LEY CHOON

FOCUSED ON OUR CAPABILITIES

ANNUAL REPORT **2017**

VISION

To be a leading one-stop regional service provider of underground infrastructure construction, road and airfield construction and maintenance, asphalt premix production and construction waste recycling.

MISSION

We aim to provide timely and reliable integrated solutions while building a strong team of in-house expertise and developing advanced machinery and technology to best serve the individual needs of our customers.

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CORPORATE PROFILE

Ley Choon Group Holdings Limited ("**Ley Choon**" or the "**Group**") is an established one-stop underground utilities infrastructure construction and road works service provider. Since our inception as Ley Choon Constructions and Engineering Pte Ltd in 1990, we have grown our spectrum of services to encompass:

(1) Underground utilities infrastructure construction and maintenance services, which include water pipes, NEWater pipes, high-pressure gas pipes, high-voltage power cables, fibre optic cables and sewer pipeline rehabilitation;

(2) Road and airfield pavement construction and maintenance services, which include the supplying and laying of graded stone, cement treated base and milling and laying of asphalt premix; and

(3) Construction materials supply services, which include production of asphalt premix and recycled aggregates from construction and demolition waste and production of ready mix concrete and cement bricks.

As a one-stop underground utilities infrastructure construction service provider, our core strengths reside with our technical expertise in underground utilities infrastructure and the in-house supply of construction materials such as asphalt premix and recycled aggregates.

Ley Choon is one of the few asphalt plant operators in Singapore. Our 400 tonnes per hour asphalt plant is one of the largest in terms of production capacity in Singapore. The built-in recycling feature and the offering of various asphalt premix formulations to meet customer requirements provide us with a competitive advantage.

Our customers include the Singapore government agencies such as Public Utilities Board ("**PUB**") and Land Transport Authority ("**LTA**"), as well as reputable companies such as Changi Airport Group and SP Group.

As a L6-registered contractor (the highest grade) with the Building and Construction Authority ("**BCA**"), Ley Choon is able to tender for Singapore's public sector contracts of unlimited value in the categories of cable/pipe-laying and road reinstatement, essential construction materials and other basic construction materials. The Group is also an A1-registered contractor in the category of civil engineering (CW02).

Leveraging on our expertise, the Group has been expanding overseas. The Group set up its first plant in China, engaging in the construction waste recycling and the development, production and sale of eco-green construction materials. Currently, the Group is undertaking a sewer pipeline rehabilitation project funded by Asian Development Bank (ADB) in Sri Lanka, and has since successfully secured a second project.

Headquartered in Singapore with headcount of over 1000, we build our technology capabilities by investing in people, process and system optimization, such as the application of Enterprise Resource Planning (ERP) system and mobile CCTV monitoring system.

As a testament to our technological advantage and service quality, Ley Choon has been accredited with IMS-ISO 9001, BS-OHSAS 18001, ISO 14001 and Green And Gracious Builder Award.

Ley Choon was listed on the Main Board of Singapore Exchange Securities Trading Limited ("**SGX-ST**") in August 2012 via a reverse takeover of Ultro Technologies Limited and transferred to Catalist on 22 February 2017.

CHAIRMAN'S STATEMENT

The Group started to re-focus on the improvement of operational efficiencies and recalibration of resources, which are paramount to remain relevant in the increasingly competitive marketplace.

DEAR SHAREHOLDERS,

I would like to begin with the famous quote, "no winter lasts forever; no spring skips its turn". This particularly holds true for us. The financial year under review was a year of resilience for Ley Choon Group Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"). In the previous year, we had hit rock bottom. However, we had the opportunity to start afresh, restructure and regain our footing once again.

FINANCIAL YEAR UNDER REVIEW

The Group had in December 2015 changed its financial year-end from 31 December to 31 March and hence the reporting period for the current year ended 31 March 2017 ("**FY2017**") is for 12 months and the comparative period of the previous year was for 15 months. The Group has achieved a remarkable turnaround in earnings with a net profit of S$17.7 million for FY2017. The Group's profitability for FY2017 was underpinned by a strong growth in its revenue to S$115.4 million. The revenue reported in FY2017 was mainly attributable to higher income recognised from the contracts executed by the Pipes & Roads segment that was sufficient to offset the decline in the Construction Materials segment. Further, the Group has achieved a gross profit of S$23.0 million with a gross profit margin of approximately 20% as a result of prudent cost management.

Apart from the above, other income of S$20.9 million attributable to the disposal of two properties and the reversal of impairment losses on its assets also contributed to the Group's earnings.

The Group incurred finance costs of S$4.0 million for FY2017 while the selling and distribution expenses, administrative expenses and other operating expenses amounted to S$21.4 million.

