Asiatic Group

ASIATIC GROUP (HOLDINGS) LIMITED

POWERING UP THE FUTURE

ANNUAL REPORT 2017

Contents

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartnersCorporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the"SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the statements, information or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone +65 6229 8088.

About Asiatic Group

We are an engineering management specialist playing a pivotal role in the development of two key sectors:

ENERGY

FIRE PROTECTION SOLUTIONS

ENERGY

We provide Planning and Development services and participate as an Equity Investor in niche power plant projects in the region. We operate as an EPC (engineering, procurement and construction) and O&M (Operation and Maintenance) contractor.

FIRE PROTECTION SOLUTIONS

We provide total Fire Protection Solutions such as systems and product design, supply, installation and commissioning for the maintenance of fire protection equipment and systems.

We manufacture most of our fire extinguishers and assemble most of our fire fighting products such as hose reels, hydrants, alarm systems and emergency lighting, under our brand name KILLFIRE.

Message to Shareholders

DEAR SHAREHOLDERS,

It is with great pleasure that we present to you a review of the Group's performance for the financial year ended 31 March 2017 ("FY2017"). For the year under review, we continued to solidify our established position in the regional power business and grow from strength to strength. Over the course of the financial year, we have been refining and streamlining our operations in a bid to drive greater shareholder value. Despite a challenging economic environment, the Group remained profitable for FY2017.

BUSINESS AND FINANCIAL REVIEW

The past financial year was a period of global economic uncertainty. Despite the uneasy global economic climate however, the Southeast Asian economy grew 4.7%[(1)] in 2016, according to the Asian Development Bank. The Cambodian and Vietnamese economies enjoyed robust 7.0% and 6.2% growth rates respectively in 2016. The Malaysian and Singaporean economies, however, were more muted and registered relatively subdued 4.2% and 2.0% growth rates respectively[(1)].

Amidst this period of moderate overall growth, the Group's revenue rose 3.4% year-on-year to S$38.0 million for FY2017. This increased revenue was mainly due to an 8.1% rise in revenue from our power-related division, where our Cambodian power plants saw greater demand for electricity. The power-related division contributed 59.4% or S$22.6 million towards our total revenue in FY2017. The increase was partially offset by a 2.8% decrease in revenue at our fire-fighting and protection division, due to softer demand at our marine fire-fighting business. Consequently, the fire-fighting and protection division contributed 40.6% or S$15.4 million towards our total revenue in FY2017.

Profit from operations rose by S$0.4 million, stepping up from S$1.4 million in FY2016 to S$1.8 million in FY2017. In line with our increased revenue, cost of sales increased S$0.8 million as well, from S$22.1 million in FY2016 to S$22.9 million in FY2017. Staff cost increased S$0.3 million to S$6.0 million in FY2017 following a revision of the salary of our staff upwards, and an increased expenditure on staff-related expenses. Depreciation of property, plant and equipment decreased by S$0.9 million as the net book value of some power plant assets reached their respective residual values while remaining in operation. Following the appreciation of the US dollar against the Singapore dollar during FY2017, the Group also registered a lower foreign exchange gain of S$0.1 million in FY2017. This was in contrast with the foreign exchange gain of S$0.3 million in FY2016.

[(1)] Asian Development Bank. Asian Development Outlook 2017. 6 April 2017. https://www.adb.org/sites/default/files/publication/237761/ado-2017.pdf

Other operating expenses increased from S$3.0 million in FY2016 to S$3.3 million in FY2017 due to transaction expenses incurred for the divestment/monetisation of the investment in Lao Cai Renewable Energy (Vietnam) Joint Stock Company ("LCRE") which was completed in March 2017. A portion of the property, plant and equipment of S$0.1 million relating to LCRE was written off, and a loss on disposal on LCRE of S$0.5 million was recorded as well. The share of loss incurred by associates of S$1.6 million in FY2017 was mainly in respect to the operation of Maju Intan Biomass Energy Sdn Bhd.

Finance cost decreased by 15% to S$0.8 million in FY2017 due to reduced usage in short term loan and borrowings and loan financing facilities during the year. Income tax expense increased by S$0.3 million from S$0.1 million in FY2016 to S$0.4 million in FY2017 as the prior year included reversal of overprovision of income tax expense.

After factoring in the above results, the Group attained a profit after tax of S0.6 million in FY2017, an increase of S$0.2 million compared to FY2016.

REALIGNING RESOURCES FOR FUTURE GROWTH

Amidst challenging economic conditions and fierce competition, it remains imperative that the Group remains lean and efficient, and have the requisite resources to seize prospective opportunities for developing growth. To this end, our indirect wholly-owned subsidiary Colben Energy Holdings (Vietnam) Limited ("CEHV") completed an amended share swap agreement in March 2017. Through this amended agreement, CEHV sold its 6,938,760 shares in LCRE to Viet Hydro Pte. Ltd. ("VietHydro") for

an aggregate cash consideration of S$4.6 million. These 6,938,760 shares ("Sale Shares")represent approximately 15.0% of the issued and paid-up capital of LCRE. With the completion of the amended share swap agreement, the Group no longer holds any equity interest in LCRE.

Following the sale of shares in VietHydro by CEHV in February 2016, LCRE had ceased to be an investment of the Group and the Sale Shares represented only a passive investment stake in LCRE. The proceeds from the LCRE disposal in 2017 were also close to the subscription price of the Sale Shares subscribed by CEHV initially. The completed amended share swap agreement in March 2017 allowed CEHV to dispose of the Sale Shares close to its historical cost of subscription. With the monetisation of CEVH's stake in LCRE, the Group was afforded greater resources to resolve an ongoing arbitration proceeding, repay banking facilities as well as for working capital purposes.

LOOKING AHEAD

Looking ahead, a period of moderate economic recovery may be on the horizon. The Asian Development Bank forecasts the overall Southeast Asian economy to accelerate 0.1 percentage points to attain 4.8% growth in 2017. This forecast comes on the back of expectations of an agricultural sector bolstered by more favourable weather, as well as an uplift in exports in the region following the stabilisation of the major industrial economies.

Message to Shareholders

This trend of moderate economic growth acceleration[2] is expected to be experienced in all four countries that the Group operates in: Cambodia (forecast to grow 0.1 percentage points to 7.1% in 2017), Vietnam (forecast to grow 0.3 percentage points to 6.5% in 2017), Malaysia (forecast to grow 0.2 percentage points to 4.4% in 2017) and Singapore (forecast to grow 0.2 percentage points to 2.2% in 2017).

As we progress towards FY2018 and beyond, the Group will continue striving to deliver optimal value to shareholders.

With economic growth expected to remain subdued at 2.2% in Singapore, prospects for the Group's fire-fighting and protection business appear limited for FY2018. In light of this, we will continue reviewing our operations to tweak operating efficiency, remain prudent and judicious in our expenses and strengthen our distribution networks.

In Cambodia, the power purchase agreement ("PPA") for our power plants in Phnom Penh and Sihanoukville was previously set to expire in October 2016. Colben Energy (Cambodia) Limited, an indirect 85% subsidiary of the Company, was subsequently able to secure a two-year extension to the PPA in September 2016. With the PPA term extended until 31 October 2018, the Cambodian state-owned Electricite Du Cambodge remains committed to purchasing power generated by our plants until the end of the term. Demand for electricity at our third Cambodian plant in the Phnom Penh Special Economic Zone is also expected to rise, owing to our status as the exclusive supplier of electricity in the Zone, as well as the entry of new tenants who will commence operations in the Zone.

For the Maju Intan Biomass Power Plant in Malaysia, we look forward to running the biomass power plant with greater operating efficiency for the coming year.

Over in Vietnam, we have begun exploring ways to harness renewable solar energy. This comes on the back of our ongoing efforts to recognise the growing importance and viability of tapping on renewable energy sources. In August 2016, Colben Energy (Singapore) Pte Ltd ("CPEL"), a wholly owned subsidiary of the Company, entered into a memorandum of understanding (MOU) with Bamboo Capital JSC ("BCG") to jointly establish a concession company in Vietnam. The concession company is slated to develop, operate and manage various potential solar farms in Vietnam for the generation and sale of electricity. A joint evaluation of this prospective project is still ongoing, and the Company will update shareholders of any significant developments in due course.

ACKNOWLEDGMENTS

The sustained growth of the Group would not have been possible without the continuous support of our management, staff, business partners and shareholders. On behalf of the Board, we would like to sincerely thank you for your steadfast commitment and contributions over the years. We look forward to working with you again as we strive towards greater growth for the year ahead.

TAY KAH CHYE
Independent Chairman

TAN BOON KHENG
Managing Director

[2] Asian Development Bank. Asian Development Outlook 2017. 6 April 2017. Pages 250, 282, 261, 273 https://www.adb.org/sites/default/files/publication/237761/ado-2017.pdf

Our Investments

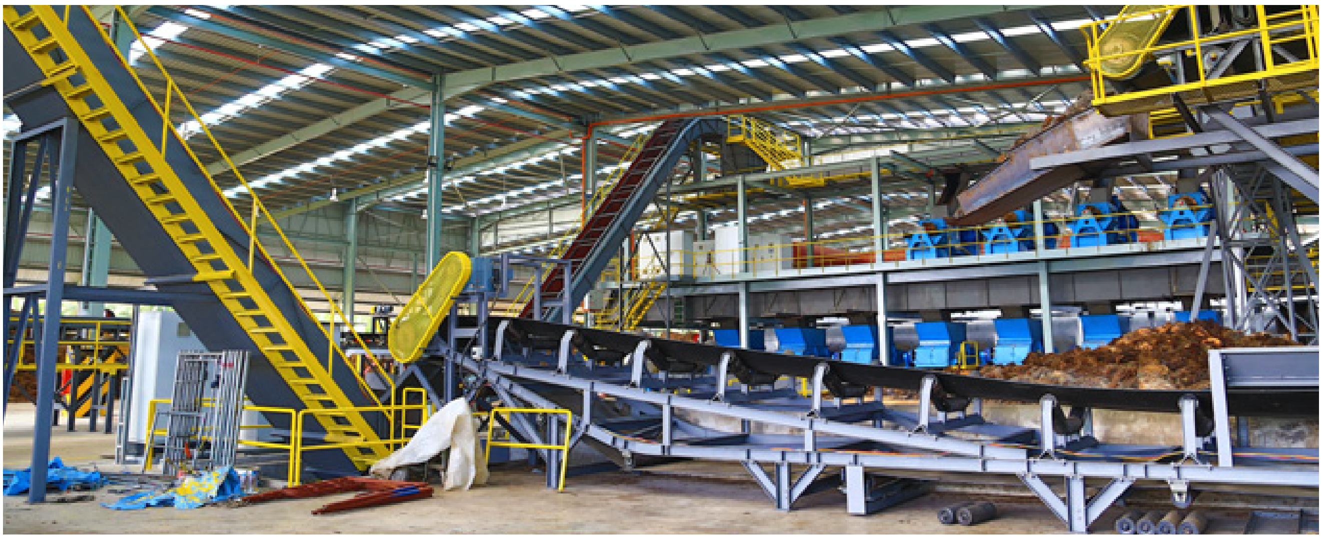
With four operating power stations, Asiatic stands as an eminent key player in the regional power business. In line with the increasing global recognition of sustainable energy sources, we will continuously upgrade our power stations to optimise operating efficiencies. We have also engaged in preliminary studies to explore the possibilities of harnessing other alternative sustainable energy sources as we look towards charting our long-term growth.

Energy

We believe that we are in the right businesses - businesses that meet growing needs of the future and provide solutions and products to the expectations and challenges that our region is facing. Our energy business is a service provider for industry and communities, supporting industrialization. Envisioning the future of “green” power, our investments into sustainable energy businesses in emerging markets will expand gradually.

MAJU INTAN BIOMASS POWER PLANT

Located in Teluk Intan Perak, Malaysia, this 12.5 MW Build, Own and Operate Biomass Power Plant utilizes 100% biomass waste material called Empty Fruit Bunches (EFB), a waste material after extraction of palm oil by Palm Millers. This plant has been contracted to supply 10 MW electricity to the national grid.



PHNOM PENH POWER PLANT

Located in Phnom Penh, Cambodia. A Build, Own and Operate investment since 2007, this 10MW fossil fuel power plant has been providing electricity to the national grid.

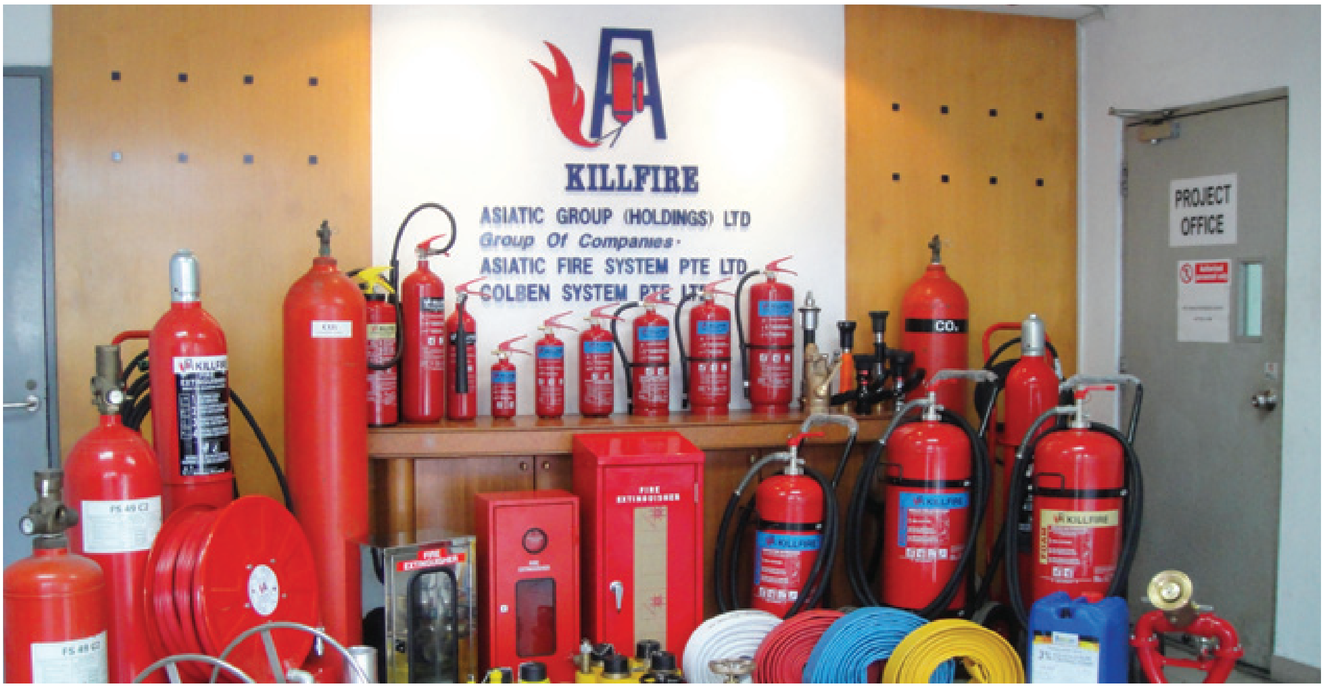
SIHANOUKVILLE POWER PLANT

Located in Sihanoukville, Cambodia. A Build, Own and Operate plant since 2007, this fossil fuel power plant investment with capacity of producing 10 MW of electricity has been providing electricity to the national grid.

PPSEZ POWER PLANT

Located in the Phnom Penh Special Economic Zone, Cambodia. A Build, Own and Operate investment since 2008, this fossil fuel power plant consists of three 6.5 MW generator sets providing electricity to the industrial factories and facilities inside the Industrial Park.

Fire Protection Solutions



Asiatic Fire protection business unit has developed into a specialised fire fighting manufacturer and experienced service station. It handles products that are technologically advanced and most importantly, competitively priced in this sensitive market. It is recognised by local and international statutory boards such as Lloyd's Register, Det Norsk Veritas, Singapore Civil Defence Force, American Bureau of Shipping, Italian Rina and the United States of America Department of Transport (US-DOT).

For the financial year ended 31 March 2017 ("FY2017"), the Group's revenue rose by 3.4% to S$38.0 million. The rise in revenue was mainly due to an 8.1% increase in revenue in the power-related division, owing largely to an increased demand for electricity at our plants in Cambodia. This increased revenue in the power-related division was partially offset by a 2.8% decrease in revenue in the fire-fighting and protection division, following softer demand in the marine fire-fighting business.

PROFITABILITY

The Group's profit from operations increased by 27%, from S$1.4 million in FY2016 to S$1.8 million in FY2017. Cost of sales increased S$0.8 million, from S$22.1 million in FY2016 to S$22.9 million in FY2017. The Group recorded a gross profit margin of 39.7%, a decrease of approximately 0.1 percentage points from 39.8% in FY2016.

Depreciation of property, plant and equipment decreased by approximately S$0.9 million. This decrease was mainly due to several active power plants that have been depreciated to their residual values. With the US dollar appreciating against the Singapore dollar in FY2017, albeit at a slower pace, the Group recorded a lower foreign exchange gain of S$0.1 million in FY2017. This is in comparison with the Group's foreign exchange gain of S$0.3 million in FY2016. Other operating expenses increased from S$3.0 million in FY2016 to S$3.3 million in FY2017 due to transaction expenses incurred for the divestment/monetisation of the investment in Lao Cai Renewable Energy (Vietnam) Joint Stock Company ("LCRE") which was completed in March 2017. A portion of the property, plant and equipment of S$0.1 million relating to LCRE was written off, and a S$0.1 million loss on disposal of LCRE was recorded as well. The S$1.6 million share of losses incurred by associates in FY2017 was mainly due to the operation of Maju Intan Biomass Energy Sdn Bhd.

