**(9,672)**	–
Other segment information:								
- Additional buyer's stamp duty paid on Paterson Collection Project	**–**	–	**–**	–	**–**	(31,815)	**–**	(31,815)
- Capital expenditure	**(818)**	(236)	**–**	–	**(25,939)**	(875)	**(26,757)**	(1,111)

27 Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I)s with effect from annual periods beginning on or after 1 January 2018.

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of the opening SFRS(I) statement of financial position at 1 April 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

27 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) 1 with 1 April 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 March 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value issued by the IASB* in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have material effect on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

An explanation of how the adoption of SFRS(I) 15 and SFRS(I) 9 have affected the Group's financial position and financial performance is set out under the summary of quantitative impact and the accompanying notes. There is no impact to the Company's financial position and financial performance.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 15 on the Group's financial position as at 1 April 2017 and 31 March 2018 and the Group's profit or loss for the year ended 31 March 2018. There were no material adjustments to the Group 's statement of cash flows for the year ended 31 March 2018 arising from the transition to SFRS(I).

27 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Reconciliation of the Group's equity

Consolidated statement of financial position

		31 March 2018		
	Note	**FRS framework**	**Effect of adoption of SFRS(I) 15**	**SFRS(I)**
		$'000	**$'000**	**$'000**
Non-current assets				
Investment property		3,811	–	3,811
Property, plant and equipment		241,284	–	241,284
Deferred tax assets	(i), (ii)	16,814	(298)	16,516
		261,909	(298)	261,611
Current assets				
Development properties	(ii), (iii)	857,742	1,577	859,319
Contract costs	(i)	–	1,172	1,172
Contract assets	(iii)	–	9,565	9,565
Trade and other receivables	(iii)	61,292	(7,441)	53,851
Cash and cash equivalents		145,634	–	145,634
		1,064,668	4,873	1,069,541
Total assets		1,326,577	4,575	1,331,152
Equity attributable to shareholders of the Company				
Share capital		631,801	–	631,801
Reserves	(i), (ii)	614,919	3,126	618,045
Total equity		1,246,720	3,126	1,249,846
Non-current liabilities				
Deferred tax liabilities	(i), (ii)	2,511	342	2,853
Current liabilities				
Trade and other payables	(ii)	76,611	199	76,810
Contract liabilities	(iii)	–	908	908
Current tax payable		735	–	735
		77,346	1,107	78,453
Total liabilities		79,857	1,449	81,306
Total equity and liabilities		1,326,577	4,575	1,331,152

27 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Reconciliation of the Group's equity

Consolidated statement of financial position

	Note	1 April 2017 FRS framework $'000	Effect of adoption of SFRS(I) 15 $'000	SFRS(I) $'000
Non-current assets				
Investment property		3,973	–	3,973
Property, plant and equipment		102	–	102
Deferred tax assets	(ii)	23,760	(1,581)	22,179
		27,835	(1,581)	26,254
Current assets				
Development properties	(ii)	997,020	(537)	996,483
Trade and other receivables		24,494	–	24,494
Cash and cash equivalents		365,378	–	365,378
		1,386,892	(537)	1,386,355
Total assets		1,414,727	(2,118)	1,412,609
Equity attributable to shareholders of the Company				
Share capital		631,801	–	631,801
Reserves	(ii)	645,048	7,720	652,768
Total equity		1,276,849	7,720	1,284,569
Non-current liabilities				
Deferred tax liabilities	(ii)	355	–	355
Current liabilities				
Trade and other payables	(ii)	111,810	(9,838)	101,972
Current tax payable		25,713	–	25,713
		137,523	(9,838)	127,685
Total liabilities		137,878	(9,838)	128,040
Total equity and liabilities		1,414,727	(2,118)	1,412,609

27 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Reconciliation of the Group's profit or loss

Consolidated statement of profit or loss

		Year ended 31 March 2018		
	Note	**FRS framework**	**Effect of adoption of SFRS(I) 15**	**SFRS(I)**
		$'000	**$'000**	**$'000**
Revenue		98,135	–	98,135
Cost of sales	(i), (ii)	(28,875)	(5,535)	(34,410)
Gross profit		69,260	(5,535)	63,725
Other income		194	–	194
Administrative expenses		(4,317)	–	(4,317)
Other operating expenses		(2,488)	–	(2,488)
Profit from operations		62,649	(5,535)	57,114
Finance income		2,876	–	2,876
Finance expense		(33)	–	(33)
Net finance income		2,843	–	2,843
Profit before tax		65,492	(5,535)	59,957
Tax expense	(i), (ii)	(10,180)	941	(9,239)
Profit and total comprehensive income for the year		55,312	(4,594)	50,718

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below, and the comparative information presented for 2018 has been restated.

