



**KING WAN
CORPORATION
LIMITED**



BETTER TOGETHER

ANNUAL REPORT 2018



CONTENTS

02	Corporate Profile
02	Our Values
04	Chairman's Statement
07	Five-year Financial Highlights
08	Financial Charts
09	Group Structure
10	Board of Directors
12	Management & Key Executives
13	Business Review
16	Sustainability Report
29	Corporate Governance Report
51	Financials
	Corporate Information



Day to day, each of us focuses on performing to the best of our capabilities. Underpinning our unwavering commitment to deliver quality work is the recognition that our individual efforts add up to create a better future for King Wan. We are – **BETTER TOGETHER.**

CORPORATE PROFILE

Established in 1977, King Wan Corporation Limited is a Singapore-based integrated building services company with principal activities in the provision of Mechanical and Electrical (M&E) engineering services for the building and construction industry.

Over the past four decades, King Wan has grown from strength to strength to expand beyond its core businesses, and successfully ignited new growth engines to propel the Group towards greater shareholders' value. The Group operates through its network of subsidiaries and associates in Singapore, China and Thailand.

The Group operates principally in two major business segments as follows:

MECHANICAL & ELECTRICAL ENGINEERING SERVICES SEGMENT

The Group provides multi-disciplined M&E engineering services such as the design and installation of plumbing and sanitary systems, air-conditioning and mechanical ventilation systems, electrical systems, fire protection and alarm systems, communications and security systems for the building and construction industry. It also provides mobile chemical lavatories for rental and ancillary facilities for construction worksites as well as public and nationwide public events.

INVESTMENT PORTFOLIO SEGMENT

Through direct investments, the Group now operates in three other business sectors i.e. Vessel Ownership and Chartering, Property Development, and Operation of Workers' Dormitory.

*Lake Grande
Artist's Impression*

OUR VALUES

QUALITY & RELIABILITY

We aim to provide services that are unsurpassed in quality and reliability attained through regulated, coordinated planning and management while ensuring competitive cost execution.

COMMITMENT

We are fully committed to our customers, our staff and our shareholders to give them returns that exceed their expectations.



PASSION

We approach every task with heart and passion.

PEOPLE

We value the contribution of each and every member of our team and seek to develop all staff to their fullest potential.

INTEGRITY & PROFESSIONALISM

We do our jobs with the highest level of integrity and professionalism.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I present the annual report of King Wan Corporation Limited ("King Wan") for the financial year ended 31 March 2018 ("FY2018").

While the construction industry in Singapore remains challenging, King Wan has proven itself to be resilient and focused by effectively adopting new innovative technologies in the Group's core M&E engineering services, and expanding its project portfolio and clientele base for sustainable growth.

In 2017, the Singapore construction sector shrank by 8.4%, a reversal from the growth recorded in the previous year. This was primarily due to a decline in private residential and industrial construction works⁽¹⁾. Weakness in construction output continued into first quarter of 2018. With keener competition for a lower volume of construction works, this had resulted in reduced project margins. To stay abreast of the competitive environment, King Wan continues to emphasise the retention of its experienced employees and the development of the competency of its project team in order to capitalise on any opportunities that arise. In addition, we are also looking into various cost management measures to improve the efficiency of our business operations.

FINANCIAL PERFORMANCE

The consolidated revenue of the Company and its subsidiaries (the "Group") for FY2018 was \$73.8 million, a decrease of 19.7% compared to the previous year due to comparatively lower volume of ongoing M&E projects. Overall, gross profit margin for the works completed in FY2018 was 11.6%, lower than the 15.1% achieved in FY2017.

While the core M&E business contributed positively to the Group's results, the Group recorded a net loss of \$4.8 million in FY2018 mainly due to allowance for loans made to an associate operating a workers' dormitory in Singapore and another associate involved in property development in Dalian, the People's Republic of China.

⁽¹⁾ Economic Survey of Singapore 2017, Ministry of Trade and Industry, 14 February 2018.

"I am thankful for the unwavering support of our business partners through both good years and bad. We are confident that with this support, King Wan can ride the challenges and ensure the profitability of business operations in the long term."

ParcBotannia
Artist's Impression



King Wan's financial position as at 31 March 2018 remained sound with cash and cash equivalents recorded at \$8.5 million and a net debt-equity ratio of 43.5%. The Group's net assets stood at \$69.4 million as at 31 March 2018, translating into a net asset value of 19.9 cents per share.

Despite the challenging environment, the Group has successfully secured an aggregate of \$63.2 million worth of new contracts, bringing up the M&E engineering services contracts on hand to \$174.8 million as at end May 2018.

OUR CORE M&E BUSINESS

In our core M&E business, we continued to widen the spectrum of M&E projects from both the private and public sectors. Some of our noteworthy projects completed during the year include public residential projects such as *Bukit Batok N1C13 & N2C23* and *Woodlands N7C29 & 30*, private residential projects such as *The Scotts Tower*, *Echelon @ Alexandra View* and *New Futura*, as well as commercial projects such as *Royal Square @ Novena*.

During the year, in the face of stiff competition, the Group managed to secure new projects including residential projects such as *Seaside Residences*, and non-residential projects such as *Defu Industrial City*, *Bedok Food City* and *Kim Chuan Depot*.

OUR INVESTMENT PORTFOLIO

Vessel Ownership & Chartering

Market charter rate had improved over the year. Since February 2018, the Group has chartered the vessel to a new charterer at a better charter rate. Notwithstanding the upturn experienced presently, the Group will continue to monitor the market movements closely.

Property Development

The outlook for the property sector in Dalian remains uncertain, in part due to keen competition for buyers from other developments in the vicinity of our project. The Group will complete all construction activities for the current phase of our development and will not commence on any new phases until the market has shown clear signs of improvement.

Operation of Workers' Dormitory

Since the commencement of Tuas South Dormitory with the first phase in January 2016, and second and final phase in May 2016, the occupancy rate has



Empowering our growth is the unwavering support of our various business partners who not only go the distance to ensure prompt delivery, but also work seamlessly alongside us.

grown significantly within two years of operations. However, the rental rates continue to be impacted by the weak business environment and competition from neighbouring dormitories.

With the development of industrial and commercial facilities taking place in the western part of Singapore, the Group expects the demand for quality purpose-built accommodation for foreign workers to continue increasing gradually, with the potential for a rise in rental rates over the next few years.

BUSINESS OUTLOOK

The Building and Construction Authority ("BCA") projects the total construction demand or the value of construction contracts to be awarded in 2018 to range between \$26.0 billion and \$31.0 billion, up from the \$24.5 billion (preliminary estimate) awarded in 2017. The public sector is expected to contribute about 60% of the total projected construction demand, boosted by an anticipated increase in demand for institutional and other buildings such as healthcare facilities, and civil engineering works as well as a slate of smaller government projects that have been brought forward in response to the slowdown in the previous years. The private sector's construction demand is similarly expected to improve from \$9 billion in 2017 to between \$10 billion and \$12 billion in 2018, on the back of a strengthened overall economic outlook and the upturn in property market sentiment.



Bedok Food Hub
Artist's Impression

Besides public housing developments and more healthcare and educational facilities, the public sector construction demand over the medium-term will continue to be supported by major infrastructure projects. The private sector construction demand is also expected to increase gradually in the medium term, boosted by the redevelopment of en-bloc sale sites and the spill-over benefits generated by the improved performance and outlook in other economic sectors⁽²⁾.

Notwithstanding the more positive outlook, the M&E business segment is expected to remain challenging. The Ministry of Trade and Industry expects the performance of the construction sector to remain lacklustre as the earlier weakness in construction demand, particularly from the private sector, is expected to continue to weigh on construction activities this year⁽³⁾.

Given its solid track record and well-established reputation as a reliable and efficient provider of M&E engineering services in the building and construction industry, the Group will step up by embracing new technologies and strive to secure contracts from government bodies as well as major developers and/or main contractors.

The Group will also be selectively keeping a lookout for suitable investment opportunities that enhance the value of its current portfolio.

DIVIDENDS

In anticipation of a very challenging operating environment in the next twelve months, the Board of Directors has not recommended that a dividend be paid for the financial year just ended.

The Board of Directors is aware of the importance of rewarding shareholders but at the same time, has to remain mindful of the importance of conserving cash in the current economic climate. We will continue to monitor the Group's cash position carefully and will make any dividend payment decisions after prioritising the Group's cash requirements.

NOTE OF APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to our valued shareholders, customers, business associates, management team and staff who have been instrumental in King Wan's success for the past over 40 years. I am thankful for the unwavering support of our business partners through both good years and bad. We are confident that with this support, King Wan can ride the challenges and ensure the profitability of business operations in the long term.

We would like to take this opportunity to welcome our new director, Ms Siraarpa Siriviriyakul who joined the Board on 2 October 2017.

Last but not least, I would like to thank the Board of Directors for their invaluable guidance. Together, we can drive innovation and optimise operations to achieve greater heights for King Wan and all our stakeholders.

CHUA KIM HUA
Chairman

⁽²⁾ Public Sector Construction Demand is expected to strengthen this year, BCA, 11 January 2018.

⁽³⁾ Economic Survey of First Quarter 2018, Ministry of Trade and Industry, 24 May 2018.

FIVE-YEAR FINANCIAL HIGHLIGHTS

Year ended 31 March

	2014 (S\$million)	2015 (S\$million)	2016 (S\$million)	2017 (S\$million)	2018 (S\$million)
Profit & Loss Account					
Turnover	95.4	85.2	100.8	91.9	73.8
Net Profit (Loss) after Tax	6.7	17.1	(17.9)	1.0	(4.8)
Balance Sheet					
Fixed Assets	5.6	5.3	4.3	4.0	5.0
Current and Other Assets	129.4	156.9	148.0	121.3	122.9
Total Assets	135.0	162.2	152.3	125.3	127.9
Short and Long Term Borrowings	26.2	39.7	51.1	30.9	38.7
Other Liabilities	22.4	24.3	24.8	19.3	19.8
Total Liabilities	48.6	64.0	75.9	50.2	58.5
Shareholders' Funds	86.4	98.2	76.4	75.1	69.4
Total Reserves & Liabilities	135.0	162.2	152.3	125.3	127.9
Per Share Data (Cents)					
Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870	349,176,870
Earnings (Loss) Per Share (Basic)	1.93	4.89	(5.12)	0.29	(1.39)
Net Assets	24.75	28.11	21.89	21.50	19.88
Dividend paid/payable (net)	2.00	1.70	-	0.50	-
Financial Ratios					
Return on Shareholders' Funds	7.8%	17.4%	(23.4%)	1.3%	(7.0%)
Return on Total Assets Employed	5.0%	10.5%	(11.8%)	0.8%	(3.8%)
Gross Debt to Total-Equity Ratio	30.3%	40.0%	66.9%	41.2%	55.8%
Dividend Payout	103.6%	34.8%	-	174.0%	-
Dividend Cover (times)	0.97	2.88	-	0.57	-

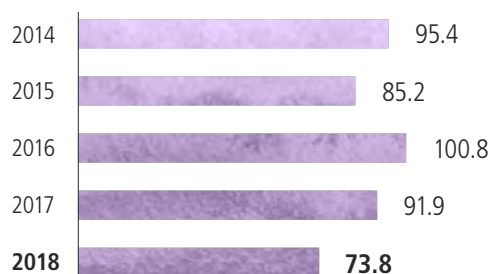


Lake Grande

FINANCIAL CHARTS

Turnover

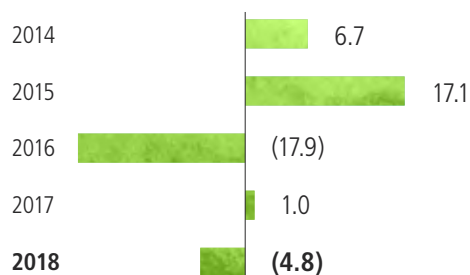
(S\$million)



Committed to deliver value to our stakeholders, we go beyond upholding the quality that is synonymous with our brand to champion innovations that keep our progress on track.

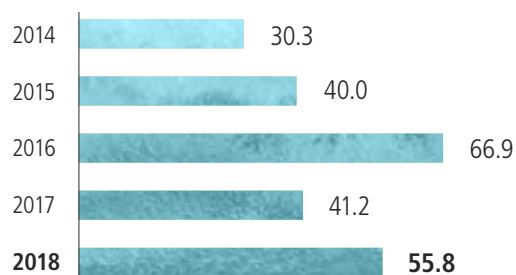
Net Profit (Loss) After Tax

(S\$million)



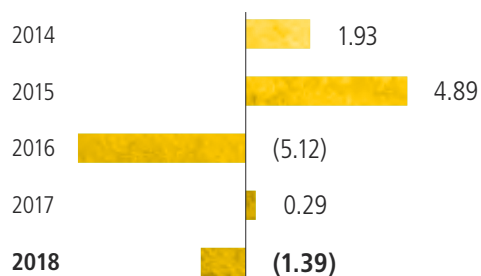
Gross Debt to Total-Equity Ratio

(%)



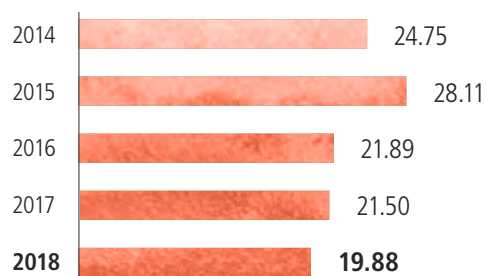
Earnings (Loss) Per Share

(cents)



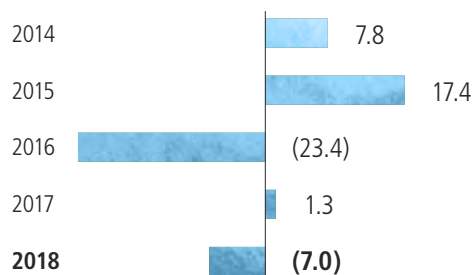
Net Assets per share

(cents)



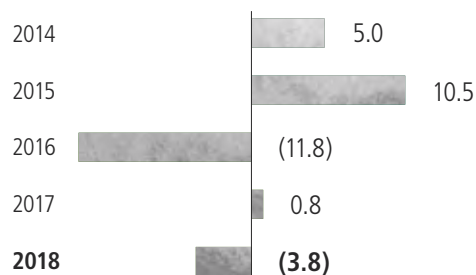
Return on Shareholders' Funds

(%)

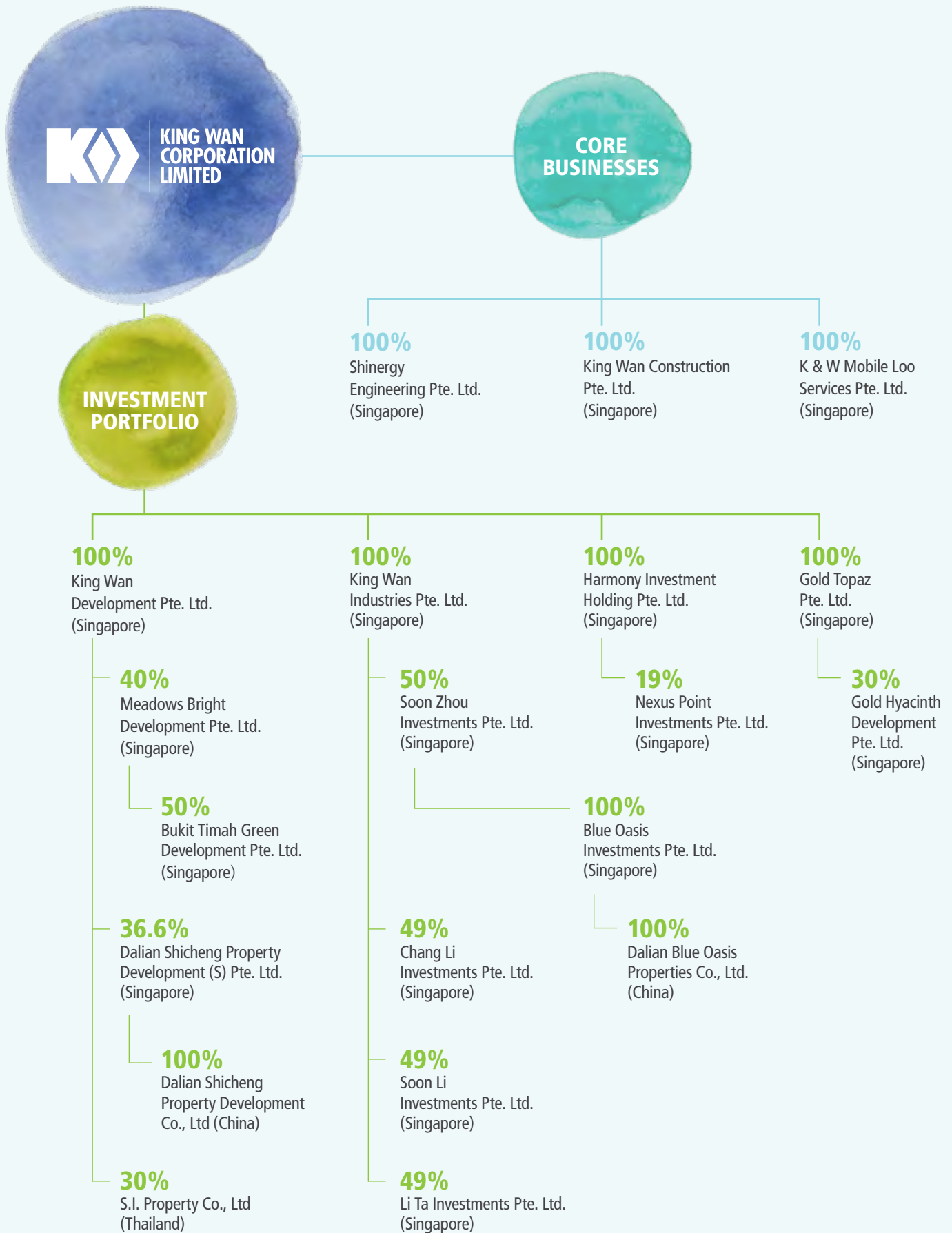


Return on Total Assets Employed

(%)



GROUP STRUCTURE



BOARD OF DIRECTORS

CHUA KIM HUA

Group Chairman

First appointed – 8 February 2000,
Re-elected – 28 July 2017

Mr Chua Kim Hua, 78, serves as the Group's Chairman and is also a member of the Nomination Committee. Bringing with him more than 50 years of experience in the building and construction industry, he started his career in 1967 as a licensed Public Utilities Board electrician. He joined the Group as a Director in July 1983 and paved the way for its expansion and diversification. Mr Chua has been playing a pivotal role in steering and stabilizing the Group's businesses. He continues to lead its efforts to actively seek new business opportunities for the Group and is responsible for its long-term growth and development.

He has been conferred the Long Service Award by the Ministry of Education and has also been awarded the Public Service Medal, Pingat Bakti Masyarakat (PBM) and the Public Service Star, Bintang Bakti Masyarakat (BBM).

CHUA HAI KUEY

Executive Director

First appointed – 8 February 2000,
Re-elected – 28 July 2016

Mr Chua Hai Kuey, 67, is an Executive Director of the Group and the Managing Director of King Wan Construction Pte Ltd. He is responsible for the Group's day-to-day operations including the technical, engineering and quality control aspects of all projects. In addition, he oversees the supervision of projects, troubleshoots when necessary and takes requisite measures to monitor wastage and control cost. His job scope also includes project management, project tenders and quality management.

He holds an advanced level General Certificate of Education.

CHUA ENG ENG

Managing Director

First appointed – 9 November 2000,
Re-elected – 28 July 2017

Ms Chua Eng Eng, 48, serves as the Managing Director (MD) of the Group. She provides leadership and direction to deliver performance for the Group. As the MD, she drives the Group's strategy and oversees all of the Group's operation, business development, corporate planning, and the implementation of policies and activities. Ms Chua plays a crucial role in networking with key strategic partners and developing the leadership capabilities within the Group. She is also responsible for administration, investment, recruitment, financial, legal and corporate affairs.

She holds a Bachelor of Arts in Economics from the National University of Singapore.

GOH CHEE WEE

Independent Non-Executive Director

First appointed – 9 November 2000,
Re-elected – 30 July 2015

Mr Goh Chee Wee, 72, is an Independent Non-Executive Director. He is the Chairman of the Remuneration Committee, the Nomination Committee and a member of the Audit Committee. He is currently a Director of a number of public listed companies. He was formerly a Member of Parliament and Minister of State for Trade and Industry, Labour, and Communications. He was also the Group Managing Director of listed company, Comfort Group Ltd.

Mr Goh holds a Bachelor of Science (First-Class Honours) degree from the then University of Singapore and a Master of Science (Engineering) degree from the University of Wisconsin, USA.

*Assisi Hospice
Photo Credit to
Marc Tey Photography and
New Space Architects.*

SIRAARPA SIRIVIRIYAKUL

Independent Non-Executive Director

First appointed – 2 October 2017

Ms Siraarpa Siriviriyakul, 32, is an Independent Non-Executive Director. She is a member of the Audit Committee and the Remuneration Committee. She is currently a Deputy Chief Executive Officer of Siricharoen Sappraiwan Co., Ltd., and Principal of Designing Impacts.

Ms Siriviriyakul holds a Bachelor of Economics from the Chulalongkorn University and a Master of Science in Management from the Stanford University.

LIM HOCK BENG

Independent Non-Executive Director

First appointed – 22 June 2001,

Re-elected – 28 July 2017

Mr Lim Hock Beng, 78, is an Independent Non-Executive Director. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nominating Committee. Mr Lim is also the Lead Independent Director. Since 1996, Mr Lim has been the managing director of Aries Investments Pte Ltd, a private investment holding company with its principal interests in the investment of quoted securities and overseas properties. Prior to that, he founded Lim Associates (Pte) Ltd (now known as Boardroom Corporate & Advisory Services (Pte) Ltd) in 1968 and was its managing director until his retirement in 1995. Mr Lim has more than 30 years of experience and knowledge in the corporate secretarial field, which includes advising listed companies on compliance with the listing rules. Mr Lim holds a Diploma in Management Accounting and Finance and is a fellow member of the Singapore Institute of Directors. Mr Lim is also an independent non-executive director of three public listed companies in Singapore, namely Huan Hsin Holdings Ltd, GP Industries Ltd and Colex Holdings Limited. He currently serves as the chairman of the audit committee of Huan Hsin Holdings Ltd, chairman of the nominating committee of GP Industries Ltd as well as chairman of the remuneration committee of Colex Holdings Limited.



MANAGEMENT & KEY EXECUTIVES

SIOW NGET YUEN, PRISCILLA

Director

King Wan Construction Pte Ltd (KWC)

Ms Siow Nget Yuen, Priscilla, 67, was appointed a Director of KWC in November 2000. She first joined KWC in August 1978 as an Administration and Finance Officer, and was promoted to Administration and Finance Manager in 1994. She has since been promoted to Director and now assists the executive directors in human resource management, administration and finance related matters.

ER SOON KIAT, JOE

Director

King Wan Construction Pte Ltd (KWC)

Mr Er Soon Kiat, Joe, 48, has been appointed the company's Director since April 2016. He is responsible for overseeing the Air-conditioning & Mechanical Ventilation Division's operational, design, contracts negotiation, project management and performance. He first joined KWC in November 2001 as a mechanical engineer. From then, he was involved in various assignments, actively contributing to the design and project management of the Group's building construction projects as Project Manager and subsequently as Director.


With more than 20 years' of experience in the construction industry, Mr Er holds a Bachelor of Engineering (Mechanical) from the Engineering Council of the United Kingdom and a Master of Science (Building Science) from the National University of Singapore. He is a Registered Chartered Engineer and also a Senior Member of the Institution of Engineers Singapore.

CHUA KOK CHUAN

Director

King Wan Construction Pte Ltd (KWC)

Mr Chua Kok Chuan, 46, has been appointed the company's Director since April 2016. He oversees all operational, design and project management and is also currently responsible for the Plumbing and Sanitary (P&S) and Electrical (EL) Divisions' contracts negotiation, development, planning and overall performance. He joined KWC in October 1997 as a Mechanical and Electrical Engineer. He was instrumental in expanding the Divisions'



At the heart of our sustained progress is our people. That is why members in our management team are not only effective performers, they are also people leaders who keep their teams motivated and united to realise our greater achievements.

operations as the Group embarked on commercial and institutional projects.

Rising through the ranks over the years from Project Manager to Director, he has contributed significantly to the design, implementation and project management of the P&S and EL components of the Group's building construction projects.

Mr Chua holds a Bachelor of Engineering (Mechanical) from the University of Glasgow.

ONG AI LING

Financial Controller

King Wan Corporation Ltd

Ms Ong Ai Ling, 31, oversees the Group's overall financial, accounting and tax matters. She is also responsible for financial and management reporting of the Group and the compliance with the regulations of the Singapore Exchange. Prior to joining the Group, she was an audit manager with an international public accounting firm in Singapore.

Ms Ong holds a Bachelor of Accountancy (Honours) from the Nanyang Technological University and is a non-practising member of the Institute of Singapore Chartered Accountants.

BUSINESS REVIEW

Since its listing on the Singapore Exchange in year 2000, King Wan has built an enduring business model where it builds upon its strengths and competencies in its core M&E business in Singapore, while at the same time, diversifies its business through direct investments in other businesses. Through its associate companies, the Group has investments in three other business sectors i.e. Vessel Ownership and Chartering, Property Development and Operation of Workers' Dormitory. We also have a 2.9% equity interest in Kaset Thai International Sugar Corporation Public Company Limited, a company listed on the Stock Exchange of Thailand.

MECHANICAL & ELECTRICAL ENGINEERING SERVICES

The Group's M&E segment has been operating in the building and construction industry in Singapore for more than 40 years and provides a full suite of multi-disciplined engineering services, such

as the design and installation of plumbing and sanitary systems, air-conditioning and mechanical ventilation systems, electrical systems, fire protection and alarm systems, communications and security systems.

Over the years, the Group has distinguished itself as a dominant player in the industry as well as a cost-effective, multi-disciplined M&E engineering service provider in Singapore.

We have partnered with reputable contractors and property developers, for M&E projects that span different market segments including commercial, institutional, educational, residential, hotels, industrial and public infrastructure market segments. Led by an experienced management team, we pride ourselves as a highly competitive and reliable outfit, as can be seen from our track record of successful public and private sector projects.