Finance costs decreased by 15% in FY2017 due to reduced usage in short term loan and borrowings and loan financing facilities during the year. Income tax expense increased by S$0.3 million, from S$0.1 million in FY2016 to S$0.4 million in FY2017 as the prior year's tax expenses had included reversal of overprovision of income tax expense.

Due to a combination of the above factors, profit after tax increased S$0.2 million, from S$0.4 million in FY2016 to S$0.6 million in FY2017.

COMPREHENSIVE INCOME

The Group's total comprehensive income for the year was S$1.8 million for FY2017, as compared to a loss of S$0.8 million for FY2016. This was due largely to the Group registering a foreign currency translation gain on foreign operations amounting to S$0.9 million in FY2017, as compared to the S$1.3 million translation loss in FY2016. This foreign currency translation gain was in turn due mainly to the appreciation of the US dollar against the Singapore dollar as at the end of FY2017. The gain was directly accounted for in the Statement of Changes in Equity under foreign currency translation reserve.

BALANCE SHEET

Non-current assets decreased by S$5.8 million, from S$74.8 million as at 31 March 2016 to S$69.0 million as at 31 March 2017.This decrease was mainly due to the disposal of the investment in LCRE during FY2017. Property, plant and equipment decreased due to the impact of depreciation in FY2017.

Current assets increased by approximately S$0.6 million from S$35.6 million as at 31 March 2016 to S$36.2 million as at 31 March 2017. This was mainly due to an increase of S$2.9 million in construction in progress following construction costs incurred for the Malaysia biomass power plant. There was also an increase in amount due from associates, from S$13.3 million as at 31 March 2016 to S$15.3 million as at 31 March 2017 mainly due to advances made to the associates for working capital purposes. This increase in amount due from associates was partially offset by the decrease in fixed deposits from S$2.9 million as at 31 March 2016 to S$0.3 million as at 31 March 2017, following the use of pledged fixed deposits for the repayment of loans and borrowings. Trade receivables decreased from S$6.8 million as at 31 March 2016 to S$5.6 million as at 31 March 2017 as a result of an improvement in collections during the year.

Current liabilities decreased by S$10.7 million, from S$43.7 million as at 31 March 2016 to S$33.0 million as at 31 March 2017.

Operations Review

AMIDST THE GLOBAL ECONOMIC UNCERTAINTY, THE GROUP WILL STRIVE TO REMAIN DYNAMIC AND ADAPTABLE TO THE CHANGES THAT LIE AHEAD. GOING FORWARD, WE WILL CHANNEL OUR EFFORTS TOWARDS GROWING OUR BUSINESS IN DEVELOPING OUR ENERGY ASSETS.

This decrease in current liabilities came about following the repayment of short term loans and borrowings amounting to an aggregate of approximately S$10.3 million and restructuring of S$4.0 million to longer term loans (reclassified under non-current liabilities). Trade payables increased from S$6.1 million as at 31 March 2016 to S$7.4 million as at 31 March 2017, mainly due to the increase of construction in progress. Other payables increased from S$3.3 million as at 31 March 2016 to S$4.7 million as at 31 March 2017, mainly due to share of loss in the associates. Bank overdraft increased by S$0.8 million, from S$1.9 million as at 31 March 2016 to S$2.7 million as at 31 March 2017 as more funds were used for operation purposes.

Non-current liabilities increased by approximately S$3.8 million mainly due to the re-classification of loans and borrowings resulting from the restructuring of certain borrowings to longer maturity terms beyond one year.

As at 31 March 2017, the Group had managed to improve its liquidity position to a net current asset position of S$3.2 million as compared to a net current liability position of S$8.1 million as at 31 March 2016. The improvement was mainly due to the repayment of certain loans and borrowings following the sale of LCRE, and the Group's continued efforts to restructure short term loans to align with the tenure of the projects.

CASH FLOW

The Group generated S$3.1 million in net cash from operating activities in FY2017, due largely to increased profit from operations and improved collections from trade receivables.

Our S$4.0 million net cash flow from investing activities stemmed mainly from S$4.6 million in funds received from the disposal of LCRE, which was partially offset by the purchase of property plant and equipment and other investments. The Group registered a net cash outflow from its financing activities of S$8.4 million in FY2017, following the repayment of trust receipts and short term borrowings. In addition, funds from the release of pledged fixed deposits were used for repayment of bank borrowings. Consequently, the Group's overall cash balance decreased by S$1.3 million in FY2017.

OUTLOOK

According to the Asian Development Bank, the overall Southeast Asian economy is expected to grow 4.8% in 2017, comparable to its 4.7% rate of growth in 2016[3]. While encouraging rates of economic growth are forecasted for 2017 for Cambodia and Malaysia (7.1% and 4.4% respectively), this is likely to be offset by the more sluggish 2.2% anticipated growth for the Singapore economy in 2017.

In Cambodia, the Group was able to secure a 2-year extension of the power purchase agreement ("PPA") for our power plants in Phnom Penh and Sihanoukville. Through the extended PPA, the Cambodian state-owned Electricite Du Cambodge will remain committed to purchasing power generated by our plants until the end of the term in October 2018. Meanwhile at the Phnom Penh Special Economic Zone ("PPSEZ"), our PPSEZ power plant will retain its exclusive position as sole supplier of electricity in the area. New tenants are also expected to make entry into the zone over the next financial year, and drive the impetus for a greater demand for electricity in the area.

Over in Malaysia, the Maju Intan Biomass Power Plant has begun undergoing upgrading works to improve its operating efficiency. Coupled with robust forecasted economic growth rates for Cambodia and Malaysia in 2017 (7.1% and 4.4%[4] respectively), conditions for our power-related division appear favourable as we push ahead into the next financial year.

The growth rate for the Singapore economy is expected to remain level at 2.2% for 2017[4]. With a more muted operating climate, we expect a challenging year ahead for the fire-fighting and protection division.

In November 2016, the 2015 Paris Agreement formally entered into force, further underscoring the growing significance of renewable energy sources. Following up on our development of the Maju Intan Biomass Power Plant which officially launched in 2015, the Group is now conducting preliminary feasibility studies into the viability of developing solar farms in Vietnam. In August 2016, Colben Energy (Singapore) Pte Ltd ("CEPL"), a wholly owned subsidiary of the Company, entered into a memorandum of understanding with Bamboo Capital JSC ("BCG") to potentially establish a concession company in Vietnam. If established, the concession company will develop, operate and manage potential solar farms in Vietnam. The Vietnamese Government announced the introduction of Feed-in-Tariffs[5] for grid-connected solar projects in April 2017, in line with its aim to raise Vietnam's annual solar power capacity[6] from its current minimal levels to 5 gigawatts in 2020. The worldwide average levelised costs of generating solar power also dropped by 17% in 2017[7]. Favourable conditions notwithstanding, the Group is still conducting joint evaluative studies on the feasibility of this prospective project, and will update shareholders on any new developments in due course.

As the Group advances into FY2018, we will continue enhancing and exploring new ways to effectively harness sustainable green energy. We will also continue strengthening our business partnerships and optimising our operations to continue delivering greater value for shareholders.

[3] Asian Development Bank. Asian Development Outlook 2017. Page 13. 6 April 2017. https://www.adb.org/sites/default/files/publication/237761/ado-2017.pdf
[4] Asian Development Bank. Asian Development Outlook 2017. April 2017. Page 250 and 261. https://www.adb.org/sites/default/files/publication/237761/ado-2017.pdf
[5] Baker Mckenzie. Long-Awaited Policy for Solar Power Adopted http://www.bakermckenzie.com/en/insight/publications/2017/04/long-awaited-policy/
[6] The Business Times. November 2016. Indonesiam Vietnam look to blaze trail for solar in South-East Asia. 2 November 2016. http://www.businesstimes.com.sg/energy-commodities/indonesia-vietnam-look-to-blaze-trail-for-solar-in-south-east-asia
[7] United Nations Environment Programme. Global Trends in Renewable Energy Investment 2017. Page 17. 2017. http://fs-unep-centre.org/sites/default/files/publications/globaltrendsinrenewableenergyinvestment2017.pdf

Board of Directors

TAY KAH CHYE, 70
Independent Chairman

was appointed as a Non-Executive Independent Director of the Company, and Chairman of the Board on 1 October 2013 and was last re-elected at the AGM held on 25 July 2014. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. He is currently the Executive Chairman of CLMV Consult Net Private Limited, a regional consulting company headquartered in Singapore and the Chief Executive Officer of the PATA Group (comprising PATA Consultancy Pte Ltd and PATA International Enterprise Pte Ltd). He has served as the Honorary Secretary General of ASEAN Bankers Association, a regional banking industry group from 1991 to 2007 and as Honorary Advisor from 2008 to 2010. Prior to his retirement on 31 December 2007, Mr Tay was the President and Chief Executive Officer of ASEAN Finance Corporation Ltd, a regional merchant bank based in Singapore and owned by various leading banks and financial institutions in ASEAN since 1991. He is an independent director of Wilmar International Ltd and Chemical Industries (Far East) Ltd. He graduated with a Bachelor of Social Sciences (Economics) from the University of Singapore in1970.

Pursuant to Regulation 103 of the Company's Constitution, Mr Tay Kah Chye will retire as a director via rotation at the forthcoming AGM and has consented for re-election as a director.

TAN BOON KHENG, 56
Managing Director

is the Group Managing Director. He joined the Group in 1983 upon his graduation from Singapore Polytechnic with a diploma in mechanical engineering and was appointed a Director on 25 October 2002. His primary responsibilities are strategic planning and business development. Mr Tan was instrumental in the Group's foray into the overseas markets and expansion into the power generation business. Mr Tan has been accredited as a Qualified Fire Safety Manager by the Singapore Joint Civil Defence Force since 1982. Tan Boon Kheng is the brother of Tan Boon Yew and Tan Boon Siang. He was last re-elected at the AGM held on 28 July 2016.

TAN BOON YEW, 58
Executive Director

joined the Group in 1981 and is responsible for the management and supervision of the marine-based fire fighting and protection business. He was appointed a Director on 25 October 2002. Tan Boon Yew is the brother of Tan Boon Kheng and Tan Boon Siang. He was last re-elected at the AGM held on 30 July 2015.

TAN BOON SIANG, 48
Executive Director

joined the Group in 1993 and is responsible for the management and supervision of the land-based fire fighting and protection business. He was appointed a Director on 25 October 2002. He has been accredited as a Qualified Fire Safety Manager by the Singapore Joint Civil Defence Force since 1994. Tan Boon Siang is the brother of Tan Boon Kheng and Tan Boon Yew. He was last re-elected at the AGM held on 25 July 2014.

Pursuant to Regulation 103 of the Company's Constitution, Mr Tan Boon Siang will retire as a director via rotation at the forthcoming AGM and has consented for re-election as a director.

SEAH HAI YANG, 55
Independent Director

was appointed as a Non-Executive Independent Director of the Company on 25 September 2007 and was last re-elected at the AGM held on 30 July 2015. Mr Seah is the Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee. He is a Director and founder of a consultancy company which provides accounting consultancy and corporate secretarial support services. Prior to establishing his own company, he held senior appointments in accounting and finance with private and public companies in various industries. Mr Seah graduated from the National University of Singapore with an Accountancy degree and is a Fellow of the Institute of Singapore Chartered Accountants. He is also a member of the Singapore Institute of Directors and had acted as the Company Secretary for several public listed companies on the SGX-ST. Mr Seah is currently the Chief Financial Officer of a public company listed on the SGX-ST.

LEE FANG WEN, 56
Independent Director

appointed Non-Executive Independent Director on 1st April 2016 and was last re-elected at the AGM held on 28 July 2016, he is a member of the Audit Committee, Remuneration Committee and Nominating Committee. Mr Lee has extensive experience in manufacturing, engineering, marketing, procurement and sourcing, having worked with Motorola Electronics, Compaq Asia and MFS Technology (S) Pte Ltd. He held several key management positions in MFS Technology (S) Pte Ltd during his 17 years there and was responsible for setting up MFS's Malaysia FPC factory in 1999 and its Shanghai Representative Office in 2002. He was appointed Executive Director of Creative Master Bermuda Limited from 2013 to 2014 to resolve the company's outstanding issues and obtain shareholders' approval for members' voluntary liquidation and distribution of final cash balance to all shareholders. He is currently a Non-Executive Independent Director of Tai Sin Electric Limited, a company listed on the main board of the SGX-ST. Mr Lee graduated with a Chemical Engineering degree from the National University of Singapore. He is a member of the Singapore Institute of Directors.

Key Management

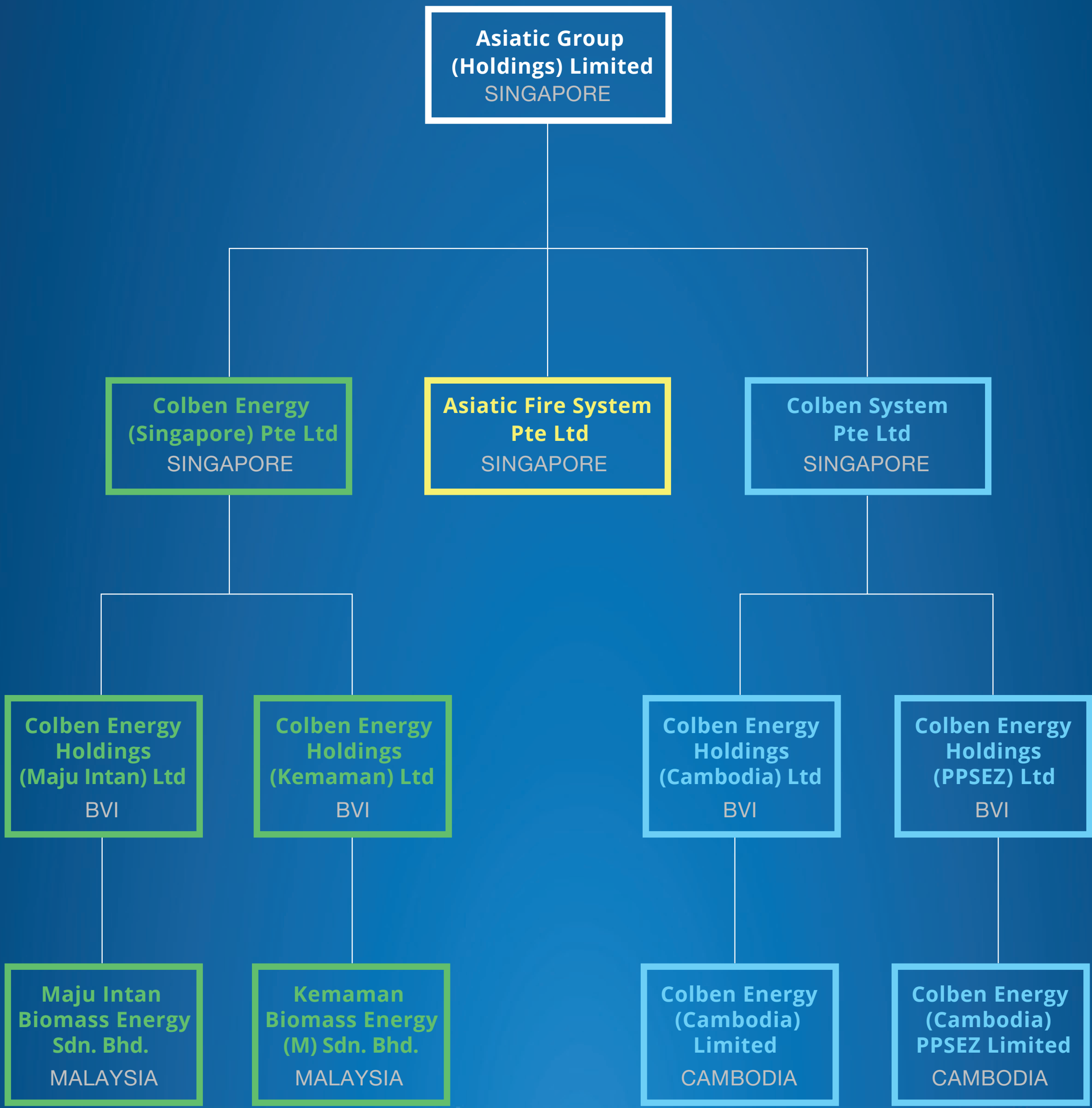
TAN AH KAN @ TAN KOW LA PBM is the founder of the Group. He is also the Group's former Chairman. He retired as a Non-Executive Director of the Company on 1 October 2013. Upon his retirement, Mr Tan continues to helm Asiatic System Pte Ltd as a director. He was instrumental in building up the fire fighting and protection business over the past 30 years and has extensive experience and knowledge in the fire fighting and protection industry. He was awarded a PBM (Public Service Medal) in 2001 by the President of Singapore for his efforts and contributions to the community. Tan Ah Kan @ Tan Kow La is the father of Tan Boon Kheng, Tan Boon Yew and Tan Boon Siang.

NG MENG CHENG is Director of Colben System Pte Ltd and Chief Operating Officer of Colben's operations in Cambodia. He is specialized in operating and handling heavy equipment, and has vast experience in offshore oil exploration logistic operation and all types of offshore anchor handling tug boat and holding a third marine officer rank. Since 1990, he entered into the Kingdom of Cambodia for various ventures and held senior positions in companies as Director/COO to Chairman.