Overall, the Group has not only returned to profitability, but has also substantially improved its financial position over the last one year. The Group's net assets saw a significant improvement to S$23.1 million as at 31 March 2017, as compared to S$6.0 million as at 31 March 2016. Net assets value per share amounted to 3.9 cents, compared to 1.0 cents a year ago.

The Group generated cash flows from operating and investing activities of S$5.2 million and S$27.5 million respectively while the cash and cash equivalents at the end of the year recorded a deficit of S$3.4 million due to repayment of borrowings from financing activities.

Better profit margins and the divestment of our non-core assets in accordance with our debt restructuring agreement meant that we start this new year on a much brighter footing.

KEY ACCOMPLISHMENTS

The Group has successfully completed the debt restructuring exercise and executed the Debt Restructuring Agreement ("**DRA**") with several lenders. The DRA provides a mechanism for the interim repayment of principal and interest to the lenders based on its cash flow generation and entails a bullet repayment, i.e. a lump sum payment for the entirety of loan amount to the lenders on 31 March 2021, the final repayment date. As part of the DRA, the Group also successfully completed the disposal of its non-core assets and utilised the proceeds to repay the lenders and hence fulfilled our commitment to the lenders and resulted in a significant decline in the Group's bank borrowings by approximately S$28.5 million.

Casting of manhole chamber in one of our pipelines project.

Supply and lay asphalt premix, graded stone and cement treated base.

Pursuant to and as part of the DRA, the Group has undertaken a rights issue exercise primarily to cater to working capital and business expansion needs. The renounceable non-underwritten one-for-one rights issue of up to 592,406,996 new ordinary shares in the capital of the Company at an issue price of S$0.015 for each rights share received a solid support from our shareholders with over 150% subscription at the close of offer. I would like to thank shareholders for their support and trust in the Group, which provided enormous encouragement to the Group to continue our relentless drive to improve business operations, enhance efficiencies and strengthen cost management.

STREAMLINING OF OPERATIONS

Subsequent to the execution of DRA, the Group started to re-focus on the improvement of operational efficiencies and recalibration of resources, which are paramount to remain relevant in the increasingly competitive marketplace. The Group is continuously strengthening its policies and monitoring mechanisms to bring about improvements in operational performance.

Apart from the above, in order to enhance the productivity, reward efficient work force and vice versa, the Group introduced a quantitative performance measurement system which takes demerit points into account while measuring the overall performance during the year, which also allows the management to address specific areas of concern in a timely manner.

These measures seek to reduce overheads, optimise asset utilisation, monitor project progress and improve financial reporting. Although these on-going measures have contributed to our bottom line, it is a journey in-progress.

BUSINESS OUTLOOK

At the macro level, construction demand in the public sector is expected to be healthy, fuelled by upcoming mega infrastructure projects such as the Jurong Regional Line, Cross Island Line and various infrastructure developments for Changi Airport Terminal 5.

BCA has projected that the total value of construction contracts to be awarded in 2017 will reach between S$28.0 billion and S$35.0 billion, higher than the preliminary estimate of S$26.1 billion in 2016. Public sector construction demand is expected to increase from about S$15.8 billion last year to between S$20.0 billion and S$24.0 billion this year.

The Group will continue to tender for new projects, both locally and overseas and explore new business opportunities. Against this backdrop, the Group will continue to adopt strategies that strengthen and deepen its expertise and core competencies, so that it stays ahead in the construction industry.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my gratitude to our able and committed management team as well as our employees for their hard work and dedication. I would also like to sincerely thank our shareholders and the entire stakeholder community for their solid support to the Group. Let us strive to continually improve, innovate and enhance the value of the Group for all our stakeholders.

TOH CHOO HUAT
Executive Chairman and Chief Executive Officer

OPERATIONS REVIEW

The award of the contracts reflects the Group's proven capabilities in undertaking underground utilities infrastructure construction projects.

SEGMENTAL OVERVIEW

PIPES & ROADS

Revenue from the Pipes & Roads segment contributed S$105.8 million or 91.7% in total revenue for FY2017. The upsurge in revenue was due mainly to higher percentage of work completed for ongoing projects.

Some of the ongoing projects that contributed to the higher revenue include supply, laying and installation of water pipeline from Jalan Kampong Chantek to Dunearn Road, twin 1600mm diameter pipeline from AYE/Henderson Road to Keppel Road, 1600mm diameter pipeline from Keppel Road to Maxwell Road/ Shenton Way and 2200mm Diameter Pipeline from Murnane Service Reservoir (MNSR) at Jalan Kampong Chantek to PIE/Rifle Range Road and resurfacing of taxiways at Changi Airport.