The Group holds the highest “L6” grading in the following workheads of the M&E engineering categories under the contractors’ registry administered by the BCA:

Workhead	Description
ME15	Integrated Building Services
ME12	Plumbing and Sanitary Works
ME05	Electrical Engineering
ME01	Air-Conditioning, Refrigeration and Ventilation Works

The “L6” BCA grade allows the holder to bid for all public-sector contracts in Singapore in the relevant workhead category of unlimited contract value.

In addition, the Group also possesses BCA gradings for the following workheads:

Workhead	Description	Grading
CR07	Cable / Pipe Laying & Road Reinstatement	L5
ME06	Fire Prevention & Protection Systems	L4
CW02	Civil Engineering	C3

In FY2018, the revenue from M&E business decreased by 20.1% to \$71.0 million as compared to \$89.0 million recorded in FY2017. The decrease in revenue was due to lower volume of ongoing M&E projects available for revenue recognition during the financial year under review. Revenue from M&E business accounted for 96.3% of the Group’s total turnover in FY2018 (FY2017 : 96.8%)

The lower revenue resulted in a 38.3% decrease in the Group’s gross profit to \$8.5 million in FY2018 from \$13.8 million in FY2017.

The Group’s gross profit margin in FY2018 was 11.6%, lower than the 15.1% achieved in FY2017. By end of May 2018, King Wan had amassed approximately \$174.8 million worth of M&E

engineering contracts on hand, out of which \$63.2 million worth of contracts were secured in FY2018.

Among some of the notable projects secured in the current year include:

- Seaside Residences – supply of electrical engineering services for 846 condominium units at Siglap Link;
- Defu Industrial City – supply and installation of plumbing, sanitary and fire hydrant system for four blocks industrial development at Defu South Area;
- Bedok Food City – installation of sanitary, plumbing and gas systems, and supply of air-conditioning and mechanical ventilation services to a food factory at Bedok North Avenue 4; and
- Kim Chuan Depot – supply and installation of portable water, raw water and NEWater diversion, sewer diversion and minor sewer works.

The M&E business segment is expected to remain challenging in the next twelve months with continuous pressures on contract values and stiff competition for new projects. Nevertheless, M&E business will remain the core business of the Group and is expected to contribute positively to the Group’s results for the next twelve months.

The Group has managed to sustain its ability to secure contracts that require the use of new or innovative technologies. This clearly demonstrates the Group’s technical competency to undertake projects with a wide array of requirements.

PORTABLE LAVATORIES

Another component of King Wan’s core services include the provision of mobile chemical lavatories for rental and other ancillary facilities for construction worksites as well as public and nationwide public events.

This segment has provided a recurring revenue stream for the Group for more than 20 years. For FY2018, it generated a revenue \$2.3 million, constituting 3.1% of the Group’s total revenue.

This business segment is expected to continue encountering increased competition in the coming year in view of the tougher business environment. The Group is looking into increasing its marketing efforts and adopting various strategic cost reduction measures, as well as improving the efficiency of the business operation.

INVESTMENT PORTFOLIO

A review of the Group's investment portfolio is set out below:-

1) Property Development

The Property Development segment engages in the development, marketing, sale and rental of residential and commercial properties in China and Thailand. This is made via investments in associate companies, in collaboration with the business partners.

In China, the Group owns a 36.6% stake in its associate company, Dalian Shicheng Property Development (S) Pte Ltd, which is responsible for its property development in Dalian. The project is presently at phase 7 of the development, consisting of residential as well as shop front units. The local market is currently absorbing the supplies which have been accumulated over the last few years. Buying sentiments have improved but competition for buyers among the developers remains high. The Chinese government is expected to continue regulating the property market conditions with property cooling measures.

The Group will continue to closely monitor the market situation. Any further development plans for the remaining phases of the development, comprising mainly commercial areas, will depend on the local market conditions.

In Thailand, the Group has invested in the property sector through its 35% stake in the associate company, S.I. Property Co., Ltd. The associate owns and operates 17,308 square metres of office and commercial building in Liberty Plaza, which is located on Soi Thonglor (Sukhumvit 55) in Bangkok.

2) Vessel Ownership & Chartering

King Wan has a 30% stake in its associate company, Gold Hyacinth Development Pte Ltd, which owns and operates a Crown 58 'Supramax' Bulk Carrier, named "Hai Jin". Designed and built to carry dry bulk commodities, the carrier has a deadweight of 58,000 tons and a net tonnage of 19,582 tons.

Hai Jin had successfully completed its dry docking in February 2018 and has since chartered to a new charterer at a more favourable rate. Based on the new charter rate secured, the ship chartering business is expected to be profitable in the next twelve months.



Artist's Impression

Photo Credit to GEM Residences

3) Workers' Dormitory

The Group has a 19% stake in its associate company, Nexus Point Investments Pte. Ltd., which operates the Tuas South Dormitory, a 9,180-bed workers' dormitory that commenced operations in mid-2016. It is one of the largest purpose-built workers' dormitories in Singapore and is well-equipped to meet the needs of its residents. There has been a gradual increase in occupancy rate.

With the planned expansion of industrial and commercial facilities in the western part of Singapore in the next few years, the Group is expecting the occupancy rate of the dormitory to continue improving in tandem.

4) Kaset Thai International Sugar Corporation Public Company Limited ("KTIS")

In FY2018, there was a decrease in the share price of the KTIS shares held by the Group. However, the impact on our financial statements was partially offset by the strengthening of Thai Baht against Singapore Dollars. Notwithstanding the above, KTIS had turned profitable in its latest financial year ended 31 December 2017 as a result of an increase in the output of sugarcane and an improvement in world sugar prices. As stated in KTIS annual report dated 23 February 2018, market outlook of KTIS' business operations remains positive.

SUSTAINABILITY REPORT

King Wan Corporation Limited ("King Wan" or the "Group") recognises the importance of sustainability and actively embraces sustainability practices in the Group's strategic formulation process. It is our belief that by doing so, we could:



REPORTING SCOPE

We have adopted the international reporting framework, Global Reporting Initiative ("GRI") standards for our inaugural sustainability report for the financial year ended 31 March 2018.

Our sustainability report has been prepared in accordance with the GRI standards: Core option. This report includes activities organised by King Wan for the period from 1 April 2017 to 31 March 2018, and covers environmental, social and governance ("ESG") factors of its core businesses in Singapore that are deemed material by the King Wan Board. We have not sought external assurance for this report.

The report also incorporates the primary components of sustainability reporting requirements set out in Singapore Exchange Securities Trading Limited ("SGX-ST")'s listing rule 711B.

BOARD STATEMENT

In compliance with SGX-ST listing rule 711, King Wan is dedicated to integrating sustainability practices throughout the organisation to create long-term value for all our stakeholders.

REPORTING PROCESS

The Group has established a Sustainability Task Force, comprising members from senior management and risk management team, maintaining oversight in the sustainability efforts of work teams across different business units and departments including project, contract, servicing, finance and human resource.

The Sustainability Task Force reviews the Group's sustainability objectives, challenges, targets and progress to ensure their alignment with the Group's strategic direction, and supervises the implementation and tracking of sustainability data and progress of various work teams.

The Board oversees the process to engage stakeholders, identify material topics, and approves the ESG material factors identified by the Task Force.

King Wan aims to continuously improve this process in order to ensure that our data collection is effective and robust.

SUSTAINABILITY TARGETS

For Our Business Operation



Goal 1

We strive to reduce energy and water consumption for our dormitory, corporate office and mobile loo business.



Goal 2

We target to adopt innovative technologies for our construction segment to reduce wastages and increase efficiency.

For Our Employees



Goal 1

We aim to introduce more diversity into our workplace – in terms of gender, nationality and age group mix – so as to strengthen our competency while providing fair and equal employment opportunities for all.



Goal 2

We will continue to engage and develop our employees, enabling each of them to realise their full potential.



Goal 3

We are committed to achieve zero fatality and injuries through prioritising occupational health and safety environment.

In Communities Where Our Operations are



Goal 1

We will continue to engage with charitable organisations and various institutions by participating in community service that helps to improve the community's well-being.

STAKEHOLDERS' ENGAGEMENT

Stakeholder Group	Engagement Platform	Issues of Concern
Our employees	<ul style="list-style-type: none"> • Regular dialogue sessions with Management • Team building every quarter • Employees volunteer in corporate social responsibility programmes • Monthly employee birthday celebration, yearly Chinese New Year celebration and Christmas party • Quarterly learning and development • Performance appraisal 	<ul style="list-style-type: none"> • Remuneration and benefits • Training and development • Legal and compliance • Health and safety
Our customers	<ul style="list-style-type: none"> • Site meetings • Networking events • Customers' survey • Ongoing dialogue 	<ul style="list-style-type: none"> • Data privacy
Our suppliers and subcontractors	<ul style="list-style-type: none"> • Annual vendor evaluation • Site meetings • Monthly collection meeting • Written communication 	<ul style="list-style-type: none"> • Health and safety • Legal and compliance
Our investors	<ul style="list-style-type: none"> • Annual General Meeting and presentation • Company website and email alerts • Media release and interviews • Annual reports 	<ul style="list-style-type: none"> • Economic impact • Corporate governance
Government and regulators	<ul style="list-style-type: none"> • Government websites and emails • Immediate notification from regulators on occurrence of incidents • Consultation 	<ul style="list-style-type: none"> • Fines and penalties from various regulatory agencies • Legal and compliance
Our community	<ul style="list-style-type: none"> • Company website and email alerts • Charity events 	<ul style="list-style-type: none"> • Economic impact • Corporate governance
Media	<ul style="list-style-type: none"> • Media releases 	<ul style="list-style-type: none"> • Financial results • Key developments in securing of contracts



Sustainability Contact

Your feedback is important in helping us improve our sustainability practices. If you have any comments or feedback, please send it to us at <http://www.kingwan.com/en/contact-us.html>

MATERIAL KEY ESG FACTORS

From the results of our stakeholders' engagement, the Group has identified the following ESG factors to have material impact on our operations.

Primary Factors	Material Factors	Performance Measure	Addressed in Report
Economic	1) Economic performance	<ul style="list-style-type: none"> Total economic value Volunteering hours 	Economic contribution to society
	2) Anti-corruption	<ul style="list-style-type: none"> Number of incidents 	Legal compliance and corporate governance
Social	1) Employment	<ul style="list-style-type: none"> Rate of staff turnover 	Labour practices and conducive work environment
	2) Occupational health and safety	<ul style="list-style-type: none"> Number of accidents, fatality 	Workplace safety and health
	3) Training and development	<ul style="list-style-type: none"> Number of training hours 	Labour practices and conducive work environment
	4) Diversity and opportunity	<ul style="list-style-type: none"> Percentage of male and female employees 	Labour practices and conducive work environment
	5) Local community	<ul style="list-style-type: none"> Total donation and volunteering hours 	Corporate social responsibility
	6) Customer health and safety	<ul style="list-style-type: none"> Number of non-compliance incidents 	Workplace safety and health
	7) Customer privacy	<ul style="list-style-type: none"> Number of breach incidents Average Quality Assessment System (CONQUAS) score 	Legal compliance and corporate governance Workplace safety and health
Environment	1) Energy efficiency	<ul style="list-style-type: none"> Electricity consumption (Kwh) 	Environmental initiative
	2) Water, Effluents and Waste	<ul style="list-style-type: none"> Water consumption (m³) Carbon emission(CO²) 	Environmental initiative
	3) Environmental compliance	<ul style="list-style-type: none"> Number of fines BCA Green Mark projects 	Legal compliance and corporate governance Environmental initiative

ECONOMIC CONTRIBUTION TO SOCIETY

The Group provides M&E engineering services and portable lavatories for rental in Singapore. We also have direct investments in vessel ownership and chartering, property development, real estate and workers' dormitory through our network of subsidiaries and associates in Singapore, Thailand and China. The Group operates the various business segments in accordance to the adopted sustainability practices through close collaboration with business partners to identify arising sustainability opportunities and risks.

The Group's performance has a direct impact on our key stakeholders, including employees, customers, suppliers, government and investors. We therefore aim to deliver economic benefits through effective project management, efficient resource management, stable contribution to public finance and services, community engagement, bringing sustainable growth to our enterprise and ecosystem.

For more information on the Group's business and financial performance, please refer to pages 7 to 8 of Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

Community Initiative

Items	Company Contribution
Number of hours	435
Amount of contribution	\$20,100

Corporate social responsibility (“CSR”) has always been an important part of King Wan’s culture. As a responsible corporate entity, we respect the interests of our stakeholders—our shareholders, employees, customers, suppliers, sub-contractors and the wider community—and we actively seek to improve the environment and contribute to the well-being of the communities in which we live and do business.

As part of our community involvement, our employees have been volunteering regularly to support various activities like Power Soccer and Annual Flag Day of the Muscular Dystrophy Association (Singapore) (“MDAS”), an organisation that we have been actively supporting since 2014.

In October 2017, we had participated in fundraising for Sunburst, a concert held at the concert hall of School of the Arts (“SOTA”), featuring talents of all abilities – a collaborative effort between MDAS’ beneficiaries and SOTA’s students. Sunburst conveyed the message of promoting an inclusive society and to raise and empower a new generation of creative and talented people to give back to community in different ways.

Leading to this event, our employees from various departments had raised funds through our favourite national past time, our internal “Food for Love” programme, by preparing and selling home-cooked



Food for love fund raising program for MDAS

delights to our colleagues, suppliers, sub-contractors and friends. Besides raising funds, our employees had greatly enjoyed the process whereby they helped out one another to complete every task. This had created a closer bond among them as they worked happily towards a common and meaningful goal.

All funds raised goes to supporting MDAS’ essential programmes and services for beneficiaries such as therapy sessions to help slow down muscle deterioration and transport subsidies for fetching beneficiaries between home and school in specialised vehicles.

We also continue to provide opportunities for young adults with severe muscular dystrophy to be meaningfully employed by engaging them on a project basis to provide designs for print or web-based collaterals, through BizPower, a centre-based employment program run by MDAS.

In addition, we had initiated a collection drive for clothes and shoes in November 2017 to support those who had lost their homes after a major flood that occurred in Phnom Penh, Cambodia.

The spirit of giving and touching lives as individuals and together as a corporate body adds up to creating a better future and a better world.



Volunteering for our CSR program @ MDAS Weekly power soccer

LEGAL COMPLIANCE AND CORPORATE GOVERNANCE

King Wan values corporate governance and legal compliance. It is of paramount importance that the Group abides with legal and regulatory requirements and is in compliance with, including but not limited to the Code of corporate Governance issued by Monetary Authority of Singapore and guidelines provided by BCA, Ministry of Manpower ("MOM"), Singapore Civil Defence Force ("SCDF"), National Environmental Agency ("NEA") and other relevant enforcers.

For further details on Corporate Governance, please refer to pages 29 to 50 of Annual Report.

Conflict of Interest Policy

The Company has set out procedures governing all interested persons transactions to ensure that they are carried out at an arm's length, on normal commercial terms and not be detrimental to the interests of the Group and our shareholders.

In FY2018, there was no identified conflict of interest between the Group and any interested party.

Customer Privacy Policy

King Wan protects the privacy and confidentiality of our customers' information. We do not divulge or sell personal information to third parties for marketing or promotional purposes. All employees are guided by King Wan's Code of Business Conduct and Ethics.

In FY2018, there was no identified case regarding breach of customer privacy or loss of customer data.

Anti-Corruption Policy

King Wan takes a strong stand against corruption and bribery in the Group. We provide an accessible platform for employees and third parties to raise concerns about wrongdoing and improper conduct within the Group.

New employees are trained on the Code of Business Conduct and Ethics and briefed on the whistle-blowing policy.

To facilitate the reporting of suspected case of fraud, corruption, workplace harassment or other improper activity, independent investigations are carried out in a timely manner. Appropriate action will also be taken to correct any weaknesses in internal controls and policies to prevent a recurrence.

In FY2018, there were no incidents of corruption and no public legal cases brought against the organisation or its employees.

Compliance with Laws and Regulations

The Group has put in place policies and procedures to ensure compliance with the relevant laws and regulations, particularly those relating to BCA, MOM, SCDF and NEA. At the corporate level, we also ensure that we are in compliance with the Listing Rules of SGX-ST, Securities and Futures Act and the Singapore Companies Act.

Through constant monitoring, evaluation, and auditing of our OHSAS 18001 certified Occupational Health and Safety ("OHS") management system, King Wan actively ensures that all our activities and operations comply with existing regulatory requirements. Any changes and non-compliance with the relevant laws are made known to the management, and actions will be taken to ensure compliance.

In order to continuously seek improvement, we have reviewed and streamlined our processes to improve and tighten the procedures at construction sites. In addition, we are also in the process of implementing ISO 14001 certified Environmental, Health and Safety standard ("EHS") management system. This system will supersede the existing OHSAS 18001 with a more stringent level of health and safety protocol and also take into consideration the environmental impact of the business operation.

ENVIRONMENTAL INITIATIVE

At King Wan, we strive to carry out our business operations in a socially responsible manner and are committed towards protecting the environment. We believe that the efficient use of natural resources such as energy and water will contribute positively to sustainable growth for the Group in the long term.

As part of our continuous efforts, we have installed more energy-efficient lightings and upgraded the lift in our office building, thereby reducing electricity consumption. Additionally, we use water-efficient fittings and fixtures in our corporate office to reduce water consumption, as well as adopt environmental friendly methods of waste disposal in our desilting business.

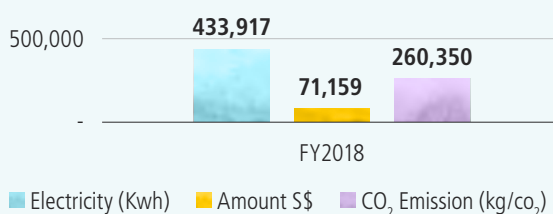
The management also strongly encourages and reinforces the importance of practising 3Rs (i.e. reduce, reuse and recycle) in our daily operations – the responsible usage of electricity, water and paper by every employee. King Wan believes that every small effort counts and goes a long way in contributing to the conservation and protection of the earth's natural resources.



Energy Efficiency

Electricity Consumption and Carbon Footprint

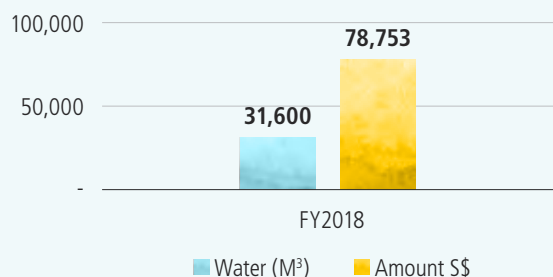
(for year ended 31 March 2018)



Water, Effluents and Waste

Water Consumption

(for year ended 31 March 2018)



Note: There are no comparative figures as this is the Group's inaugural report.

King Wan is a provider of M&E engineering services to numerous BCA Green Mark Projects. We are committed to working with our valued business partners to construct high quality developments for the communities where our operations are found. Central to the realisation of this mission is our proactive adoption of sustainable construction methods and integration of innovative technologies to enhance environmental performance.

Below are some of the BCA Green Mark projects taken part by King Wan during the year:

BCA Green Mark Platinum

- The Venue Residences
- Echelon @ Alexandra View
- Tampines Town Hub
- Royal Square @ Novena
- Selarang Park Complex
- JTC Furniture Hub @ Sungei Kadut
- Bedok Food City

BCA Green Mark GoldPlus

- New Futura
- Watercove
- Sims Urban Oasis
- Jewel Changi Airport

WORKPLACE SAFETY & HEALTH

At King Wan, we are guided by our philosophy “Lead the Way – Safety First” in our caring for our employees and communities. Workplace safety and health (“WSH”) is of paramount importance to us. We firmly believe that work progress cannot be achieved at the expense of safety. Our Management sets the tone by defining and enforcing clear WSH management guidelines, fostering a safe and conducive working environment.

We place great emphasis on proper installation methods, fire and emergency safety compliance, as well as maintenance of equipment and materials integrity. Qualified professionals such as engineers and technical supervisory staff are engaged to monitor construction progress and ensure that developments are built in accordance with building regulations and codes. All our employees and subcontractors are expected to meet King Wan’s high standards of quality, safety and sustainability for projects.

Health and Safety Policies

Our commitment to WSH is based on the belief that a good working environment not only makes our employees safer, but also enables them to focus better, enjoy high work morale, and increase their work productivity and efficiency.

Safety Courses and Training Hours

We ensure that our employees are adequately orientated on site safety measures and regulations, in addition to being well-trained with WSH standards and regulations through WSH courses. Employees with designated job scopes are also further assessed based on specialised requirements and sent for training in relevant courses.

During the year, in partnership with SCDF, we conducted a Community Emergency Preparedness Programme (“CEPP”) for employees at our office. Other than gaining first aid skills, the employees also learnt about emergency, as well as fire safety and evacuation procedures. Many of our employees found the session useful and beneficial.

Our endeavour in achieving and maintaining high WSH standards sees King Wan putting in place a comprehensive Safety and Health management system, which has been certified in OHSAS 18001, ISO 9001 and awarded with the bizSAFE Star accreditation.



Employee participates in putting out a fire using a fire extinguisher



Active class participation in Cardiopulmonary resuscitation (CPR) skills

Regular Health and Safety Meetings

During our regular project meetings, arising health and safety matters and reports on any related issue or incident are prioritised and highlighted immediately. Attendees are also constantly reminded to follow recommended safety measures and regulations. Relevant findings and new policies are communicated in a timely manner to the rest of the project team.

Our respective Project-in-charge will also carry out regular site safety inspections to ensure that WSH standards and measures are fully observed at all times.

In FY2018, we have achieved zero fatality at both the corporate office and project sites. The quality of our project determines how well we add value to our customers. It is our priority to deliver innovative green designs, and high standards of workmanship without compromising on functionality or price. Established in 1989, CONQUAS is the industry benchmark for quality and workmanship standards of construction projects in Singapore. With an average CONQUAS score of 98.3, King Wan's score is significantly above the latest industry's average of 88.7 obtained from BCA website



Active class participation in Automated External Defibrillator (AED) skills



Learning how to treat fractures by applying the open arm sling

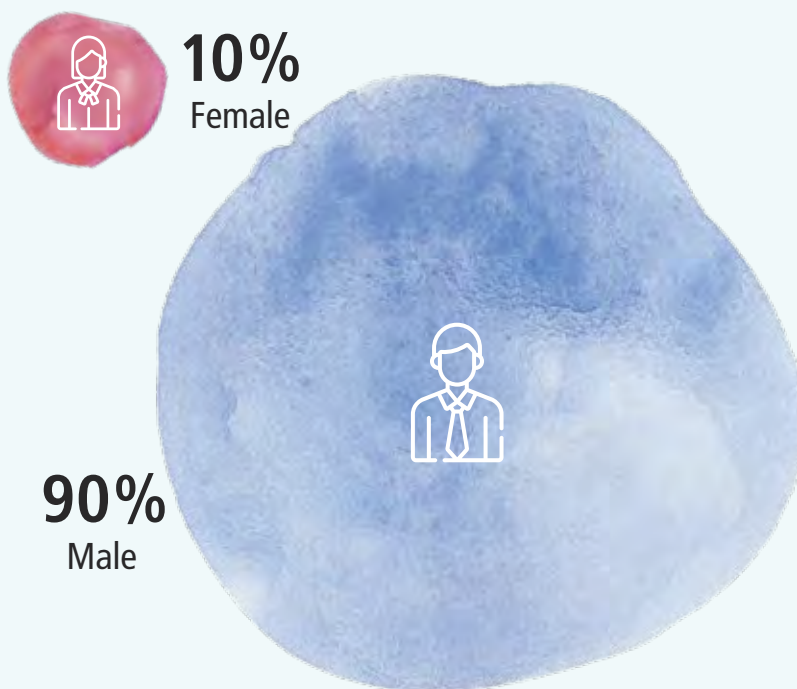
LABOUR PRACTICE AND CONDUCTIVE WORK ENVIRONMENT

We recognise our employees as the Group's most important asset, vital to our business sustainability. We strongly believe that with fair remuneration, the provision of equal opportunities, and a culture of nurturing and empowering through training and development, our engaged workforce will be able to contribute positively to the Group. This process has been responsible for building a dynamic culture at King Wan.

We have in place a Human Resource ("HR") framework with goals and objectives to attract, retain and develop a motivated and modernised workforce. Our HR policies, which cover our employees from recruitment to retirement, are reviewed regularly to ensure relevance and effectiveness. We encourage our staff to provide feedback so as to help us align expectations and make decisions.

One of our core values at King Wan is to perform our jobs at the highest level of integrity and professionalism. As such, we are fully committed to complying with all applicable Singapore local employment laws, regulations and training requirements stipulated by various agencies such as BCA, MOM and SCDF.

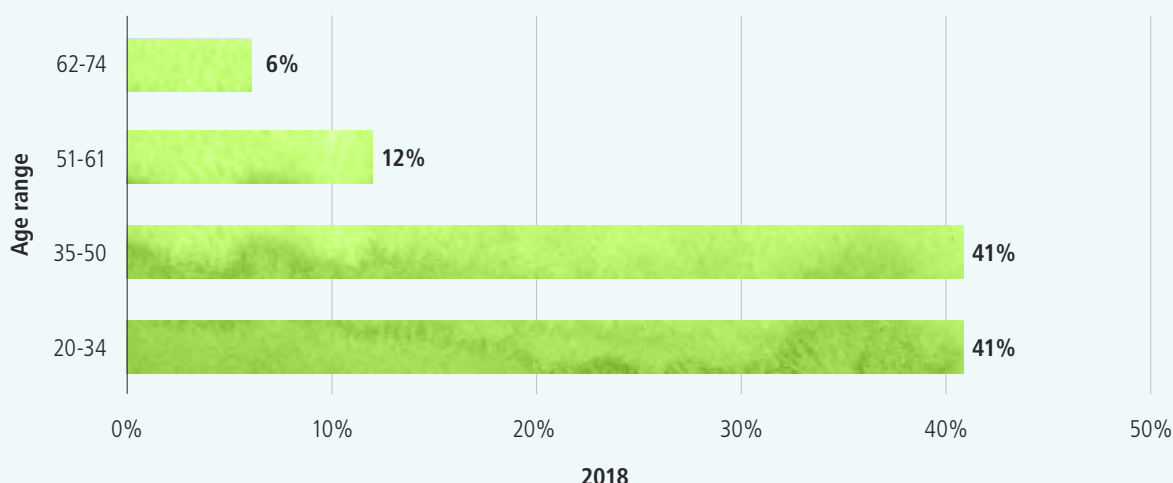
Gender Ratio of Full Time Employees as at 31 March 2018



King Wan has a headcount of over 300 full-time employees for Singapore operations. Currently, there is no part-time or temporary employee.