TAN SIAN LEONG is our Financial Controller and is responsible for the strategic planning, corporate structuring, financial planning, treasury functions, statutory reporting and accounting of our Group. Prior to joining our Group in 2003, Mr Tan was an auditor in Ernst & Young and BDO International. Mr Tan graduated from Association of Chartered Certified Accountants with a professional certificate. He is a member of the Institute of Singapore Chartered Accountants and member of the Association of Chartered Certified Accountants.

LEE YOKE CHUN is our Administration and Human Resources Manager. Prior to joining our Group in 1987, Mdm Lee has worked in the administration and accounts departments of various companies in different industries, such as distribution, manufacturing and construction. Mdm lee holds a diploma in business administration from the PSB. Mdm lee is the spouse of our Managing Director, Tan Boon Kheng.

Corporate Structure



Corporate Information

DIRECTORS

Tay Kah Chye
(Independent Chairman)

Tan Boon Kheng
(Managing Director)

Tan Boon Yew
(Executive Director)

Tan Boon Siang
(Executive Director)

Seah Hai Yang
(Independent Director)

Lee Fang Wen
(Independent Director)
Appointed on 1 April 2016

COMPANY SECRETARIES

Leong Chee Meng Kenneth

Tan Sian Leong

REGISTERED OFFICE

65 Joo Koon Circle Singapore 629078
Tel: (65) 6863 0188
Fax: (65) 6897 9220

COMPANY REGISTRATION NO.

200209290R

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner-in-charge: Tan Po Hsiong Jonathan
(with effect from financial year 2017)

AUDIT COMMITTEE

Seah Hai Yang *(Chairman)*

Tay Kah Chye

Lee Fang Wen

REMUNERATION COMMITTEE

Tay Kah Chye *(Chairman)*

Seah Hai Yang

Lee Fang Wen

NOMINATING COMMITTEE

Lee Fang Wen *(Chairman)*

Seah Hai Yang

Tay Kah Chye

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

The Company is committed to maintaining a high standard of corporate governance and transparency within the Company, and together with its subsidiaries (the "**Group**"), to preserve and enhance the interests of all shareholders and investors. The Company has adopted corporate governance practices and guidelines with references to the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 for the financial year ended 31 March 2017 ("**FY2017**").

Pursuant to Rule 710 of Listing Manual Section B: Rules of Catalist issued by the SGX-ST (the "**Catalist Rules**"), this report describes the Company's corporate governance processes and activities for FY2017. Proper explanation has been given where there is a deviation from the recommended guideline(s).

(A) BOARD MATTERS

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

Board of Directors

The board of directors (the "**Board**") is responsible for setting the strategic direction for the Company. Every Director is expected to act in good faith and always in the best interest of the Company and the Board is entrusted with the responsibility for the overall management of the Company.

The Board's primary responsibilities include review and approval of policy guidelines, setting directions to ensure that the strategies undertaken seek to enhance shareholders' value. The Board meets regularly on a half-yearly basis and as and when warranted by particular circumstances, both formally and informally. Meetings by the Board may also be conducted via telecommunication means. The following matters require the Board's approval:

- Statutory requirements such as approval of financial statements;
- Other requirements such as half-year and full year results announcements;
- Corporate strategic direction, strategies and action plans;
- Issuance of policies and key business initiatives;
- Authorisation of acquisition/disposal and other material transactions;
- Declaration of interim dividends and proposal of final dividends; and
- Convening of shareholders' meetings.

Non-executive directors are encouraged to constructively challenge and help to develop strategies, and to review and monitor the performance of Management, agreed goals and objectives.

To assist the members of the Board, the Company has arranged for the Board to be updated by the Company Secretary and its other professional consultants on the continuing obligations and requirements expected of a public listed company. Further, Directors are encouraged to attend seminars and courses to complement their core expertise and to keep abreast of the ongoing regulatory changes and compliance. When a Director is first appointed to the Board, an orientation program is arranged for him to be familiar with the Group's business and governance practices. Upon appointment, a formal letter shall be issued setting out the duties, responsibilities and obligations of a Director.

Courses, conferences and seminars attended by some of the Directors in FY2017 include:

- those run by the SGX-ST, including "CEO Session on Sustainability Reporting".
- those run by the Singapore Institute of Directors ("SID") and professional audit firms, including "The State of Corporate Governance disclosures in Singapore".
- those run by professional audit firms, including "Accounting for acquisitions and impairment in a challenging economic environment", "Regional Tax roundup" and "FRS and Sustainability Reporting Seminar" and "Corporate Governance Toolkit.
- those run by the Institute of Singapore Chartered Accountants and the SGX-ST, including "SR Forum – embarking on sustainability reporting for CFOs".
- those run by the NUSBSA, including "Professional Ethics and Corporate Governance" and "NUSBSA CPA Australia – CPE Talk on Mergers and Acquisitions".
- those run by Investor Relations Professionals Association (Singapore), including "Board Diversity, Director Nomination and Shareholders Value".
- those run by the SID, including "SID Directors' Conference", "Singapore Governance & Transparency Forum", "LCD 4 - Nominating Committee Essentials", "LCD 5- Remuneration Committee Essentials" and "Corporate Governance Round Up 2016".
- those run by the Accounting and Corporate Regulatory Authority ("ACRA"), the SGX-ST and SID, including "Audit Committee Seminar".
- those run by the ACRA and the SID, including "Directors' Compliance Program".
- Those run by the Securities Investors Association, including "7th Singapore Corporate Governance Week" and "Corporate Governance Workshop".

Our Board has established and delegated certain responsibilities to the Nominating Committee ("NC"), Remuneration Committee ("RC") and Audit Committee ("AC") (collectively, the "Committees"). The Committees are each chaired by an Independent Director and all members are independent and non-executive.

Directors' Attendance at Board and Committee Meetings

Meeting of :	**Board**	**AC**	**NC**	**RC**
Total held in FY2017	2	2	1	1
Tay Kah Chye *(Independent and non-executive Chairman)*	2	2	1	1
Tan Boon Kheng *(Managing Director)*	2	2[1]	1[1]	1[1]
Tan Boon Yew *(Executive Director)*	2	2[1]	1[1]	1[1]
Tan Boon Siang (Executive Director)	2	2[1]	1[1]	1[1]
Seah Hai Yang *(Independent and non-executive Director)*	2	2	1	1
Lee Fang Wen *(Independent and non-executive Director)*	2	2	1	1
Liew Ah Choy *(Independent and non-executive Director)*	1[2]	1[2]	1[2]	1[2]

Note:

1. *By invitation.*
2. *Professor Liew Ah Choy retired from the Board following the conclusion of the Company's annual general meeting held on 28 July 2016.*

Every Director has separate and independent access to the Management, Company Secretary and the external auditors at all times. The Company currently does not have a formal procedure to seek independent and professional advice for the furtherance of the Board's duties. However, the Directors may, on a case-to-case basis, propose to the Board for such independent and professional advice to be sought, the cost of which will be borne by the Company.

Board Composition and Guidance

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

The Board currently comprises six (6) Directors, namely, three (3) executive directors, and three (3) independent and non-executive directors, whose collective experience and contributions are valuable to the Company.

The Board has reviewed its size and composition, and is of the view that the current arrangement is adequate. There is a strong and independent element on the Board given that the Independent Directors form half of the Board and that the Chairman of the Board is also an independent director. Accordingly, the composition of the Board is in compliance with the Code. The Independent Directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board comprises Directors who have expertise across areas such as banking, finance and accounting, business and industry-specific experience, management and strategic planning.

The Board is aware of the need for renewal to ensure that the composition of the Board remain relevant and nimble to meet the changing challenges in the industry and countries which the Group operates in. Such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on an annual basis or when circumstances warrant, to ensure that the Board dynamics remain optimal.

Profiles of the Directors

The profile of our Directors can be found on pages 12 to 13 of this Annual Report.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

Chairman and Chief Executive Officer

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

The Company is cognizant of the principle that there should be a clear division of responsibility between the Chairman and the Chief Executive Officer (in our case, the Managing Director (the "**MD**")). Mr Tan Boon Kheng is the MD while Mr Tay Kah Chye, an Independent Director, is the Chairman of the Board.

The roles of the Chairman and the MD are separate to ensure a clear division of their responsibilities and increased accountability, in accordance with the recommendations of the Code. The Chairman is not related to the MD.

The Chairman is responsible for, inter alia, exercising control over the quality, quantity and timeliness of flow of information between Management and the Board, and assisting in ensuring compliance with our Company's guidelines on corporate governance, while our MD is responsible for planning, business development and generally charting the strategic growth of the Group.

The Independent Directors have met periodically in the absence of Management in FY2017 as and when required.

Board Membership

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

Nominating Committee ("NC")

The NC comprises the following members, all whom are independent and non-executive directors:

- Lee Fang Wen (Chairman)
- Seah Hai Yang (Member)
- Tay Kah Chye (Member)

The NC is guided by key terms of reference as follows:

- Identifies candidates and reviews all nomination for the appointment and re-appointment of members of the Board based on his/her contribution and performance;
- Determines annually whether a Director is independent in accordance with the guidelines of the Code;
- Assesses the effectiveness of each Director as to whether he/she is able to and has adequately carried out his/her duties as a Director, in particular, where a Director has directorships in other companies;
- Reviews the structure, size and composition of the Board and make recommendations to the Board;
- Ensures that all new members of the Board undergo an appropriate orientation programme; and
- Decides how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval.

The NC has examined the current size and composition of the Board and is satisfied that the Board has adequate ability to meet the Company's existing scope of needs and the nature of operations. From time to time, the NC will review the appropriateness of the Board size, taking into consideration the changes in the nature and scope of the Group's operations as well as the applicable prevailing regulatory requirements. Where a vacancy occurs, the Management and the Board will procure suitable candidates for the NC's review and consideration. If need be, the NC may also engage external search consultants to search for candidates at the Company's expense. The NC will, amongst others, review the candidate's credentials, and assess the candidate's competency, suitability and ability to devote sufficient time for the Company. Upon a successful match, the NC will provide its recommendations to the Board for approval.

For the re-election of incumbent directors, the NC would assess the performance of the director in accordance with the performance criteria set by the Board and also consider the current needs of the Board. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.

The NC has reviewed and considered and is of the opinion that the multiple listed company board representations held by some of the Company's Directors have not impeded their performance and abilities in carrying out their duties to the Company. For FY2017, the Board did not set any cap on the number of listed company board representations a Director may hold given that all the Independent and non-executive Directors do not have extensive multiple directorships and have been able to dedicate their time and attention to the business of the Company. Nevertheless, if the Board finds that time commitment is lacking from any particular Director, they may consider imposing a cap in future.

The independence of each Independent and non-executive Director is reviewed annually by the NC based on the criteria of independence provided by the Code. Every Independent and non-executive Director is also required to complete, and had in FY2017 completed, a declaration to confirm his independence. The NC had assessed the independence of each Director and considers Mr Tay Kah Chye, Mr Seah Hai Yang, and Mr Lee Fang Wen to be independent.

Review of Independence of Directors who have served for more than nine (9) years

In accordance with the recommendations of Guideline 2.4 of the Code, Mr Seah Hai Yang who was first appointed on 25 September 2007 and has served on the Board for more than nine (9) years, has been subject to a rigorous review of his independence. Accordingly, the NC in consultation with the Board, had reviewed rigorously and considered the independence of Mr Seah and is of the view that Mr Seah remains independent in character and judgment. In arriving at its conclusion, the NC and the Board took into consideration his participation in and recommendations to the Board and its Committees during meetings and discussions, the Board noted that Mr Seah had provided impartial advice and insights, and exercised independence and objectivity at all times. The Board is also of the opinion that Mr Seah continues to exercise independence and is effective in his oversight role as a check and balance on the acts of the Executive Directors and Management of the Company. Mr Seah has abstained from the Board's on NC's review on this matter.

Directors must also immediately report any new appointments or changes in their external appointments, including any corporate developments relating to their existing external appointments, which may affect their independence. This ensures that Directors continually meet the stringent requirements of independence under the Code.

The Company does not have any alternate directors.

The Constitution of the Company (the "**Constitution**") provides that at least one-third of the Board is required to retire via rotation at each annual general meeting ("**AGM**") and that each Director shall retire from office at least once every three (3) years. A retiring Director is eligible for re-appointment subject to his consent. The NC has noted that the following Directors will retire via rotation at the forthcoming AGM pursuant to Regulation 103 of the Constitution:

Name of Director	Designation	Date of Last Re-election	Date of appointment
Tan Boon Siang	Executive Director	25 July 2014	25 October 2002
Tay Kah Chye	Independent and Non-Executive Director	25 July 2014	01 October 2013

The NC had reviewed and recommended that Mr Tan Boon Siang, who is retiring via rotation pursuant to the Constitution, and who, being eligible and having consented, be nominated for re-election as a Director at the forthcoming AGM. Subject to being duly re-elected, Mr Tan Boon Siang will remain as an Executive Director.

The NC (save for Mr Tay Kah Chye) had reviewed and recommended that Mr Tay Kah Chye, who is retiring pursuant to the Constitution, be nominated for re-election as a Director at the forthcoming AGM. Subject to being duly re-elected, Mr Tay Kah Chye will continue to hold the appointments as Chairman of the Board and RC and shall remain as a member of the AC and NC. Mr Tay Kah Chye will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Board Performance

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

The NC has adopted a formal process to assess the performance and contributions of the Directors and the effectiveness of the Board as a whole. The NC sets objective performance criteria for the assessment which allow comparison with industry peers. The assessment criteria focus on the effectiveness and efficiency on the Board's access to information, evaluation of the size and composition of the Board, the Board's processes, procedures and compliance, accountability, the Board's performance in connection to discharging its responsibilities and duties, and Directors' standards of conduct including his interactive skills, participation level at the Board and Committees' meetings, insight knowledge and preparedness for the meetings as well as availability to attend meetings. In addition, the qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board.

The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.

The NC did not propose any changes to the performance criteria for FY2017 as compared to the previous financial year as the economic climate, Board composition and the Group's principal business activities remained the same since the financial year ended 31 March 2016 ("**FY2016**").

The review process involves:

1. All Directors individually and collectively as a whole completing a board evaluation questionnaire on the effectiveness of the Board and the individual Directors based on the aforementioned performance criteria;

2. The Company Secretary will collate and present the questionnaire results to the NC Chairman in the form of a report; and

3. The NC will deliberate the report and opine the performance results during the NC meeting.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his individual performance.

Following the completion of the assessment for FY2017, the NC is of the opinion that the Board, its Committees and each Director have been effective and have met their performance objectives during FY2017. The evaluation exercise is carried out annually. No external facilitator was used in the current evaluation process.

Access To Information

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

The Board is kept abreast on the Group's operations and key performance through updates and reports, as well as through informal discussions given by Management (including the Managing Director and the Executive Directors). Prior to any meetings of the Board or Committees, every Director, if applicable, are given sufficient board papers to prepare them for the meetings. In addition, Board members have separate and independent access to Management on queries or when they require additional information on the affairs of the Company and the Group.

Management would provide the explanatory documents on matters to be brought before the Board and Committees. Copies of disclosure documents, budgets, forecasts, unaudited financial statements together with explanations for any significant or material variance between the budget and actual results are tabled by Management for review during the meetings.

Each Director also has access to the Company Secretary who attends the Board and the Committees' meetings. The Company Secretary also assists the Chairman of Committees and the Board in the conduct of meetings and ensures that procedures and corporate governance practices are adhered to. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Where the Directors either individually or as a group, in the furtherance of their duties, require independent professional advice, Management had agreed to avail the obtaining of such service at the Company's expense.

(B) REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

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

The composition of the RC is as follows. All members of the RC are independent and non-executive directors:

- Tay Kah Chye (Chairman)
- Seah Hai Yang (Member)
- Lee Fang Wen (Member)

The RC is guided by key terms of reference as follows:

- Reviews and recommends to the Board, a framework of remuneration for the Board and key management personnel;
- Recommends to the Board, the executives' and employees' share option schemes or any long term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith;
- Reviews the level of remuneration that is appropriate to attract, retain and motivate the Directors and key management personnel; and
- Reviews and recommends to the Board the terms of renewal of Directors' service contracts.

The RC also administers the following share plans of the Company, namely:

1. Asiatic Share Option Scheme 2008 which was approved and adopted at the extraordinary general meeting ("**EGM**") held on 25 July 2008; and
2. Asiatic Performance Share Plan which was approved and adopted at the EGM held on 15 August 2013.

In determining remuneration packages of executive directors and key management personnel, the RC will ensure that they are adequately but not excessively rewarded. The RC will also consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contribution to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain executive talent.

In determining the level and mix of remuneration, the RC ensures that the level should be appropriate to attract, retain and motivate Directors and key management personnel to run the Company successfully. The review of the remuneration packages takes into consideration the long-term interests and direction of the Group, the performance of the Group and the overall assessment of the Board and individual contribution of the Directors and key management personnel. The RC will ensure that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

In discharging their duties, the RC may seek professional advice where necessary. No external remuneration consultants were engaged by the Company in FY2017.