During the year, the Group continued to secure new projects from both public and private sector customers. Recently, the Group secured five new contracts worth a total of S$51.4 million for underground infrastructure utilities and construction works of which the major project is related to the installation and maintenance of underground utility services. The award of the contracts reflects the Group's proven capabilities in undertaking underground utilities infrastructure construction projects.

Asphalt resurfacing and installation of airfield lightings of taxiways at Changi Airport.

Trenching and laying of PVC ducting for cables.

With the strong construction demand in public sector, the Group is optimistic in tendering for more projects locally and overseas. This is supported by various upcoming infrastructure projects in Singapore such as the Jurong Regional Line, Cross Island Line, and various infrastructure developments for Changi Airport Terminal 5. Overseas, the Group has also invested in more resources to support the existing projects and is looking into expanding the market share in other countries.

The Group is confident in growing the business by continually adopting strategies that strengthen and deepen its expertise and core competencies, so that it stays ahead in the construction industry.

CONSTRUCTION MATERIALS

Revenue from the Construction Materials segment contributed S$9.6 million or 8.3% in total revenue for FY2017. The sales to external customers declined due to lower market demand.

During the year, the Group disposed one of the asphalt plants in Kranji as part of the DRA. The Group is capable of meeting both internal and external demands with the existing asphalt plant which is currently one of the largest in terms of production capacity in Singapore and can produce 400 tonnes of asphalt premix per hour.

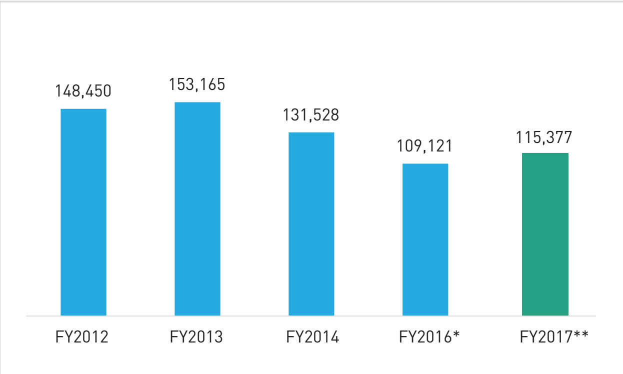
Looking ahead, the Group will focus on improving the quality and variety of asphalt premix to yield better profit margin and to cater for more projects in future.

Supply and lay asphalt premix for road and reinstatement work.

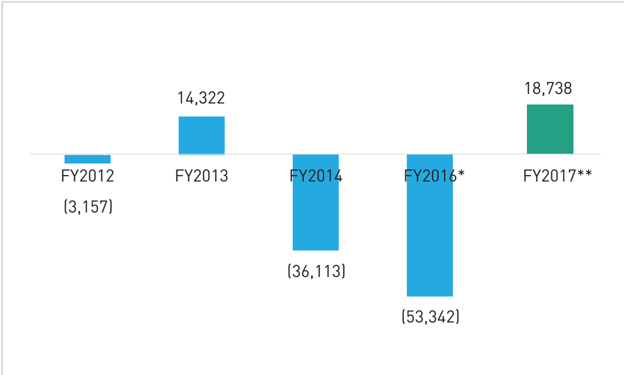
Production and supply of recycled aggregates.

FINANCIAL HIGHLIGHTS

REVENUE FROM CONTINUING OPERATIONS (S$'000)



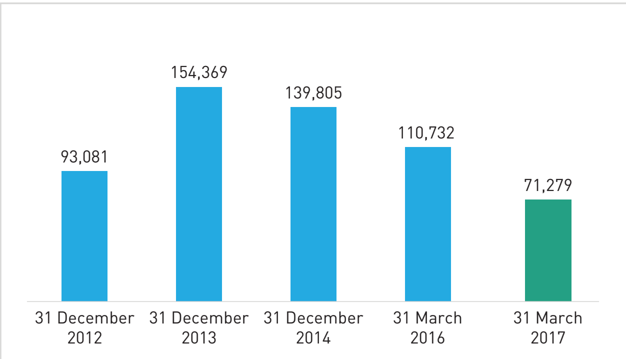
PROFIT/(LOSS) FROM CONTINUING OPERATIONS AFTER TAXATION (S$'000)



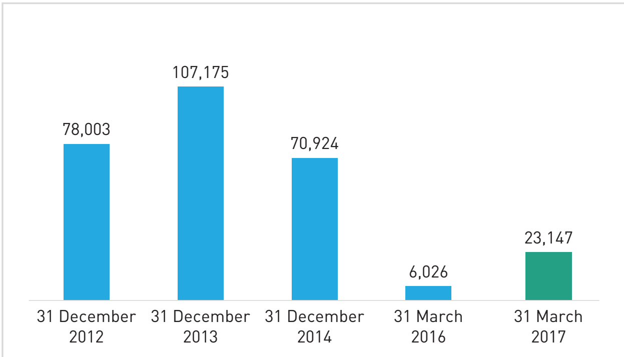
* FY2016 is for fifteen months period from 1 January 2015 to 31 March 2016.