Age Demographic

as at 31 March 2018

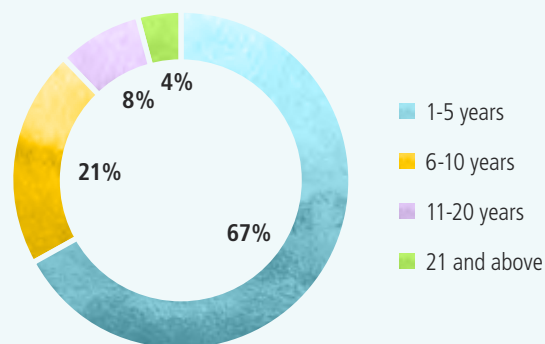


Employee Retention

King Wan's success in employee engagement is evident from our employees' average length of service. As illustrated in the figure below, over 33% of our staff has stayed with King Wan for more than 5 years.

Employee Tenure

as at 31 March 2018

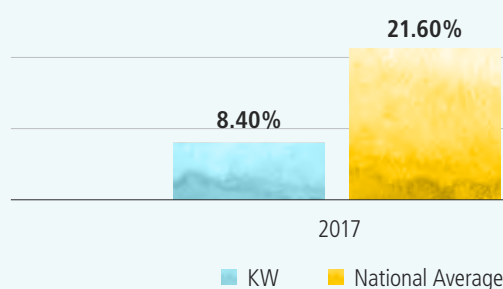


Employee Turnover Rate

Our employee turnover rate at 8.4% is below the national average of 21.6% for the construction sector in 2017 obtained from MOM website.

Employee Turnover Rate (%)

as at 31 March 2018

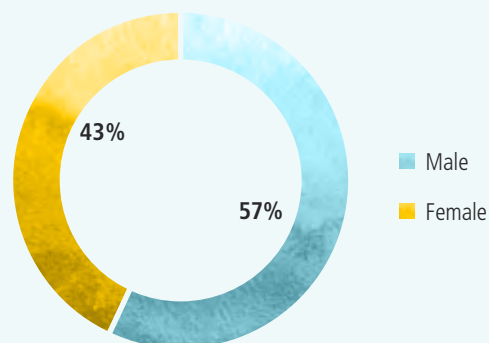


Gender of Heads of Department

100% of Heads of Department ("HODs") for Singapore operations are either Singaporean or Permanent Residents, hired from our local community. In FY2018, 43% of our 14 HODs were female.

Gender of HODs (%)

as at 31 March 2018




Benefits and Welfare

Besides competitive remuneration, we take care of our employees through comprehensive welfare and benefits schemes, including but not limited to insurance coverage, medical and dental benefits for our full-time employees in Singapore.

Pro-family Benefits

King Wan provides benefits and adopts welfare practices in line with the Singapore government's pro-family legislation. Parents whose children are Singapore Citizens at birth get to enjoy maternity leave of 16 weeks and paternity leave of 2 weeks, as advocated by the government.



Through encouraging teamwork and recognising excellence, we have built a distinctive King Wan culture where employees are passionate and take ownership in their work. In turn, we provide development opportunities for them to realise their potential.



Fair Remuneration

King Wan's compensation packages are aligned with internal parity and market benchmarks. King Wan offers fair and competitive remuneration packages based on employees' performance, and expected roles and responsibilities. This is to ensure that we remain competitive in attracting talent which is key to our sustained growth. King Wan also has a well-structured and open annual performance appraisal system which is reviewed periodically and enhanced to ensure open communication between employees and their reporting officers.

Remuneration is recommended by the HR Department and the respective HOD, and approved by the Remuneration Committee which consists of members from King Wan's Board of Directors. Compensation packages are benchmarked against market surveys to ensure relevancy of King Wan's salaries to the industry and overall market.

Central Provident Fund (CPF) Scheme and Contributions

The CPF is a comprehensive social security savings plan which aims to provide working Singaporeans and Permanent Residents with a measure of financial security and confidence in their old age. CPF contribution is computed based on a percentage of the employee's monthly salary and varies with the employee's age.

Employee Relations

Performance-Based Appraisal

As an organisation committed to meritocracy, our rewards and compensation policies emphasise employees' performance. This is judged not only based on what employees have achieved in the review period, but also on how it was achieved. Annually, our employees will receive performance and career development reviews. Our performance management process is being reviewed periodically to incorporate employees' feedback and enhancements to the system.

Employees Development

	2018
Total Training Hours	6,859.5
Average Training Hour per Employee	18.19

King Wan believes that in order for the Group to grow and stay relevant in this competitive business landscape, it is critical that we invest in our employees' learning and development and equip

them with knowledge and relevant skills to perform well in their jobs. The Group strives to develop our employees through training, job rotation and internal promotion opportunities. Training needs are identified and implemented at the start of each year. We encourage employees to take up relevant job-related skill courses.

Bonding with Employees

We understand the value of working as a team and camaraderie. It is increasingly evident that there is a link between the happiness of staff and the success and sustainability of a business.

In 2018, our Recreational Committee initiated the programme, "Teams that Play Together, Stay Together". This led to the birth of several team bonding and building activities such as breaking out of escape rooms and navigating in an amazing race challenge at the Singapore Botanic Gardens. The teams even rallied across the border on a trekking expedition at Mt Lambak in Kluang Malaysia. Our employee-centric approach has helped us harness the diverse strengths of our employees. In addition, by promoting fun at work, we have built better connections, engagement and commitment.

A team that plays together, stays together



CORPORATE GOVERNANCE REPORT

King Wan Corporation Limited (the “Company”) and its subsidiaries (the “Group”) is dedicated to implementing the highest standards of corporate governance at all levels within the Group and is committed to ensuring that the standards are maintained throughout so as to enhance the value for shareholders and the Group in the long term.

This report sets out the Company’s corporate governance practices in the financial year ended 31 March 2018 (“FY2018”) with specific reference to the Code of Corporate Governance 2012 (the “Code”). The Code forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited (SGX-ST)’s listing rule.

The Board of Directors (the “Board”) and Management have reviewed its best practices and ensured continued transparency and accountability in line with the principles of the Code.

The Company is pleased to report that it has complied in all material aspects with the principles and guidelines of the Code. Deviations from the Code, if any, are explained under the respective sections.

A. BOARD MATTERS

Principle 1: Board’s Conduct of its Affairs

Principle Duties of the Board

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders.

Besides discharging its fiduciary duties and statutory responsibilities, the principal function of the Board includes:

- providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- formulating corporate strategies and charting the business direction of the Group, including the evaluation and approval of major funding, investments and divestments;
- reviewing and approving the Group’s annual budget, operational and capital expenditure plans, as well as constructively challenging Management on the strategic options and planning process;
- reviewing the adequacy and effectiveness of the Group’s internal controls, risk assessment and management, and business reporting to safeguard the shareholders’ investments and the Company’s assets;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company’s reputation;
- considering sustainability issues (including environmental and social factors) as part of the Group’s overall strategy;
- reviewing Management performance;
- approving the nominations of directors; and
- assuming responsibility for the adoption of good corporate governance practices.

The Board exercises due diligence and independent judgement, and make decisions objectively in the best interest of the Group. This is one of the performance criteria for the peer and self assessment on the effectiveness of the individual directors.

Delegation by the Board

To assist in the execution of its responsibilities, the Board has established three Board Committees namely the Audit Committee (“AC”), the Nomination Committee (“NC”) and the Remuneration Committee (“RC”). These committees function within clearly defined written terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored. All the Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Board accepts that while these various Board committees have the authority to examine particular issues and will report to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the Board.

CORPORATE GOVERNANCE REPORT

Key features of Board processes

Regular Board meetings are held to discuss and decide on specific issues including significant transactions with related and non-related parties, investments and divestments of assets, annual budget review, review of the Group's financial performance and to approve the release of the quarter, half-year and full-year financial results. Although specific guidelines have not been formulated to set forth the matters that require Board's approval, the Board, in general, deals with matters such as conflict of interest issues relating to directors and substantial shareholders, major acquisition and disposal of assets, dividend and other distribution to shareholders, and those transactions or matters which require Board's approval under the provisions of the SGX-ST Listing Manual or any applicable regulations.

The attendance of the Directors at Board and Board Committee meetings in FY2018, as well as the frequency of such meetings, is disclosed in the table below. Notwithstanding such disclosure, the Board is of the view that the contributions of each director extend beyond his/her attendance at these meetings and their contribution also come in other forms such as through the sharing of expertise, advice, experience and strategic networking relationships that are outside the confine of the Boardroom. Ad-hoc non-scheduled board meetings are convened as warranted by particular circumstances. Telephonic attendance and conference via audio communication at board meetings are allowed under the Company's Constitution.

Name	No. of Board Meetings Attended	No. of Audit Committee Meetings Attended	No. of Nomination Committee Meetings Attended	No. of Remuneration Committee Meetings Attended
No. of meetings held	4	4	1	1
Chua Kim Hua	4	NA	1	NA
Chua Eng Eng	4	NA	NA	NA
Chua Hai Kuey	4	NA	NA	NA
Lim Hock Beng	4	4	1	1
Goh Chee Wee	4	4	1	1
Nathapun Siriviriyakul ⁽¹⁾	-	-	NA	-
Siraarpa Siriviriyakul ⁽²⁾	2	2	NA	-

⁽¹⁾ Retired as Independent Non-Executive Director and had not sought for re-appointment at the Company's FY2017 Annual General Meeting

⁽²⁾ Appointed as Independent Non-Executive Director on 2 October 2017.

Board Orientation and Training

The Group has in place an orientation program for new Directors to ensure that incoming directors are familiar with the Group's business, corporate governance policies, disclosure of interests in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information. The orientation program gives Directors an understanding of the Group's business to enable them to assimilate into their new roles. The program also allows the new Director to get acquainted with senior Management, thereby facilitating board interaction and independent access to senior Management.

All new Directors appointed on the Board, if any, will also be provided with a formal letter of appointment setting out the director's duties and obligations. New Directors are given appropriate briefing by the Management on the business activities of the Group and its strategic directions. The Company observed the aforesaid practices when Ms. Siraarpa Siriviriyakul became an Independent Non-Executive Director of the Company on 2 October 2017.

CORPORATE GOVERNANCE REPORT

The directors are provided with continuing briefings and updates in areas such as Directors' duties and responsibilities, corporate governance, risk management, financial reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties as Board or Board committee members by the Management, Auditors and Company Secretary. Relevant news releases issued by the SGX-ST, the Accounting and Corporate Regulatory Authority and/or the Monetary Authority of Singapore are also circulated to the Board. Briefings and updates provided for directors in FY2018 included:

- At AC meetings, the external auditor, Deloitte & Touche LLP, briefed the AC members on developments in accounting and governance standards.
- The Chairman, Managing Director and the Executive Director update the board at each meeting on business and strategic developments.

Directors can request for further explanations, briefings or information on any aspect of the Company's operations or business issues from Management.

The Board is mindful of the best practice in the Code to initiate programs for Directors to meet their relevant training needs. In this regard, the Group is supportive of Directors in the participation of industry conferences and seminars and in the funding of members' attendance at any courses or training programs in connection with their duties as a Director. The Company relies on the Directors to update themselves on new laws, regulations and changing commercial risks.

Principle 2: Board Composition and Guidance

The Board presently comprises of six members – three are Executive Directors and three are Non-Executive Directors. Details of the directors' shareholdings in the Company are set out in the Directors' Report.

Board Independence

The Board comprises of three independent directors out of a total of six Board members. The three Independent Non-Executive Directors are Mr. Lim Hock Beng, Mr. Goh Chee Wee, and Ms. Siraarpa Siriviriyakul.

The independence of each Director is assessed annually by the NC. Each Director is required to make annual declaration of Director's independence based on guidelines as set out in the Code.

Under the Code, an Independent Director is one who has no relationship with the Company, its related companies, officers or its 10% shareholders or its officers who can interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgment to the best interests of the Company.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the guidelines set forth in the Code and any other salient factors which would render a director to be deemed not independent. For the purpose of determining directors' independence, all directors had provided declaration of their independence which was deliberated upon by the NC and the Board.

The Board recognises that Independent Directors will over time develop significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. An Independent Director's contributions in terms of experience, expertise, integrity, objectivity and independent judgment in engaging and challenging the management in the best interests of the Company as he or she performs his or her duties are more critical measures in ascertaining his independence than the number of years he or she has served.

Presently, Mr. Lim Hock Beng and Mr. Goh Chee Wee have served as Independent Directors of the Company for more than nine years. When there are such directors, the NC and the Board will do a rigorous review of their continuing contribution and independence and may exercise its discretion to extend their tenures in accordance to Guideline 2.4 of the Code.

CORPORATE GOVERNANCE REPORT

Taking into account the views of the NC, the Board had concurred that both Mr. Lim Hock Beng and Mr. Goh Chee Wee continued to demonstrate strong independence in character and judgment in the discharge of their responsibilities as Independent Directors of the Company. They have continued to express their individual viewpoints, debated issues and objectively scrutinised and challenged the Management. They had sought clarification and amplification as they deemed required, including through direct access to the Group's employees.

Furthermore, having gained in-depth understanding of the business and operating environment of the Group, they have provided the Company with much needed experience and knowledge of the industry. Based on the declaration of independence received from them, they have no association with the Management that could compromise their independence.

After taking into account all these factors, and also having weighed the need for Board's refreshment against tenure for relative benefit, the Board has determined that both Mr. Lim Hock Beng and Mr. Goh Chee Wee shall continue to be considered as Independent Directors, notwithstanding that they had served on the Board for more than nine years from the date of their first appointment.

During FY2018, the NC had conducted its annual review of the Director's Independence, and was satisfied that the Company complies with the guideline of the Code, and each and every Director share equal responsibility on the Board.

The independent directors make up half of the Board, which satisfies Guideline 2.2 of the Code. This provides a strong and independent element on the Board. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgment on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined.

Board Composition and Size

During FY2018, the NC had conducted its annual review on the composition and size of the Board and concluded that they were appropriate, taking into account the scope and nature of the Group's businesses, for effective decision making. The Board, which is made up of a total of six Directors, currently includes two female Directors who have served for different tenures. The NC also noted that there was adequate diversity in that the Board comprised members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences met with the requirement of the Group.

Role of Non-Executive Directors

The Board and the Management fully appreciate that an effective and robust Board, whose members engage in open and constructive debates and challenge the Management on its assumptions and proposals, is fundamental to good corporate governance.

A Board should also aid in the development of strategic proposals and oversee effective implementation by the Management to achieve set objectives. For this to happen, the Board and the Non-Executive Directors, in particular, must be kept well informed of the Group's businesses and be knowledgeable about the industry the Group operates in.

To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, the Non-Executive Directors have unrestricted access to Management. The Group has adopted initiatives to put in place processes to ensure that the Board and the Non-Executive Directors have sufficient time and resources to discharge their oversight functions effectively. These initiatives include:

- regular informal meetings are held by Management to brief the Non-Executive Directors on prospective deals and potential developments at an early stage, before formal Board's approval is sought; and
- periodic information papers and board papers on the latest market developments and trends, and key business initiatives are circulated to Non-Executive Directors on a timely basis to allow the directors to have sufficient time to review them.

Key information on the Directors' particulars and background is included under "Board of Directors" section of the Annual Report.

CORPORATE GOVERNANCE REPORT

Principle 3: Chairman and Chief Executive Officer

Mr. Chua Kim Hua, the founder of the Group and Executive Director also assumes the role of Chairman of the Board. He plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. As the Chairman, Mr. Chua Kim Hua ensures that Board meetings are held when necessary and sets the meeting agenda in consultation with the Managing Director. He reviews the Board papers before they are presented to the Board and ensures that Board members are provided with adequate, timely and clear information. He facilitates the effective contributions of the Board members, encourages constructive relations among the Board members and promotes high standards of corporate governance.

Although the Managing Director and the Chairman are immediate family members, the balance of power and authority is provided by three committees, namely AC, NC and RC which are all chaired by the Independent Directors.

The Board had also appointed Mr. Lim Hock Beng to act as the Lead Independent Director. This is in line with Guideline 3.3 of the Code. Shareholders with concerns may contact him directly when contact through the normal channels via the Chairman, or Managing Director has failed to provide satisfactory resolution, or when such contact is inappropriate. All the Independent Directors, including Lead Independent Director, meet at least once a year without the presence of other Executive and Non-Independent Directors to discuss matters of significance which are then reported to the Chairman accordingly. The Lead Independent Director also sits on the NC.

Principle 4: Board Membership

The Board currently comprises the following members:

Chua Kim Hua	Executive Chairman
Chua Eng Eng	Managing Director
Chua Hai Kuey	Executive Director
Lim Hock Beng	Lead Independent and Non-Executive Director
Goh Chee Wee	Independent and Non-Executive Director
Siraarpa Siriviriyakul	Independent and Non-Executive Director

Continuous Board Renewal

The Board, in conjunction with the NC, reviews the composition of the Board and Board committees annually, taking into account the performance and contribution of each individual Director. Board composition is also evaluated to ensure diversity of skills and experience is maintained within the Board and Board committees. Based on the NC's assessment of independence of each individual Director and his or her relevant expertise, and with the aim of ensuring compliance with the requirements of the Code, the Board reviews, and reconstitutes as appropriate, the membership of the Board committees.

The NC is made up of three members, two of whom are independent. The NC is chaired by Mr. Goh Chee Wee. The other members of the Committee are Mr. Lim Hock Beng and Mr. Chua Kim Hua.

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC include the following:

- review and recommend to the Board on the appointment and re-appointment of directors (including alternate Directors, if applicable);
- review annually whether or not a Director is independent;
- review the skills required by the Board, and the size of the Board;
- ensure that the Company adheres to the board composition rules, including having Independent Directors make up 50% of the Board under certain circumstances;

CORPORATE GOVERNANCE REPORT

- identify gaps in the mix of skills, experience and other qualities required in an effective Board so as to better nominate or recommend suitable candidates to fill the gap. It uses its best efforts to ensure that the Directors appointed to the Board possesses the relevant background, experience and knowledge and that each Independent Director brings to the Board an independent and objective perspective to enable the making of balanced and well-considered decisions;
- evaluate whether or not a Director is able to and has been adequately carrying out his or her duties as Director of the Company and when he or she has multiple board representations;
- develop a process for evaluating the performance of the Board, its Board committees and the contribution of each Director;
- formal assessment of the effectiveness of the Board as a whole and individual Director;
- review the training and professional development programs for the Board; and
- review the Board's succession plans for Directors.

The NC meets at least once annually, which will entail the calling of meetings, notice to be given of such meetings, the voting and proceedings. Minutes of the deliberations and proceedings of the NC are recorded by the Company Secretary.

The number of meetings held and attendance at the meetings during FY2018 are presented under "Board Matters" in this report.

Recommendation of Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment, re-appointment or termination of Directors and Board committee members, taking into account the proper criteria for such appointments, the Director's independence status, his or her participation and contributions during and outside Board meetings, the Code and other relevant factors as may be determined by the NC.

The Board recognises the contribution of its Independent Directors. They have, over time, developed deep insights into the Group's businesses and operations and are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its Independent Directors so as to be able to retain the services of the Directors as necessary.

Directors' Time Commitments

All Directors are required to declare their Board representations. The limit on the number of listed company directorships that a director may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by different factors.

A Director with multiple directorships is expected to ensure that sufficient attention is given to the affairs of the Group. The NC believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of our Company, notwithstanding his or her multiple board appointments.

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his or her duties as a Director of the Company.

The NC takes into account the results of the assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in making this determination.

During FY2018, the NC had conducted an annual review and was of the view that each Director had discharged his or her duties adequately and satisfactorily.

Appointment of Alternate Directors

During FY2018, the Company had no alternate Director on its Board.

CORPORATE GOVERNANCE REPORT

Process for Selection and Appointment of New Directors

When an existing Director chooses to retire or the need for a new Director arises, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new Director. The NC then meets with the shortlisted potential candidates with the appropriate profile before nominating the most suitable candidates to the Board for appointment as Director. This function extends to the recommendation on nomination of Directors for re-election or reappointment having regard to their contributions, performance and their ability to carry out duties as Directors.

The NC confirmed that during the year it had observed the due process enumerated above which led to the appointment of Ms. Siraarpa Siriviriyakul as a Director.

Process for Re-appointment of Directors

The NC is responsible for re-appointment of Directors. In its deliberations on the re-appointment of existing directors, the NC takes into consideration the Director's contribution and performance (including his or her contribution and performance as an Independent Director, if applicable).

The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board committees as well as the quality of intervention and special contribution.

We believe the Board renewal should be an ongoing process in order to ensure good corporate governance. The Company's Constitution requires one-third of the Board to retire and subject to re-election by shareholders at every annual general meeting ("AGM").

The Directors are required to submit themselves for re-nomination and re-election at regular intervals of at least once every three years. In addition, a newly appointed Director will submit himself or herself for retirement and re-election at the AGM immediately following his or her appointment. Thereafter, he or she is subject to retirement by rotation once every three years.

At the forthcoming AGM, Mr. Chua Hai Kuey and Mr. Goh Chee Wee, who are retiring by rotation, are seeking re-election under Article 115 of the Company's Constitution. Ms. Siraarpa Siriviriyakul, who is retiring pursuant to Article 119 of the Company's Constitution, has also put herself up for re-election.

The NC reviewed the above nominations for the re-appointment taking into account, the Director's individual credentials, his or her participation and contributions during and outside board meetings, as well as each Director's listed company board directorships and any other relevant time commitments.

On the issue of competing time commitments that were faced when Directors serve on multiple boards, the Committee noted that all the Directors seeking re-election or re-appointment had adequately carried out their duties as Directors of the Company during the year.

The NC, after assessing the contribution, performance and their effectiveness as Directors, recommended that the above three Directors be nominated for re-appointment at the forthcoming annual general meeting.

Key information on the Directors' particulars and background is included under "Board of Directors" section of the Annual Report. Their shareholdings in the Company are also disclosed in the Directors' Statement. None of the Directors hold shares in the subsidiaries of the Company.

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

Board Evaluation Policy

The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole, effectiveness of its Board committees and the contribution by each individual Director to the effectiveness of the Board on an annual basis.

Board Evaluation Process

Each director had completed a confidential questionnaire covering areas such as Board composition, the effectiveness of the Board in its monitoring role and the attainment of the strategic and long-term objectives set by the Board. The Company Secretary compiles Directors' responses to the questionnaire into a consolidated report. The report is discussed at an NC meeting and is also shared with the entire Board.

The NC reviewed the Summary Report to ascertain whether there were key areas for improvement / areas that required follow-up actions.

The NC considered the performance and effectiveness of the Board as a whole taking into consideration, attendance records at respective board and committee meetings, the contribution of each individual Director to the Board's effectiveness, Board process, Board accountability and communication with senior Management and standard of conduct. It also takes into consideration that the Independent Directors, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

Based on the summary of median scores of the results of the qualitative questionnaires completed by the directors, and in comparison with the median scores of the performance evaluation exercise submitted for the preceding year, the NC noted that the Directors were generally satisfied and that the performance of the Directors was good, and as a Group, the Board provided core competencies with accounting/finance, business or management experience and industry knowledge.

For FY2018, the NC was satisfied that all Directors had discharged their duties adequately and that no individual or small group of individuals dominates the Board's decision-making process. The Board collectively not only reflect a diverse wealth of experience and knowledge in business, finance, accounting, and technical and management skills, but they also possess independence in decision-making at Board level. The Board as a whole had performed effectively and contributed to the growth of the Group. The NC is also of the view that the Board's current size and composition effectively serves the Group.

Principle 6: Access to Information

Complete, Adequate and Timely Information

All Directors are provided with the names and contact details of the Company's senior Management and the Company Secretary to facilitate unrestricted access to senior Management and the Company Secretary in carrying out their duties. Requests for information from the Board are dealt with promptly by Management.

The Board is kept informed of all relevant information on material events and transactions accurately and promptly as and when they arise. The Management also consults the Board whenever necessary.

An agenda for Board meetings together with the relevant papers are prepared in consultation with the Managing Director and are circulated before the holding of each Board and committee meetings. This allows control over the quality, quantity and timeliness of the flow of information between the Management and the Board. The Board papers include sufficient background explanatory information from the Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. Such explanatory information may also be in the form of briefings to the Directors or formal presentations made by senior Management staff in attendance at Board meetings, or by external consultants engaged on specific projects.

CORPORATE GOVERNANCE REPORT

Company Secretary

Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and compliance with the Company's Constitution, relevant rules and regulations of the Companies Act, Cap. 50, the Securities and Futures Act and the SGX-ST Listing Manual. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

Under the direction of the Managing Director, the Company Secretary ensures good information flow to and within the Board and its committees and between Management and Non-Executive Directors.

During FY2018, the Company Secretary attended and prepared minutes for all meetings of the Board and its committees and the minutes of such meetings were promptly circulated to all members of the Board and Board committees. The Company Secretary assists the Chairman of the Board, the Chairman of Board committees and Management in the development of the agendas for the various Board and Board committee meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Independent Professional Advice

The Board members may, at any time, in the furtherance of their duties, request for independent professional advice and receive training at the expense of the Company.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Remuneration Committee

The RC currently comprises the following Independent Non-Executive Directors:

Goh Chee Wee, Chairman
Lim Hock Beng
Siraarpa Siriviriyakul

The Board considers that the members of the RC collectively have strong management experience and expertise on remuneration issues.

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. In the event that a member of RC is related to the employee under review, he or she will abstain from the review.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:

- review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all aspect of remuneration, including but not limited to Director's fees, salaries, allowances, bonus, and benefits in kind;
- review and recommend to the Board, the specific remuneration packages for each Director as well as for the key management personnel;
- review the level and mix of remuneration and benefits policies and practices of the Company, including the long-term incentive schemes on an annual basis. The performance of the Company and that of executives would be considered by the RC in undertaking such reviews;

CORPORATE GOVERNANCE REPORT

- review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- review the development of senior staff and assesses their strengths and development needs based on the Group's leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

The RC has access to expert advice in the field of executive compensation outside the Company, when required, in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel.