The Company is of the view that the annual review of the remuneration of the Directors and key management personnel by the RC, which includes giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group is currently sufficient to ensure the continued relevance of such remuneration packages to the Group's strategic business objectives and alignment with market practices. The RC reviews the remuneration packages of the Executive Directors and key management personnel annually in accordance with the service agreements and/or employment contracts. Any salary increments or bonus pay-out proposed are reviewed by the RC and recommended to the Board accordingly for approval based on factors such as the actual financial performance of the Group, vis-à-vis the contribution by the respective Executive Director or key management personnel.

All recommendations of the RC will be submitted for endorsement by the entire Board. No Director is involved in deciding his own remuneration and directors' fees are recommended by the Board for approval by the shareholders at the AGM.

Level and Mix Of Remuneration

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

For FY2017, the RC had reviewed the remuneration packages for the Directors, key management personnel and the employees who are related to the Directors. The remuneration of the executive directors, Tan Boon Kheng, Tan Boon Yew and Tan Boon Siang, are covered by service agreements which are subject to yearly renewal. The salary, terms and conditions of their respective service agreements remained unchanged for the financial year ending 31 March 2018.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate. Nevertheless, RC will review the inclusion of "claw-back" provision in future service agreements.

Disclosure on Remuneration

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

The total remuneration and breakdown (in percentage terms) of the remuneration of Directors of the Company for FY2017 is set out below:

Name of Director	Total Remuneration (S$)	Base/Fixed Salary	Directors' Fee	Bonus	Other Benefits	Total
Tan Boon Kheng[(1)(3)]	384,000	93%	–	7%	–	100%
Tan Boon Yew[(1)]	274,000	93%	–	7%	–	100%
Tan Boon Siang[(1)]	277,000	93%	–	7%	–	100%
Tay Kah Chye	30,000	–	100%	–	–	100%
Lee Fang Wen	25,000	–	100%	–	–	100%
Seah Hai Yang	30,000	–	100%	–	–	100%
Liew Ah Choy[(4)]	–	–	–	–	–	–

The breakdown (in percentage terms) of the remuneration of the top 5 key management personnel of the Group for FY2017 is set out below:

Name of Key Management Personnel	Designation, Name of Entity	Base/Fixed Salary (%)	Bonus (%)	Total (%)
Below S$250,000				
Tan Ah Kan @ Tan Kow La[(1)(2)]	Director, Asiatic Fire System Pte. Ltd.	86	14	100
Tan Ah Soi[(2)]	Factory Manager, Asiatic Fire System Pte. Ltd.	87	13	100
Lee Yoke Chun[(3)]	Group Admin & HR Manager	89	11	100
Tan Sian Leong	Group Financial Controller	90	10	100
Ng Meng Cheng	Director, Colben System Pte Ltd	100	–	100

Notes:

1. *Tan Boon Kheng, Tan Boon Yew and Tan Boon Siang are the sons of Tan Ah Kan @ Tan Kow La.*
2. *Tan Ah Soi is the brother of Tan Ah Kan @ Tan Kow La.*
3. *Lee Yoke Chun is the spouse of Tan Boon Kheng.*
4. *Professor Liew Ah Choy retired from the Board following the conclusion of the Company's annual general meeting held on 28 July 2016.*

The aggregate remuneration paid to the above key management personnel was approximately S$817,000 in FY2017.

No termination, retirement and post-employment benefits were granted to the Directors or key management personnel for FY2017.

The remuneration received by the Managing Director, the Executive Directors and key management personnel takes into consideration his/her individual performance and contribution towards the overall performance of the Group for FY2017. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary. The variable compensation is determined based on the level of achievement of corporate objectives (such as financial performance) and individual performance objectives (such as project management, strategic and operational effectiveness). The RC has reviewed and is satisfied that the remuneration received by the Managing Director, the Executive Directors and key management personnel are commensurate with their efforts and achievements. The RC has also reviewed and is satisfied that the overall performance conditions were met for FY2017.

Remuneration of other employees related to a Director

Tan Chee Meng and Tan Tze Wee are cousins to Tan Boon Kheng, Tan Boon Yew and Tan Boon Siang, the Managing Director and Executive Directors of the Company. The aggregate remuneration (including CPF contributions thereon and benefits) of these employees amounted to approximately S$126,000 for FY2017.

Name	Total Remuneration for FY2017 S$50,000 to S$100,000
Tan Chee Meng	√
Tan Tze Wee	√

Save as disclosed, there is no family relationship between any of our Directors, key management personnel and other employees.

The Asiatic Share Option Scheme 2008

The Asiatic Share Option Scheme 2008 (the "**Scheme**") was approved and adopted by the members of the Company at the EGM held on 25 July 2008. The Scheme is administered by a committee comprising the members of the RC (the "**Scheme Committee**"). Under the Scheme, selected employees and directors of the Group are eligible to participate at the discretion of the Scheme Committee. Controlling shareholders and their associates (as defined in the Catalist Rules) are not eligible to participate in the Scheme.

The Scheme shall continue in force for a maximum period of 10 years commencing from 25 July 2008, provided always that the Scheme may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. Other salient information regarding the Scheme is as follows:

(a) The aggregate number of shares over which options may be granted, when added to the number of shares issued and issuable in respect of all options granted under the Scheme shall not exceed 15% of the issued shares of the Company on the day preceding the grant of the option.

(b) The Scheme has two categories of options, being the Market Price Option and the Incentive Option:

    (i) Under the Market Price Option, the exercise price is the average of the last dealt prices for a share as determined by reference to the daily official list published by the SGX-ST for the five (5) consecutive market days immediately preceding the date of grant, rounded up to the nearest whole cent (the "**Market Price**"); or

    (ii) Under the Incentive Option, the Committee has the discretion to issue option with an exercise price set a discount not exceeding 20% of the Market Price (or such other percentage or amount as may be prescribed or permitted by the SGX-ST).

(c) The eligible grantee must accept the offer of the option within a period of not less than 15 days and not more than 30 days from the date of such offer else the offer will lapse. Upon the acceptance of the offer, the grantee shall pay to the Company the sum of S$1.00.

(d) A Market Price Option may be exercised during the period commencing after the 12 months period from the date of grant and expiring on the tenth anniversary of such date of grant. An Incentive Option can be exercised during the period commencing after the 24 months period from the date of grant and expiring on the tenth anniversary of such date of grant. Option granted to the non-executive Directors will expire on the fifth anniversary of such date of grant.

Since the commencement of the Scheme and for FY2017, no options have been granted yet.

The Asiatic Performance Share Plan

The Company has adopted a performance share plan known as Asiatic Performance Share Plan (the "**Share Plan**") which was approved by the shareholders of the Company at the EGM held on 15 August 2013. The Share Plan is administered by the RC and no share award has been granted since its adoption and for FY2017.

The Share Plan is designed to complement the existing Scheme and to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance. The Directors believe that the Share Plan will provide the Company with a more comprehensive set of remuneration tools and further strengthen its competitiveness in attracting and retaining local and foreign talent.

Unlike the Scheme whereby participants are required to pay the exercise price of the options when exercising such options into shares, the Share Plan allows the Company to provide an incentive for participants to achieve certain specific performance targets by awarding fully paid shares to participants after these targets have been met.

In addition, the assessment criteria for granting option(s) under the Scheme are more general (e.g. based on length of service and general performance of the Group) and do not relate to specific performance targets imposed by the Company. In contrast, the assessment criteria for granting of awards under the Share Plan will be based on specific performance targets or to impose time-based service conditions, or a combination of both.

The Share Plan allows for participation by the Group's employees (including the Group's Managing Director and Executive Directors, namely, Tan Boon Kheng, Tan Boon Yew and Tan Boon Siang) and Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant date of grant of the award provided that none shall be an undischarged bankrupt at the relevant time, and who, in the absolute discretion of the RC, will be eligible to participate in the Share Plan.

Subject to the absolute discretion of the RC, the controlling shareholders of the Company and their associates who meet the criteria as set out above are eligible to participate in the Share Plan, provided that (a) the participation of, and (b) the terms of each grant and the actual number of shares comprised in the share awards granted under the Share Plan to, a participant who is a controlling shareholder of the Company or his associate shall be approved by independent shareholders in a general meeting in separate resolutions for each such person.

Subject to the absolute discretion of the RC and prior to any grant of an award to any controlling shareholder of the Company or his associate, the Company will seek approval from its independent shareholders for the participation of such person in the Share Plan and/or the grant of an award to such person. Further details of the Share Plan are disclosed on page 35 of the Directors' Statement.

(C) ACCOUNTABILITY AND AUDIT

Accountability

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

The Board is aware and responsible to provide balanced and easy to understand assessment of the Group's performance, position and prospects, including interim and other price sensitive public information, reports to regulators (if required) and its sponsor. Management provides Directors with sufficient relevant information on the Group's financial performance and insight into the industries' operating conditions where the Group operates in on a timely basis. The Company also adopts an open door policy to encourage Independent Directors to seek explanation or have informal discussion on any aspect of the Group's operations or business from Management.

Risk Management and Internal Controls

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

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance and has outsourced its internal audit function to KPMG Service Pte. Ltd. ("**IA**"). For FY2017, the Group had not commissioned an audit by the IA, as the Group was in the process of setting up new information and reporting systems and would be able to better assess the scope of an internal audit at a later stage. Notwithstanding, Management had continued its own internal checks and monitoring of the workflow and processes of the Group to ensure and maintain a system of internal controls throughout FY2017. Management had maintained a system of internal review and monitoring over all the Group's overseas subsidiaries' work processes and internal controls, amongst which included the review and approval of all payments by Management in Singapore. The AC had oversight of Management's internal review and monitoring activities. The scope of the internal review and system of internal controls was endorsed by the AC and approved by the Board.

The Board and the AC noted that there are some areas requiring improvement as identified by Management during the course of their internal review and monitoring in FY2017 on areas related to the training and development of the Group's overseas subsidiaries' operations personnel. The Board and the AC accepts Management's recommendations to conduct internal or external training to enhance the efficiency and competency capabilities of the said personnel and will ensure that these recommendations are implemented. Management will provide regular updates to the AC with respect to the implementation progress.

In assessing the design and operating effectiveness of internal controls, the Board notes that the system of internal control provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board. The Group's financial risk management objectives and policies are further discussed under note 33 to the financial statements.

The system of internal controls maintained by the Group includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational, information technology and compliance risks. However, the Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

As part of the annual statutory audit, the Group's external auditors conduct an annual review, in accordance with their audit plan, of the effectiveness of the Group's material internal controls, including financial, operational, compliance, information technology controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken on the recommendations made by the external auditors in this respect, if any. For FY2017, the AC had received assurance from the Managing Director and Financial Controller:

(i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) the Company's risks management and internal control systems were effective.

Based on the internal controls established and maintained by the Group and work performed on key internal controls by the external auditors, reviews performed by the Management and the various Board Committees, the Board with the concurrence of the AC, are of the opinion that the Group's internal controls and risk management systems are adequate and effective to address the financial, operational, compliance and information technology controls and risk management systems as at 31 March 2017.

Audit Committee ("AC")

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

All members of the AC are independent and non-executive directors and its composition is as follows:

- Seah Hai Yang (Chairman)
- Tay Kah Chye (Member)
- Lee Fang Wen (Member)

All members of the AC do not have any management and significant or material business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

The AC is guided by key terms of reference as follows:

- reviews the financial and operating results and accounting policies of the Group;
- reviews with the external auditors the audit plan and their evaluation of the system of internal accounting controls and monitor Management's response and actions to correct any noted deficiencies;
- reviews the internal audit plan and findings of the IA;
- evaluates the effectiveness of both the internal and external audit efforts through regular meetings;
- determines that no unwarranted Management restrictions are being placed upon either the internal or external auditors;
- reviews the financial statements with Management and external auditors for submission to the Board;
- reviews interested person transactions;
- reviews the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the auditors also supply a substantial volume of non-audit services to the Company, the AC shall keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- recommends to the Board the appointment, or re-appointment and removal of the external auditors;

- reviews the interim and annual announcements of financial results of the Group before submission to the Board for approval;
- meets with the external auditors without the presence of the Management at least once annually;
- reviews the independence of the external auditors annually; and
- generally undertakes such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC meets at least two times a year and as frequently as is required. In particular, the AC meets to review the financial statements before they are announced on SGXNET. In the financial year under review, the AC has met to review and approve the audit plan as well as the half-year and full-year unaudited results for announcement purposes. The AC has also met with the external auditors in the absence of Management in FY2017.

To enable the AC to discharge its function properly, it has full access to and co-operation from Management and has full discretion to invite any director or executive officer to attend its meetings.

The AC may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations. The AC has power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if deemed necessary to discharge its responsibilities properly. Such expenses would be borne by the Company.

The AC may also review arrangements (in accordance with the Group's whistle-blowing policy) by which staff of the Company and external parties such as vendors and customers may, in confidence, raise 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 that appropriate follow up actions are carried out. The AC did not receive any reports in connection with the aforesaid matters in FY2017.

Pursuant to Rule 715 of the Catalist Rules, the AC noted that the Company and its Singapore incorporated subsidiaries were audited by Messrs Ernst & Young LLP based in Singapore. The statutory auditors for the Company's subsidiaries in Cambodia were Messrs BDO (Cambodia) Limited based in Cambodia. For the purposes of the Group's audit and consolidation, Messrs Ernst & Young LLP, Singapore, had also performed a full audit of the accounts of the Cambodian subsidiaries. Further information on the auditors appointment can be found in Notes 10 and 11 to the financial statements.

The Board and the AC had reviewed the audit arrangements with Messrs Ernst & Young LLP, Singapore, and noted that the current arrangement had not compromised the standard and effectiveness of the audit for the Group and that the auditors had no objection on the current arrangement. The Company has complied with Rules 712 and 715 of the Catalist Rules.

Non-audit services provided by the external auditors (if any) are reviewed by the AC to ensure that the provision of such services would not compromise the independence of the external auditors.

The aggregate amount of audit fees paid/payable to Messrs Ernst & Young in FY2017 amounted to S$100,000. There were no non-audit services provided by Messrs Ernst & Young LLP and Messrs BDO (Cambodia) Limited in FY2017. The AC has reviewed the independence and objectivity of the external auditors in FY2017 and is satisfied that the external auditors remain independent and objective. The AC has also recommended the re-appointment of Messrs Ernst & Young LLP as the external auditors for the ensuing financial year.

In FY2017, the Board had periodically assessed and reviewed, together with the assistance of the NC, that the members of the AC are appropriately qualified to discharge their responsibilities. The Board viewed that adequate and reasonable assistance and support was properly rendered by the Directors and Management to enable the AC to carry out its role effectively and efficiently. The AC comprises members who have expertise and experience in financial management and are qualified to discharge the AC's responsibilities. Two members, the chairman of the AC and the chairman of the Board (who is a member of the AC) have the relevant accounting and finance experience and fulfill the requirements for the composition of the AC. Members of the AC were also provided with information such as updates on consultation papers issued by the SGX-ST as well as the changes to the Singapore's Financial Reporting Standards.

Internal Audit

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

The AC will review the adequacy and effectiveness of the internal auditor annually. The IA's primary line of reporting is to the Chairman of the AC. However, they also have an administrative reporting function to Management where planning, coordinating, managing and implementing internal audit work cycle are concerned. The IA reports are also given to the external auditors to ensure effective use of resources and to avoid duplication of efforts.

The AC is satisfied that IA is adequately qualified and resourced (as it is a member of the Singapore Institute of Internal Auditors and adheres to the Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors) and has the appropriate standing in the Company to discharge its duties effectively.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

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

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

Policy on dissemination of public information

The Company believes that a high standard of disclosure is crucial to raising the level of corporate governance. All information relating to the Group's new initiatives are first disseminated via SGXNET followed by a news release (if appropriate), which is also available on SGXNET. The Company ensures that it does not practice selective disclosure of material information. Price sensitive information is publicly released and results of the Group's financial performance are announced and/or issued within the mandatory periods.

As the Company does not have a dedicated investor relations team, efforts by the Company in its engagement with investors (both present and prospective) is undertaken by the Managing Director and supported by the Group Financial Controller. Such investor relations engagement efforts may include meetings with investors or visits to the Group's plants or other places of operations.

The Notice of the AGM is advertised in the local press. All shareholders of the Company will receive a copy of the Annual Report and the Notice of AGM. Under the Constitution, a shareholder who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50, of Singapore (the "**Companies Act**")) may vote in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder of the Company. With effect from 3 January 2016, the Companies Act provides that a relevant intermediary (as defined in Section 181 of the Companies Act) (such as a corporation, person or the Central Provident Fund Board that provide nominee or custodial services) may appoint more than two proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting.

At the AGM, shareholders are given opportunities to express their views and ask the Board and Management questions regarding the operations of the Group. The Chairmen of the AC, RC and NC will normally be present at the AGM to answer any questions relating to the work of their respective committees. The external auditors are also present to assist the Directors in addressing any relevant queries on the financial statements from the shareholders.

Shareholders are given opportunities to participate effectively and to vote at the AGM and general meetings. At the AGM or other general meetings, separate resolutions will be set out as distinct issues for approval by shareholders. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting. All minutes of general meetings will be made available to shareholders upon their request after the general meeting.

Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.asiatic.com.sg.

Dividend policy

The Company does not have a fixed dividend policy. Dividend decisions are subject to review of the Group's financial performance, projected future capital needs and working capital requirements.

Taking into consideration the Group's working capital requirements and funds which may be required for the Group to embark on any potential projects to be identified from time to time, no dividend has been proposed for declaration by the Board in respect of FY2017.