The Group have applied the following practical expedients as allowed under SFRS(I) 1:

- Completed contracts that began and ended in the same annual reporting period in 2018 and contracts completed at 1 April 2017 are not restated.
- For the year ended 31 March 2018, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

27 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

SFRS(I) 15 (cont'd)

(i) Success-based sales commissions

The Group pays sales commissions to both external and internal property sales agents for securing property sales contracts for the Group on a success basis. The Group previously recognised sales commissions as an expense when incurred, but now capitalises such costs as costs of obtaining a contract under SFRS(I) 15 i.e. contract costs as they are incremental and are expected to be recovered. The capitalised costs are amortised consistently with the pattern of revenue recognised for the related contract. The impact to the financial statements is as follows:

	Group	
	31 March 2018	1 April 2018
	$'000	$'000
Consolidated statement of financial position		
Decrease in deferred tax assets	(19)	–
Increase in contract costs	1,172	–
Increase in accumulated profits	(973)	–
Increase in deferred tax liabilities	(180)	–

	Group
	2018
	$'000
Consolidated statement of profit or loss	
Decrease in cost of sales	1,172
Increase in tax expense	(199)
Increase in profit for the year	973

(ii) Amortisation of development costs

The Group previously recognised cost of sales on the sold units in its development projects by applying the percentage of completion on the relevant projects' total estimated construction costs. On adoption of SFRS(I) 15, the Group recognise such costs in profit or loss when incurred to the extent of units sold in a development project.

	Group	
	31 March 2018	1 April 2018
	$'000	$'000
Consolidated statement of financial position		
Decrease in deferred tax assets	(279)	(1,581)
Increase/(Decrease) in development properties	2,793	(537)
Increase in accumulated profits	(2,153)	(7,720)
Increase in deferred tax liabilities	(162)	–
(Increase)/Decrease in trade and other payables	(199)	9,838

27 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

SFRS(I) 15 (cont'd)

(ii) Amortisation of development costs (cont'd)

	Group 2018 $'000
Consolidated statement of profit or loss	
Increase in cost of sales	(6,707)
Decrease in tax expense	1,140
Decrease in profit for the year	(5,567)

(iii) Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Group has also changed the presentation of the following amounts:

a) Contract assets in respect of the property development business which relate primarily to the Group's right to consideration for work completed but have not been billed at the reporting date.

As at 31 March 2018, $2,124,000 (1 April 2017: Nil) and $7,441,000 (1 April 2017: Nil) which were presented as "development properties" and "trade and other receivables", respectively, under FRS have been reclassified to contract assets.

b) Contract liabilities in respect of the property development business which relate mainly to advance consideration received from customers and progress billings in excess of the Group's right to the consideration.

As at 31 March 2018, $908,000 (1 April 2017: Nil) which was presented as "development properties" under FRS has been reclassified to contract liabilities.

(iv) Borrowing costs

Arising from the agenda decision issued by the IFRS Interpretation Committee ("IFRIC") relating to the capitalisation of borrowing costs for the construction of a residential multi-unit estate development where revenue is recognised over time, the Group has ceased capitalisation of borrowing costs on its development properties. This change did not have any impact on the Group's financial position as at 1 April 2017 and 31 March 2018 and the Group's profit or loss and cash flows for the year ended 31 March 2018.

SFRS(I) 9

SFRS(I) 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' ("ECL") model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 April 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2018. Accordingly, the information presented for 2018 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in accumulated profits and reserves as at 1 April 2018.

27 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

SFRS(I) 9 (cont'd)

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under SFRS(I) 7 relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 are applied by the Group retrospectively, except for the following assessments which were made on the basis of facts and circumstances that existed at 1 April 2018:

- The determination of the business model within which a financial asset is held.

- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification and measurement: financial assets

SFRS(I) 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous categories under FRS 39 *Financial Instruments: Recognition* and measurement of held to maturity, loans and receivables and available for sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

SFRS(I) 9 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under SFRS(I) 9, see note 3.8.

For financial assets held by the Group on 1 April 2018, management has assessed the business model that are applicable on that date to those assets so as to classify them into the appropriate categories under SFRS(I) 9. Reclassifications resulting from management's assessment are disclosed below.

Group	Original classification under FRS 39	New classification under SFRS(I) 9	Original carrying amount under FRS 39	New carrying amount under SFRS(I) 9
			$'000	$'000
Trade and other receivables	Loans and receivables	Amortised cost	53,851	53,851
Cash and cash equivalents	Loans and receivables	Amortised cost	145,634	145,634
			199,485	199,485

27 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

SFRS(I) 9 (cont'd)

(ii) Impairment

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost and contract assets.

The Group applied the simplified approach and records lifetime expected losses on all trade receivables and contract assets. The amount of the allowance was negligible.