None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him or her.

The Committee meets at least once annually. The number of meetings held and attendance at the meetings during FY2018 are presented under "Board Matters" in this report.

Principle 8: Level and Mix of Remuneration

When setting remuneration packages, the Company takes into consideration current practices of companies in the same industry and companies that are comparable in size and operations. The Group's financial performance and the performance of individual Directors are also taken into consideration.

The Group's compensation framework comprises base salary, variable bonus and fixed allowances. These are linked to corporate and individual performance, based on an annual appraisal process. The Company links remuneration of Executive Directors and key management personnel to the Group's performance, individual performance, based on appraisal, performance assessment, competencies and potential of individuals. The level and structure of the remuneration of Directors and key management personnel are aligned with the long-term interest and risk policies of the Company.

In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation.

Executive Directors do not receive directors' fees. The structure for Executive Directors and key management personnel consist of the following components:

- a. Fixed remuneration
- b. Variable bonus
- c. Other benefits-in-kind

Fixed Remuneration

The fixed remuneration comprises base salary, statutory employer's contributions to the Central Provident Funds and fixed allowances. In setting remuneration packages, the Group takes into account salary and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of Executive Directors and key management personnel.

CORPORATE GOVERNANCE REPORT

Variable Bonus

Variable bonus is an annual remuneration component which varies according to the Group's and the individual's performance objectives. To link rewards to performance, the more senior the executive in the Group, the higher is the percentage of the variable bonus against total compensation. The Company has not implemented any claw-back provision for the service contracts of Executive Directors and its key management personnel to allow the Company to reclaim incentive components of remuneration from them in exceptional circumstances such as misstatement of financial results or misconduct resulting in financial loss to the Company.

The Executive Directors participate in profit sharing, which is based on the performance of the Group as a whole. Additionally, in making its decision regarding appropriate performance objectives, the RC also considered the following factors relative to profit before tax and profit after tax:

- Each Executive Director and key management personnel believe he or she can meaningfully contribute to the achievement of performance objectives set.
- Maintaining the consistency of the objectives over a number of years allows for more accurate measurement and comparison of, and reward for, the desired performance from year to year.

Other Benefits-in-kind

The Group provides benefits consistent with local market practice, such as medical benefits, club membership and car allowance. Eligibility for these benefits will depend on individual salary grade and length of service.

The Executive Directors, Mr. Chua Hai Kuey and Ms. Chua Eng Eng have entered into service contracts with the Company, subject to renewal every three years while Mr. Chua Kim Hua has entered into service contract subject to renewal on a yearly basis. The review of service contracts for Executive Directors come under the purview of the RC to ensure that fair and reasonable terms of service is tied in to performance. The service contracts of the Executive Directors were last renewed in 2017. Each service contract may be terminated by either party giving the other party at least three months prior written notice.

Long-term Incentives

The Company currently does not have any long-term incentive scheme or schemes involving the offer of shares or grant of options or any other forms of deferred remuneration. The Board is of the view that such long-term incentive plan may not be effective and that it is difficult to determine how such long-term incentive plan contributes to the retention of employees and/or motivating desired performance.

Remuneration of Non-Executive Directors

The Non-Executive Directors receive a basic fee for serving as Director, and an additional fee for serving on Board committees in FY2018. The Non-Executive Directors will also receive additional fees if he or she serve as chairman of Board committees. In order not to compensate the Non-Executive Directors excessively, the RC takes into consideration factors such as frequency of meetings, time required and responsibilities of Non-Executive Directors. The Company is fully aware of the need to pay competitive fees to attract, retain and motivate the Directors. Directors' fees are recommended by the Board for approval at the Company's AGM.

CORPORATE GOVERNANCE REPORT

Principle 9: Disclosure on Remuneration

Remuneration of Directors

The breakdown of remuneration of the Directors of the Company for FY2018 is set out below:

Name	Fixed Component ⁽¹⁾ %	Variable Component ⁽²⁾ %	Provident Fund ⁽³⁾ %	Directors Fees %	Total Compensation %
Up to S\$500,000					
Chua Kim Hua	86%	12%	2%	0%	100%
Chua Hai Kuey	78%	20%	2%	0%	100%
Chua Eng Eng	77%	19%	4%	0%	100%
Up to S\$250,000					
Lim Hock Beng	0%	0%	0%	100%	100%
Goh Chee Wee	0%	0%	0%	100%	100%
Siraarpa Siriviriyakul	0%	0%	0%	100%	100%

Notes

⁽¹⁾ Fixed Component refers to base salary for FY2018.

⁽²⁾ Variable Component refers to variable bonus paid in FY2018 and profit sharing paid or payable.

⁽³⁾ Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund.

To maintain confidentiality of the remuneration policies of the Group, the Board is of the view that it is in the best interests of the Group not to fully disclose details of remuneration of each individual Director. In arriving at this decision, the Board took into consideration, inter alia, the confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates in, and the negative impact such disclosure may have on the Group.

Remuneration of Top Five Key Management Personnel

The following information relates to the remuneration of the Company's top five key management personnel (not being directors) for FY2018:

Name of Executive	Fixed Component ⁽¹⁾ %	Variable Component ⁽²⁾ %	Provident Fund ⁽³⁾ %	Total Compensation %
S\$250,001 to S\$500,000				
First Executive	64%	31%	5%	100%
Second Executive	73%	21%	6%	100%
Up to S\$250,000				
Third Executive	74%	23%	3%	100%
Fourth Executive	75%	18%	7%	100%
Fifth Executive	68%	20%	12%	100%

CORPORATE GOVERNANCE REPORT

Notes

⁽¹⁾ Fixed Component refers to base salary for FY2018.

⁽²⁾ Variable Component refers to variable bonus paid in FY2018.

⁽³⁾ Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund.

Due to competition related reasons, the names of the top five key management personnel are not disclosed.

For FY2018, the aggregate remuneration (including employer CPF and benefits-in-kind of the top five key management personnel was S\$1,106,996 (FY2017 : \$1,375,771).

During FY2018, there was no termination, retirement or post-employment benefits granted to Directors and the key management personnel (who are not directors).

Remuneration of Employees who are Immediate Family Members of a Director

Ms. Chua Yean Cheng, the daughter of Mr. Chua Kim Hua (Chairman of the Group) and sister of Ms. Chua Eng Eng (Managing Director of the Company), is employed by King Wan Construction Pte Ltd as a HR & Administration Manager and has received remuneration in that capacity.

Mr. Marc Chua Jun Kai, the son of Mr. Chua Kim Hua (Chairman of the Group), and brother of Ms. Chua Eng Eng (Managing Director of the Company), is employed by King Wan Construction Pte Ltd as a Senior Executive and has received remuneration in that capacity.

Mr. Chua Zhi Hong, the son of Mr. Chua Hai Kuey (Executive Director of the Company), is employed by King Wan Construction Pte Ltd as a Senior Executive and has received remuneration in that capacity.

For FY2018, except as disclosed in the following table, the Company and its subsidiary companies do not have any other employee who is an immediate family member of a director and whose remuneration exceeds S\$50,000.

Name of Executive	Fixed Component ⁽¹⁾ %	Variable Component ⁽²⁾ %	Provident Fund ⁽³⁾ %	Total Compensation %
S\$50,001 to S\$100,000				
Chua Yean Cheng	72%	13%	15%	100%
Marc Chua Jun Kai	72%	14%	14%	100%
Chua Zhi Hong	71%	14%	15%	100%

Notes

⁽¹⁾ Fixed Component refers to base salary for FY2018.

⁽²⁾ Variable Component refers to variable bonus paid in FY2018.

⁽³⁾ Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund.

CORPORATE GOVERNANCE REPORT

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely, reliable and full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST. Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

Financial results and annual reports are announced or issued within legally prescribed periods. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board also reviews regulatory compliance reports from Management to ensure that the Group complies with the relevant regulatory requirements. For FY2018, the Board has received assurance from the Managing Director and Financial Controller that in the execution of their respective duties as Managing Director and Financial Controller and to the best of their knowledge and belief the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and regarding the effectiveness of the Group's risk management and internal controls system.

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Hence, Board members receive regular financial and business reports from Management. The Management updated the Board on the Group's business activities and financial performance through quarterly operations reports. Such reports compare the Group's actual performance against results of the previous corresponding financial period and where appropriate, against forecast. Major variances are analysed, investigated and explained accordingly. Such reports keep the Board members informed of the Company's and the Group's performance, position and prospects.

The Board reviews and approves the results as well as any announcements before its release. The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within 45 days from the end of the quarter. Annual results are released within 60 days from the financial year-end. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

Principle 11: Risk Management and Internal Controls

The AC, through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy of the Group's system of controls, including financial, operational and compliance controls, established by Management.

In assessing the effectiveness of internal controls, the AC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

Risk Management

The key risks of the Group are deliberated by Management and reported to the AC regularly. The AC reviews the adequacy and effectiveness of the internal controls, which includes the documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External auditors provide assurance over the risk of material misstatements in the Group's financial statements. Internal auditors provide assurance that controls over the key risks of the Group are adequate and effective.

CORPORATE GOVERNANCE REPORT

The Board has received assurance from the Managing Director and Financial Controller that i) the financial records of the Group have been properly maintained and the financial statements for FY2018 give a true and fair view of the Group's operations and finances; and ii) 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 review of the key risks identified, and the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management and the AC; and the aforesaid assurances from the Managing Director and Financial Controller, the Board with the concurrence of the AC, is satisfied that the Group's risk management system and internal controls are adequate and effective in addressing financial, operational compliance and information technology risks for FY2018.

The Company has an Enterprise Risk Management Framework in place for the Group. In view of the size and operations of the Company, the Company does not have a separate risk management committee. The AC and Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

The Company has in place a whistle-blowing policy which encourages employees and outside parties such as vendors and contractors to raise concerns, in confidence, about possible irregularities to the whistle-blowing committee. It aims to provide an avenue for employees and outside parties to raise concerns and offer reassurance that they will be protected from reprisals or victimization for whistle-blowing in good faith within the limits of the law.

The AC oversees the administration of the Whistle Blowing Policy. The AC has the responsibility to ensure that there is proper maintenance, regular review and relevant updates of the policy. Revisions, amendments and alterations to the Whistle Blowing Policy are subject to the approval of the AC and the Board prior to implementation. Changes will be notified when they are implemented. There were no complaints received during FY2018.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

Principle 12: Audit Committee

The AC currently comprises the following Independent Non-Executive Directors who do not have any existing business or professional relationship with the Group, the Directors or the substantial shareholders: -

Lim Hock Beng, Chairman
Goh Chee Wee
Siraarpa Siriviriyakul

The Chairman of the AC, Mr. Lim Hock Beng, presently sits on the Board of Directors of three other public companies in Singapore and has vast experience in the field of accounting, auditing and risk management. The other members of the AC have many years of experience in business and financial management. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

During FY2018, no former partner or Director of the Company's existing auditing firm or its member firms was appointed as a member of the AC.

CORPORATE GOVERNANCE REPORT

The main responsibilities of the AC are to assist the Board in discharging its statutory and other responsibilities relating to four main areas:

- overseeing financial reporting;
- overseeing internal control and risk management systems;
- overseeing internal and external audit processes; and
- overseeing Interested Party Transactions (IPTs).

The AC will make enquiries in order to satisfy themselves on the adequacy of the processes supporting the Group's financial reporting, its system of internal control, risk identification and management, its internal and external audit processes, and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct. The members of the AC carried out their duties in accordance with the written terms of reference which include the following:

- review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- review with the external auditors, their audit plan, evaluate the internal accounting controls, audit report, report on internal control weaknesses arising from the audit report and management's response thereto and any matters which the external auditors wish to discuss, without the presence of Management;
- review with the internal auditors, internal audit plan, the scope and the results of internal audit procedures and their evaluation of the internal control system together with management's responses thereto and any matters which the internal auditors wish to discuss, without the presence of Management;
- review the quarter, half year and full year financial statements and other announcements to shareholders and the SGX-ST prior to submission to the Board;
- reviewing the audit fee, the terms of the audit, the nature and extent of non-audit services provided by the external auditors and making recommendation to the Board on the proposals to the shareholders on the appointment or re-appointment of the external auditors;
- review the adequacy of the Group's internal controls;
- review IPTs in accordance with the requirements of the SGX-ST's Listing Manual;
- review assistance given by the Group's officers to the external and internal auditors and ensure that the internal audit function is adequately resourced;
- carry out such other functions as may be agreed by the AC and the Board.

The AC has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director or executive officer or any other person to attend its meetings.

Summary of the AC's activities

The Financial Controller, Company Secretary, internal auditors and external auditors are invited to AC meetings. Other members of senior management are also invited to attend as appropriate to present reports.

The AC meets with the external auditors and internal auditors two times a year, and at least one of these meetings was conducted without the presence of Management to discuss the reasonableness of financial reporting processes, the system of internal control and comments and recommendations of the auditors. These meetings enable the external auditors and internal auditors to raise issues encountered during the course of their work directly to the AC.

The principal activities of the AC during FY2018 are summarised below:

Financial Reporting

The AC met on a quarterly basis and reviewed the quarterly, half year and full year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval.

CORPORATE GOVERNANCE REPORT

The AC had reviewed the external auditor's audit plan for FY2018 and had agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements.

In AC' review of the financial statements of the Group for FY2018, it had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC focused particularly on:

- Any significant adjustments resulting from the audit;
- The appropriateness of the going concern assumption in the preparation of the financial statements; and
- Any deficiencies in internal controls over financial reporting matters that came to external auditor's attention during their audit together with their recommendations.

The AC has also discussed the key audit matters with Management and the external auditors. The AC concurs with the basis and conclusions included in the auditor's report with respect to the key audit matters. For more information on the key audit matters, please refer to pages 55 to 59 of this Annual Report.

Following the review and discussions, the AC then recommended to the Board for approval of the audited annual financial statements.

External Audit Processes

The AC manages the relationship with the Group's external auditors, on behalf of the Board. During FY2018, the AC assessed the cost effectiveness of the audit process, together with the auditor's approach to audit quality and transparency. The AC concluded that the auditors had demonstrated appropriate qualifications and expertise and that the audit process was effective.

The AC had recommended to the Board that Deloitte & Touche LLP be re-appointed as the external auditor. The Board had accepted this recommendation and proposed a resolution to shareholders for the re-appointment of Deloitte & Touche LLP at the forthcoming Annual General Meeting.

Pursuant to the requirement in the SGX-ST's Listing Manual, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current Deloitte & Touche LLP's audit partner for the Company took over from the previous audit partner with effect from FY2016. In appointing auditors for the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712 and 715 of the SGX-ST's Listing Manual.

Auditor Independence

In order to maintain the independence of the external auditors, the Group has specific policy which governs the conduct of non-audit work by the external auditors. This policy prohibits the external auditors from:

- performing services which would result in the auditing of their own work;
- participating in activities normally undertaken by management;
- acting as advocate for the Group; or
- creating a mutuality of interest between the auditors and the Group, for example being remunerated through a success fee structure.

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing any non-audit fees awarded to them. The AC is satisfied with the independence and objectivity of the external auditors after their review.

CORPORATE GOVERNANCE REPORT

Interested Person Transactions

The AC reviewed the Group's IPTs to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders. On a quarterly basis, Management will report to the AC the IPTs, if any, in accordance with the Company's Shareholders' Mandate for IPT.

Management reported that the internal control procedures for determining the transaction prices of IPTs had not changed since the date of the last Annual General Meeting, at which the Shareholders' Mandate for IPTs was last renewed. The AC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of IPTs was effective.

Whistle Blowing Policy

Management had on the recommendation of the AC put in place the Whistle Blowing Policy for the King Wan Group since FY2007. This policy provides a channel to employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in matters of financial reporting or other matters. The AC ensures that arrangements are in place for the independent investigation of such matters and appropriate follow up actions are taken.

It has also been a standard item in the agenda of the quarterly meeting of the AC to review any entries in the register of whistle-blowing incidents, and progress of investigation, if it remains outstanding.

Principle 13: Internal Audit

The AC is responsible to approve the hiring, removal, evaluation and compensation of the internal auditors. The AC will ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

The Group has outsourced its internal audit function. The internal audit serves to provide the Board and the Management with an independent appraisal of the reliability, adequacy and effectiveness of the internal controls established by the Management. Its aim is to promote internal control in the Group and to monitor the performance and the effective application of internal audit procedures. It supports the Directors in assessing key internal controls through a structured review programmed. The internal audit has unfettered access to the Board, the AC and Management, where necessary, and has the right to seek information and explanations. The AC is satisfied that the internal audit is staffed by suitably qualified and experienced personnel. The internal audit's work complies with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The internal auditor reports directly to the Chairman of the AC and assists in the identification of risks and assessment of the adequacy of internal controls systems being implemented. The internal auditor also makes recommendations on how best to address the material risks identified in the Group. The findings of the internal auditor will be presented to the AC for review. Having reviewed the audit plan, the AC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

During FY2018, the internal auditor had conducted its audit reviews based on the approved internal audit plan. All audit reports detailing findings and recommendations were provided to the Management who had responded on the actions to be taken. The internal auditor would submit to the AC a report on the status of the audit plan and on audit findings, recommendations and actions taken by Management on such findings. Key findings are highlighted at the AC meetings for discussion and follow-up action. The AC monitors the timely and proper implementation of required corrective, preventive or improvement measures undertaken by Management. After having reviewed the internal audit reports and remedial actions implemented by the Management, the AC was satisfied that the internal control functions were adequate and effective.

CORPORATE GOVERNANCE REPORT

D. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders' Rights

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Group strongly encourages shareholder participation during the AGM which will be held in Singapore. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business-related matters. The Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the AGM. The Constitution also allows shareholders, who hold shares through nominees such as CPF and custodian banks, to attend the AGM as observers without being constrained by the two-proxy rule, subject to availability of seats.

During the last AGM, the Company had in place the relevant administrative procedures to facilitate poll voting for resolutions. Votes cast, for or against, and the respective percentages on each resolution were tallied and instantaneously announced at the meeting and announced via SGXNet on the same day of the meeting.

Principle 15: Communication with Shareholders

Disclosure of Information on a Timely Basis

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders and believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNet, press release and the corporate website. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNet.

Interaction with Shareholders

The Group's management is available to communicate with shareholders and analysts on a regular basis and attending to their queries or concerns.

Key management personnel participate in investor seminars and conferences to keep the market and investors apprised of the Group's corporate developments and financial performance.

Senior Management, regularly engaged with local and foreign investors and analysts at conferences as well as one-on-one and group meetings. The aims of such engagements are to:

- provide shareholders and investors with relevant information promptly, to enable them to have a better understanding of the Group's businesses and performance; and
- solicit feedback from the investment community, including shareholders, on a range of strategic and topical issues. Such engagements provide invaluable insights to the Board and Management on investors' views. It also helps the Group to identify areas of improvement for investor communication.

CORPORATE GOVERNANCE REPORT

Dividend Policy

The Board aims to declare and pay annual dividends to shareholders on a regular basis. In considering the level of dividend payments, the Board takes into account various factors including:

- level of the Group's available cash;
- return on equity and retained earnings; and
- the Group's projected levels of capital expenditure and other investment plans.

Principle 16: Conduct of Shareholders' Meetings

The Board believes in regular, timely and effective communications with shareholders on all major developments that impact the Group. The Company does not practice selective disclosure. Shareholders are informed of shareholders' meetings through published notices and reports or circulars sent to all shareholders. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The AGM procedures provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage, and openly communicate to the directors, their views on matters relating to the Company.

Pertinent information is communicated to shareholders on a regular and timely basis through:

- the Company's annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Singapore Companies Act, the Singapore Financial Reporting Standards and the SGX-ST Listing Manual;
- financial statements containing a summary of the financial information and affairs of the Group for the period that are published on the SGXNet;
- disclosures to the Singapore Exchange; and
- the Group's website at www.kingwan.com from which shareholders can access information on the Group. The website provides annual reports and profiles of the Group.

In addition, shareholders are encouraged to attend the AGM to ensure a greater level of shareholder participation and for them to be kept up to date as to the Group's strategies and goals.

The Board ensures that separate resolutions are proposed for approval on each issue at general meetings.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the directors or Management questions regarding the Group and its operations. They will also have the opportunity to address any questions to the Chairman of the NC, AC and RC. The external auditors will also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

To ensure greater transparency of the voting process, the Company conducts electronic poll voting for shareholders/proxies present at its general meetings for all the resolutions proposed at the general meetings, to allow shareholders present or represented at the meetings to vote on a one share, one vote basis. Votes cast, for or against and the respective percentages, on each resolution will be tallied and displayed "live on-screen" to shareholders immediately at the AGM. The total number of votes cast for or against the resolutions and the respective percentages are also announced after the AGM via SGXNet. Shareholders are informed of the rules, including voting procedures, governing such meetings.

The Company is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity of the information and authentication of the identity of shareholders through the web are not compromised and other pertinent issues are satisfactorily resolved.

CORPORATE GOVERNANCE REPORT

Minutes of general meetings will include substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. These minutes will be made available to shareholders upon their request.

Any queries and concerns regarding the Group can be conveyed to the following person:

Ms. Ong Ai Ling, Financial Controller
Telephone No.: 65-6866 9223
Fax No.: 65-6365 7675
E-mail: ailing@kingwan.com.sg

E. CODE OF BUSINESS CONDUCT

King Wan's Code of Business Conduct also sets the standards and ethical conduct expected of employees of the Group. Directors, officers and employees are required to observe and maintain high standards of integrity as are in compliance with the law and regulations and company policies.

F. SECURITIES TRANSACTIONS

Insider Trading Policy

The Company has a formal policy on dealings in the securities of the Company, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to all Directors and officers. It has adopted best practices on securities dealings in compliance with Rule 1207 (19) of the Listing Manual. In line with these best practices, the Company issues circulars to its Directors and officers informing that the Directors and its officers must not deal in its securities a month before the release of the full-year results and two weeks before the release of the quarterly results, as the case may be, and if they are in possession of unpublished material price-sensitive information. Directors and officers are also reminded that they should not deal in the Company's securities on short-term considerations.

Directors are required to notify the Company of any dealings in the Company's securities within two business days of the transactions. The Board is satisfied with the Group's commitment in compliance with the Code.

G. STATEMENT OF COMPLIANCE

Our Board confirms that for FY2018, our Company has complied with the principal corporate governance recommendations.

SUPPLEMENTARY INFORMATION

Dealing In Securities & Compliance With Best Practices Guide

The Company has adopted its own internal Code of Best Practices on Securities Transactions ("Securities Transaction Code").

The Securities Transaction Code (the "Code") provides guidelines to the Company's Directors and key officers of the Group who have access to 'price sensitive' information, in the dealing of Company's securities. In accordance with Rule 1207(19) of the Listing Manual, Directors and key officers of the Group should not deal in the Company's securities on short-term considerations and should be mindful that the law on insider dealing is applicable at all times, notwithstanding that the Best Practices Guide may provide window periods for Directors and officers to deal in the Company's securities. Circulars are issued to its Directors and key officers that they must not trade in the listed securities of the Company two weeks before the release of the quarterly financial results and one month before the release of the full-year financial results, ending on the date of announcement of the relevant results. Outside this window period, Directors are required to notify the Company of their dealings within two business days under Section 165 of the Companies Act, Cap. 50.

CORPORATE GOVERNANCE REPORT

The Board of Directors confirms that for FY2018, the Company has complied with Listing Rule 1207(19)(c).

INTERESTED PERSON TRANSACTIONS

When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions.

The Board of Directors is updated regularly on any interested person transactions and their cumulative values. If the Company intends to enter into an interested person transaction that was not previously approved by shareholders, the Board of Directors will ensure that the Company complies with the requisite rules under Chapter 9.

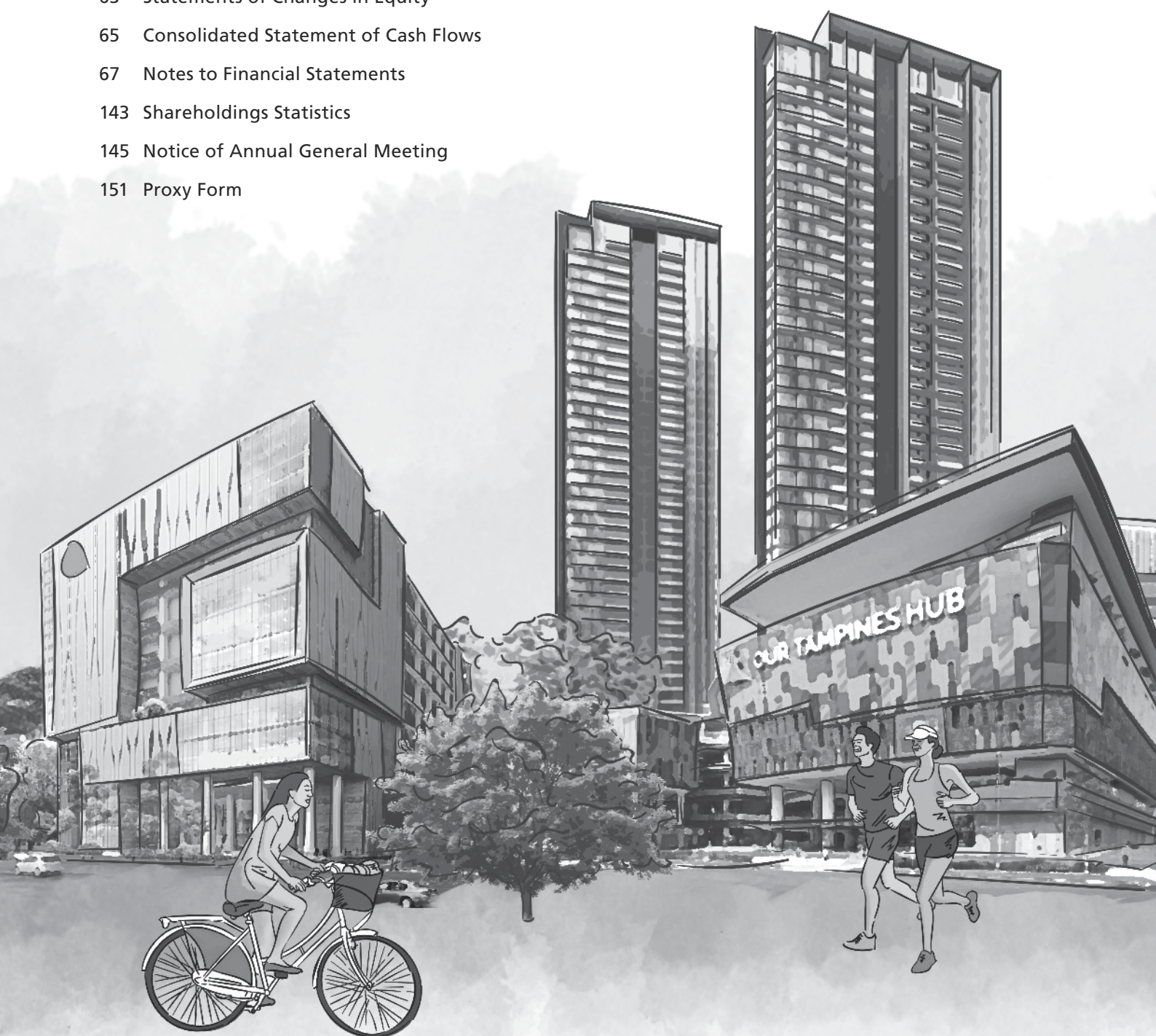
During FY2018, the Company has complied with the provisions under Chapter 9.