(E) DEALING IN SECURITIES

The Company has put in place an internal code on dealings with securities in accordance with Rule 1204(19) of the Catalist Rules, which has been issued to all Directors and employees, setting up the implications on insider trading. The internal code prohibits the dealing in securities of the Company by the listed issuer, its officers and employees whilst in possession of price-sensitive information, and during the period beginning one month before the announcement of the half yearly and annual results, and ending on the date of the announcement.

Directors are required to report securities dealings to the Company Secretary who will assist to make the required announcements. In addition, Directors and employees are reminded to observe insider trading laws at all times even when dealing in securities within permitted trading periods. The Company's officers are discouraged from dealing in the Company's shares on short-term considerations.

(F) INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are reviewed and approved by the AC, and are conducted at arm's length basis.

Transactions under review but not subject to disclosure pursuant to Rule 907 of the Catalist Rules:

a) The corporate secretarial support services rendered by Van Der Broeck's Consultancy Pte. Ltd., a corporation associated with Mr Seah Hai Yang, a Director of the Company, amounted to S$21,020/- in FY2017, (which the Board opined as immaterial and that the charges were per the mandate agreed prior to his appointment as a director). Mr Seah had abstained from deliberations and review on the aforesaid transaction.

b) The Guaranteed Bonds Redemption Premium and bond interest due to Mr Lee Fang Wen amounting to S$19,500 in FY2017. These payments are in accordance to the Bond Agreement of which Mr Lee is a subscriber.

Transactions for disclosure pursuant to Rule 907 of the Catalist Rules are as follows:

	Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
1	Amount due to Mr Lim Boon Hock Bernard and each of the Lim Associates in accordance with their respective obligations under the Bonds Agreement [1]	247	–
2	Amount due to Mr Tan Ah Kan @ Tan Kow La in respect of his obligations under the Bonds Agreement [1]	130	–

Note:

1. All capitalized terms used, unless otherwise defined herein, have the meaning ascribed to them in the Company's SGXNet announcements on 18 March 2014, 19 March 2014 and 16 March 2017.

(G) MATERIAL CONTRACTS

Save for the interested person transactions as described in paragraph (F) above, which includes the Guaranteed Bonds Extension Agreement[1] in which Mr Lee Fang Wen had entered into as a Guarantee Bonds Subscriber[1], there is no material contract entered into between the Company and its subsidiaries involving the interests of the Managing Director, any Director or controlling shareholder of the Company which are either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.

(H) NON-SPONSOR FEES (RULE 1204(21))

In FY2017, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd., non-sponsor fees of S$5,000.

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Asiatic Group (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2017.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year then ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due on the assumption that, as stated in Note 2.2 to the financial statements, the Group will be able to generate positive cash flows from operations and receive continued financial support from banks for a period of 12 months from the date these financial statements were approved.

Directors

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

Tay Kah Chye
Tan Boon Kheng
Tan Boon Yew
Tan Boon Siang
Seah Hai Yang
Lee Fang Wen (Appointed on 1 April 2016)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Direct interest		**Deemed interest**	
Name of director *Ordinary shares of the Company*	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Tay Kah Chye	–	1,600,000	–	–
Tan Boon Kheng	106,656,004	106,656,004	–	–
Tan Boon Yew	60,336,000	60,336,000	–	–
Tan Boon Siang	62,872,000	62,872,000	–	–
Lee Fang Wen	–	–	184,000	184,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2017.

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

Share options and performance shares

Asiatic Share Option Scheme

The Asiatic Share Option Scheme (the "Scheme") was approved and adopted by the members of the Company at the Extraordinary General Meeting held on 25 July 2008. The Scheme is administered by the members of the Remuneration Committee (the "Committee"). Under the Scheme, selected employees and directors of the Group are eligible to participate at the discretion of the Committee. Controlling Shareholders and their associates (as defined in the Listing Manual of the SGX-ST Section B: Rules of the Catalist of the SGX-ST (the "Catalist Rules") shall not participate in the Scheme. The other information regarding the Scheme is disclosed in Note 27 to the financial statements.

Since the commencement of the Scheme and for FY2017, no options have been granted. There were no unissued shares of the Company under option as at the end of the financial year.

There were also no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

Asiatic Performance Share Plan

The Asiatic Performance Share Plan (the "Plan") was approved and adopted by the members of the Company at the Extraordinary General Meeting held on 15 August 2013. The Plan is administered by the members of the Remuneration Committee (the "Committee"). Under the Plan, all Group employees including Controlling Shareholders and their associates are eligible to participate at the discretion of the Committee. The other information regarding the Plan is disclosed in Note 27 to the financial statements.

No share has been awarded to any directors or participants who are controlling shareholders and their associates under the Plan since adoption and for FY2017.

No shares has been awarded to any directors or participants who are controlling shareholders and their associates, which, in aggregate, represent five per centum (5%) or more of the aggregate number of new shares available under the Plan and as such, no vesting of shares has taken place.

Audit Committee ("AC")

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

- reviewed the financial and operating results and accounting policies of the Group;
- reviewed with the external auditors the audit plan and their evaluation of the system of internal accounting controls and monitor Management's response and actions to correct any noted deficiencies;
- reviewed the internal audit plan and findings of the internal auditors;
- evaluated the effectiveness of both the internal and external audit efforts through regular meetings;
- determined that no unwarranted management restrictions are being placed upon either the internal or external auditors;
- reviewed the financial statements with Management and external auditors for submission to the Board;

- reviewed Interested Person Transactions;

- reviewed the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the auditors also supply a substantial volume of non-audit services to the Company, the AC shall keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

- recommended to the Board the appointment, or re-appointment and removal of the external auditors;

- reviewed the interim and annual announcements of financial results of the Group before submission to the Board for approval;

- met with the external auditors without the presence of the Company's Management, at least annually; and

- reviewed the independence of the external auditors annually

The AC, having reviewed and noted that there were no non-audit services provided by the external auditors to the Group, is satisfied that the independence of the external auditors is not affected. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with external auditors, without the presence of the Company's management, at least once a year.

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

Auditor

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

On behalf of the board of directors

Tay Kah Chye
Director

Tan Boon Kheng
Director

Singapore

7 July 2017

To The Members of Asiatic Group (Holdings) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asiatic Group (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2017, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and 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 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 to the financial statements. The Group has scheduled repayment terms with the banks for the next 12 months from the date where these financial statements were approved of which the Group may not have sufficient cash flows to fulfil those debt obligations. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern is dependent on the Group's ability to generate positive cash flows from operations and receive continued financial support from banks. If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated balance sheet. In addition, the Group may have to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

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 judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

To The Members of Asiatic Group (Holdings) Limited

Key Audit Matters (cont'd)

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

1. Assessment of allowance for doubtful debts

   Trade receivable balances are significant to the Group because of the magnitude of the balance sheet position of S$5.59 million as at 31 March 2017 and assessment for allowance for doubtful debts requires significant management's judgement. Accordingly, we have determined this to be a key audit matter.

   We assessed the Group's processes and controls relating to the monitoring of trade receivables and considered aging to identify collection risks. We performed audit procedures, amongst others, sending trade receivable confirmations, and reviewing for collectability by way of obtaining evidence of subsequent receipts from the trade receivables. As assessing the valuation of trade receivables requires significant management judgment, we reviewed management's assumptions used to calculate the allowance for doubtful debt, notably through analysis of ageing of receivables, assessment of significant overdue individual trade receivables via obtaining evidence of receipts from the trade receivables subsequent to the year end, reviewing historical payment patterns and correspondence with customers on expected settlement dates. We reviewed the appropriateness of the Company's disclosures on the trade receivables in Note 15 to the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and 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:

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

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

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

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

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

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

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

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

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

To The Members of Asiatic Group (Holdings) Limited

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 Tan Po Hsiong Jonathan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
7 July 2017

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2017

	Note	2017 $'000	2016 $'000
Revenue			
Sale of goods		13,539	13,624
Sale of services		24,468	23,140
		38,007	36,764
Other income	4	537	490
Costs and expenses			
Cost of sales		(22,918)	(22,125)
Foreign exchange gain		126	270
Staff costs		(5,958)	(5,693)
Depreciation of property, plant and equipment	9	(3,119)	(3,989)
Other operating expenses		(3,298)	(2,956)
Share of results of associates	11	(1,550)	(1,322)
Profit from operating activities	5	1,827	1,439
Finance costs	6	(808)	(950)
Profit before tax		1,019	489
Income tax expense	7	(396)	(74)
Profit for the year		623	415
Attributable to:			
Owners of the Company		87	265
Non-controlling interest		536	150
		623	415
Earnings per share (cent per share)			
Basic	8	0.01	0.02
Diluted	8	0.01	0.02

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 March 2017

	2017 $'000	2016 $'000
Profit for the year	623	415
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	913	(1,278)
Fair value changes on other investment	–	(44)
Share of other comprehensive income of associate	283	127
Other comprehensive income for the year, net of tax	1,196	(1,195)
Total comprehensive income for the year	1,819	(780)
Attributable to:		
Owners of the Company	1,118	(822)
Non-controlling interest	701	42
Total comprehensive income for the year	1,819	(780)

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

Balance Sheet

As at 31 March 2017

	Note	Group		Company	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	9	64,489	65,237	1	6
Investment in subsidiaries	10	–	–	38,133	38,133
Investment in associates	11	–	546	–	–
Goodwill	12	175	175	–	–
Other investments	13	4,328	8,801	–	–
		68,992	74,759	38,134	38,139
Current assets					
Inventories	14	3,956	3,902	–	–
Trade receivables	15	5,585	6,754	–	–
Other receivables	16	1,009	1,127	–	–
Prepayments		1,129	1,327	7	7
Construction in progress	22	7,188	4,298	–	–
Amounts due from subsidiaries	17	–	–	25,166	27,290
Amounts due from associates	18	15,278	13,318	–	–
Cash and short-term deposits	19	2,074	4,906	42	37
		36,219	35,632	25,215	27,334
Current liabilities					
Trade payables	20	7,387	6,087	–	–
Other payables and accruals	21	4,744	3,258	377	530
Amounts due to subsidiaries	17	–	–	6,412	7,330
Hire purchase creditors	23	63	33	–	–
Loans and borrowings	24	20,400	33,927	–	4,000
Provision for taxation		430	437	–	–
		33,024	43,742	6,789	11,860
Net current assets/(liabilities)		3,195	(8,110)	18,426	15,474
Non-current liabilities					
Amount due to a related company	25	(3,819)	(3,688)	–	–
Hire purchase creditors	23	(220)	(93)	–	–
Loans and borrowings	24	(4,016)	(487)	(2,200)	–
Deferred tax liabilities	26	(47)	(47)	–	–
Net assets		64,085	62,334	54,360	53,613
Equity attributable to owners of the Company					
Share capital	27	46,757	46,757	46,757	46,757
Revenue reserve		13,205	13,118	7,603	6,856
Foreign currency translation reserve	28	(2,132)	(3,163)	–	–
Fair value reserve	29	(44)	(44)	–	–
		57,786	56,668	54,360	53,613
Non-controlling interests		6,299	5,666	–	–
Total equity		64,085	62,334	54,360	53,613

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

Statement of Changes in Equity

For the financial year ended 31 March 2017

Group	Share capital (Note 27) $'000	Revenue reserve $'000	Foreign currency translation reserve (Note 28) $'000	Fair value reserve (Note 29) $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to equity holders of the Company						
2017							
Opening balance at 1 April 2016	46,757	13,118	(3,163)	(44)	56,668	5,666	62,334
Profit for the year	–	87	–	–	87	536	623
Other comprehensive income							
Foreign currency translation	–	–	748	–	748	165	913
Share of other comprehensive income of associate	–	–	283	–	283	–	283
Total comprehensive income for the year	–	87	1,031	–	1,118	701	1,819
Distributions to non-controlling interests							
Dividends	–	–	–	–	–	(68)	(68)
Total distributions to non-controlling interests	–	–	–	–	–	(68)	(68)
Closing balance at 31 March 2017	46,757	13,205	(2,132)	(44)	57,786	6,299	64,085
2016							
Opening balance at 1 April 2015	44,645	13,383	(2,120)	–	55,908	5,146	61,054
Profit for the year	–	265	–	–	265	150	415
Other comprehensive income							
Foreign currency translation	–	–	(1,170)	–	(1,170)	(108)	(1,278)
Fair value changes of other investment	–	–	–	(44)	(44)	–	(44)
Share of other comprehensive income of associate	–	–	127	–	127	–	127
Total comprehensive income for the year	–	265	(1,043)	(44)	(822)	42	(780)
Contributions by and distributions to owners							
Issuance of shares	2,112	–	–	–	2,112	–	2,112
Dividends	–	(530)	–	–	(530)	–	(530)
Total contributions by and distributions to owners	2,112	(530)	–	–	1,582	–	1,582
Contributions by non-controlling interests							
Capital contribution by non-controlling interest	–	–	–	–	–	478	478
Total contributions by non-controlling interests	–	–	–	–	–	478	478
Closing balance at 31 March 2016	46,757	13,118	(3,163)	(44)	56,668	5,666	62,334

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

Statement of Changes in Equity

For the financial year ended 31 March 2017

Company	Share capital (Note 27) $'000	Revenue reserve $'000	Total equity $'000
Opening balance at 1 April 2016	46,757	6,856	53,613
Profit for the year, representing total comprehensive income for the year	–	747	747
Closing balance at 31 March 2017	46,757	7,603	54,360
Opening balance at 1 April 2015	44,645	7,332	51,977
Profit for the year, representing total comprehensive income for the year	–	54	54
Contributions by and distributions to owners			
Issuance of shares	2,112	–	2,112
Dividends	–	(530)	(530)
Total transactions with owners in their capacity as owners	2,112	(530)	1,582
Closing balance at 31 March 2016	46,757	6,856	53,613

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

Consolidated Cash Flow Statement

For the financial year ended 31 March 2017

	2017 $'000	2016 $'000
Operating activities		
Profit before tax	1,019	489
Adjustments for:		
Depreciation of property, plant and equipment	3,119	3,989
Interest expense	808	950
(Write back)/allowance for doubtful debts, net	(5)	28
Bad debt written off	46	–
Write off of property, plant and equipment	93	–
Interest income	(10)	(5)
Gain on disposal of investment in associate	–	(25)
Loss on disposal of investment	51	–
Currency alignment	(598)	432
Share of results of associates	1,550	1,322
Operating cash flows before changes in working capital	6,073	7,180
Changes in working capital		
Increase in inventories	(54)	(172)
Decrease/(increase) in trade and other receivables	1,370	(801)
Increase in amount due from associates	(1,960)	(2,437)
Increase/(decrease) in trade and other payables	1,775	(971)
Increase in construction in progress	(2,890)	(359)
Cash flows generated from operations	4,314	2,440
Interest received	10	5
Interest paid	(778)	(944)
Income taxes paid	(403)	(210)
Net cash flows generated from operating activities	3,143	1,291
Investing activities		
Purchases of property, plant and equipment (Note 9)	(223)	(279)
Purchase of investment	(379)	(205)
Proceeds from sale of other investment	4,617	–
Proceeds from sale of investment in associate	–	3,003
Net cash flows generated from investing activities	4,015	2,519
Financing activities		
Net proceeds from issuance of shares	–	2,112
Repayment of trust receipts and short-term borrowings	(2,925)	(2,655)
Repayment of interest bearing term loans	(7,814)	(2,819)
Decrease in fixed deposits pledged	2,349	309
Repayment under hire-purchase contracts	(42)	(15)
Decrease in amount due to related parties	–	(23)
Dividend paid on ordinary shares	–	(530)
Net cash flows used in financing activities	(8,432)	(3,621)
Net (decrease)/increase in cash and cash equivalents	(1,274)	189
Effect of exchange rate changes on cash and cash equivalents	49	(30)
Cash and cash equivalents at beginning at 1 April	270	111
Cash and cash equivalents at 31 March (Note 19)	(955)	270

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

1. Corporate information

Asiatic Group (Holdings) Limited (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 65 Joo Koon Circle, Singapore 629078.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The Group mainly operates in Singapore, Cambodia, Vietnam and Malaysia.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 Fundamental accounting concept

The Group has scheduled repayment terms with the banks for the next 12 months from the date where these financial statements were approved of which the Group may not have sufficient cash flows to fulfil those debt obligations. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. In the opinion of the directors, the Group is able to continue as a going concern as the directors are of the view that the Group will be able to generate positive cash flows from operations and receive continued financial support from banks for a period of 12 months from the date these financial statements were approved.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated balance sheet. In addition, the Group may have to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.4 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Improvements to FRSs (December 2016)	
- Amendments to FRS 112: Classification and Measurement of Share-based Payment Transactions	1 January 2017
- Amendments to FRS 28: Measuring an Associate or Joint Venture at fair value	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 40: Transfers of Investment Property	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 110 & FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for FRS 109, FRS 115, Amendments to FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115, Amendments to FRS 115 and FRS 116 are described below.

FRS 115 *Revenue from Contracts with Customers* and Amendments to FRS 115

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

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

2. Summary of significant accounting policies (cont'd)

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

FRS 115 *Revenue from Contracts with Customers* and Amendments to FRS 115 (cont'd)

For the financial years ended 31 March 2017 and 2016, the Group recognises revenue from the sale of goods upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. On implementation of FRS 115, the Group does not expect any significant impact to revenue recognition.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group currently plans to adopt FRS 115 on the required effective date.

FRS 109 *Financial Instruments*

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

(a) Classification and measurement

The Group intends to hold its currently held-to-maturity debt instruments to collect contractual cash flows, and accordingly measured at amortised cost when it applies FRS 109. The Group does not expect any significant impact to arise from these changes.