28 New standards and interpretations not yet adopted

Applicable to financial statements for the year 2020 and thereafter

Various new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2019. The Group is in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I) on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group plans to apply SFRS(I) 16 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adoption SFRS(I) 16 will be recognised as an adjustment to the opening balance of accumulated profits at 1 April 2019, with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that the Group will apply SFRS(I) 16 to all contracts entered into before 1 April 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The Group as lessee

The Group expects to measure lease liabilities by applying a single discount rate to their portfolio of property leases with reasonably similar characteristics. Furthermore, the Group is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 April 2019. For lease contracts that contain the option to renew, the Group is expected to use hindsight in determining the lease term.

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under the principles of SFRS(I) 16.

28 New standards and interpretations not yet adopted (cont'd)

The Group as lessee (cont'd)

The Group's operating lease commitments amounted to approximately $748,000 as at 31 March 2019. Under SFRS(I) 16, remaining lease payments under the operating leases will be recognised at their present value discounted using appropriate discount rates. In addition, the nature of expenses will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities. The Group is in the process of quantifying the adjustments required in the adoption of the standard.

The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

PROPERTIES OF THE GROUP

Year ended 31 March 2019

The properties of the Group as at 31 March 2019 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 437 units of landed housing development (Phase 1-10). Building plans have been approved for:
Phase 8		9,288	10,328	100%			Phase 8 (46 units)
Phase 9		7,210	7,181	100%			Phase 9 (32 units)
Phase 10		11,462	10,002	89%	3Q 2019		Phase 10 (39 units)
Remaining phases		117,179	95,690	–	–		
		145,139	123,201				Phase 8 – main building work was completed in October 2018. Phase 9 – main building work was completed in June 2018. Phase 10 – main building architectural and external works are in progress.
Lot 12949A MK 18 at Nim Road/ Ang Mo Kio Avenue 5/ CTE	*99-year lease commencing October 2016					100%	Written Permission has been granted for the proposed 98 units of landed housing development (Phase 1 & 2).

* The Singapore Land Authority (SLA) granted approval for developing Lot 12949A part MK 18 agricultural land into Phase 1 and 2 (total 98 units) of landed housing and re-issued a fresh 99-year lease without building restriction.

PROPERTIES OF THE GROUP

Year ended 31 March 2019

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 (cont'd)							
Phase 1 Phase 2		18,626 10,833	13,229 14,053	96% 95%	2Q 2019 3Q 2019		Building plans have been approved for: Phase 1 (47 units) Phase 2 (51 units) Phase 1 – main building work is expected to complete in 2Q 2019. Phase 2 – main building work is expected to complete in 3Q 2019.
Phase 3-6	**999-year lease commencing January 1879	36,460 65,919	25,506 52,788	–	–	100%	Proposed 129 units of landed housing development.
Remaining phases		51,180	–			100%	Vacant non-residential Rural land for future residential development.
Lot 9934W MK 18 at Ang Mo Kio Avenue 5/Nim Road/CTE	Statutory Grant	19,094	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	92%	2Q 2019	100%	Written Permission and Building Plan approval have been granted for the proposed 80 units of cluster housing development. Main building work was completed in May 2019.

** Differential premium is payable for conversion of agricultural land into landed housing with fresh 99-year lease for the remaining phases of future development.

PROPERTIES OF THE GROUP

Year ended 31 March 2019

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 689T, 445M & 444C TS 21 at 8, 10 & 12 St Thomas Walk	Freehold	–	23,500	100%	–	100%	Written Permission and Building Plan approval has been granted for the proposed 250 units of residential development. Main building work was completed in January 2018.
Lot 00792X TS28 at Makeway Avenue	Freehold	3,864	10,819	–	–	100%	Proposed 120 units of residential flats development.
Lot 4343V MK 25 at 114A Arthur Road	99 Years from 5 April 1982	13,077	27,461	–	–	100%	Proposed 290 units of condominium development.

Location	Tenure	Floor Area (Sq M)	Description
Investment Property in Orchard Road			
7th Storey Tong Building	Freehold	638	Office premises for lease.
Property Owner			
Lot 01549N TS21 at Paterson Road/ Lengkok Angsa	Freehold	10,957	Written Permission and Building Plan approval have been granted for the additions and alterations to 114 apartment units. Building works for conversion to serviced apartments was completed in March 2019.