MATERIAL CONTRACTS

Save as disclosed in the directors' statement and financial statements, there was no other material contracts entered into by the Company or any of its subsidiaries involving the interest of the Chairman, Managing Director, any Director or substantial shareholders.

FINANCIAL CONTENTS

52	Directors' Statement
55	Independent Auditor's Report
60	Statements of Financial Position
62	Consolidated Statement of Profit or Loss and Other Comprehensive Income
63	Statements of Changes in Equity
65	Consolidated Statement of Cash Flows
67	Notes to Financial Statements
143	Shareholdings Statistics
145	Notice of Annual General Meeting
151	Proxy Form



DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 60 to 142 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 March 31, 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Mr Chua Kim Hua
Ms Chua Eng Eng
Mr Chua Hai Kuey
Mr Goh Chee Wee
Mr Lim Hock Beng
Ms Siraarpa Siriviriyakul (Appointed on October 2, 2017)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object 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.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act except as follows:

Names of directors and Company in which interests are held	Shareholdings registered in name of director	
	At beginning of year	At end of year
The Company	Ordinary shares	
Chua Kim Hua	44,113,319	44,113,319
Chua Eng Eng	36,576,906	36,576,906
Chua Hai Kuey	22,247,676	22,247,676

The directors' interests in the shares of the Company at April 21, 2018 were the same at March 31, 2018.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT COMMITTEE

The Audit Committee ("AC") of the Company, consists of all non-executive and independent directors, comprises of the following members as at the date of this statement:

Mr Lim Hock Beng (Chairman)
Mr Goh Chee Wee
Ms Siraarpa Siriviriyakul

The AC had met up with the external and internal auditors during the year and other directors were also invited to attend some of the meetings. The AC had also met with the external auditors and the internal auditors without the presence of the management. All minutes of the meetings are circulated to all members of the Board. The company secretary is also the secretary to the AC.

The key responsibility of the AC is to assist the Board in fulfilling its responsibilities for the Group's financial reporting, management of financial and control risks and monitoring of the internal control system. The AC will make enquiries in order to satisfy themselves on the adequacy of the processes supporting the Group's financial reporting, its system of internal control, risk identification and management, its internal and external audit processes, and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct.

The primary functions of the AC are as follows:

- review with the external auditors, their audit plan, recommendations to management, audit report and management's response thereto and any matters which the external auditors wish to discuss, without the presence of management;
- review with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the internal control system together with management's responses thereto and any matters which the internal auditors wish to discuss, without the presence of management;
- review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the external auditors' report on those financial statements;
- review the quarterly, half yearly and annual announcements as well as other announcements to shareholders and the Singapore Exchange Securities Trading Ltd ("SGX-ST") prior to submission to the Board;

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONT'D)

- make recommendations to the Board on the appointment of the external auditors and the audit fee;
- review any related party transactions;
- review assistance given by the Group's officers to the external and internal auditors and ensure that the internal audit function is adequately resourced; and
- carry out such other functions as may be agreed by the AC and the Board.

To effectively discharge its responsibilities, the AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has reviewed the scope of work proposed by the external auditors and is satisfied with their independence and objectivity. The AC has recommended to the directors the nomination of Deloitte & Touche LLP for reappointment as auditors of the Group at the forthcoming Annual General Meeting of the Company. The AC has also undertaken a review of all non-audit services provided by the auditors and is of the opinion that they will not affect the independence of the auditors.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



Chua Kim Hua



Chua Eng Eng

June 29, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KING WAN CORPORATION LIMITED

OPINION

We have audited the accompanying financial statements of King Wan Corporation 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 March 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 142.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at March 31, 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KING WAN CORPORATION LIMITED

Key Audit Matters	Our audit performed and responses thereon
<p>Revenue recognition from construction contracts</p> <p>The Group's main revenue is construction revenue from the electrical and plumbing and sanitary segment. The Group recognises contract revenue and contract cost based on the percentage of completion method. The percentage of completion is estimated based on the stage of completion of the contract activity at the end of the reporting period.</p> <p>As disclosed in Note 3(f) to the financial statements, significant assumptions are required in determining the stage of completion, the estimated total contract revenue and contract cost and the recoverability of the contract sum. In making the assumptions, the Group relies on past experience.</p> <p>Revenue recognised from construction contracts is disclosed in Note 27 to the financial statements.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of relevant key controls over the preparation of total budgeted cost and testing the operating effectiveness of such controls. • For a selection of completed projects during the year, we performed retrospective review by comparing the total actual cost incurred at completion against the budgeted cost to assess the reasonableness of management's estimate. • For a selection of projects in progress at the end of the reporting period, we assessed the Group's assumptions on costs to complete the project. • In relation to claims or variation orders raised against customers, we selected samples and checked to supporting documents to validate whether it is probable that the customer will accept the claims or approve the variation order, and whether the amount can be measured reliably. We also assessed the historical experience of management's judgement on the settlement of claims and variation orders.
<p>The Group's exposure to Dalian Shicheng Property Development (S) Pte Ltd group's ("DSPDS") real estate project in Dalian, People's Republic of China ("PRC") – Singapore Garden (Refer to Notes 3(b)(i), 3(b)(ii), 3(b)(iii) and 3(c) to the financial statements).</p> <p>The Group has significant exposure to the real estate project in Dalian, PRC - Singapore Garden as explained below.</p> <p>As at March 31, 2018, the Company and a joint guarantor have given joint and several corporate guarantees to a bank for the loans taken by associate - DSPDS group and joint venture – Soon Zhou Investments group ("SZI") amounting to \$16,582,590 and \$13,243,551 respectively. The joint guarantors have equity interests in both DSPDS group and SZI group.</p> <p>The Group has fully impaired its equity investment in DSPDS Group as well as advances to DSPDS group.</p> <p>The Group has not impaired receivables of \$21,737,676 from SZI group as management expects that advances are recoverable on the basis set out in Note 3(b)(ii).</p>	<p>In respect of valuation of the Singapore Garden performed by professional valuer, we performed the following:</p> <ul style="list-style-type: none"> • Evaluated the qualifications, independence and objectivity of the valuer; • Considered the scope of their work; and • Considered the appropriateness of the valuation methodology and considered the assumptions and parameters used which affect the fair value estimates. <p>In respect of management's estimates of cost to complete the properties under development, we considered the cost components, basis and calculations and the relationships of these calculations with other evidential matter.</p> <p>We assessed the adequacy of the disclosures in Notes 3(b)(i), 3(b)(ii), 3(b)(iii) and 3(c) regarding the significant accounting estimates and the assumptions.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KING WAN CORPORATION LIMITED

Key Audit Matters	Our audit performed and responses thereon
<p>Assessments on exposure to payment obligations to the bank under the joint and several corporate guarantees for loans of DSPDS group and SZI group; and the ability to recover the \$21,737,676 owed by SZI group are dependent on:</p> <ul style="list-style-type: none"> (a) ability of SZI group to realise the estimated values of the properties; (b) estimates of the funds required for Dalian Shicheng Property Development Co., Ltd ("DSPDC") to complete construction of uncompleted units; and (c) the assumption that the joint guarantor will provide 50% of the required funds to match the amounts to be provided by the Group, to enable DSPDC to complete the construction of property units and pay bank loan instalments as and when required. <p>In addition, the Group has advances to associates, Chang Li, Li Ta and Soon Li amounting to \$3,445,386 (net of allowance of \$1,088,404) at the end of the reporting period. These associates own the properties purchased from DSPDS group. The recoverability of the advances to these associates is dependent on the ability of these associates to realise the estimated values of the properties.</p>	
<p>Assessment of recoverability of debt owing by the associates to the Group (Refer to Notes 3(b)(iv) and 3(b)(v) to the financial statements).</p> <p>The Group assesses at the end of each reporting period whether the advances to these associates are recoverable. The advances to these associates at the end of the reporting period is \$10,525,805 (net of allowance of \$8,545,911).</p> <p>The Group's ability to recover the advances to these associates is dependent on the market value of associates' cash generating units estimated by management with the assistance of an independent valuer. The cash generating units ("CGU") comprise of a dormitory and a vessel.</p> <p>The valuation of the CGU included critical judgements and estimates which are disclosed in Notes 3(b)(iv) and 3(b)(v) to the financial statements.</p>	<p>In respect of valuation of the CGU performed by the professional valuer, we performed the following:</p> <ul style="list-style-type: none"> • Evaluated the qualifications, independence and objectivity of the valuer; • Considered the scope of their work; and • Considered the appropriateness of the valuation methodology and considered the assumptions and parameters used which affect the fair value estimates. <p>We assessed the adequacy of the disclosures in Notes 3(b)(iv) and 3(b)(v) regarding the significant accounting estimates and the assumptions.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KING WAN CORPORATION LIMITED

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KING WAN CORPORATION LIMITED

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Ang Poh Choo.



Public Accountants and
Chartered Accountants
Singapore

June 29, 2018

STATEMENTS OF FINANCIAL POSITION

March 31, 2018

	Note	Group		Company	
		2018	2017	2018	2017
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	6	8,524,522	13,130,401	519,996	789,250
Trade receivables	7	18,525,536	10,649,491	-	-
Other receivables and prepayments	8	12,089,625	12,051,199	10,368	12,324
Amount due from subsidiaries	9	-	-	6,968,752	6,923,284
Held-for-trading investments	10	294,368	326,679	-	-
Inventories	11	955,757	706,622	-	-
Construction work-in-progress	12	12,798,218	13,346,528	-	-
Total current assets		53,188,026	50,210,920	7,499,116	7,724,858
Non-current assets					
Other receivables	8	35,708,867	35,996,653	-	-
Property, plant and equipment	13	5,003,952	3,990,780	-	-
Investment in subsidiaries	14	-	-	30,199,413	26,399,413
Investment in associates and joint venture	15	3,483,195	2,861,671	941,960	941,960
Investments	16	30,401,680	32,225,051	23,457,370	24,687,834
Deferred tax assets	23	160,641	-	-	-
Total non-current assets		74,758,335	75,074,155	54,598,743	52,029,207
Total assets		127,946,361	125,285,075	62,097,859	59,754,065

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

March 31, 2018

		Group		Company	
	Note	2018	2017	2018	2017
		\$	\$	\$	\$
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	17	18,033,048	19,402,370	-	-
Construction work-in-progress	12	3,801,554	3,294,993	-	-
Trade payables and bills payables	18	28,622,383	21,043,115	-	-
Other payables	19	1,988,974	2,163,453	1,147,748	1,418,463
Current portion of finance leases	20	275,756	272,396	-	-
Amount due to a subsidiary	21	-	-	10,917,634	5,742,440
Provision for rectification costs	22	1,231,153	912,533	-	-
Income tax payable		1,122,870	1,603,483	826	51,916
Total current liabilities		55,075,738	48,692,343	12,066,208	7,212,819
Non-current liabilities					
Bank borrowings	17	2,666,096	1,299,144	-	-
Finance leases	20	802,999	179,359	-	-
Deferred tax liabilities	23	-	24,359	-	-
Total non-current liabilities		3,469,095	1,502,862	-	-
Capital and reserves					
Share capital	24	46,813,734	46,813,734	46,813,734	46,813,734
Retained earnings		37,028,927	28,764,158	13,794,677	5,247,543
Foreign currency translation reserve	25	(825,405)	(1,075,761)	-	-
Investment revaluation reserve	26	(13,615,728)	587,739	(10,576,760)	479,969
Total equity		69,401,528	75,089,870	50,031,651	52,541,246
Total liabilities and equity		127,946,361	125,285,075	62,097,859	59,754,065

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended March 31, 2018

		Group	
	Note	2018	2017
		\$	\$
Revenue	27	73,789,111	91,884,123
Cost of sales		(65,256,783)	(78,054,108)
Gross profit		8,532,328	13,830,015
Other operating income	28	2,155,510	2,885,973
Administrative expenses		(6,421,993)	(7,111,404)
Other operating expenses	29	(7,228,765)	(9,608,229)
Share of profit of associates and joint venture	15	193,487	3,653,047
Finance costs	30	(873,307)	(1,282,740)
(Loss) Profit before income tax		(3,642,740)	2,366,662
Income tax expense	31	(1,205,338)	(1,363,415)
(Loss) Profit for the year	32	(4,848,078)	1,003,247

Other comprehensive loss

Item that will not be reclassified subsequently to profit or loss

Net fair value loss in equity securities carried at fair value through other comprehensive income ("FVTOCI")	26	(1,553,653)	-
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Item that may be reclassified subsequently to profit or loss

Net fair value gain in available-for-sale investments ("AFS")	26	-	587,739
Exchange differences on translation of foreign operations	25	250,356	(1,176,666)
Other comprehensive loss for the year		(1,303,297)	(588,927)

Total comprehensive (loss) income for the year		(6,151,375)	414,320
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(Loss) Earnings per share (cents)

Basic and diluted	33	(1.39)	0.29
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See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended March 31, 2018

	Share capital \$	Retained earnings \$	Foreign currency translation reserve \$	Investment revaluation reserve \$	Total \$
Group					
Balance at April 1, 2016	46,813,734	29,506,795	100,905	-	76,421,434
Total comprehensive income for the year:					
Profit for the year	-	1,003,247	-	-	1,003,247
Other comprehensive loss for the year	-	-	(1,176,666)	587,739	(588,927)
Total	-	1,003,247	(1,176,666)	587,739	414,320
Transactions with owners, recognised directly in equity:					
Dividends (Note 34)	-	(1,745,884)	-	-	(1,745,884)
Balance at March 31, 2017	46,813,734	28,764,158	(1,075,761)	587,739	75,089,870
Impact of adopting FRS 109 at April 1, 2017					
Cumulative impairment loss on investment in equity securities designated at FVTOCI, transferred from retained earnings to investment revaluation reserve (Note 26)	-	12,649,814	-	(12,649,814)	-
Loss allowance for trade receivables (Note 7)	-	449,246	-	-	449,246
Restated balance at April 1, 2017	46,813,734	41,863,218	(1,075,761)	(12,062,075)	75,539,116
Total comprehensive income for the year:					
Loss for the year	-	(4,848,078)	-	-	(4,848,078)
Other comprehensive loss for the year	-	-	250,356	(1,553,653)	(1,303,297)
Total	-	(4,848,078)	250,356	(1,553,653)	(6,151,375)
Transactions with owners, recognised directly in equity:					
Disposal of investment in equity securities	-	11,782	-	-	11,782
Dividends (Note 34)	-	2,005	-	-	2,005
Total	-	13,787	-	-	13,787
Balance at March 31, 2018	46,813,734	37,028,927	(825,405)	(13,615,728)	69,401,528

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended March 31, 2018

	Share capital \$	Retained earnings \$	Investment revaluation reserve \$	Total \$
Company				
Balance at April 1, 2016	46,813,734	(1,154,296)	-	45,659,438
Total comprehensive income for the year:				
Profit for the year	-	8,147,723	-	8,147,723
Other comprehensive income for the year	-	-	479,969	479,969
Total	-	8,147,723	479,969	8,627,692
Transactions with owners, recognised directly in equity:				
Dividends (Note 34)	-	(1,745,884)	-	(1,745,884)
Balance at March 31, 2017	46,813,734	5,247,543	479,969	52,541,246
Impact of adopting FRS 109 at April 1, 2017				
Cumulative impairment loss on investment in equity securities designated at FVTOCI, transferred from retained earnings to investment revaluation reserve (Note 26)	-	9,826,264	(9,826,264)	-
Restated balance at April 1, 2017	46,813,734	15,073,807	(9,346,295)	52,541,246
Total comprehensive income for the year:				
Loss for the year	-	(1,281,135)	-	(1,281,135)
Other comprehensive loss for the year	-	-	(1,230,465)	(1,230,465)
Total	-	(1,281,135)	(1,230,465)	(2,511,600)
Transactions with owners, recognised directly in equity:				
Dividends (Note 34)	-	2,005	-	2,005
Balance at March 31, 2018	46,813,734	13,794,677	(10,576,760)	50,031,651

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2018

	Group	
	2018	2017
	\$	\$
Operating activities		
(Loss) Profit before income tax	(3,642,740)	2,366,662
Adjustments for:		
Depreciation of property, plant and equipment	838,502	1,140,357
(Gain) Loss on disposal of property, plant and equipment	(189,634)	19,355
(Reversal of) loss allowance for trade receivables	(104,296)	149,428
Reversal of allowance for inventory obsolescence	(3,168)	(16,543)
Inventories written off	-	4,451
Change in fair value of held-for-trading investments	32,311	7,598
Change in fair value of insurance contract	40,870	-
Dividend income from held-for-trading investments	(13,306)	(9,432)
Dividend income from investment in quoted equity securities	(458,549)	(435,274)
Loss on disposal of investment in quoted equity securities	-	172
Interest income	(694,428)	(1,015,631)
Interest expense	873,307	1,282,740
Allowance for amounts due from associates	7,130,000	7,441,715
Impairment loss on investment in an associate	-	2,139,389
Share of profit of associates and joint venture	(193,487)	(3,653,047)
Provision for rectification costs	428,833	190,843
Fee income from financial guarantee to associates and joint venture	(313,873)	(741,323)
Operating cash flows before movements in working capital	3,730,342	8,871,460
Trade receivables	(7,322,503)	(1,767,060)
Other receivables and prepayments	(37,631)	150,788
Construction work-in-progress	1,060,478	(817,716)
Inventories	(245,967)	424,633
Trade payables and bills payables	7,579,268	(14,467,628)
Other payables	139,394	(1,838,928)
Provision for rectification costs	(110,213)	(266,693)
Cash generated from (used in) operations	4,793,168	(9,711,144)
Income taxes paid	(1,870,951)	(1,907,384)
Interest paid	(873,307)	(1,282,740)
Net cash from (used in) operating activities	2,048,910	(12,901,268)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2018

	Group	
	2018	2017
	\$	\$
Investing activities		
Interest received	15,767	2,481,993
Advances to associates and joint venture	(6,340,795)	(6,380,000)
Repayments from an associate	-	33,971,504
Dividends received from held-for-trading investments	13,306	9,432
Dividends received from investment in quoted equity securities	458,549	435,274
Purchase of property, plant and equipment (Note A)	(877,230)	(605,425)
Purchase of insurance contract	-	(245,289)
Proceeds from disposal of property, plant and equipment	235,640	9,755
Proceeds from sale of held-for-trading investments	-	250,000
Proceeds from sale of investment in quoted equity securities	240,630	608
Net cash (used in) from investing activities	(6,254,133)	29,927,852
Financing activities		
Dividends refunded (paid)	2,005	(1,745,884)
Repayments of obligations under finance leases (Note A)	(399,057)	(319,894)
Proceeds from bank borrowings	5,000,000	-
Repayments of bank borrowings	(5,002,370)	(7,398,956)
Net cash used in financing activities	(399,422)	(9,464,734)
Net (decrease) increase in cash and cash equivalents	(4,604,645)	7,561,850
Cash and cash equivalents at the beginning of the year	13,130,401	5,567,519
Effect of foreign exchange rate changes on balances held in foreign currencies	(1,234)	1,032
Cash and cash equivalents at end of the year (Note 6)	8,524,522	13,130,401

Note A:

In 2018, the Group purchased property, plant and equipment with an aggregate cost of \$1,903,287 (2017 : \$866,820) of which \$1,026,057 (2017 : \$261,395) was acquired under finance lease arrangements.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

1 GENERAL

The Company (Registration No. 200001034R) is incorporated in Singapore with its registered office and principal place of business at No. 8 Sungei Kadut Loop, Singapore 729455. The Company is listed on the mainboard of Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding. The subsidiaries, associates and joint venture in the Group are principally engaged in activities as disclosed in Notes 14 and 15 to the financial statements respectively.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2018 were authorised for issue by the Board of Directors on June 29, 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of new and revised Standards

Except for the early adoption of FRS 109 *Financial Instruments* disclosed below, on April 1, 2017, the Group and the Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

FRS 109 *Financial Instruments*

On April 1, 2017, the Group has elected to early adopt FRS 109 to better reflect the Group's strategy on its financial assets. The changes in accounting policies have been applied retrospectively but the Group has elected not to restate the comparative periods in the year of initial adoption as permitted under FRS 109 transitional provision.

Classification and measurement

FRS 109 requires debt instruments to be classified either at amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Classification under FRS 109 for debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent sole payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is classified as amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are classified as FVTOCI. Under the new model, FVTPL is the residual category – financial assets should therefore be classified as FVTPL if they do not meet the criteria of FVTOCI or amortised cost. Regardless of the business model assessment, an entity can elect to classify a financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

FRS 109 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses, on an instrument-by-instrument basis on initial recognition, to present fair value changes in other comprehensive income.

For equity securities, the Group elects to measure its quoted equity securities, which are not held-for-trading, at FVTOCI.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVTOCI. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The Group and the Company have the following types of financial assets subject to FRS 109 expected credit loss ("ECL") model:

- (i) Trade receivables at amortised cost
- (ii) Loans to or amounts due from subsidiaries, associates and joint venture at amortised cost
- (iii) Other receivables at amortised cost

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of new and revised Standards (cont'd)

Impairment (cont'd)

The Group was required to revise its impairment methodology under FRS 109 for each of these classes of assets.

(i) Trade receivables at amortised cost

The loss allowance is determined at an amount equal to lifetime ECL based on simplified approach.

(ii) Loans to or amounts due from subsidiaries, associates and joint venture at amortised cost

Loans to or amounts due from subsidiaries, associates and joint venture at amortised cost are considered as assets with significant increase in credit risk at transition and hence the loss allowance is determined at an amount equal to lifetime ECL.

(iii) Other receivables at amortised cost

Other receivables at amortised cost are considered as assets with no significant increase in credit risk at transition and hence the loss allowance is determined at an amount equal to 12-month ECL.

Based on management's assessment, the loss allowances using the ECL model has immaterial effect to the Group's and Company's financial statements, except for trade receivables, as disclosed in Note 7.

Transition

The changes in accounting policies have been applied retrospectively but the Group has elected not to adjust the comparative information as permitted under FRS 109 transitional provision. The initial application of FRS 109 has reclassification effect to the Group's and the Company's financial statements.

As a result of the change in classification of investment in quoted equity securities from AFS to FVTOCI, there is a reclassification of cumulative impairment loss from the opening retained earnings to investment revaluation reserve of the Group and the Company amounting to \$12,649,814 and \$9,826,264 respectively.

The Group and the Company would have recognised in profit or loss an impairment loss on available-for-sale investments of \$965,914 and \$750,496 respectively if they had not been reclassified to FVTOCI during the current year.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of new and revised Standards (cont'd)

The following table summarises the reclassification and measurement effects to the Group's and the Company's financial statements as at April 1, 2017, which is the date of initial application.

		Group			
Measurement category		Carrying amount		Differences	
FRS 39	FRS 109	FRS 39	FRS 109		
\$	\$	\$	\$		\$

Current financial assets

Cash and cash equivalents	Loan and receivables	Amortised cost	13,130,401	13,130,401	-
Trade receivables	Loan and receivables	Amortised cost	10,649,491	11,098,737	449,246
Other receivables	Loan and receivables	Amortised cost	12,051,199	12,051,199	-
Held-for-trading investments	Fair value through profit or loss	Fair value through profit or loss	326,679	326,679	-

Non-current financial assets

Other receivables	Loan and receivables	Amortised cost	35,996,653	35,996,653	-
Available-for-sale investments	Available-for-sale investments	Fair value through other comprehensive income	32,014,662	32,014,662	-
Investment in insurance contract	Fair value through profit or loss	Fair value through profit or loss	210,389	210,389	-

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of new and revised Standards (cont'd)

Company				
Measurement category		Carrying amount		Differences
FRS 39	FRS 109	FRS 39	FRS 109	
\$	\$	\$	\$	\$

Current financial assets

Cash and cash equivalents	Loan and receivables	Amortised cost	789,250	789,250	-
Other receivables	Loan and receivables	Amortised cost	12,324	12,324	-
Amount due from subsidiaries	Loan and receivables	Amortised cost	6,923,284	6,923,284	-

Non-current financial assets

Available-for-sale investments	Available-for-sale investments	Fair value through other comprehensive income	24,687,834	24,687,834	-
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Financial liabilities

There are no material changes in the classification and measurement of financial liabilities for the Group and the Company.

(c) Standards issued but not yet effective

Adoption of a new financial reporting framework in 2018 - In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group and the Company will be adopting the new framework for the first time for financial year ending March 31, 2019 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (March 31, 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending March 31, 2019, an additional opening statement of financial position as at date of transition (April 1, 2018) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (April 1, 2018) and as at end of last financial period under FRS (March 31, 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended March 31, 2018). Additional disclosures may also be required for specific transition adjustments if applicable.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Standards issued but not yet effective (cont'd)

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there will be no change to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below), and the election of certain transition options available under SFRS(I) 1.

Management will be electing the following transition option that will result in material adjustments on transition to the new framework:

- Option to reset the translation reserve to zero as at date of transition.

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (March 31, 2019), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at March 31, 2019, they may impact the disclosures of estimated effects described below.

New SFRS(I) that may have impact - The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after January 1, 2018

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

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Standards issued but not yet effective (cont'd)

SFRS(I) 16 Leases

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the existing framework.