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

Transition

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation

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

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

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

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

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

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

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

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

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

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

2.6 Transactions with non-controlling interests

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

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

2. Summary of significant accounting policies (cont'd)

2.7 Foreign currency

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

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

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

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.21. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment (cont'd)

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

Factory buildings	-	60 years
Power plant	-	10 to 50 years
Motor vehicles	-	5 years
Office equipment, computers, furniture and fittings	-	3 to 10 years
Plant and machinery	-	5 years
Renovations	-	3 to 5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2.9 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.7.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

2. Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets

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

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

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

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

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

2.11 Subsidiaries

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

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

2.12 Associates

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

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

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

2. Summary of significant accounting policies (cont'd)

2.12 Associates (cont'd)

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

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

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

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

(i) Loans and receivables

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

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

De-recognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

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

De-recognition

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

2.14 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

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

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

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

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

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

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

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 Construction contracts

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

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

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

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date to the estimated costs to complete.

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

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

2. Summary of significant accounting policies (cont'd)

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.18 Provisions

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

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

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.20 Financial guarantee

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

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

2.21 Borrowing costs

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

2. Summary of significant accounting policies (cont'd)

2.22 Employee benefits

Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.23 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessee

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

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

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

2.24 Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from rendering of services are recognised by reference to the stage of completion at the end of the balance sheet date. During the year, the Group's sales of service were generated from its power system project and maintenance services performed on its fire-fighting equipment.

2. Summary of significant accounting policies (cont'd)

2.24 Revenue (cont'd)

(c) Construction revenue

Construction revenue is recognised according to the accounting policy in Note 2.16.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Rental income

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

2.25 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.25 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

(c) Sales tax

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

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

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

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

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expense

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

2. Summary of significant accounting policies (cont'd)

2.28 Contingencies

A contingent liability is:

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

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

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

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

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

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

3. Significant accounting judgments and estimates

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

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Going concern assumption

The Group has scheduled repayment terms with the banks for the next 12 months from the date where these financial statements were approved of which the Group may not have sufficient cash flows to fulfil those debt obligations. The directors have prepared the consolidated financial statements on a going concern basis as they expect the Group to be able to generate positive operating cashflows and continue to receive financial support from the banks. This will enable the Group to pay its debts as and when they fall due. In making the going concern assessment, judgment is involved in determining some of the assumptions used in the cash flow projections, which includes among other factors, the electricity rate, future market outlook and projected energy consumption rate in coming years.

3. Significant accounting judgments and estimates (cont'd)

3.2 Key sources of estimation uncertainty

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

(i) Assessment of allowance for doubtful debts

The Group assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company's trade receivables at the end of each reporting period are disclosed in Note 15 to the financial statements.

4. Other income

	Group	
	2017	2016
	$'000	$'000
Interest income	10	5
Special employment credit	42	76
SME cash grants	1	5
Sale of sludge and scrap metals	2	–
Gain on disposal of associate	–	25
Others	482	379
	537	490

5. Profit from operating activities

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

	Group	
	2017	**2016**
	$'000	**$'000**
Audit fees payable to:		
- Auditors of the Company	(100)	(99)
- Other auditors	(19)	(20)
Write back/(allowance) for doubtful debts, net (Note 15)	5	(28)
Contributions to defined contribution plans	(345)	(318)
Insurance	(242)	(290)
Inventories recognised as an expense in cost of sales (Note 14)	(12,015)	(13,150)
Legal fees	(102)	(116)
Other operating expenses:		
- Rental	(222)	(219)
- Travelling and transportation	(167)	(206)
Bad debts written off	(46)	–
Write off of property, plant and equipment	(93)	–

6. Finance costs

	Group	
	2017	**2016**
	$'000	**$'000**
Interest expense on:		
- Bank loans	(656)	(947)
- Non-convertible bonds	(145)	–
- Hire purchase	(7)	(3)
	(808)	(950)

7. Income tax expense

The component of taxation for the financial years ended 31 March 2017 and 2016 are:

	Group	
	2017	**2016**
	$'000	**$'000**
Statement of comprehensive income		
Current taxation	465	229
Overprovision in respect of previous years	(69)	(155)
Tax expense recognised in profit or loss	396	74

7. Income tax expense (cont'd)

Reconciliation of the statutory tax rate to the effective tax rate applicable to profit before tax for the financial years ended 31 March 2017 and 2016 are as follows:

	Group	
	2017	2016
	%	%
Statutory tax rate	17.0	17.0
Tax effect on:		
Effect of different tax rates in foreign countries	5.0	–
Income not subjected to tax	(10.5)	(28.9)
Expenses that are not deductible for tax purposes	89.0	59.5
Effect of partial tax exemption and tax relief	(4.3)	(10.2)
Deferred tax not recognised	2.1	16.2
Utilisation of previously unrecognised deferred tax	(52.7)	(6.6)
Overprovision in respect of previous years	(6.8)	(31.9)
Effective tax rate	38.8	15.1

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

As at 31 March 2017, the Group has tax losses of approximately $18,295,000 (2016: $23,252,000) that are available for offset against future taxable profit of the companies in which the losses arose. The resulting deferred tax asset of $3,610,000 (2016: $4,603,000) are not recognised due to uncertainty of its recoverability. The use of these unutilised tax losses subject to the agreement of the tax authorities and compliance with certain provision of the tax legislation of the respective countries in which the companies operate, and there is no expiry date on the utilisation of such tax losses and capital allowances for offset against future taxable profits, except for amounts of $16,655,000 (2016: $21,683,000) which will expire over financial years 2018 to 2023.

8. Earnings per share

Basic earnings per share amounts are calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2017	2016
	$'000	$'000
Profit for the year attributable to owners of the Company	87	265
	No. of shares	
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation*	1,324,463	1,274,939

* The weighted average number of shares takes into account the weighted average effect of potential common shares that may be converted during the year.

8. Earnings per share (cont'd)

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by weighted average number of ordinary shares for basic earnings per share computation and weighted average number or ordinary shares for diluted earnings per share computation respectively. These profits and share data are presented in table above.

9. Property, plant and equipment

Group	Factory buildings	Motor vehicles	Office equipment, computers, furniture and fittings	Plant and machinery	Renovations	Power plant	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
At 1 April 2015	4,821	984	437	218	109	92,384	7,532	106,485
Additions	–	261	51	–	–	100	2	414
Translation	–	–	–	–	–	(1,793)	–	(1,793)
Disposals	–	–	–	–	–	–	(4,677)	(4,677)
At 31 March 2016 and 1 April 2016	4,821	1,245	488	218	109	90,691	2,857	100,429
Additions	–	292	117	–	13	–	–	422
Translation	–	–	–	–	–	3,215	–	3,215
Disposals	–	(4)	–	–	–	–	–	(4)
Write off	–	–	–	–	–	–	(93)	(93)
At 31 March 2017	4,821	1,533	605	218	122	93,906	2,764	103,969
Accumulated depreciation								
At 1 April 2015	1,130	722	299	107	52	29,602	–	31,912
Charge for the year	95	119	62	36	21	3,656	–	3,989
Translation	–	–	–	–	–	(709)	–	(709)
At 31 March 2016 and 1 April 2016	1,225	841	361	143	73	32,549	–	35,192
Charge for the year	95	151	49	29	24	2,771	–	3,119
Translation	–	–	–	–	–	1,173	–	1,173
Disposals	–	(4)	–	–	–	–	–	(4)
At 31 March 2017	1,320	988	410	172	97	36,493	–	39,480
Net book value								
At 31 March 2016	3,596	404	127	75	36	58,142	2,857	65,237
At 31 March 2017	3,501	545	195	46	25	57,413	2,764	64,489

9. Property, plant and equipment (cont'd)

Assets held under finance leases

During the financial year, the Group acquired motor vehicles with an aggregate cost of $199,000 (2016: $135,000) by means of finance leases. Remaining amount of $93,000 (2016: $126,000) was settled in cash.

The carrying amount of motor vehicles held under finance leases at the end of the financial year was $322,000 (2016: $168,000).

Leased assets are pledged as security for related finance lease liabilities.

Assets pledged as security

As at 31 March 2017, the Group's power plant and assets under construction with carrying amount of $60,177,000 (2016: $60,999,000) are subject to a first charge to secure the bank loans (Note 24).

In addition to assets held under finance leases, the Group's factory buildings with a carrying amount of $3,501,000 (2016: $3,596,000) are mortgaged to secure the Group's bank loans (Note 24).

10. Investment in subsidiaries

	Company	
	2017 $'000	2016 $'000
Shares, at cost	38,133	38,133

(a) Composition of the Group

The subsidiaries as at 31 March are:

Name of company (Country of incorporation)	Principal activities (Place of business)	Unquoted equity shares, at cost 2017 $'000	Unquoted equity shares, at cost 2016 $'000	Proportion (%) of ownership interest 2017 %	Proportion (%) of ownership interest 2016 %
Held by the Company					
Asiatic Fire System Pte Ltd * (Singapore)	Supply, installation and maintenance of fire fighting and protection equipment (Singapore)	8,284	8,284	100	100
Colben System Pte Ltd * (Singapore)	Business of controlled power supply, engineering and procurement and construction in power generation projects and precision gear products (Singapore)	19,849	19,849	100	100

10. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Unquoted equity shares, at cost 2017 $'000	Unquoted equity shares, at cost 2016 $'000	Proportion (%) of ownership interest 2017 %	Proportion (%) of ownership interest 2016 %
Held by the Company					
Colben Energy (Singapore) Pte Ltd * (Singapore)	Holding company for the Group's investments in energy related business in the region (Singapore)	10,000	10,000	100	100
		38,133	38,133		

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion (%) of ownership interest 2017 %	Proportion (%) of ownership interest 2016 %
Held by subsidiaries			
Colben Energy Holdings (Cambodia) Ltd # (British Virgin Islands)	Investment holding company (British Virgin Islands)	85	85
Colben Energy Holdings (PPSEZ) Ltd # (British Virgin Islands)	Investment holding company (British Virgin Islands)	95	95
Colben Energy Holdings (Vietnam) Ltd # (British Virgin Islands)	Investment holding company and construction of power generation facilities (British Virgin Islands)	100	100
Colben Energy Holdings (Maju Intan) Ltd # (British Virgin Islands)	Investment holding company and construction of power generation facilities (British Virgin Islands)	100	100
Colben Energy Holdings (Kemaman) Ltd # (British Virgin Islands)	Investment holding company (British Virgin Islands)	100	100
Colben Energy (Cambodia) Limited **+ (Cambodia)	Operate power plant (Cambodia)	85	85
Colben Energy (Cambodia) PPSEZ Limited **##+ (Cambodia)	Operate power plant (Cambodia)	49	49

10. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

* Audited by Ernst & Young LLP, Singapore

** Audited by BDO (Cambodia) Ltd, Cambodia

\+ Audited by Ernst & Young LLP, Singapore for the purpose of consolidation of the Group

\# Not required to be audited by the law of its country of incorporation

\## Classified as subsidiary as the Company has effective control over the board of directors of this company

(b) Interest in subsidiary with material non-controlling interest ("NCI")

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

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest		Profit allocated to NCI during the reporting period		Accumulated NCI at the end of the reporting period	
		2017 %	2016 %	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Colben Energy (Cambodia) PPSEZ Limited	Cambodia	27##	27##	289	57	6,059	5,631

\## Due to a shareholder loan agreement which allows the conversion of shareholder's loan into shares, the effective proportion of ownership interest held by non-controlling interest is deemed to be at 27%.

(c) Summarised financial information about subsidiary with material NCI

Summarised financial information including consolidation adjustment but before intercompany eliminations of subsidiaries with material non-controlling interest are as follows:

Summarised balance sheets

	Colben Energy (Cambodia) PPSEZ Limited	
	2017 $'000	2016 $'000
Current:		
Assets	2,055	1,583
Liabilities	(40,241)	(41,318)
Net current liabilities	(38,186)	(39,735)
Non-current:		
Assets	58,197	58,019
Liabilities	(3,818)	(3,688)
Net non-current assets	54,379	54,331
Net assets	16,193	14,596

10. Investment in subsidiaries (cont'd)

(c) Summarised financial information about subsidiary with material NCI (cont'd)

Summarised balance sheets (cont'd)

	Colben Energy (Cambodia) PPSEZ Limited	
	2017	**2016**
	$'000	**$'000**
Summarised statement of comprehensive income		
Revenue	14,597	12,018
Profit before income tax	1,356	292
Profit after tax	1,071	213
Other comprehensive income	–	–
Total comprehensive income	1,071	213
Other summarised information		
Net cash flows (used in)/ from operations	(475)	216

11. Investment in associates

	Group	
	2017	**2016**
	$'000	**$'000**
Shares, at cost	3,765	3,765
Share of post-acquisition reserves	(2,987)	(2,698)
Foreign currency translation adjustments	(778)	(521)
	–	546

Name	**Country of incorporation**	**Principal activities**	**Proportion (%) of ownership interest**	
			2017	**2016**
			%	**%**
Held through subsidiaries:				
Maju Intan Biomass Energy Sdn. Bhd. *	Malaysia	Operate power plant	30	30
Kemaman Biomass Power (M) Sdn. Bhd. *	Malaysia	Operate power plant	30	30

* Audited by Simon Khor & Co, Malaysia

11. Investment in associates (cont'd)

Kemaman Biomass Power (M) Sdn. Bhd. is individually immaterial to the Group. Aggregate information about the Group's investments in associate that is not individually material is as follows:

	Kemaman Biomass Power (M) Sdn. Bhd.	
	2017	**2016**
	$'000	**$'000**
Loss after tax	(28)	(80)
Other comprehensive income	–	–
Total comprehensive income	(28)	(80)
Carrying amount of the investment	– *	–

* During the year, the share of losses related to Kemaman Biomass Power (M) Sdn. Bhd. amounts to $9,000 which has been recognised as a liability as the Group has obligation towards such losses.

The summarised financial information in respect of material associate, Maju Intan Biomass Energy Sdn. Bhd., based on FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Maju Intan Biomass Energy Sdn. Bhd.	
	2017	**2016**
	$'000	**$'000**
Current assets	1,330	1,397
Non-current assets	45,736	49,689
Total assets	47,066	51,086
Current liabilities	20,894	16,553
Non-current liabilities	29,404	32,712
Total liabilities	50,298	49,265
Net (liabilities)/assets	(3,232)	1,821
Net (liabilities)/assets	(3,232)	1,821
Proportion of the Group's ownership	30%	30%
Group's share of net (liabilities)/assets	–	546
Carrying amount of the investment	– *	546

Summarised statement of comprehensive income

	2017	2016
Revenue	5,257	5,039
Loss after tax	(5,139)	(4,458)
Other comprehensive income	–	–
Total comprehensive income	(5,139)	(4,458)

* During the year, the share of losses related to Maju Intan Biomass Energy Sdn. Bhd. amounts to $1,541,000, of which $289,000 has been recognised as part of the share of results of associates against cost of investment in the associate. The remaining amounts has been recognised as a liability as the Group has obligation towards such losses.

12. Goodwill

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
At 1 April and 31 March	175	175	–	–

Goodwill acquired through business combinations have been allocated to cash-generating units ("CGU"), Colben System Pte Ltd ("Colben"), a subsidiary whose principal activities are to carry on the business as distributors and representatives of controlled power supply and precision gear products.

The Board of Directors has assessed that the goodwill allocated to the CGU is not significant and accordingly an assessment of the goodwill has not been performed.

13. Other investments

	Group	
	2017	2016
	$'000	$'000
Non-current:		
Held-to-maturity investment		
- 12% per annum convertible bonds (unquoted)	4,168	4,132
Exchange differences	–	45
Available-for-sale investment		
- Investment in Lao Cai Renewable Energy (Vietnam) Joint Stock Company (previously known as Colben Energy (Vietnam) Joint Stock Company)	–	4,463
Other investment		
- Key-man insurance product	161	161
	4,328	8,801

Convertible bonds

In 2010, the Group has entered into a convertible bond agreement with the other shareholders of an associate, Maju Intan Biomass Energy Sdn. Bhd. in which the shareholders issued an aggregate principal amount of Malaysia Ringgit ("RM") 12 million 12% convertible bonds with maturity date on the twelve anniversary date of the issue date at an issue price of 100% of the principal amount of the bonds. The convertible bonds are convertible into ordinary shares of the associate and/or new ordinary shares of the issuer only on certain events of redemption such as initial public offering and insolvency of the associate.

In 2017, the Group entered into a bond sale agreement with one of the bondholders, who held the convertible bonds of the other shareholders of Maju Intan Biomass Energy Sdn. Bhd, to acquire 1.2 million of the convertible bonds. The convertible bonds acquired have the same terms as the bonds acquired through the convertible bond agreement in 2010.

Interest had been waived since the date that the convertible bonds were acquired.

Key-man insurance product

Key-man insurance product is recorded at surrender value as provided by the insurance company.

13. Other investments (cont'd)

Investment in Lao Cai Renewable Energy (Vietnam) Joint Stock Company ("LCREJSC")

In 2014, Colben Energy Holdings (Vietnam) Ltd ("CEHV") and LCREJSC entered into a subscription agreement with Viet Hydro Pte. Ltd. ("VietHydro"), in which VietHydro subscribed to 8.4 million new shares, at VND 10,000 per share of LCREJSC. Subsequent to the subscription, the Group's interest in LCREJSC, formerly a subsidiary known as Colben Energy (Vietnam) Joint Stock Company, is diluted to 13.5% and LCREJSC has ceased to be a subsidiary of the Group. The investment in LCREJSC has been reclassified as available-for-sale investment in other investments. As the investment is unquoted, the fair value cannot be reliably measured and has been accounted for at cost.