SHAREHOLDING STATISTICS

As at 12 June 2019

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	357	6.19	4,089	0.00
100 to 1,000	1,237	21.44	1,036,639	0.40
1,001 to 10,000	3,109	53.90	13,022,990	5.03
10,001 to 1,000,000	1,045	18.12	56,153,231	21.69
1,000,001 and above	20	0.35	188,694,377	72.88
Total	5,768	100.00	258,911,326	100.00

Based on the Registers of Shareholders and to the best knowledge of the Company, approximately 58.52% 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	11.38
3	CITIBANK NOMINEES SINGAPORE PTE LTD	29,309,536	11.32
4	LEE RUBBER COMPANY PTE LTD	21,955,968	8.48
5	BPSS NOMINEES SINGAPORE (PTE.) LTD.	12,237,466	4.73
6	KALLANG DEVELOPMENT (PTE) LIMITED	11,875,192	4.59
7	DBS NOMINEES PTE LTD	8,299,605	3.20
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	RAFFLES NOMINEES (PTE) LIMITED	5,117,934	1.98
11	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	3,517,400	1.36
12	DBSN SERVICES PTE LTD	3,155,468	1.22
13	LEE FOUNDATION	2,963,130	1.14
14	HSBC (SINGAPORE) NOMINEES PTE LTD	2,914,846	1.13
15	ISLAND INVESTMENT COMPANY PTE LTD	2,829,600	1.09
16	LEE FOUNDATION STATES OF MALAYA	2,711,300	1.05
17	OVERSEA-CHINESE BANK NOMINEES PTE LTD	1,916,076	0.74
18	YEO REALTY & INVESTMENTS (PTE) LTD	1,603,000	0.62
19	LEE PLANTATIONS PTE LIMITED	1,533,600	0.59
20	TAN PROPRIETARY (PTE) LTD	1,200,000	0.46
	Total	188,694,377	72.88

SHAREHOLDING STATISTICS

As at 12 June 2019

SUBSTANTIAL SHAREHOLDERS
(as shown in the Register of Substantial Shareholders)

Shareholders	Direct Interest	Deemed Interest
Singapore Investments Pte Ltd	34,633,008	2,829,600[1]
Selat Pte Limited	29,478,664	–
Lee Rubber Company Pte Ltd	21,955,968	14,099,992[2]
Kallang Development (Pte) Limited	11,875,192	1,533,600[3]
Lee Pineapple Company (Pte) Ltd	864,000	37,462,608[4]

1 2,829,600 shares owned by Island Investment Company Pte Ltd.

2 11,875,192 shares owned by Kallang Development (Pte) Limited, 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 34,633,008 shares owned by Singapore Investments Pte Ltd and 2,829,600 shares owned by Island Investments Company Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 53rd Annual General Meeting of the Company will be held at **M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908** on Friday, 26 July 2019 at 10.30 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2019 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve and declare a final dividend of 4 cents per share and a special dividend of 18 cents per share for the financial year ended 31 March 2019. **(Resolution 2)**

3. To re-elect Mr Lee Chien Shih, who is retiring by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company. **(Resolution 3)**
   [See Explanatory Note (a)]

4. To re-elect Ms Fam Lee San, who is retiring by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company. **(Resolution 4)**
   [See Explanatory Note (a)]

5. To re-elect Mr Chng Kiong Huat, who is retiring by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company. **(Resolution 5)**
   [See Explanatory Note (a)]

6. To approve the payment of Directors' fees of $490,000 for the financial year ended 31 March 2019. **(Resolution 6)**

7. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

8. To transact any other business which may properly be transacted at an Annual General Meeting.

As Special Business

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

   <u>General authority to allot and issue new shares in the capital of the Company</u>

   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, 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 Constitution 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 8)**

By Order of the Board

OOI CHEE ENG
Company Secretary

4 July 2019
Singapore

Notes:

1. *(a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

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

3. *The instrument 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.*

4. *The instrument 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.*

5. *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, 4 and 5 above on the Directors standing for re-election 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 2019.

Mr Lee Chien Shih, if re-elected, will remain as Non-Executive Director, Chairman of the Remuneration Committee and a member of the Nominating Committee. Mr Lee has an interest of 528,000 ordinary shares in the issued share capital of the Company. Mr Lee is also a Director of the Lee Rubber Group of Companies and Lee Foundation, which are 10% Shareholders of the Company, as listed in the Shareholding Statistics. There are no other relationships including immediate family relationships between Mr Lee and the other Directors and the Company.

Ms Fam Lee San, if re-elected, will remain as Non-Executive Director of the Company. Ms Fam is also a Director of the Lee Rubber Group of Companies, which is a 10% Shareholder of the Company, as listed in the Shareholding Statistics. There are no other relationships including immediate family relationships between Ms Fam and the other Directors and the Company.

Mr Chng Kiong Huat, if re-elected, will remain as Non-Executive Director of the Company and Chairman of the Project Development Committee. Mr Chng is also an Executive Director of Kallang Development (Pte) Limited, a subsidiary of the Lee Rubber Group of Companies, which is a 10% Shareholder of the Company, as listed in the Shareholding Statistics. There are no other relationships including immediate family relationships between Mr Chng and the other Directors and the Company.

(b) The Ordinary Resolution 8 in Item 9, 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.

BUKIT SEMBAWANG
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