Management does not plan to early adopt SFRS(I) 16 for financial year ending March 31, 2019.

Impact assessment

- (a) Management has performed a preliminary analysis of those new pronouncements relevant to the Group and the Company, which are effective from financial year ending March 31, 2019, and determined that there will be no material adjustments expected from the initial application, other than additional enhanced disclosures.
- (b) Management has performed a preliminary analysis of SFRS(I) 16 and does not expect material adjustments other than:
 - Change in the accounting for leases as a lessee.

Upon adoption under SFRS(I) 16, all non-cancellable lease obligations other than those which fall within the above exceptions, will be recognised as liabilities concurrently with the recognition of right-of-use assets. Note 36 provides information on the non-cancellable obligations as at March 31, 2018.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 109 or the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets are recognised immediately in profit or loss.

Classification and measurement of financial instruments for the year ended March 31, 2018 in accordance with FRS 109 *Financial Instruments*

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see below on equity instruments designated as at FVTOCI); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see below on financial assets at FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'other operating income' line item.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held-for-trading or if it is contingent consideration recognised by an acquirer in a business combination to which FRS 103 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated all investments in quoted equity instruments that are not held for trading as at FVTOCI on initial application of FRS 109 (see Note 16).

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with FRS 18 *Revenue*, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'revenue' line item (Note 27) in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other operating income' (Note 28) or 'other operating expenses' (Note 29) line items; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely investment holding, provision of mechanical and electrical engineering services and rental of mobile lavatories.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 2 years past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see above for "Definition of default");
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, other receivables) are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis;
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for other receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics. If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

Borrowings

Interest-bearing bank loans and finance leases are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in profit or loss over the term of the borrowings.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

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

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with FRS 109; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other operating income' (Note 28) or 'other operating expenses' (Note 29) line items in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Classification and measurement of financial instruments for the year ended March 31, 2017 under FRS 39 *Financial Instruments: Recognition and Measurement*

The Group applied the classification and measurement requirements for financial instruments under FRS 109 *Financial Instruments* for the year ended March 31, 2018. The 2017 comparative period was not restated, and the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* were applied. The key changes are in the classification and impairment requirements for financial assets.

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

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

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other operating income' (Note 28) and 'other operating expenses' (Note 29) lines in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Available-for-sale financial assets

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses and interest calculated using the effective interest method which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Loans and receivables

Trade and other receivables and amount due from subsidiaries that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets under FRS 39

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed subsequently.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of 'investment revaluation reserve'.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES – Inventories comprising raw materials and consumables are stated at the lower of cost and net realisable value. Cost includes all cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

CONSTRUCTION CONTRACTS – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from contract customers. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to contract customers. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts due to construction contracts customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment under construction-in-progress includes professional fees and, for qualifying assets, borrowings costs capitalised in accordance with the Group's accounting policy. Depreciation commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold buildings and properties	– over the term of the lease which is 1% to 3%
Plant and machinery	– 5% to 20%
Office equipment	– 10% to 33 $\frac{1}{3}$ %
Motor vehicles	– 10% to 20%
Portable toilets	– 20%

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

IMPAIRMENT OF TANGIBLE ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the tangible asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

ASSOCIATES AND JOINT VENTURE – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The results and assets and liabilities of associates or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 109 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Accrual for profit sharing

The Group recognises a liability and an expense for profit sharing 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.

Provision for rectification costs

The Group recognises a liability and an expense for rectification costs upon completion of the construction work and the obligation is made based on management's best estimates of the expected costs which are to be incurred pending the finalisation of the final account between the Group and its respective sub-contractors based on past experience and assessment of the projects.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services of short-term nature is recognised when the services are completed.

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight-line basis.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see above).

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

Management fee income

Management fee income is recognised in profit or loss as and when the services are rendered.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, associates and interests in joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from 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 assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively) or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of 'foreign currency translation reserve'.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation in the Group's 'foreign currency translation reserve', are reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are recognised in other comprehensive income and accumulated in a separate component of equity under the header of 'foreign currency translation reserve'.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand and cash at bank and are subject to an insignificant risk of changes in value.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no instances of application of judgements that will have a significant effect on the amounts recognised in the financial statements, except for judgements involving estimations, which are dealt with below.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Recoverable amount of trade receivables and amount due from subsidiaries

(i) Loss allowances for trade receivables

The Group makes allowances for expected credit losses based on an assessment of the recoverability of trade receivables. The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The identification of loss allowance requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade receivables in the period in which such estimate has been changed.

As at the end of the reporting period, the carrying amount of trade receivables is disclosed in Note 7 to the financial statements.

(ii) Recoverable amount of amount due from subsidiaries

The Company assesses annually whether the advances to subsidiaries have any indication of impairment in accordance with the accounting policy. Management evaluates, among other factors, the market and economic environment in which the subsidiaries operate, economic performance of these entities i.e. existing financial performance as well as operating profit forecasts and the duration and extent to which the cost of investments in these entities and advances to subsidiaries exceed their net tangible assets values.

As at the end of the reporting period, the carrying amount of amount due from subsidiaries is disclosed in Note 9 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Recoverable amount of amounts due from associates and joint venture

- (i) Dalian Shicheng Property Development (S) Pte Ltd group ("DSPDS"), comprising DSPDS and its subsidiary - Dalian Shicheng Property Development Co., Ltd ("DSPDC")

The Group assesses at the end of each reporting period whether the advances to DSPDS group are recoverable. The carrying amount of advances to DSPDS group at the end of the reporting period is \$Nil (2017 : \$Nil) (net of allowance of \$28,739,486) (2017 : \$25,159,486) (Note 8).

The ability to recover advances to DSPDS group is dependent on the ability to sell the properties ("Singapore Garden") of DSPDC in Dalian, PRC at the values estimated by management and to develop the properties at the cost estimated by management. The values of properties have been estimated by management with the assistance of an independent valuer.

As at the end of the reporting period, total allowances of \$28,739,486 (2017 : \$25,159,486) have been made based on the estimated net realisable value of properties of DSPDC. The assessment of recoverable amount of advances to DSPDS group is made based on market value of development properties assuming full completion of partially completed units and development of remaining land.

- (ii) Soon Zhou Investments Pte Ltd group ("SZI"), comprising SZI and its subsidiaries

The Group assesses at the end of each reporting period whether the advances to SZI group are recoverable. The carrying amount of advances to SZI group at the end of the reporting period is \$21,737,676 (2017 : \$18,501,918), no impairment loss was recognised in 2018 and 2017 (Note 8).

In 2016, SZI and its subsidiary contracted with DSPDC to purchase development properties in Singapore Garden for cash consideration of RMB201 million (equivalent to \$42 million). The transfer of these development properties is in process as they are still under development as at March 31, 2018.

After considering the financial position of SZI group and the valuation of the properties in Singapore Garden estimated by an independent valuer, management expects the advances to SZI group to be recoverable. In making this assessment, significant assumptions include the ability of DSPDC to complete the development of certain partially completed units included in the sale to SZI group, transfer of ownership of the property units to SZI group in accordance with PRC regulations, and the ability of SZI group to realise the estimated values of the properties.

- (iii) Chang Li Investments Pte Ltd ("Chang Li"), Li Ta Investments Pte Ltd ("Li Ta") and Soon Li Investments Pte Ltd ("Soon Li")

The Group assesses at the end of each reporting period whether the advances to these associates are recoverable. The carrying amount of advances to these associates at the end of the reporting period is \$3,445,386 (2017 : \$3,444,591) (net of allowance of \$1,088,404) (2017 : \$1,088,404) (Note 8).

The recoverability of the advances to other associates is dependent on the ability to realise the estimated values of the properties ("Singapore Garden") acquired from DSPDC in Dalian, PRC at the values estimated by management. The values of properties have been estimated by management with the assistance of an independent valuer.

As at the end of the reporting period, total allowances of \$1,088,404 (2017 : \$1,088,404) have been made based on the estimated net realisable value of the properties. The assessment of recoverable amount of advances to these associates is made based on the market conditions reflecting the recoverability of the net assets in these associates.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Recoverable amount of receivables from associates and joint venture (cont'd)

(iv) Nexus Point Investments Pte Ltd ("Nexus")

The advances to Nexus are to support the dormitory operations. The Group assesses at the end of each reporting period whether the advances to Nexus are recoverable. The carrying amount of advances to Nexus at the end of the reporting period is \$7,691,925 (2017 : \$11,137,093) (net of allowance of \$7,350,000) (2017 : \$3,800,000) (Note 8).

The ability to recover advances to Nexus is dependent on the market value of the dormitory owned by Nexus, which was estimated by management with the assistance of an independent valuer. The critical judgements and estimations involved in evaluating the market value of the dormitory are market rental rate, market capitalisation rate and market price of similar dormitories located in vicinity.

As at the end of the reporting period, total allowances of \$7,350,000 (2017 : \$3,800,000) have been made as a result of reduction in market value of the dormitory. The assessment of recoverable amount of advances to Nexus is made based on the market conditions reflecting the recoverability of the net assets in Nexus.

(v) Gold Hyacinth Development Pte Ltd ("GHD")

The advances to GHD are to support its vessel charter operations. The Group assesses at the end of each reporting period whether the advances to GHD are recoverable. The carrying amount of advances to GHD at the end of the reporting period is \$2,833,880 (2017 : \$2,913,051) (net of allowance of \$1,195,911) (2017 : \$1,235,341) (Note 8).

The ability to recover advances to GHD is dependent on the market value of the vessel owned by GHD, which was estimated by management with the assistance of an independent valuer. The critical judgements and estimations involved in evaluating the market value of the vessel are market charter rate and market price of similar vessel.

As at the end of the reporting period, total allowances of \$1,195,911 (2017 : \$1,235,341) have been made based on the market conditions reflecting the recoverability of the net assets in GHD.

(vi) Meadows Bright Development Pte Ltd ("MBD")

The Group assesses at the end of each reporting period whether the advances to MBD are recoverable. The carrying amount of advances to MBD at the end of the reporting period is \$11,896,750 (2017 : \$11,896,750), no impairment loss was recognised in 2018 and 2017 (Note 8).

In assessing the recoverability of the advances to MBD, the Group evaluates, among other factors, the market and economic environment in which MBD operates as well as economic performance of MBD i.e. existing financial performance and the duration and extent to which the cost of investment in and advances to MBD exceed the recoverability of the net assets in MBD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(c) Assessment of contingent liabilities for corporate guarantees given in connection with bank loans of DSPDS group and SZI group (entities described in Note 3 (b)(i) and (b)(ii) above)

- (i) The Company together with another shareholder (the "Joint Guarantor") of the associate, DSPDS group, provided joint and several corporate guarantees to a bank for credit facilities utilised by DSPDS group for development of the Singapore Garden. At March 31, 2018, the outstanding bank loan of DSPDS group was \$16,582,590 (2017 : \$19,464,586).
- (ii) The Company and the Joint Guarantor provided joint and several corporate guarantees to a bank for a loan taken by SZI group to fund part of the acquisition of properties from DSPDC (Note 3(b)(ii)). At March 31, 2018, the outstanding bank loan of SZI group was \$13,243,551 (2017 : \$17,700,935).

In assessing whether the Group needs to record any liability in respect of the above joint and several corporate guarantees, management engaged an independent valuer to estimate the gross development value ("GDV") of the properties of DSPDC which is the projected value upon full completion of development of properties which are currently partially developed. The valuation also includes the market value in existing state which is the GDV less all estimated cost to complete, marketing cost, sales tax and developers' profit and the value of the remaining land in respect of which there are no development plans.

Based on these estimates, management projects that DSPDS group will be able to realise sufficient proceeds to repay the bank loan referred to in paragraph (i) above.

Management also projects that SZI group will be able to realise the estimated values of the properties purchased from DSPDC to enable SZI group to repay the bank loan referred to in paragraph (ii) above.

It is anticipated that the Group together with the Joint Guarantor will be required to fund instalment payments due on the bank loans and cash required to continue development of partially completed units of DSPDC in the purchase contract referred to in Note 3(b)(ii). However, such payments are expected to be recovered subsequently from the eventual sale of properties in Singapore Garden.

Based on the above assessment, management has made the judgement that as of March 31, 2018, no provision for loss needs to be made in connection with the bank guarantees (2017 : \$Nil); and with the full impairment of the Group's investment in and advances given to DSPDS group as at March 31, 2018 and 2017, the Group discontinues recognition of any share of losses of DSPDS group consistent with the preceding financial year ended March 31, 2017.

The above assessment is based on the best estimates of net cash flows which may be realised from sale of properties of DSPDC and is highly dependent on estimates of cost to complete the partially completed units, the ability to sell the properties for the estimated amounts, the timing of sale relative to timing of repayment of bank loans and the assumption that the Joint Guarantor will fund 50% of any cash required to continue development of the partially completed units of DSPDC and instalment payments due on the bank loans.

Management will monitor the above projections, reassess the judgements and accounting estimates periodically.

(d) Impairment in value of investment in associates and joint venture – Group level

The Group assesses annually whether its investment in associates and joint venture has any indication of impairment in accordance with the accounting policy. Critical judgements and key sources of estimation uncertainty are disclosed in Note 3(b) to the financial statements.

As disclosed in Note 15, the carrying value of the investment in certain associates and joint venture is \$Nil at the end of the reporting period as the Group has recognised losses incurred by the associates and joint venture to the Group's cost of investment in the associates and joint venture. The Group did not recognise the excess losses incurred by the associates and joint venture as the Group does not have the legal or constructive obligation or made payments on behalf of the associates and joint venture.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(d) Impairment in value of investment in associates and joint venture – Group level (cont'd)

As at the end of the reporting period, total impairment loss of \$2,139,389 (2017 : \$2,139,389) has been made for the carrying value of investment in associate estimated based on the market conditions reflecting the recoverability of the net assets in associate. The carrying cost of the investment in associates and joint venture is disclosed in Note 15 to the financial statements.

(e) Impairment in value of investment in subsidiaries, associates and joint venture – Company level

The Company assesses annually whether its investment in associates and joint venture has any indication of impairment in accordance with the accounting policy. Critical judgements and key sources of estimation uncertainty are disclosed in Note 3 (b) to the financial statements.

The Company also assesses annually whether its investment in subsidiaries has any indication of impairment in accordance with the accounting policy. Management evaluates, among other factors, the market and economic environment in which the subsidiaries operate, economic performance of these entities i.e. existing financial performance as well as operating profit forecasts and the duration and extent to which the cost of investments in these entities exceed their net tangible assets value and fair value less cost to sell.

As at the end of the reporting period, total allowances of \$10,000,000 (2017 : \$10,000,000) have been made for investment in subsidiaries and \$3,695,315 (2017 : \$3,695,315) for investment in associates and joint venture, estimated based on the market conditions reflecting the recoverability of the net assets in subsidiaries, associates and joint venture.

(f) Revenue recognition and contract cost from construction contracts

The Group recognises contract revenue and contract cost based on the percentage of completion method. The percentage of completion is estimated based on the stage of completion of the contract activity as stated in Note 2. Significant assumptions are required in determining the stage of completion, the estimated total contract revenue and contract cost and the recoverability of the contract sum. In making the assumption, the Group relies on past experience. Revenue from construction contracts is disclosed in Note 27 based on the estimated costs to completion.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount can be measured reliably.

(g) Provision for foreseeable losses

The Group reviews its construction work-in-progress to determine whether there is any indication of foreseeable losses. Provision for foreseeable losses is made based on management's assessment on total estimated contract costs that exceed total contract revenue. Management estimates total contract costs based on contracted amounts with subcontractors, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration current market conditions and historical trends of the amounts incurred.

Identified foreseeable losses are recognised immediately in profit or loss when it is probable that total contract costs will exceed total contract revenue. As at the end of the reporting period, the Group had assessed that no provision for foreseeable losses was required (Note 12).

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Amortised cost (2017 : loans and receivables) (including cash and cash equivalents)	87,529,745	85,083,013	7,488,748	7,713,534
Fair value through profit or loss	498,788	537,068	-	-
Fair value through other comprehensive income	30,197,260	-	23,457,370	-
Available-for-sale investments	-	32,014,662	-	24,687,834
	118,225,793	117,634,743	30,946,118	32,401,368
Financial liabilities				
Amortised cost	52,389,256	44,359,837	12,065,382	7,160,903

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

Financial assets

Type of financial asset	(a) Gross amounts of recognised financial assets \$	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position \$	(c) = (a) - (b) Net amounts of financial asset \$
Group			
2018			
Amount due from an associate	370,719	(370,719)	-
2017			
Amount due from an associate	370,719	(370,719)	-

In 2018 and 2017, other than above financial instrument, the Group and the Company do not have any other financial instruments that are subject to offsetting, enforceable master netting arrangements or similar netting arrangements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives*

The Group's overall risk management programme seeks to minimise potential adverse effects of the financial performance of the Group.

The Group's activities expose it to a variety of financial risks, including market risk (foreign currency exchange risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

Foreign currency risk occurs as a result of the transactions that are not denominated in the Group entities' respective functional currencies.

Transactions of the individual entities within the Group are mainly transacted in their respective functional currencies except for investment in quoted equity securities carried at FVTOCI which is denominated in Thai Baht.

No sensitivity analysis is prepared as the Group and the Company do not expect any material effect on the Group's and the Company's profit or loss arising from the effects of reasonably possible changes to foreign currency risk at the end of the reporting period.

The foreign currency risk relating to investments in quoted equity securities do not have any effect on the Group's and the Company's profit or loss as it is a non-monetary item and changes arising from foreign exchange is recognised in the investment revaluation reserve.

The Company's subsidiaries operate mainly in Singapore and transact mainly in Singapore dollars. Exposures to foreign currency risks are minimal. The Group's associates operate mainly in Singapore and PRC. The Group is exposed to currency translation risk on the net assets in foreign operations mainly in PRC (Renminbi).

(ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group as a result of fluctuation in interest rates.

The Group is exposed to cash flow interest rate risk in relation to certain bank borrowings and bills payables and the effective interest rates are disclosed in Note 4(c)(v).

The Group is not exposed to cash flow interest rate risk in relation to loan to associates and joint venture, certain bank borrowings and finance lease as the interest rate have been fixed at the inception of the advances to associates and joint venture, certain bank borrowings and finance lease. Interest rate of the advances to associates and joint venture is disclosed in Note 8, bank borrowings is disclosed in Note 17 and finance leases is disclosed in Note 20 to the financial statements. The Group does not have interest rate hedging policy and management monitors interest rate exposure closely.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(ii) Interest rate risk management (cont'd)

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for certain bank borrowings and bill payables at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's loss for the year ended March 31, 2018 would increase or decrease by \$161,591 (2017 : profit for the year would decrease or increase by \$139,361).

(iii) Equity price risk management

The Group's exposure to equity risks arise from equity investments classified as held-for-trading and investment in equity securities carried at FVTOCI. Investment in equity securities carried at FVTOCI are held for strategic rather than trading purposes. The Group does not actively trade investment in equity securities carried at FVTOCI. Further details of these equity investments can be found in Notes 10 and 16 to the financial statements.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of held-for-trading equity investments, if equity prices had been 10% higher or lower and all other variables were held constant, the Group's loss for the year ended March 31, 2018 would decrease or increase by \$29,437 (2017 : profit for the year would increase or decrease by \$32,668).

In respect of investment in quoted equity securities carried at FVTOCI, if equity prices had been 10% higher or lower and all other variables were held constant, there is no impact to the Group's and the Company's profit or loss. The Group's and the Company's investment revaluation reserve would increase or decrease by \$3,019,726 and \$2,345,737 respectively (2017 : \$3,201,466 and \$2,468,783 respectively).

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed periodically by the management.

Concentration of credit risk with respect to trade receivables in the construction industry in which the Group operates does exist in view of the limited number of main contractors that the Group has been dealing with, and in respect of other receivables, the Group has a balance from associates and joint venture of \$47,605,617 (2017 : \$47,893,403) and the Company has a balance from subsidiaries of \$6,968,752 (2017 : \$6,923,284).

The maximum amount the Group could be forced to settle under the financial guarantee contract is disclosed in Note 35. Based on the expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables, amount due from subsidiaries and financial guarantees are disclosed in Notes 7, 8, 9 and 35 to the financial statements respectively.

(v) Liquidity risk management

Liquidity risk arises when the Group is unable to meet its obligations towards other counterparties.

At the end of the reporting period, the Group's and the Company's current liabilities exceeded its current assets by \$1,887,712 (2017 : net current assets position of \$1,518,577) and \$4,567,092 (2017 : net current assets position of \$512,039).

The Group manages its liquidity risk by matching the payment and receipt cycle. The directors of the Group are of the opinion that liquidity risk is contained given that the Group has sufficient equity funds to finance its operations and that if required, financing can be obtained from its lines of banking credit facilities.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year \$	Within 2 to 5 years \$	After 5 years \$	Adjustment \$	Total \$
Group						
2018						
Non-interest bearing	-	45,329,040	-	3,183,332	-	48,512,372
Fixed interest rate instruments	2.16	6,265,450	2,733,422	31,088,912 ⁽¹⁾	(1,070,411)	39,017,373
		51,594,490	2,733,422	34,272,244	(1,070,411)	87,529,745
2017						
Non-interest bearing	-	40,506,398	-	2,273,515	-	42,779,913
Fixed interest rate instruments	2.11	8,619,941	-	35,177,762 ⁽¹⁾	(1,494,603)	42,303,100
		49,126,339	-	37,451,277	(1,494,603)	85,083,013
Company						
2018						
Non-interest bearing	-	7,488,748	-	-	-	7,488,748
2017						
Non-interest bearing	-	7,713,534	-	-	-	7,713,534

⁽¹⁾ Actual maturity date may differ from contractual maturity date as management expects that the amount will be repaid after 5 years.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year \$	Within 2 to 5 years \$	After 5 years \$	Adjustment \$	Total \$
Group						
2018						
Non-interest bearing	-	12,730,221	-	-	-	12,730,221
Variable interest rate instruments	2.73	32,548,589	-	-	(230,299)	32,318,290
Fixed interest rate instruments	3.47	2,806,843	2,754,285	-	(261,984)	5,299,144
Finance lease liability (fixed rate)	4.37	317,895	860,889	-	(100,029)	1,078,755
Financial guarantee contract	-	57,213,068	-	-	(56,250,222)	962,846
		<u>105,616,616</u>	<u>3,615,174</u>		<u>(56,842,534)</u>	<u>52,389,256</u>
2017						
Non-interest bearing	-	12,157,567	-	-	-	12,157,567
Variable interest rate instruments	2.66	28,087,822	-	-	(215,540)	27,872,282
Fixed interest rate instruments	3.26	1,397,837	1,368,000	-	(164,323)	2,601,514
Finance lease liability (fixed rate)	3.42	283,195	189,430	-	(20,870)	451,755
Financial guarantee contract	-	66,366,077	-	-	(65,089,358)	1,276,719
		<u>108,292,498</u>	<u>1,557,430</u>		<u>(65,490,091)</u>	<u>44,359,837</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(v) Liquidity risk management (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year \$	Within 2 to 5 years \$	After 5 years \$	Adjustment \$	Total \$
Company						
2018						
Non-interest bearing	-	11,099,801	-	-	-	11,099,801
Financial guarantee contract	-	99,503,339	-	-	(98,537,758)	965,581
		<u>110,603,140</u>	<u>-</u>	<u>-</u>	<u>(98,537,758)</u>	<u>12,065,382</u>
2017						
Non-interest bearing	-	5,852,076	-	-	-	5,852,076
Financial guarantee contract	-	99,362,497	-	-	(98,053,670)	1,308,827
		<u>105,214,573</u>	<u>-</u>	<u>-</u>	<u>(98,053,670)</u>	<u>7,160,903</u>

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, bank borrowings and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

As at the end of the reporting period, the fair value measurements of held-for-trading investments carried at fair value through profit or loss and investment in equity securities carried at FVTOCI for the Group and the Company were determined based on quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1).

The fair value of the life insurance policy is based on the cash surrender value of the contracts stated in the annual statement of the policy (level 2).

There is no transfer between levels of the fair value hierarchy during the current year and prior year.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(d) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 17, 18 and 20 to the financial statements, and equity attributable to owners of the parent, comprising issued capital and retained earnings. The Group is required to maintain a minimum Group's net worth, a maximum gearing ratio and a minimum current ratio in order to comply with the financial covenants in the loan agreements with the banks.

Management has reviewed the Group's compliance with the financial covenants for its bank facilities and is satisfied that the Group has complied with them.

Management reviews the capital structure on a yearly basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the Group will balance its overall capital structure through the payment of dividends, issue of new shares as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from prior year.

The Group monitors capital based on the Group's gross gearing and net gearing. The Group's gross gearing is calculated as total borrowings divided by total equity, whilst net gearing is calculated as net borrowings divided by total equity. Net borrowings are calculated as total bank borrowings, bills payables and finance leases as disclosed in Notes 17, 18 and 20 to the financial statements respectively, less cash and bank balances as disclosed in Note 6 to the financial statements.

	Group	
	2018	2017
	\$	\$
Total borrowings	38,696,189	30,925,551
Total equity	69,401,528	75,089,870
Gross gearing (times)	0.56	0.41
Net borrowings	30,171,667	17,795,150
Total equity	69,401,528	75,089,870
Net gearing (times)	0.43	0.24

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, the Group entered into the following transactions with related parties:

	Group	
	2018	2017
	\$	\$
Rental income from an associate	(16,312)	(16,577)
Interest income from associates and joint venture	(678,661)	(964,017)
Management fee income from associates	(108,935)	(109,730)
Advances to associates	3,580,795	3,620,000
Advances to a joint venture	2,760,000	2,760,000

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2018	2017
	\$	\$
Short-term benefits	2,068,651	2,748,500
Post-employment benefits	104,111	112,107
	2,172,762	2,860,607
Directors' fees	171,668	176,000
	2,344,430	3,036,607

The remuneration of directors and key management is determined by the Remuneration Committee having regards to the performance of individuals and market trends.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash and bank balances	8,524,522	13,130,401	519,996	789,250

Cash and cash equivalents comprise cash held by the Group that are readily convertible to cash within a short period of time. The carrying amounts of these assets approximate their fair values.