In 2015, CEHV subscribed to 4.81 million new shares, at VND 10,000 per share of LCREJSC. The Group's interest in LCREJSC had increased from 13.5% to 15%.

On 15 November 2016, the Group fully disposed its interest in LCREJSC as a result of the agreement between CEHV, VietHydro and InfraCo Asia Development Pte. Ltd, a third party company. LCREJSC ceased to be an investment of the Group.

	2017 $'000
Investment, at cost	4,668
Sales consideration	(4,617)
Loss on disposal	51

14. Inventories

	Group	
	2017 $'000	2016 $'000
Balance sheet:		
Trading stocks, at cost	4,025	3,971
Less: Allowance for stock obsolescence	(69)	(69)
	3,956	3,902
Income statement:		
Inventories recognised as an expense in cost of sales	12,015	13,150

15. Trade receivables

	Group	
	2017 $'000	2016 $'000
Trade receivables	5,634	6,908
Less: Allowance for doubtful debts	(49)	(154)
	5,585	6,754

Trade receivables are non-interest bearing and are generally on 30 to 60-day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

15. Trade receivables (cont'd)

Trade debtors that are past due but not impaired

The Group has trade receivables amounting to $2,039,000 (2016: $3,202,000) that are past due at the balance sheet date but not impaired. These trade receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Trade receivables past due:		
Less than 31 days	708	890
31 to 60 days	615	786
61 to 90 days	316	551
91 to 365 days	400	975
	2,039	3,202

	Group	
	Individually impaired	
	2017	**2016**
	$'000	**$'000**
Trade receivables – nominal amounts	188	154
Less: Allowance for doubtful debts	(49)	(154)
	139	–
Movement in allowance accounts:		
At 1 April	154	126
Charge for the year	49	70
Written back	(54)	(42)
Written off	(100)	–
At 31 March	49	154

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors who have delay in payments and indication of default on payments. These trade receivables are not secured by any collateral or credit enhancements.

Trade receivables denominated in foreign currencies at 31 March is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	45	145	–	–

15. Trade receivables (cont'd)

Trade debtors that are past due but not impaired (cont'd)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	5,585	6,754	–	–
Other receivables (Note 16)	1,009	1,127	–	–
	6,594	7,881	–	–
Amounts due from subsidiaries (Note 17)	–	–	25,166	27,290
Amounts due from associates (Note 18)	15,278	13,318	–	–
Cash and short-term deposits (Note 19)	2,074	4,906	42	37
Total loans and receivables	23,946	26,105	25,208	27,327

16. Other receivables

	Group	
	2017	**2016**
	$'000	**$'000**
Deposits	230	192
Sundry debtors	779	935
	1,009	1,127

17. Amounts due from/(to) subsidiaries

Amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest-free and repayable in cash upon demand.

18. Amounts due from associates

Amounts due from associates are trade in nature, unsecured, interest-free and repayable in cash upon demand.

19. Cash and short-term deposits

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash at banks and on hand	1,725	2,036	42	37
Short-term deposits	349	2,870	–	–
Cash and short-term deposits	2,074	4,906	42	37

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between three and six months, depending on the immediate cash requirement of the Group and the Company, and earn interests at the respective short-term deposit rates. The fixed deposits have effective interest rate at 5.00% (2016: 0.16% to 0.58%) per annum. Fixed deposits amounting to $349,000 (2016: $2,698,000) are pledged to secure banking facilities granted to certain subsidiaries (Note 24).

Cash and short-term deposits denominated in foreign currencies at 31 March are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
United States Dollar	1,317	393	13	13
Cambodian Riel	177	173	–	–

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of balance sheet date:

	Group	
	2017	2016
	$'000	$'000
Cash at banks and on hand	1,725	2,036
Short-term deposits	349	2,870
	2,074	4,906
Pledged short-term deposits	(349)	(2,698)
Bank overdrafts (Note 24)	(2,680)	(1,938)
	(955)	270

20. Trade payables

These amounts are non-interest bearing and are normally settled on 60-day terms.

Trade payables denominated in foreign currencies at 31 March are as follows:

	Group	
	2017	2016
	$'000	$'000
United States Dollar	493	173
Euro	341	374
British Pound	60	49

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade payables	7,387	6,087	–	–
Other payables and accruals (Note 21)	4,744	3,258	377	530
Less:				
Deferred income (Note 21)	(23)	(293)	–	–
Total trade and other payables	12,108	9,052	377	530
Amounts due to subsidiaries	–	–	6,412	7,330
Hire purchase creditors				
- Current (Note 23)	63	33	–	–
- Non-current (Note 23)	220	93	–	–
Amounts due to a related company (non-current)	3,819	3,688	–	–
Loans and borrowings				
- Current (Note 24)	20,400	33,927	–	4,000
- Non-current (Note 24)	4,016	487	2,200	–
Total financial liabilities at amortised cost	40,626	47,280	8,989	11,860

21. Other payables and accruals

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Accruals	786	801	203	367
Deferred income	23	280	–	–
Sundry payables	1,603	842	174	163
Provision	993	13	–	–
Advances from directors	1,339	1,322	–	–
	4,744	3,258	377	530

Advances from directors

Advances from directors are unsecured, non-interest bearing and repayable on demand.

Provision

Provision relates to share of results of associates recognised as a liability as the Group has obligation towards such losses.

22. Excess of progress billing over construction in progress

	Group 2017 $'000	Group 2016 $'000
Aggregate amount of costs incurred and recognised profits to date	9,753	4,803
Less: Progress billings	(2,565)	(505)
	7,188	4,298
Presented as:		
Gross amount due from customers for contract work	7,188	4,298

The above relates to Teluk Intan Biomass Project in Malaysia.

23. Hire purchase creditors

The Group has finance leases for office equipment and motor vehicle and these expire over various dates till 2023.

Future lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	Minimum payments 2017 $'000	Present value of payments 2017 $'000	Minimum payments 2016 $'000	Present value of payments 2016 $'000
Within 1 year	74	63	38	33
After 1 year but not more than 5 years	259	220	107	93
Total minimum lease payments	333	283	145	126
Less: Amounts representing finance charges	(50)	–	(19)	–
Present value of minimum payments	283	283	126	126

24. Loans and borrowings

	Maturity	Group 2017 $'000	Group 2016 $'000
Current:			
Bank overdrafts (Note 19)	On demand	2,680	1,938
Term loans from banks	FY2018	12,839	21,924
Trust receipts	FY2018	4,541	6,065
Non-convertible bonds			
- Guaranteed bonds		–	1,000
- Non-guaranteed bonds	FY2018	340	3,000
		20,400	33,927

24. Loans and borrowings (cont'd)

	Maturity	Group 2017 $'000	Group 2016 $'000
Non-current:			
Term loans from bank	FY2019 – FY2020	1,816	487
Non-convertible bonds			
- Guaranteed bonds	FY2019	400	–
- Non-guaranteed bonds	FY2019	1,800	–
		4,016	487
Total loans and borrowings		24,416	34,414

<u>Obligations under finance leases</u>

These obligations are secured by a charge over the leased assets (Note 9). The average discount rate implicit in the leases is 6.15% p.a. (2016: 6.80% p.a.).

<u>Bank overdrafts</u>

Bank overdrafts are unsecured, bear interest at 5.75% to 9.75% (2016: 5.25% to 5.75%) per annum, repayable on demand and are secured by fixed deposits amounting to $349,000 (2016: $Nil) (Note 19).

<u>Term loans from banks</u>

Term loans from banks bear interest ranging from 1.89% to 9.50% (2016: 2.61% to 13.50%) per annum and are secured by:

(a) First fixed charge over certain property, plant and equipment (Note 9); and

(b) Corporate guarantee provided by the Company and certain subsidiaries.

<u>Trust receipts</u>

The trust receipts are unsecured, bear interest ranging from 2.27% to 4.86% (2016: 2.00% to 8.75%) per annum and are secured by fixed deposits amounting to $349,000 (2016: $Nil) (Note 19).

<u>Guaranteed bonds</u>

On 16 March 2017, the Group entered into a 2 years bond extension agreement with some of the bondholders to extend bonds amounting to $400,000 which were due on 18 March 2017.

Guaranteed bonds are non-convertible with the following principal terms:

(a) Secured by a director;

(b) Bear interest at 8% per annum, which is payable semi-annually in arrears;

(c) Matures on 18 March 2019; and

(d) The Company is entitled to the early redemption of the guaranteed bonds, in whole or in part, at 100.0% of its principal amount.

24. Loans and borrowings (cont'd)

Non-guaranteed bonds

On 16 March 2017, the Group entered into a 2 years bond extension agreement with some of the bondholders to extend bonds amounting to $1,800,000 which were due on 18 March 2017.

Non-guaranteed bonds are non-convertible with the following principal terms:

(a) Bear interest at 8% per annum, which is payable semi-annually in arrears;

(b) Matures on 18 March 2019; and

(c) The Company is entitled to the early redemption of the non-guaranteed bonds, in whole or in part, at 100.0% of its principal amount.

25. Amount due to a related company

Amount due to a related company (shareholder of a subsidiary) is non-trade in nature, unsecured, interest-free and not repayable within 12 months from the date of issue of these financial statements.

26. Deferred tax liabilities

Deferred tax as at 31 March relates to the following:

	Group	
	2017	**2016**
	$'000	**$'000**
Deferred tax liabilities		
Differences in depreciation for tax purposes	47	47

Unrecognised temporary differences relating to investments in subsidiaries and associates

As at 31 March 2017, there are no unrecognised temporary differences relating to investments in subsidiaries as the Group has determined that the portion of the undistributed earnings of its subsidiaries that will be distributed in the foreseeable future to be insignificant.

27. Share capital

	Group and Company			
	2017		**2016**	
	No. of shares		**No. of shares**	
	'000	**$'000**	**'000**	**$'000**
Issued and fully paid ordinary shares				
At 1 April	1,324,463	46,757	1,203,787	44,645
Issuance of ordinary shares from conversion of warrants	–	–	120,676	2,112
At 31 March	1,324,463	46,757	1,324,463	46,757

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

For the financial year ended 31 March 2017

27. Share capital (cont'd)

Rights cum warrants issue

On 25 September 2013, the Company issued and allotted 346,032,791 Rights Shares at an issue price of S$0.035 for each Right Share and 692,065,582 free detachable warrants, each warrant carrying the right to subscribe for one(1) new ordinary share in the capital of the Company at an exercise price of S$0.0175. The warrants may be exercised at any time during the period commencing on and including the date of issue of the warrants and immediately preceding the second anniversary of the date of issue of the warrants. The warrants subscription exercise has expired in the current financial year.

As at 31 March 2017, the Company has no outstanding warrants as the warrants subscription exercise has expired in FY2016.

The Asiatic Performance Share Plan 2013 (the "Plan")

On 15 August 2013, the shareholders approved the Asiatic Performance Share Plan (the "Plan") at the Extraordinary General Meeting. Participation in the Plan will not restrict eligible Group employees from the existing Asiatic Share Option Scheme.

The Plan shall continue in force for a maximum period of 10 years commencing from 15 August 2013, provided always that the Plan may continue beyond the stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The information regarding the Plan is as follows:

(a) All Group employees are eligible participants of the Plan to receive Awards, which represent the right to receive fully paid shares of the Company free of charge.

(b) The number of shares which may be vested is limited to the following:

  (i) The aggregate number of shares over which Awards may be granted, when added to the number of shares issued and issuable in respect of all Awards granted under the Plan shall not exceed 15% of the issued shares of the Company on the day preceding the grant of the Award.

  (ii) The aggregate number of Shares that are available to the Controlling Shareholders (defined generally as a person who holds directly or indirectly a shareholding of 15% of more of the Company's total number of issued shares) and their Associates shall not exceed 25% of the total number of shares available under the Plan.

  (iii) The number of shares that are available to each Controlling Shareholder or his Associate under the Plan shall not exceed 10% of the shares available under the Plan.

(c) The terms of the Award, including performance targets, performance period, number of shares to be vested and the date by which the Award shall be vested will be determined by the Remuneration Committee for each eligible participant.

(d) Awards will be vested by way of issue of new shares or the transfer of existing shares held as treasury shares.

From the date of approval of the Plan up to the financial year end, the Company has not granted any Awards to the employees.

27. Share capital (cont'd)

The Asiatic Share Option Scheme 2008 (the "Scheme")

On 25 July 2008, the shareholders approved the Asiatic Share Option Scheme 2008 (the "Scheme") at the Extraordinary General Meeting.

The Scheme shall continue in force for a maximum period of 10 years commencing from 25 July 2008, provided always that the Scheme may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The information regarding the Scheme is as follows:

(a) The aggregate number of shares over which options may be granted, when added to the number of shares issued and issuable in respect of all options granted under the Scheme shall not exceed 15% of the issued shares of the Company on the day preceding the grant of the option.

(b) The Scheme has two categories of options, being the Market Price Option and the Incentive Option.

(i) Under the Market Price Option, the exercise price is the average of the last dealt prices for a share as determined by reference to the daily official list published by the SGX-ST for the five (05) consecutive market days immediately preceding the date of grant, rounded up to the nearest whole cent (the "Market Price").

(ii) Under the Incentive Option, Committee has the discretion to issue option with an exercise price and set a discount not exceeding 20% of the Market Price (or such other percentage or amount as may be prescribed or permitted by the SGX-ST).

(c) The eligible grantee must accept the offer of the option within a period of not less than 15 days and not more than 30 days from the date of such offer else the offer will lapse. Upon the acceptance of the offer, the grantee shall pay to the Company the sum of S$1.00.

(d) A Market Price Option may be exercised during the period commencing after the 12 months period from the offer date and expiring on the tenth anniversary of such offer date. An Incentive Option can be exercised during the period after the 24 months period from the offer date and expiring on the tenth anniversary of such offer date. Option granted to the non-executive directors will expire on the fifth anniversary of such offer date.

From the date of approval of the Scheme up to the financial year end, the Company has not granted any share options to the employees.

28. Foreign currency translation reserve

The 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 the Group's presentation currency.

	Group	
	2017	**2016**
	$'000	**$'000**
At 1 April	(3,163)	(2,120)
Net effect of exchange differences arising from translation of financial statements of foreign operations	748	(1,170)
Share of other comprehensive income of associate	283	127
At 31 March	(2,132)	(3,163)

29. Fair value reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of other investment until they are disposed of or impaired.

30. Related party transactions

(a) Sale and purchase of goods and services

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

	Group	
	2017	**2016**
	$'000	**$'000**
Purchase of corporate secretarial support services from a firm related to a director	21	21

(b) Directors' and executive officers' remuneration *

	Group	
	2017	**2016**
	$'000	**$'000**
Directors' remuneration	1,020	1,014
Executive officers' remuneration	817	809

* Included in the above remuneration for the Group is payment for defined contribution plans of $86,000 (2016: $76,000).

(c) Others

Bond interest and redemption premium amounting to $19,500 was paid to a director in the current financial year, of which he remains as a Guarantee Bonds Subscriber (Note 24) of a principal amount of $100,000 as at 31 March 2017.

31. Directors' remuneration

The number of directors of the Company whose total remuneration from the Group falls into the following bands is as follows:

	Group	
	2017	**2016**
	Number of directors	**Number of directors**
$250,000 - $499,999	3	3
Below $250,000	4	3
Total	7	6

32. Commitments and contingencies

Operating lease commitments – as lessee

The Group has entered into leases for property that is non-cancellable.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2017 amounted to $222,000 (2016: $219,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Not later than one year	213	207
Later than one year but not later than five years	741	689
Later than five years	213	1,511
	1,167	2,407

Contingent liabilities

The Company has provided corporate guarantees to banks amounting to US$9.4 million (2016: US$10.9 million), S$27.2 million (2016: S$30.4 million) and RM195.5 million (2016: RM195.5 million) to secure banking facilities granted to its subsidiaries.

33. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

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

– A nominal amount of US$9.4 million (2016: US$10.9 million), S$27.2 million (2016: S$30.4 million) and RM195.5 million (2016: RM195.5 million) relating to a corporate guarantee provided by the Company to financial institutions on the subsidiaries' bank loans.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and business segment of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	2017		2016	
	$'000	**% of total**	**$'000**	**% of total**
By country:				
Singapore	2,852	51	3,871	57
Cambodia	2,295	41	2,218	33
Indonesia	287	5	454	7
Others	151	2	211	3
	5,585	100	6,754	100
By industry sectors:				
Fire fighting and protection	3,290	59	4,523	67
Power related	2,295	41	2,231	33
	5,585	100	6,754	100

As at balance sheet date, approximately 16% (2016: 19%) of the Group's trade receivables were due from 2 major customers who are located in Cambodia.