Cash balances held with certain banks amounting to \$6,241,836 (2017 : \$8,579,962) bear interest at interest rates ranging from 0.17% to 0.63% per annum (2017 : 0.17% to 1.00% per annum).

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

7 TRADE RECEIVABLES

	Group	
	2018	2017
	\$	\$
Unbilled trade receivables from construction contracts	9,748,258	7,153,723
Amounts receivable from construction contract customers	9,566,396	4,925,506
Amounts receivable from rendering of services	585,723	498,645
	19,900,377	12,577,874
Less: Loss allowance for trade receivables	(1,374,841)	(1,928,383)
Net	18,525,536	10,649,491

Unbilled trade receivables from construction contracts represent the remaining balances of the contract sum on the construction contracts to be billed. In accordance with the Group's accounting policy, revenue is recognised on the progress of the construction work. Upon completion of the construction work, the balance of the contract sum to be billed is included as unbilled trade receivables.

At March 31, 2018, retention monies held by customers for contract work amounted to \$3,724,063 (2017 : \$2,372,915). Retention sum of \$3,724,063 (2017 : \$2,189,965) is due for settlement after more than 12 months. They have been classified as current because they are expected to be realised in the normal operating cycle of the Group.

The average credit period is 30 days (2017 : 30 days). No interest is charged on overdue trade receivables.

Before accepting any new customer, the Group performs a background search on the credit worthiness and litigation status. The Group's customers mainly comprise of reputable and well established construction companies. The credit limit of the customers is reviewed periodically by the management. Concentration of credit risk with respect of trade receivables in the construction industry does exist in view of the limited number of main contractors that the Group has dealings with. The Group's trade receivables comprises 7 debtors (2017 : 5 debtors) that individually represent more than 5% of the total balance of trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of the conditions at the reporting date. The Group recognised loss allowances ranging from 1% to 100% (2017: 1% to 100%) for trade receivables that are current to more than 2 years past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

7 TRADE RECEIVABLES (CONT'D)

Included in the Group's trade receivables balance are debtors with a carrying amount of \$2,972,096 (2017 : \$1,357,072) that are past due and not impaired, and \$14,786,232 (2017 : \$9,292,419) are neither past due nor impaired at the end of the reporting period for which the Group has not recognised loss allowances as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of trade receivables that are past due and not impaired is 48 days (2017 : 62 days). The management believes that there is no further credit provision required in excess of the loss allowance for trade receivables.

The table below is an analysis of trade receivables as at the end of the reporting period:

	Group	
	2018	2017
	\$	\$
Not past due and not impaired	14,786,232	9,292,419
Past due but not impaired ⁽ⁱ⁾	2,972,096	1,357,072
	<u>17,758,328</u>	<u>10,649,491</u>
Impaired receivables - collectively assessed ⁽ⁱⁱ⁾	2,142,049	1,928,383
Less: Loss allowances for trade receivables	(1,374,841)	(1,928,383)
	<u>767,208</u>	<u>-</u>
Total trade receivables, net	<u>18,525,536</u>	<u>10,649,491</u>

⁽ⁱ⁾ Ageing of receivables that are past due but not impaired:

	Group	
	2018	2017
	\$	\$
< 3 months	2,854,743	1,068,740
> 3 months	117,353	288,332
	<u>2,972,096</u>	<u>1,357,072</u>

⁽ⁱⁱ⁾ These amounts are stated before any deduction for impairment losses and are not secured by any collateral or credit enhancements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

7 TRADE RECEIVABLES (CONT'D)

Movement in loss allowance:

	Group	
	2018	2017
	\$	\$
At beginning of the year, as previously reported	1,928,383	1,893,222
Effects of adoption of FRS 109	(449,246)	-
At beginning of the year, as restated	1,479,137	1,893,222
Amounts written off during the year	-	(114,267)
(Decrease) Increase in loss allowance recognised in profit or loss (Note 32) ⁽ⁱⁱⁱ⁾	(104,296)	149,428
At end of the year	1,374,841	1,928,383

⁽ⁱⁱⁱ⁾ The decrease in loss allowance is due to settlement of trade receivables, and offset by the remeasurement of loss allowance during the year.

As at March 31, 2018, the credit-impaired financial assets included in the gross carrying amount of trade receivables and allowance of the Group amounted to \$563,758 (2017: \$334,721)

During the year, the gross carrying amount of the trade receivables of the Group transferred from lifetime expected loss – not credit-impaired to lifetime expected loss – credit-impaired financial assets amounted to \$514,867 (2017 : \$1,109,454).

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Current:				
Amounts due from associates (Notes 5 and 15)	11,896,750	11,896,750	-	-
Other receivables	24,325	17,995	-	-
Prepayments	117,023	91,259	10,368	11,324
Advances to staff	300	300	-	-
Deposits	51,227	44,895	-	1,000
	<u>12,089,625</u>	<u>12,051,199</u>	<u>10,368</u>	<u>12,324</u>
Non-current:				
Amounts due from associates and joint venture (Notes 5 and 15)	74,082,668	67,279,884	-	-
Less: Allowance for amounts due from associates	(38,373,801)	(31,283,231)	-	-
	<u>35,708,867</u>	<u>35,996,653</u>	<u>-</u>	<u>-</u>

Advances to associates and joint venture amounting to \$32,775,537 (2017 : \$33,723,138) are unsecured, repayable on demand and bear an interest of 2.5% (2017 : 2.5%) per annum. The remaining advances to associates are unsecured, interest-free and repayable on demand. The management does not expect the advances to associates and joint venture amounting to \$35,708,867 (2017 : \$35,996,653) will be repaid within the next 12 months and as such has classified it as non-current. Management has assessed that the interest charged on advances to associates and joint venture approximate the market rates and hence, the carrying amounts of these assets approximate their fair values.

As at the end of the reporting period, an allowance of \$38,373,801 (2017 : \$31,283,231) was made for amounts due from associates (Note 3(b)(i) to (v)).

Movement in loss allowance:

	Group	
	2018	2017
	\$	\$
At beginning of the year	31,283,231	23,841,516
Increase in allowance recognised in profit or loss (Note 32)	7,130,000	7,441,715
Exchange differences	(39,430)	-
At end of the year	<u>38,373,801</u>	<u>31,283,231</u>

As at March 31, 2018, the credit-impaired financial assets included in the gross carrying amount of other receivables of the Group amounted to \$52,344,992 (2017: \$48,777,966), of which a loss allowance of \$38,373,801 (2017: \$31,283,231) was recognised.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

9 AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2018	2017
	\$	\$
Subsidiaries – non-trade (Note 14)	15,571,924	15,526,456
Less: Allowance for expected credit losses	(8,603,172)	(8,603,172)
	6,968,752	6,923,284

The loans granted to the subsidiaries are interest-free, unsecured and repayable on demand. As at the end of the reporting period, an allowance of \$8,603,172 (2017 : \$8,603,172) was made based on the market conditions reflecting the recoverability of the net assets in subsidiaries.

Movement in loss allowance:

	Company	
	2018	2017
	\$	\$
At beginning and end of the year	8,603,172	8,603,172

10 HELD-FOR-TRADING INVESTMENTS

	Group	
	2018	2017
	\$	\$
Quoted equity shares, at fair value	294,368	326,679
At beginning of the year	326,679	584,277
Disposals during the year	-	(250,000)
Fair value change during the year	(32,311)	(7,598)
At end of the year	294,368	326,679

Held-for-trading investments are investment in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gain. They have no fixed maturity or coupon rate. The fair value of the quoted equity securities are based on quoted bid market prices on the last market day of the financial year.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

11 INVENTORIES

	Group	
	2018	2017
	\$	\$
Raw materials and consumables	1,212,049	966,082
Less: Allowance for inventory obsolescence	(256,292)	(259,460)
	<u>955,757</u>	<u>706,622</u>

Movement in the allowance for inventory obsolescence:

	Group	
	2018	2017
	\$	\$
At beginning of the year	259,460	276,003
Reversal of allowance for inventory obsolescence (Note 32)	(3,168)	(16,543)
At end of the year	<u>256,292</u>	<u>259,460</u>

In 2018 and 2017, the decrease of allowance for inventory obsolescence was due to the utilisation of related inventories.

12 CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2018	2017
	\$	\$
Contract costs incurred plus recognised profits (less recognised losses to date)	110,581,798	133,738,035
Less: Progress billing	(101,585,134)	(123,686,500)
	<u>8,996,664</u>	<u>10,051,535</u>
Contracts-in-progress at end of the reporting period:		
Amounts due from contract customers	12,798,218	13,346,528
Amounts due to contract customers	(3,801,554)	(3,294,993)
	<u>8,996,664</u>	<u>10,051,535</u>

In 2018 and 2017, no provision for foreseeable losses had been recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings and properties	Plant and machinery	Office equipment	Motor vehicles	Portable toilets	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$	\$
Group							
Cost:							
At April 1, 2016	8,265,759	1,004,795	1,312,827	5,155,951	1,744,768	-	17,484,100
Additions	-	133,316	62,224	499,815	-	171,465	866,820
Disposals	-	(14,420)	(74,917)	(198,240)	(9,196)	-	(296,773)
At March 31, 2017	8,265,759	1,123,691	1,300,134	5,457,526	1,735,572	171,465	18,054,147
Additions	10,000	9,970	122,447	1,621,232	27,552	112,086	1,903,287
Disposals	(168,928)	(13,289)	(117,059)	(1,130,478)	-	-	(1,429,754)
Reclassification	192,696	-	-	-	-	(192,696)	-
At March 31, 2018	8,299,527	1,120,372	1,305,522	5,948,280	1,763,124	90,855	18,527,680
Accumulated depreciation:							
At April 1, 2016	6,491,023	835,627	937,689	3,292,150	1,632,967	-	13,189,456
Depreciation for the year ⁽¹⁾	362,327	49,277	156,808	537,633	35,529	-	1,141,574
Disposals	-	(8,690)	(66,177)	(183,600)	(9,196)	-	(267,663)
At March 31, 2017	6,853,350	876,214	1,028,320	3,646,183	1,659,300	-	14,063,367
Depreciation for the year ⁽¹⁾	111,249	48,980	135,626	514,093	34,161	-	844,109
Disposals	(144,045)	(7,647)	(101,578)	(1,130,478)	-	-	(1,383,748)
At March 31, 2018	6,820,554	917,547	1,062,368	3,029,798	1,693,461	-	13,523,728
Carrying amount:							
At March 31, 2018	1,478,973	202,825	243,154	2,918,482	69,663	90,855	5,003,952
At March 31, 2017	1,412,409	247,477	271,814	1,811,343	76,272	171,465	3,990,780

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office equipment \$
Company	
Cost:	
At April 1, 2016, March 31, 2017 and 2018	15,350
Accumulated depreciation:	
At April 1, 2016	10,828
Depreciation for the year	4,522
At March 31, 2017 and 2018	15,350
Carrying amount:	
At March 31, 2017 and 2018	-

The Group's certain plant and equipment with carrying amount of \$1,963,087 (2017 : \$1,002,700) are secured under finance leases.

⁽¹⁾ Included herein are depreciation expenses amounting to \$5,607 (2017 : \$1,217) which have been allocated to and recorded under the construction work-in-progress (Note 12).

Details of the leasehold property held by the Group are set out below:

Location	Description	Area	Tenure
8 Sungei Kadut Loop Singapore 729455	Single-storey built warehouse with a 3-storey ancillary office block on leased land from JTC	12,494 sq metre	Lease term of 34 years from March 16, 1991 (2017 : 30 years)

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

14 INVESTMENT IN SUBSIDIARIES

	Company	
	2018	2017
	\$	\$
Unquoted equity shares - at cost	38,740,189	34,940,189
Less: Impairment loss on investment in subsidiary ⁽ⁱ⁾	(10,000,000)	(10,000,000)
	28,740,189	24,940,189
Deemed investment arising from financial guarantees provided to banks on behalf of subsidiaries (Note 19)	1,459,224	1,459,224
Net	30,199,413	26,399,413

⁽ⁱ⁾ The impairment loss in value of investment in subsidiary relates to impairment of investment in King Wan Development Pte Ltd who holds investment in Dalian Shicheng Property Development (S) Pte Ltd. Refer to Note 3(e) to the financial statements for further details on impairment assessment of investment in subsidiaries.

Movement in the impairment loss on investment in subsidiary:

	Company	
	2018	2017
	\$	\$
At beginning and end of year	10,000,000	10,000,000

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiaries of the Company at the end of the reporting period are as follows:

Name of subsidiaries	Principal activities/ Place of operation and country of incorporation	Proportion of ownership interest and voting power held	
		2018 %	2017 %
King Wan Construction Pte Ltd ⁽¹⁾	Provision of mechanical and electrical engineering services/ Singapore	100	100
Shinergy Engineering Pte Ltd ⁽¹⁾⁽²⁾	Provision of mechanical and electrical engineering services/ Singapore	100	-
K & W Mobile Loo Services Pte Ltd ⁽¹⁾	Owner, renters and operators of mobile lavatories and other facilities/ Singapore	100	100
King Wan Industries Pte Ltd ⁽¹⁾	Investment holding/ Singapore	100	100
King Wan Development Pte Ltd ⁽¹⁾	Investment holding/ Singapore	100	100
Gold Topaz Pte Ltd ⁽¹⁾	Investment holding/ Singapore	100	100
Harmony Investment Holding Pte Ltd ⁽¹⁾	Investment holding/ Singapore	100	100

⁽¹⁾ Audited by Deloitte & Touche LLP, Singapore.

⁽²⁾ Incorporated in Singapore on May 18, 2017.

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

	Group		Company	
	2018 \$	2017 \$	2018 \$	2017 \$
Unquoted equity shares - at cost	11,455,846	11,455,846	-	-
Deemed investment arising from financial guarantees provided to banks on behalf of Group's associates and joint venture	4,648,157	4,648,157	941,960	941,960
Excess of nominal value over fair value of advances given to associates	160,960	160,960	-	-
	16,264,963	16,264,963	941,960	941,960
Share of post-acquisition accumulated results, net of dividends received	(10,036,348)	(10,229,835)	-	-
Impairment loss on investment in an associate	(2,139,389)	(2,139,389)	-	-
Share of foreign currency translation reserve	(606,031)	(1,034,068)	-	-
Net	3,483,195	2,861,671	941,960	941,960

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

The associates of the Group at the end of the reporting period are as follows:

Name of associates	Principal activities/ place of operation and country of incorporation	Proportion of effective ownership interest and voting power held	
		2018 %	2017 %
<u>Held through King Wan Industries Pte Ltd</u>			
Soon Li Investments Pte Ltd ⁽⁵⁾	Investment holding/ Singapore	49	49
Chang Li Investments Pte Ltd ⁽⁵⁾	Investment holding/ Singapore	49	49
Li Ta Investments Pte Ltd ⁽⁵⁾	Investment holding/ Singapore	49	49
<u>Held through King Wan Development Pte Ltd</u>			
Meadows Bright Development Pte Ltd ⁽¹⁾	Property development/ Singapore	40	40
Bukit Timah Green Development Pte Ltd ⁽²⁾	Bukit Timah Green Property/ Singapore	20	20
Dalian Shicheng Property Development (S) Pte Ltd ⁽¹⁾	Property development and investment holding/ Singapore	36.6	36.6
Dalian Shicheng Property Development Co., Ltd ⁽³⁾	Development, marketing, sale and management of residential and commercial properties/ People's Republic of China	36.6	36.6
S.I. Property Co., Ltd ⁽⁴⁾	Owner and rental of office and commercial space/ Thailand	30	30
<u>Held through Gold Topaz Pte Ltd</u>			
Gold Hyacinth Development Pte Ltd ⁽¹⁾	Chartering of vessels/ Singapore	30	30
<u>Held through Harmony Investment Holding Pte Ltd</u>			
Nexus Point Investments Pte Ltd ⁽¹⁾	Investment holding/ Singapore	19	19

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

Name of joint venture	Principal activities/ place of operation and country of incorporation	Proportion of effective ownership interest and voting power held	
		2018	2017
		%	%
<u>Held through King Wan Industries Pte Ltd</u>			
Soon Zhou Investments Pte Ltd ⁽¹⁾	Investment holding/ Singapore	50	50
<u>Held through Soon Zhou Investments Pte Ltd</u>			
Blue Oasis Investments Pte Ltd ⁽¹⁾⁽⁶⁾	Investment holding/ Singapore	50	50
Dalian Blue Oasis Properties Co Ltd ⁽⁷⁾	Investment holding/ People's Republic of China	50	50

⁽¹⁾ Audited by Deloitte & Touche LLP, Singapore.

⁽²⁾ 50% owned by the Group's associate, Meadows Bright Development Pte Ltd. Audited by Ernst & Young LLP, Singapore.

⁽³⁾ Dalian Shicheng Property Development Co., Ltd ("DSPDC") is 100% owned by the Group's associate, Dalian Shicheng Property Development (S) Pte Ltd ("DSPDS"). 100% shareholdings in DSPDC are pledged to a financial institution for banking facilities granted to DSPDS.

DSPDC is audited by Deloitte Touche Tohmatsu CPA LLP, Dalian Branch for consolidation purposes.

⁽⁴⁾ Audited by another firm of auditors, Thanapan & Associates, Certified Public Accountants, Thailand.

⁽⁵⁾ Audited by another firm of auditors Chan Leng Leng & Co, Singapore.

⁽⁶⁾ Blue Oasis Investments Pte Ltd is 100% owned by the Group's joint venture, Soon Zhou Investments Pte Ltd.

⁽⁷⁾ 100% owned by the Group's joint venture, Blue Oasis Investments Pte Ltd.

Dalian Blue Oasis Properties Co Ltd is audited by Deloitte Touche Tohmatsu CPA LLP, Dalian Branch for consolidation purposes.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

Summarised financial information in respect of each of the Group's material associates and joint venture is set out below.

Dalian Shicheng Property Development (S) Pte Ltd's Group ("DSPDS")

	2018 \$	2017 \$
Current assets	59,391,964	47,509,425
Non-current assets	62,847	79,830
Current liabilities	(138,535,024)	(122,597,864)
Capital deficiency	(79,080,213)	(75,008,609)
Revenue	1,953,656	12,211,428
Loss for the year	(5,210,070)	(4,043,149)
Other comprehensive income for the year	1,138,466	1,045,326
Total comprehensive loss for the year	(4,071,604)	(2,997,823)

Reconciliation of the above summarised financial information to the carrying amount of the interest in DSPDS recognised in these consolidated financial statements:

	2018 \$	2017 \$
Net liabilities of the associate	(79,080,213)	(75,008,609)
Proportion of the Group's ownership interest in DSPDS	36.6%	36.6%
The Group's interest in DSPDS	(28,943,358)	(27,453,151)
Deemed investment arising from financial guarantees provided to banks on behalf of DSPDS	825,211	825,211
Excess of nominal value over fair value of advances given to DSPDS	40,960	40,960
	(28,077,187)	(26,586,980)

As at the end of the reporting period, the Group had not recognised loss amounting to \$28,077,187 (2017 : \$26,586,980) incurred by DSPDS as this represented loss in excess of the Group's interest in DSPDS.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

Meadows Bright Development Pte Ltd's Group ("MBD")

	2018	2017
	\$	\$
Current assets	28,081,480	16,819,716
Non-current assets	1,277,733	12,807,194
Current liabilities	(22,702,328)	(23,543,185)
Total equity	6,656,885	6,083,725
Revenue	-	-
Profit for the year, representing total comprehensive income for the year	573,160	8,777,300

Reconciliation of the above summarised financial information to the carrying amount of the interest in MBD recognised in these consolidated financial statements:

	2018	2017
	\$	\$
Net assets of the associate	6,656,885	6,083,725
Proportion of the Group's ownership interest in MBD	40%	40%
The Group's interest in MBD	2,662,754	2,433,490
Deemed investment arising from financial guarantees provided to banks on behalf of MBD	1,731,778	1,731,778
Excess of nominal value over fair value of advances given to MBD	120,000	120,000
Pre-acquisition profits not recorded by the Group	287,611	287,611
Impairment loss on investment in MBD	(2,139,389)	(2,139,389)
	2,662,754	2,433,490
Carrying amount of the Group's interest in MBD	2,662,754	2,433,490

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

Gold Hyacinth Development Pte Ltd ("GHD")

	2018 \$	2017 \$
Current assets	1,458,135	1,955,869
Non-current assets	18,549,958	20,019,482
Current liabilities	(4,345,693)	(3,722,369)
Non-current liabilities	(23,445,440)	(25,407,938)
Capital deficiency	(7,783,040)	(7,154,956)
Revenue	2,993,937	2,080,575
Loss for the year	(1,063,425)	(1,933,925)
Other comprehensive income (loss) for the year	435,341	(193,647)
Total comprehensive loss for the year	(628,084)	(2,127,572)

Reconciliation of the above summarised financial information to the carrying amount of the interest in GHD recognised in the consolidated financial statements:

	2018 \$	2017 \$
Net liabilities of the associate	(7,783,040)	(7,154,956)
Proportion of the Group's ownership interest in GHD	30%	30%
The Group's interest in GHD	(2,334,912)	(2,146,487)
Deemed investment arising from financial guarantees provided to banks on behalf of GHD	92,429	92,429
	(2,242,483)	(2,054,058)
Carrying amount of the Group's interest in GHD	-	-

As at the end of the reporting period, the Group had not recognised loss amounting to \$2,242,483 (2017 : \$2,054,058) incurred by GHD as this represented loss in excess of the Group's interest in GHD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

Soon Zhou Investments Pte Ltd's Group ("Soon Zhou")

	2018	2017
	\$	\$
Current assets	35,027,008	32,654,193
Non-current assets	23,170,813	21,601,986
Current liabilities	(58,337,419)	(55,296,687)
Capital deficiency	(139,598)	(1,040,508)
Revenue	-	-
Profit for the year	61,666	2,803,014
Other comprehensive income (loss) for the year	839,244	(996,777)
Total comprehensive income for the year	900,910	1,806,237

Reconciliation of the above summarised financial information to the carrying amount of the interest in Soon Zhou recognised in the consolidated financial statements:

	2018	2017
	\$	\$
Net liabilities of the joint venture	(139,598)	(1,040,508)
Proportion of the Group's ownership interest in Soon Zhou	50%	50%
The Group's interest in Soon Zhou	(69,799)	(520,254)
Deemed investment arising from financial guarantees provided to banks on behalf of Soon Zhou	520,254	520,254
	450,455	-
Carrying amount of the Group's interest in Soon Zhou	450,455	-

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

Nexus Point Investments Pte Ltd ("Nexus")

	2018 \$	2017 \$
Current assets	7,363,681	6,429,758
Non-current assets	170,961,168	196,229,873
Current liabilities	(16,340,216)	(9,560,351)
Non-current liabilities	(204,221,075)	(214,153,543)
Capital deficiency	(42,236,442)	(21,054,263)
Revenue	14,524,049	9,249,822
Loss for the year, representing total comprehensive loss for the year	(21,182,179)	(18,791,880)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nexus recognised in the consolidated financial statements:

	2018 \$	2017 \$
Net liabilities of the associate	(42,236,442)	(21,054,263)
Proportion of the Group's ownership interest in Nexus	19%	19%
The Group's interest in Nexus	(8,024,924)	(4,000,310)
Deemed investment arising from financial guarantees provided to banks on behalf of Nexus	1,478,485	1,478,485
	(6,546,439)	(2,521,825)
Carrying amount of the Group's interest in Nexus	-	-

As at the end of the reporting period, the Group had not recognised loss amounting to \$6,546,439 (2017 : \$2,521,825) incurred by Nexus as this represented loss in excess of the Group's interest in Nexus.

Aggregate information of associates that are not individually material

	2018 \$	2017 \$
The Group's share of loss	(66,610)	(924)
The Group's share of other comprehensive income (loss) for the year	8,415	(29,774)
Aggregate carrying amount of the Group's interest in these associates	369,986	428,181

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

16 INVESTMENTS

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Quoted equity shares, at fair value through other comprehensive income ("FVTOCI")	30,197,260	-	23,457,370	-
Quoted equity shares, held as available-for-sale investments	-	32,014,662	-	24,687,834
Insurance contract, at fair value through profit or loss	204,420	210,389	-	-
	30,401,680	32,225,051	23,457,370	24,687,834

Investment in quoted equity securities

Investments in equity instruments designated as at FVTOCI are not subject to impairment, and their cumulative fair value changes included in the investment revaluation reserve are not subsequently reclassified to profit or loss.

As a result of adoption of FRS 109 in the current year, there is a reclassification of cumulative impairment loss from the opening retained earnings to investment revaluation reserve of the Group and the Company amounting to \$12,649,814 and \$9,826,264 respectively.

The investment in quoted equity securities offers the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year.

Investment in life insurance policy

The life insurance policy relates to life insurance purchased for a key management personnel.

17 BANK BORROWINGS

	Group	
	2018	2017
	\$	\$
Short-term bank borrowings	15,400,000	17,200,000
Current portion of long-term bank borrowings	2,633,048	2,202,370
Total current portion of bank borrowings	18,033,048	19,402,370
Non-current portion of long-term bank borrowings	2,666,096	1,299,144
	20,699,144	20,701,514

The short-term bank borrowings extended by the banks to a subsidiary are on 1 to 6 months (2017 : 3 to 6 months) revolving basis and are borrowed for the purpose of short-term cash commitments. The borrowings are guaranteed by the Company and bear interest at rates ranging from 2.11% to 3.81% (2017 : 2.30% to 3.55%) per annum, and are arranged at floating rates thus exposing the Group to cash flow interest rate risks.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

17 BANK BORROWINGS (CONT'D)

The long-term bank borrowings extended by the banks to a subsidiary are for a term ranging from 2 to 5 years and are repayable over 11 to 60 (2017 : 8 to 60) monthly instalments. The long-term bank borrowings were drawn down for the purpose of financing on-going construction projects and guaranteed by the Company. Long-term bank borrowings amounting to \$Nil (2017 : \$900,000) bear interest at Nil% (2017 : 2.74%) per annum, and are arranged at floating rates thus exposing the Group to cash flow interest rate risks. The remaining amount of long-term bank borrowings bear fixed interest at rates ranging from 2.80% to 3.90% (2017 : 2.80% to 4.50%) per annum.

The carrying amounts of these borrowings approximates fair value as the interest rate approximates the prevailing market rate.

18 TRADE PAYABLES AND BILLS PAYABLES

	Group	
	2018	2017
	\$	\$
Bills payables	16,918,290	9,772,282
Trade payables - outside parties	7,041,903	7,612,998
Deferred revenue - outside parties	10,515	-
Accrual for subcontractor costs	4,651,675	3,657,835
	<u>28,622,383</u>	<u>21,043,115</u>

Bills payables are repayable between 2 to 6 months (2017 : 3 to 5 months) from the date the bills are first issued. The carrying amount of the bills payables approximates its fair value due to its short-term maturity. Bills payables bear interest at rates ranging from 2.15% to 3.18% (2017 : 2.20% to 2.44%) per annum and are supported by a corporate guarantee given by the Company.

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period on purchases of goods from outside parties is 3 months (2017 : 3 months). No interest is charged on overdue trade payables.

19 OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Other payables	946,292	861,851	102,821	85,243
Associates (Note 15)	490	490	-	-
Directors	79,346	24,393	79,346	24,393
Financial guarantees	962,846	1,276,719	965,581	1,308,827
	<u>1,988,974</u>	<u>2,163,453</u>	<u>1,147,748</u>	<u>1,418,463</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

19 OTHER PAYABLES (CONT'D)

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

Included in the Group's and Company's non-trade payables at the end of the reporting period were unamortised financial guarantee fee income of \$962,846 and \$965,581 (2017 : \$1,276,719 and \$1,308,827) respectively. The Company issued financial guarantees to financial institutions for credit facilities obtained by its subsidiaries, joint venture and certain associates (Note 35), and recorded a deemed financial guarantee fee income in accordance with FRS 109 *Financial Instruments*. The deemed income was amortised over the period of the guarantee. The guarantee fee was not charged by the Company to the subsidiaries, joint venture and associates. The full amount of the guarantee fee is deemed to be the additional investment in the subsidiaries, joint venture and associates.

The Group and Company is a party to financial guarantee contracts where it has provided financial guarantee of \$57,213,068 (2017 : \$66,366,077) to banks in respect of associates and joint venture of the Group. The Company also provides financial guarantee of \$42,290,271 (2017 : \$32,996,420) to banks in respect of certain subsidiaries.

20 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	2018	2017
	\$	\$	\$	\$
Group				
Amounts payable under finance leases:				
Within one year	317,895	283,195	275,756	272,396
In the second to fifth years inclusive	860,889	189,430	802,999	179,359
	1,178,784	472,625	1,078,755	451,755
Less: Future finance charges	(100,029)	(20,870)	N/A	N/A
Present value of lease obligations	1,078,755	451,755	1,078,755	451,755
Less: Amount due for settlement within 12 months			(275,756)	(272,396)
Amount due for settlement after 12 months			802,999	179,359

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term ranges from 4 to 5 years (2017 : 4 to 5 years). At the end of the reporting period, the average effective borrowing rate was 4.37% (2017 : 3.42%) per annum. Interest rates are fixed at the contract date, and thus exposing the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 13).

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

21 AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary was unsecured, interest-free and repayable on demand.

22 PROVISION FOR RECTIFICATION COSTS

The provision for rectification costs represents management's best estimate of the expected costs which are to be incurred pending the finalisation of the final account between the Group and its respective subcontractors, based on past experience and assessment of the projects.

Movement for provision for rectification costs:

	Group	
	2018	2017
	\$	\$
At beginning of the year	912,533	988,383
Charge to profit or loss	428,833	190,843
Utilisation	(110,213)	(266,693)
At end of the year	1,231,153	912,533

23 DEFERRED TAX ASSETS (LIABILITIES)

	Group	
	2018	2017
	\$	\$
Tax losses:		
At beginning of the year	123,977	-
Credit to profit or loss	185,000	123,977
At end of the year	308,977	123,977
Accelerated tax over book depreciation:		
At beginning of the year	(148,336)	(214,859)
Credit to profit or loss	-	66,523
At end of the year	(148,336)	(148,336)
Total	160,641	(24,359)

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

24 SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		\$	\$
Issued and paid-up:				
At beginning and end of financial year	349,176,870	349,176,870	46,813,734	46,813,734

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

25 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of Group's presentation currency.

Movement in foreign currency translation reserve:

	Group	
	2018	2017
	\$	\$
At beginning of the year	(1,075,761)	100,905
Changes during the year recognised in other comprehensive income	250,356	(1,176,666)
At end of the year	(825,405)	(1,075,761)

26 INVESTMENT REVALUATION RESERVE

Investment revaluation reserve represents revaluation of investment in equity securities carried at FVTOCI (2017 : available-for-sale investments) to market values as at year-end.

Movement in investment revaluation reserve:

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
At beginning of year, as previously reported	587,739	-	479,969	-
Cumulative impairment loss on investment in equity securities designated at FVTOCI, transferred from retained earnings to investment revaluation reserve upon adoption of FRS 109 in 2018	(12,649,814)	-	(9,826,264)	-
At beginning of year, as restated	(12,062,075)	-	(9,346,295)	-
Changes during the year recognised in other comprehensive income	(1,553,653)	587,739	(1,230,465)	479,969
At end of year	(13,615,728)	587,739	(10,576,760)	479,969

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

27 REVENUE

	Group	
	2018	2017
	\$	\$
Amounts recognised from construction contracts	71,043,155	88,957,060
Rendering of services	2,287,407	2,491,789
Dividend income from investment at FVTOCI (2017 : available-for-sale investments)	458,549	435,274
	<u>73,789,111</u>	<u>91,884,123</u>

28 OTHER OPERATING INCOME

	Group	
	2018	2017
	\$	\$
Rental income	700,184	696,358
Dividend income from held-for-trading investments	13,306	9,432
Sundry income	35,487	13,250
Wage Credit scheme	23,870	15,596
Special Employment Credit	63,004	91,077
Productivity and Innovation Credit scheme	12,789	9,935
Management fee income (Note 5)	108,935	109,730
Interest income from:		
Associates and joint venture (Note 5)	678,661	964,017
External parties	15,767	51,614
Fee income from financial guarantee to associates and joint venture	313,873	741,323
Gain on disposal of property, plant and equipment	189,634	-
Net foreign exchange gain	-	183,641
	<u>2,155,510</u>	<u>2,885,973</u>

29 OTHER OPERATING EXPENSES

	Group	
	2018	2017
	\$	\$
Allowance for amounts due from associates	7,130,000	7,441,715
Impairment loss on investment in an associate	-	2,139,389
Loss on disposal of property, plant and equipment	-	19,355
Loss on disposal of investment in quoted equity securities	-	172
Change in fair value of insurance contract	40,870	-
Change in fair value of held-for-trading investments	32,311	7,598
Net foreign exchange loss	25,584	-
	<u>7,228,765</u>	<u>9,608,229</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

30 FINANCE COSTS

	Group	
	2018	2017
	\$	\$
Interest expense from:		
Bank borrowings	832,632	1,264,778
Finance leases	40,675	17,962
	<u>873,307</u>	<u>1,282,740</u>

31 INCOME TAX EXPENSE

	Group	
	2018	2017
	\$	\$
Current tax	1,075,423	1,495,983
Deferred tax (Note 23)	(185,000)	(190,500)
Withholding tax	49,025	44,092
Under provision of current tax in prior years	265,890	13,840
	<u>1,205,338</u>	<u>1,363,415</u>

Domestic income tax is calculated at 17% (2017 : 17%) of the estimated assessable (loss) profit for the year.

The total charge for the year can be reconciled to the accounting (loss) profit as follows:

	Group	
	2018	2017
	\$	\$
(Loss) Profit before income tax	<u>(3,642,740)</u>	<u>2,366,662</u>
Income tax (credit) expense calculated at 17% (2017 : 17%)	(619,266)	402,333
Non-allowable items	1,904,341	2,304,631
Non-taxable items	(278,216)	(577,983)
Tax effect of share of results of associates	(32,893)	(621,018)
Tax exemptions	(114,772)	(114,649)
Withholding tax	49,025	44,092
Corporate tax rebate	(40,206)	(30,143)
Others	71,435	(57,688)
	<u>939,448</u>	<u>1,349,575</u>
Underprovision of current tax in prior years	265,890	13,840
	<u>1,205,338</u>	<u>1,363,415</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

32 (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year is arrived at after (crediting) charging:

	Group	
	2018	2017
	\$	\$
Directors' remuneration:		
Company	1,065,766	1,430,121
Subsidiaries	787,895	874,236
Directors' fees:		
Company	171,668	176,000
Staff costs (including directors' remuneration)	12,818,103	12,951,233
Costs of defined contribution plans included in staff costs	751,205	752,665
(Reversal of) loss allowance for trade receivables	(104,296)	149,428
Allowance for amounts due from associates	7,130,000	7,441,715
Reversal of allowance for inventory obsolescence	(3,168)	(16,543)
Inventories written off	-	4,451
Cost of inventories recognised as expense	19,969,451	25,896,225
Net foreign exchange loss (gain)	25,584	(183,641)
Audit fees:		
Paid to auditors of the Company	183,600	179,100
Non-audit fees paid to the auditors of the Company	-	-

33 (LOSS) EARNINGS PER SHARE (CENTS)

Basic (loss) earnings per share is calculated by dividing the Group's (loss) profit for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	2018	2017
Net (loss) profit attributable to shareholders of the Company (\$)	(4,848,078)	1,003,247
Weighted average number of ordinary shares in issue	349,176,870	349,176,870
Basic and diluted (loss) earnings per share (in cents)	(1.39)	0.29

The fully diluted (loss) earnings per share is calculated using the same weighted number of ordinary shares as there are no dilutive potential ordinary shares.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

34 DIVIDENDS

On November 9, 2016, the Company declared and paid an interim one-tier tax exempt dividend of 0.50 cents per share totalling \$1,745,884 in respect of the financial year ended March 31, 2017.

On June 6, 2017, the Company received \$2,005 pertaining to unclaimed dividends declared in 2010.

35 COMMITMENTS AND CONTINGENT LIABILITIES

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Corporate guarantees given to banks in respect of credit facilities utilised by:				
Subsidiaries	-	-	42,290,271	32,996,420
Associates and a joint venture	57,213,068	66,366,077	57,213,068	66,366,077
	57,213,068	66,366,077	99,503,339	99,362,497

The maximum amount that the Group and Company could be forced to settle under the financial guarantee contracts are \$57,213,068 and \$99,503,339 (2017 : \$66,366,077 and \$99,362,497) respectively. The Group and Company considers that it is more likely than not that no amount will be payable under the arrangement.

36 OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group rents out part of its leasehold property in Singapore under operating leases. Rental income earned during the year was \$700,184 (2017 : \$696,358).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2018	2017
	\$	\$
Within one year	286,255	322,647
2 to 5 years	295	4,527
	286,550	327,174

Operating lease payments represents rental receivable from tenants by the Group. Leases are negotiated for an average term of 1 year (2017 : 1 year) and rentals are fixed for an average of 1 year (2017 : 1 year).

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

36 OPERATING LEASE ARRANGEMENTS (CONT'D)

The Group as lessee

	Group	
	2018	2017
	\$	\$
<hr/>		
Minimum lease payments under operating leases included in profit or loss	279,960	269,199

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2018	2017
	\$	\$
<hr/>		
Within one year	285,221	279,482
In the second to fifth years inclusive	1,141,665	1,118,693
After five years	558,720	826,960
Total	1,985,606	2,225,135

Operating lease payments represent rentals payable by the Group for land spaces where its leasehold property is located. In 2018, the lease is negotiated for a term of 34 years (2017 : 30 years) and the annual rental is fixed. The rental commitment is computed based on the existing rate as at March 31, 2018.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

37 SEGMENT INFORMATION

Business segments

The segment information reported externally was analysed on the basis of the types of products and services provided by the Group's operating segments. The information reported to the Group's chief operating decision maker for the purposes of resources allocation and assessment of segment performance is focused on these operating segments. The reportable segments under FRS 108 are plumbing and sanitary, electrical, toilet rental and investment holdings.

Plumbing and sanitary - Provision of plumbing and sanitary services includes the design and installation of water distribution systems and pipe network for sewage and waste water drainage.

Electrical - Provision of electrical engineering services include the design and installation of electricity distribution systems, fire protection, alarm systems, communications and security systems as well as air-conditioning and mechanical ventilation systems.

Toilet rental - Rental and operating of mobile lavatories and other facilities.

Investment holdings - Group's investment in associates and joint venture.

Others - For those other activities which do not fall into the above categories.

Segment revenue and results are the operating revenue and results reported in the Group's statement of comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and results that can be allocated on a reasonable basis to a segment.

Inter-segment sales relate to sales between business segments and are stated at prevailing market prices. These sales are eliminated on consolidation.

Segment assets include all operating assets used by a segment and consist principally of cash, trade receivables, construction work-in-progress and property, plant and equipment. Unallocated assets comprise other assets that are not directly attributable to the segment. Capital expenditure includes the total cost incurred to acquire property, plant and equipment directly attributable to the segment.

Segment liabilities include all operating liabilities and consist principally of trade payables, provision for rectification costs and accrued expenses. Unallocated liabilities comprise bank borrowings, finance leases, income tax payable, deferred tax liabilities and other liabilities that are not directly attributable to the segment.

Information regarding the Group's reportable segments is presented below. The measurement basis of the Group's reportable segments is in accordance with its accounting policy.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

37 SEGMENT INFORMATION (CONT'D)

	Plumbing and sanitary		Electrical		Toilet rental	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Revenue						
External sales	46,395,730	66,091,146	24,647,426	22,865,914	2,293,644	2,495,857
Results						
Segment result	4,015,887	4,511,580	700,222	4,694,392	(1,097,551)	(717,638)
Unallocated expenses						
Net other operating income						
Finance costs						
(Loss) Profit before income tax						
Income tax						
(Loss) Profit for the year						
Other information						
Capital expenditure additions	3,000	66,658	3,000	66,658	126,605	161,370
Fee income from financial guarantee to associates and joint venture	-	-	-	-	-	-
Depreciation *	20,959	19,536	20,959	19,536	267,736	285,726
Allowance for amounts due from associates	-	-	-	-	-	-
Impairment loss on investment in an associate	-	-	-	-	-	-
Loss allowance for trade receivables	(161,049)	236,312	47,587	(141,988)	9,166	55,104

* Includes depreciation expense of \$5,607 (2017 : \$1,217) allocated to construction work-in-progress.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

Investment holdings		Others		Eliminations		Consolidated	
2018	2017	2018	2017	2018	2017	2018	2017
\$	\$	\$	\$	\$	\$	\$	\$
458,549	435,274	-	-	(6,238)	(4,068)	73,789,111	91,884,123
(6,477,965)	(5,492,784)	-	-	65,610	88,571	(2,793,797)	3,084,121
						(2,078,932)	(2,256,496)
						2,103,296	2,821,777
						(873,307)	(1,282,740)
						(3,642,740)	2,366,662
						(1,205,338)	(1,363,415)
						(4,848,078)	1,003,247
-	-	1,770,682	572,134	-	-	1,903,287	866,820
-	-	343,247	1,054,548	(29,374)	(313,225)	313,873	741,323
-	-	534,455	816,776	-	-	844,109	1,141,574
7,130,000	7,441,715	-	-	-	-	7,130,000	7,441,715
-	2,139,389	-	-	-	-	-	2,139,389
-	-	-	-	-	-	(104,296)	149,428

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

37 SEGMENT INFORMATION (CONT'D)

	Plumbing and sanitary		Electrical	
	2018	2017	2018	2017
	\$	\$	\$	\$
Assets				
Segment assets	22,235,321	18,743,742	9,584,458	5,623,988
Unallocated assets				
Consolidated total assets				
Liabilities				
Segment liabilities	19,149,315	18,251,555	13,941,447	6,457,047
Unallocated liabilities				
Consolidated total liabilities				

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

Toilet rental		Investment holdings		Eliminations		Consolidated	
2018	2017	2018	2017	2018	2017	2018	2017
\$	\$	\$	\$	\$	\$	\$	\$
2,475,914	2,225,813	80,858,034	82,980,125	(1,076)	(1,076)	115,152,651	109,572,592
						12,793,710	15,712,483
						<u>127,946,361</u>	<u>125,285,075</u>
2,901,965	4,033,684	-	-	(2,637,436)	(3,424,282)	33,355,291	25,318,004
						25,189,542	24,877,201
						<u>58,544,833</u>	<u>50,195,205</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

37 SEGMENT INFORMATION (CONT'D)

Geographical segments

The Group operates mainly in Singapore. Revenue is reported based on the location of customers regardless of where the goods are produced or services rendered. Assets and capital expenditure are shown by the geographical areas in which these assets are located.

	Revenue		Non-current assets	
	2018	2017	2018	2017
	\$	\$	\$	\$
Singapore	73,789,111	91,884,123	43,725,749	42,631,312

Non-current assets above exclude investments held in Thailand.

Information about major customers

There are 3 (2017 : 2) external customers that amount to 10% or more of the Group's revenue.

SHAREHOLDINGS STATISTICS

As at 18 June 2018

Issued and fully paid up share capital	: S\$46,813,734
No. of shares issued	: 349,176,870
Class of shares	: Ordinary Shares
Voting rights	: 1 vote per share
No. of treasury shares and subsidiary holdings held	: Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 JUNE 2018

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	2	0.13	5	0.00
100 - 1,000	56	3.66	51,610	0.02
1,001 - 10,000	402	26.26	2,736,552	0.78
10,001 - 1,000,000	1,044	68.19	83,563,991	23.93
1,000,001 and above	27	1.76	262,824,712	75.27
Total	1,531	100.00	349,176,870	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 18 JUNE 2018

No.	Name of Shareholders	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LIMITED	86,754,900	24.85
2	CHUA KIM HUA	43,938,319	12.58
3	CHUA ENG ENG	33,461,906	9.58
4	CHUA HAI KUEY	22,247,676	6.37
5	MAYBANK KIM ENG SECURITIES PTE LTD	16,439,500	4.71
6	LIONG KIAM TECK	8,607,000	2.47
7	ONG TZE KING	6,266,000	1.79
8	DBS NOMINEES PTE LTD	5,233,700	1.50
9	ANG JUI KHOON	4,996,600	1.43
10	CITIBANK NOMINEES SINGAPORE PTE LTD	4,295,800	1.23
11	QUAH BOW CHYE	3,730,000	1.07
12	SOME YEW PEW	3,258,100	0.93
13	UOB KAY HIAN PRIVATE LIMITED	2,697,200	0.77
14	NEO TIAM POON @ NEO THIAM POON	2,255,000	0.65
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,073,700	0.59
16	LAU KOI FONG @ LAU THIM THAI	2,014,700	0.58
17	OCBC SECURITIES PRIVATE LIMITED	2,009,200	0.58
18	HONG HENG CO PTE LTD	2,000,000	0.57
19	ANG CHIN SAN	1,400,000	0.40
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,305,500	0.37
TOTAL		254,984,801	73.02

SHAREHOLDINGS STATISTICS

As at 18 June 2018

SUBSTANTIAL SHAREHOLDERS AS AT 18 JUNE 2018 AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Number of Ordinary Shares		Total	%
	Direct Interest	Deemed Interest		
Mui Hia Holding Limited	76,875,000	-	76,875,000	22.02
Ganoktip Siriviriyakul ⁽¹⁾	-	76,875,000	76,875,000	22.02
Chua Kim Hua	44,113,319	-	44,113,319	12.63
Chua Eng Eng	36,576,906	-	36,576,906	10.48
Chua Hai Kuey	22,247,676	-	22,247,676	6.37

Notes:-

⁽¹⁾ Ms Ganoktip Siriviriyakul is deemed to be interested in the shares held by Mui Hia Holding Limited by virtue of her 100% shareholding interest in Mui Hia Holding Limited.

SHAREHOLDING HELD IN HANDS OF THE PUBLIC

As at 18 June 2018, approximately 48.2% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of King Wan Corporation Limited will be held at 8 Sungei Kadut Loop Singapore 729455 on Thursday, 26 July 2018 at 10:00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2018 together with the Auditors' Report thereon. Resolution 1
2. To re-elect Mr Chua Hai Kuey, who is retiring in accordance with Article 115 of the Company's Constitution, as a Director of the Company. Resolution 2
3. To re-elect Mr Goh Chee Wee, who is retiring in accordance with Article 115 of the Company's Constitution, as a Director of the Company. Resolution 3

[Mr Goh Chee Wee shall, upon re-election as a Director of the Company, remain as member of the Audit Committee and Chairman of the Nominating Committee and Remuneration Committee. Mr Goh Chee Wee shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]
4. To re-elect Ms Siraarpa Siriviriyakul, who is retiring in accordance with Article 119 of the Company's Constitution, as a Director of the Company. Resolution 4

[Ms Siraarpa Siriviriyakul shall, upon re-election as a Director of the Company, remain as member of the Audit Committee and Remuneration Committee. Ms Siraarpa Siriviriyakul shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]
5. To approve the Directors' fees of S\$176,000 for the financial year ending 31 March 2019 (2018: S\$176,000) to be paid on a quarterly basis, in arrears. Resolution 5
6. To re-appoint Deloitte & Touche LLP as independent auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 6

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolution(s), with or without amendments:

7. **Authority to allot and issue shares** Resolution 7

"That pursuant to Section 161 of the Companies Act, Cap. 50. and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:

(a) (i) allot and issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (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) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding 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 of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such 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 and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) 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;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) 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 of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is earlier.

[See Explanatory Note(i)]

NOTICE OF ANNUAL GENERAL MEETING

8. Proposed renewal of Share Purchase Mandate of the Company

Resolution 8

"That

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Purchase Price (as hereafter defined), whether by way of:-

- (i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or
- (ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorized and approved generally and unconditionally (the "Share Purchase Mandate");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next Annual General Meeting of the Company is held; or
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held;

- (c) in this Resolution:

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares were recorded, before the day on which the Shares Purchases are made or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the 5-day period;

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

"Maximum Purchase Price" in relation to a Share to be purchased means an amount that includes any expenses (including brokerage, commission and other related expenses), incurred directly in the purchase by the Company of its own shares which shall not exceed,

- (i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Market Price (as defined hereinafter); and

NOTICE OF ANNUAL GENERAL MEETING

- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Market Price (as defined hereinafter),

“Prescribed Limit” means ten per cent (10%) of the issued Shares of the Company as at the date of passing of this Resolution;

- (d) the Directors of the Company and/or any of them be and are hereby authorized to deal with the Shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as may be permitted under the Act; and
- (e) the Directors of the Company and/or any of them be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.”

[See Explanatory Note(ii)]

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

Explanatory Notes:

- (i) The proposed Resolution 7 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.
- (ii) The proposed Resolution 8 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to repurchase (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10 per cent of the total number of issued ordinary shares excluding any shares which are held as treasury shares and subsidiary holdings, if any, by the Company at prices up to but not exceeding the Maximum Purchase Price.

By Order Of the Board

Catherine Lim Siok Ching
Company Secretary

Date: 10 July 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- a) A member entitled to attend and vote at a general meeting is entitled to appoint not more than two proxies to attend, speak and vote on his behalf. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.
- b) Pursuant to Section 181 of the Companies Act, Cap. 50, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at a general meeting. Relevant intermediary is either:
 - (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or
 - (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
- c) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 8 Sungei Kadut Loop Singapore 729455 not less than 48 hours before the meeting.
- d) A proxy need not be a member of the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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 hereof.

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

Proxy Form

I/We* _____ (Name), NRIC/Passport number* _____

of _____ (Address)

being a member/members* of King Wan Corporation Limited (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or*

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at 8 Sungei Kadut Loop Singapore 729455 on Thursday, 26 July 2018 at 10:00 a.m. and at any adjournment thereof.

(Please indicate in the spaces provided whether you wish the number of vote(s) you wish to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	Number of Votes For	Number of Votes Against
ORDINARY BUSINESS			
1	To receive and adopt the Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 March 2018		
2	To re-elect Mr Chua Hai Kuey as Director		
3	To re-elect Mr Goh Chee Wee as Director		
4	To re-elect Ms Siraarpa Siriviriyakul as Director		
5	To approve the Directors' fees for the financial year ending 31 March 2019, payable quarterly in arrears		
6	To re-appoint Deloitte & Touche LLP as Independent Auditors		
7	To authorise the Directors to allot and issue shares		
8	To approve the proposed renewal of Share Purchase Mandate of the Company		

Note: Please note that the short descriptions given above to the Resolutions to be passed do not in any way whatsoever reflect the intent and purposes of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Dated this _____ day of _____ 2018

Signature(s) of member(s) or common seal

Total number of Shares held

Postage
Stamp

To: The Company Secretary
KING WAN CORPORATION LIMITED
8 Sungei Kadut Loop
Singapore 729455

Fold along dotted line

Fold along dotted line

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the general meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative.
3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the general meeting. Relevant intermediary is either:
 - (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or
 - (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Sungei Kadut Loop Singapore 729455 not later than 48 hours before the time set for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorized in writing or by an authorised officer of the corporation.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 July 2018.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chua Kim Hua (Chairman)
Chua Eng Eng (Managing Director)
Chua Hai Kuey
Lim Hock Beng
Goh Chee Wee
Siraarpa Siriviriyakul

LEAD INDEPENDENT DIRECTOR

Lim Hock Beng

AUDIT COMMITTEE

Lim Hock Beng (Chairman)
Goh Chee Wee
Siraarpa Siriviriyakul

REMUNERATION COMMITTEE

Goh Chee Wee (Chairman)
Lim Hock Beng
Siraarpa Siriviriyakul

NOMINATION COMMITTEE

Goh Chee Wee (Chairman)
Lim Hock Beng
Chua Kim Hua

COMPANY SECRETARY

Catherine Lim Siok Ching, ACIS

AUDITORS

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore
6 Shenton Way
OUE Downtown 2, #33-00
Singapore 068809

AUDIT PARTNER

Ang Poh Choo
(First appointed in financial year ended 31 March 2016)

REGISTRAR

M&C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

BANKERS

Bangkok Bank Public Company Limited
Bank of China Limited
CIMB Bank Berhad
CTBC Bank Co., Ltd
DBS Bank Ltd
The Hongkong and Shanghai Banking Corporation Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank (Singapore) Limited
United Overseas Bank Limited

REGISTERED OFFICE

8 Sungei Kadut Loop
Singapore 729455
Tel: 65-6368 4300
Fax: 65-6365 7675
E-mail: kwc@kingwan.com.sg
Website: www.kingwan.com





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CORPORATION
LIMITED**

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