Financial assets that are neither past due nor impaired

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

33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

(b) Liquidity risk

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

Liquidity risk is managed in accordance with a framework of policies, controls and limits approved by Board of Directors. These policies, controls and limits ensure that the Group monitors and manages liquidity risk in a manner that ensures sufficient sources of funds are available over a range of market conditions.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less	**1 to 5 years**	**Total**
	$'000	**$'000**	**$'000**
Group			
2017			
Financial assets:			
Other investments	–	4,328	4,328
Trade and other receivables	6,594	–	6,594
Amounts due from associates	15,278	–	15,278
Cash and short-term deposits	2,074	–	2,074
Total undiscounted financial assets	23,946	4,328	28,274
Financial liabilities:			
Trade and other payables	12,108	–	12,108
Loans and borrowings	21,303	4,470	25,773
Hire purchase creditors	74	259	333
Amount due to a related company	–	3,819	3,819
Total undiscounted financial liabilities	33,485	8,548	42,033
Total net undiscounted financial liabilities	(9,539)	(4,220)	(13,759)

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	1 year or less $'000	1 to 5 years $'000	Total $'000
Group			
2016			
Financial assets:			
Other investments	–	8,801	8,801
Trade and other receivables	7,881	–	7,881
Amounts due from associates	13,318	–	13,318
Cash and short-term deposits	4,906	–	4,906
Total undiscounted financial assets	26,105	8,801	34,906
Financial liabilities:			
Trade and other payables	9,052	–	9,052
Loans and borrowings	37,292	507	37,799
Hire purchase creditors	38	107	145
Amount due to a related company	–	3,688	3,688
Total undiscounted financial liabilities	46,382	4,302	50,684
Total net undiscounted financial (liabilities)/assets	(20,277)	4,311	(15,966)
Company			
2017			
Financial assets:			
Amounts due from subsidiaries	25,166	–	25,166
Cash at banks and on hand	42	–	42
Total undiscounted financial assets	25,208	–	25,208
Financial liabilities:			
Other payables	377	–	377
Amount due to subsidiary	6,412	–	6,412
Loans and borrowings	–	2,545	2,545
Total undiscounted financial liabilities	6,789	2,545	9,334
Total net undiscounted financial assets	18,419	(2,545)	15,874

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	1 year or less $'000	1 to 5 years $'000	Total $'000
Company			
2016			
Financial assets:			
Amounts due from subsidiaries	27,290	–	27,290
Cash at banks and on hand	37	–	37
Total undiscounted financial assets	27,327	–	27,327
Financial liabilities:			
Other payables	530	–	530
Amount due to subsidiary	7,330	–	7,330
Loans and borrowings	4,972	–	4,972
Total undiscounted financial liabilities	12,832	–	12,832
Total net undiscounted financial assets	14,495	–	14,495

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

	1 year or less $'000	1 to 5 years $'000	5 years or more $'000	Total $'000
2017				
Group				
Financial guarantees	2,894	2,845	26,267	32,006
Company				
Financial guarantees	22,954	4,662	26,267	53,883
2016				
Group				
Financial guarantees	3,140	616	31,540	35,296
Company				
Financial guarantees	33,394	775	31,540	65,709

33. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing loans and fixed deposits. The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

At the balance sheet date, if SGD and USD interest rates had been 75 (2016: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $125,000 and $25,000 (2016: $162,000 and $34,000) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing loans and borrowings and higher/lower interest income from fixed deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher vitality as in prior years.

(d) Foreign currency risk

The Group has transactional currency exposure arising from purchases that are denominated in a currency other than the functional currency of the group of companies.

The Group and the Company also hold cash and short-term deposits and trade receivables denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in USD) amount to $1,362,000 (2016: $538,000) for the Group. The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Cambodia, Vietnam and Malaysia.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant.

	Group	
	Profit before tax	
	2017	**2016**
	$'000	**$'000**
USD		
- strengthened by 5% (2016: 5%)	+103	+130
- weakened by 5% (2016: 5%)	-103	-130

34. Fair value of assets and liabilities

(a) Fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents, trade and other receivables, amounts due from/to subsidiaries, amount due from associates, trade and other payables and accruals, and loans and borrowings

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

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

Amount due to a related company

Amount due to a related company has no fixed terms of repayment and are repayable only when the cash flow of the entity permits. Accordingly, the fair value of the amount is not determinable as the timing of the future cash flow arising from the balance cannot be estimated reliably.

Investment in convertible bonds carried at cost

Fair value information has not been disclosed for the Group's investments in convertible bonds that are carried at cost because fair value cannot be measured reliably. These convertible bonds are investment that are not quoted on any market and does not have any comparable industry peer that is listed. The Group does not intend to dispose of this investment in the foreseeable future and intends to hold the investment to maturity.

Non-convertible bonds (current and non-current)

Fair value information has not been disclosed for the Group's non-convertible bonds (current and non-current) that are carried at cost because fair value cannot be measured reliably. These non-convertible bonds (current and non-current) are obtained from individuals, not quoted on any market and does not have any comparable industry peer that is listed. Accordingly, the fair value of the amount cannot be estimated reliably.

(c) Financial instruments carried at other than fair value

Hire purchase creditors

As there is no material difference between fair value and carrying amount of hire purchase creditors, management has not disclosed the fair value (Note 23).

35. Capital management

Capital includes debt and equity items as disclosed in the table below.

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2017 and 31 March 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 75%. The Group includes within net debt, loans and borrowings and hire purchase creditors. Capital includes equity attributable to the owners of the Company and non-controlling interest.

	Group	
	2017	2016
	$'000	$'000
Loans and borrowings (Note 24)	24,416	34,414
Trade and other payables (Note 20)	12,131	9,345
Hire purchase creditors (Note 23)	283	126
Amount due to a related company	3,819	3,688
Less: Cash and short-term deposits	(2,074)	(4,906)
Net debt	38,575	42,667
Total equity	64,085	62,334
Capital and net debt	102,660	105,001
Gearing ratio	37.6%	40.6%

36. Segment information

(a) Business segment

For management purposes, the Group is organised into business units based on their products and services, and has two reportable segments as follows:

(i) Fire fighting and protection

Supply, installation and maintenance of fire fighting and protection equipment

36. Segment information (cont'd)

(a) Business segment (cont'd)

(ii) Power related

Power generation and distribution of controlled power supply and equipment

	Fire-fighting		Power-related		Adjustments and eliminations		Note	Per consolidated financial statements	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**		**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**		**$'000**	**$'000**
Revenue	15,434	15,876	22,573	20,888	–	–		38,007	36,764
Results:									
Other income	266	220	352	292	(81)	(22)	A	537	490
Interest income	1	–	9	5	–	–		10	5
Write back/(allowance) for doubtful debts, net	5	(28)	–	–	–	–		5	(28)
Depreciation of property, plant and equipment	(329)	(310)	(2,790)	(3,679)	–	–		(3,119)	(3,989)
Finance costs	(243)	(122)	(565)	(828)	–	–		(808)	(950)
Segment profit	506	445	2,871	2,316	(2,358)	(2,272)	B	1,019	489
Assets:									
Investment in associates	–	–	–	546	–	–		–	546
Additions to non-current assets	417	309	5	105	–	–		422	414
Segment assets	28,385	30,597	93,543	97,004	(16,717)	(17,210)	C	105,211	110,391
Segment liabilities	15,454	18,144	60,517	66,295	(34,845)	(36,382)	D	41,126	48,057

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment profit to arrive at "profit after tax" in the consolidated income statement:

	2017	**2016**
	$'000	**$'000**
Share of results of associates	(1,550)	(1,322)
Finance costs	(808)	(950)
	(2,358)	(2,272)

C The following items added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	2017	**2016**
	$'000	**$'000**
Inter-segment assets	(16,942)	(17,435)
Goodwill	175	175
Unallocated assets	50	50
	(16,717)	(17,210)

36. Segment information (cont'd)

(a) Business segment (cont'd)

D The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2017 $'000	2016 $'000
Inter-segment liabilities	(35,700)	(37,397)
Income tax payable	430	437
Unallocated liabilities	378	531
Deferred tax liabilities	47	47
	(34,845)	(36,382)

(b) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Singapore $'000	Cambodia $'000	Other countries $'000	Group $'000
2017				
Revenues	13,714	22,118	2,175	38,007
Non-current assets	7,451	57,373	4,168	68,992
2016				
Revenues	14,263	20,658	1,843	36,764
Non-current assets	7,459	58,114	9,186	74,759

Non-current assets information presented above consist of property, plant and equipment, investment in associates, goodwill and other investments.

Information about major customers

Revenue from two major customers amount to $11,070,000 (2016: $12,045,000), arising from sales by the power related segment.

37. Events occurring after the reporting period

On 30 June 2017, the Group has agreed to grant its associate, Maju Intan Biomass Energy Sdn Bhd, a deferment of 24 months from 30 June 2017 for the amount due from the associate amounting to S$15,195,000, to support the associate's efforts in improving the operating efficiency of the plant.

38. Authorisation of financial statements

The financial statements for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 7 July 2017.

As at 30 June 2017

Issued and fully Paid-up Capital	:	S$48,434,469.75
Number of Ordinary Shares in Issue (excluding treasury shares)	:	1,324,462,688
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Ordinary
Voting Rights (on a poll)	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	79	5.93	2,419	0.00
100 - 1,000	112	8.41	88,453	0.01
1,001 - 10,000	181	13.59	964,593	0.07
10,001 - 1,000,000	861	64.64	153,194,965	11.57
1,000,001 AND ABOVE	99	7.43	1,170,212,258	88.35
TOTAL	**1,332**	**100.00**	**1,324,462,688**	**100.00**

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders as at 30 June 2017[1]

	Name of Substantial Shareholders	Direct	%	Deemed	%
1.	Tan Boon Kheng	106,656,004	8.05	–	–
2.	Lim Boon Hock, Bernard	130,000,000	9.82	–	–
3.	Lim Chye Huat @ Bobby Lim Chye Huat	186,000,000	14.04	–	–
4.	Brian Chang Holdings (S) Pte Ltd	176,435,544	13.32	–	–
5.	Brian Chang[2]	–	–	176,435,544	13.32
6.	Tracy Chang[2]	–	–	176,435,544	13.32

Notes:

(1) Based on the total issued share capital of 1,324,462,688 ordinary shares of the Company as at 30 June 2017.

(2) Brian Chang and Tracy Chang are deemed interested in the ordinary shares of the Company held by Brian Chang Holdings (S) Pte Ltd by virtue of interest in Brian Chang Holdings (S) Pte Ltd.

SHAREHOLDERS' INFORMATION

As at 30 June 2017

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	186,000,000	14.04
2	BRIAN CHANG HOLDINGS (S) PTE LTD	176,435,544	13.32
3	LIM BOON HOCK BERNARD	130,000,000	9.82
4	TAN BOON KHENG	106,656,004	8.05
5	TAN BOON SIANG	62,872,000	4.75
6	TAN BOON YEW	60,336,000	4.56
7	TAN AH KAN @TAN KOW LA	52,526,700	3.97
8	STEPHEN YEO MAH AI	40,362,100	3.05
9	TAN AH SOI	32,435,996	2.45
10	TNG BENG CHOON	25,000,000	1.89
11	CHUA KENG LOY	13,576,000	1.03
12	LOW CHIN YEE	13,550,000	1.02
13	RAFFLES NOMINEES (PTE) LIMITED	12,108,044	0.91
14	OCBC SECURITIES PRIVATE LIMITED	11,917,510	0.90
15	PHILLIP SECURITIES PTE LTD	11,452,274	0.86
16	TAN BOON SAI (CHEN WENSAI)	10,299,000	0.78
17	DBS NOMINEES (PRIVATE) LIMITED	10,017,866	0.76
18	YU YAN KIT ALEX	7,834,000	0.59
19	TAN ENG CHUA EDWIN	7,831,100	0.59
20	TOH TIEW KEONG	7,379,500	0.56
	TOTAL	**978,589,638**	**73.90**

PUBLIC FLOAT

Based on the information available to the Company as at 30 June 2017, approximately 38.86% of the issued ordinary shares of the Company are held by the public. Accordingly the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist issued by the Singapore Exchange Securities Trading Limited.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Asiatic Group (Holdings) Limited (the "**Company**") will be held at REPUBLIC OF SINGAPORE YACHT CLUB, 52 West Coast Ferry Road, Singapore 126887 on Thursday, 27 July 2017 at 10.00 am, for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2017 together with the Auditors' Report thereon.
[Resolution 1]

2. To re-elect the following Directors who are retiring pursuant to the Company's Constitution:

    a) Tan Boon Siang (Retiring under Regulation 103) **[Resolution 2]**

    b) Tay Kah Chye (Retiring under Regulation 103) **[Resolution 3]**

    Tan Boon Siang, if re-elected, will remain as an Executive Director of the Company.

    Tay Kah Chye, if re-elected, will remain as the Chairman of the Board of Directors, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. He will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

    The profiles of the above mentioned directors can be found under the section entitled "Board of Directors" in the Annual Report.

3. To approve Directors' fees of S$85,000 for the financial year ended 31 March 2017 for payment. (FY2016: S$90,000) **[Resolution 4]**

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

SPECIAL BUSINESS

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

5. **Authority to allot and issue shares and /or convertible securities**

    That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and subject to the Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to issue:

    (a) shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise;

    (b) convertible securities;

    (c) additional convertibles securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalization issues; and

    (d) shares arising from the conversion of convertible securities in (b) and (c) above,

    at any time during the continuance of this authority or thereafter and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (notwithstanding the authority conferred by this Resolution may have ceased to be in force), provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(ii) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not be more than fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) and (ii) above, the percentage of the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the date this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options issue as at the date this Resolution is passed and any subsequent consolidation or subdivision of the Company's shares; and

(iv) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note 1] **[Resolution 6]**

6. **Authority to offer and grant options and to issue shares pursuant to the Asiatic Share Option Scheme 2008**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Asiatic Share Option Scheme 2008 (the "**Scheme**") and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the date preceding the grant of an option.
[See Explanatory Note 2] **[Resolution 7]**

7. **Authority to allot and issue shares under the Asiatic Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Chapter. 50 of Singapore, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Asiatic Performance Share Plan (the "**Share Plan**")and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Share Plan, provided always that the aggregate number of shares issued and issuable pursuant to vesting of awards granted under the Share Plan, when added to (i) the number of shares issued and issuable in respect of all awards granted or awarded thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under any other share incentive scheme or share plan adopted by the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the date on which the award shall be granted.
[See Explanatory Note 3] **[Resolution 8]**

8. **Renewal of the Share Buyback Mandate**

That for the purposes of the Companies Act, Chapter. 50 of Singapore, and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in paragraph 4.4 of the letter to Shareholders dated 12 July 2017 (the "**Letter**"), in accordance with the terms of the Share Buyback Mandate set out in the Letter, and this mandate shall, unless revoked or varied by the Company in a general meeting, 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 4] **[Resolution 9]**

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

By Order of the Board

Tan Sian Leong
Leong Chee Meng, Kenneth
Company Secretaries
Singapore, 12 July 2017

Explanatory Notes:

1. Resolution 6, if passed, will authorise and empower the Directors of the Company from the date of the above annual general meeting until the next annual general meeting to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate one hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at 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.

   For the purpose of this Resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

2. Resolution 7, if passed, will empower the Directors to issue shares up to an amount in aggregate not exceeding fifteen per cent (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the date preceding the date of grant of an option pursuant to the Asiatic Share Option Scheme 2008 which was approved at the extraordinary general meeting of the Company on 25 July 2008.

3. Resolution 8, 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 grant awards under the Asiatic Performance Share Plan (the "**Share Plan**") in accordance with the provisions of the Share Plan and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards granted under the Share Plan subject to the maximum number of shares prescribed under the terms and conditions of the Share Plan.

   The aggregate number of ordinary shares which may be allotted and issued pursuant to the Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the date on which the award shall be granted.

4. Resolution 9, 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, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price (as defined in paragraph 4.4 of the Letter).

   The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 March 2017 are set out in greater detail in the Letter.

Notes:

1. (a) A member who is not a relevant intermediary#, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "**Meeting**").

   (b) A member who is a relevant intermediary#, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

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

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

3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or under the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 65 Joo Koon Circle, Singapore 629078 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

5. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the Meeting unless his name appears on the Depository Register not less than seventy-two (72) hours before the time of the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"),

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ASIATIC GROUP (HOLDINGS) LIMITED

Company Registration No. 200209290R
(Incorporated In the Republic of Singapore)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, ______________________________ (name)

of ______________________________ (address)

being a *member/members of Asiatic Group (Holdings) Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

or failing the person, or either or both of the persons, referred to the above, the Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at REPUBLIC OF SINGAPORE YACHT CLUB, 52 West Coast Ferry Road, Singapore 126887, on Thursday, 27 July 2017 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

(If you wish to exercise all your votes "For" or "Against", please indicate with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against
1	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2017		
2	Re-election of Mr Tan Boon Siang as a Director of the Company		
3	Re-election of Mr Tay Kah Chye as a Director of the Company		
4	Approval of Directors' fees of S$85,000 for the financial year ended 31 March 2017		
5	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
6	Authority to allot and issue new shares and/or convertible securities		
7	Authority to offer and grant options and to issue shares pursuant to the Asiatic Share Option Scheme 2008		
8	Authority to allot and issue shares under the Asiatic Performance Share Plan		
9	Renewal of the Share Buyback Mandate		

Dated this __________ day of ____________________ 2017

Total number of shares

____

Signature of Member(s) or, Common Seal of Corporate Member

*Delete where inapplicable

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, Chapter 289 of Singapore), 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the Meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore ("CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 65 Joo Koon Circle, Singapore 629078, not less than 48 hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting to vote.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the 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 12 July 2017.

Affix postage stamp here

ASIATIC GROUP (HOLDINGS) LIMITED

65 JOO KOON CIRCLE

SINGAPORE 629078

Asiatic Group

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