** FY2017 is for the twelve months period from 1 April 2016 to 31 March 2017.

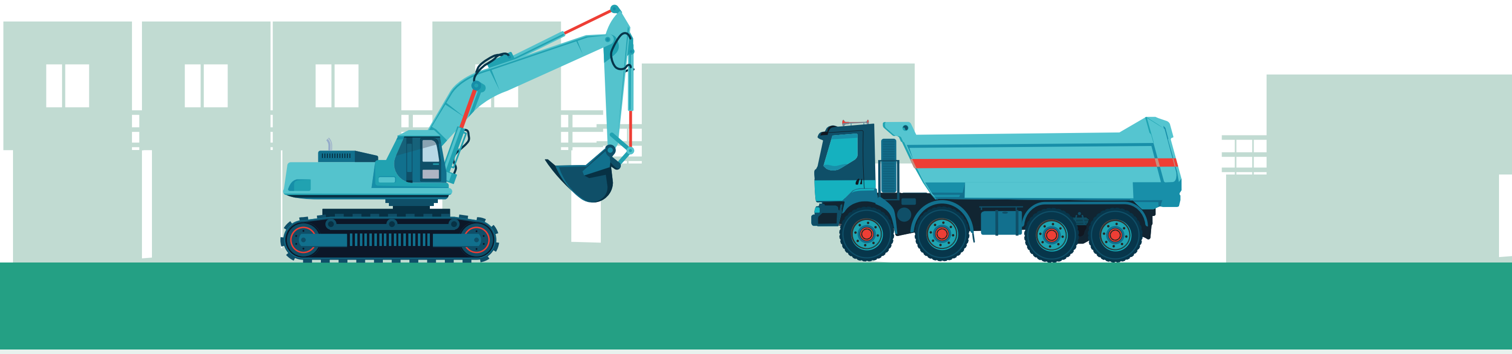
TOTAL BORROWINGS (S$'000)



TOTAL EQUITY (S$'000)



GROUP STRUCTURE



立 埄
LEY CHOON

LEY CHOON GROUP HOLDINGS LIMITED
立埄集团控股有限公司

100%
LEY CHOON (YANTAI) ECO-GREEN CONSTRUCTION MATERIALS LTD.
(立埄（烟台）环保建材科技有限公司)

100%
LEY CHOON (M) SDN. BHD.

100%
LEY CHOON CONSTRUCTIONS AND ENGINEERING PTE. LTD.

100%
CHIN KUAN ENGINEERING AND CONTRACTORS PTE. LTD.

55%
LEY CHOON CONSTRUCTIONS AND ENGINEERING PTE. LTD. / GIM TIAN CIVIL ENGINEERING PTE. LTD. JOINT VENTURE*

* Unincorporated Joint Venture

100%
MULTIFORM DEVELOPMENTS & CONSTRUCTION PTE. LTD.

100%
PAN ALLIANCE TECHNOLOGY INTERNATIONAL PTE. LTD.

100%
TEACLY (S) PTE. LTD.
MAIN OFFICE: SINGAPORE
BRANCH OFFICE: SRI LANKA

BOARD OF DIRECTORS

TOH CHOO HUAT

Executive Chairman
and Chief Executive Officer

Mr Toh Choo Huat is the Executive Chairman and Chief Executive Officer of Ley Choon Group Holdings Limited ("**Ley Choon**", the "**Group**" or the "**Company**"). As one of the Group's founders, Mr Toh has played a pivotal role in the growth and development of the Group. He is responsible for the overall business development and general management of the Group. He also oversees the overall strategic direction and expansion plans for the growth and development of the Group.

Mr Toh has more than 25 years of experience in the business of Underground Utilities Infrastructure construction and maintenance, sewer pipeline rehabilitation, road and airfield construction and maintenance. Prior to the establishment of Ley Choon, Mr Toh worked as a maintenance technician in Fairchild Semiconductor Pte Ltd. In 1990, Mr Toh and his brothers incorporated Ley Choon Constructions and Engineering Pte Ltd ("LCCE").

Mr Toh holds a Diploma in Electrical & Electronic Engineering from Ngee Ann Technical College (in association with Central Polytechnic London).

DR. LOW BOON HWEE

Executive Director
and Group Technical Director

Dr. Low Boon Hwee is the Executive Director of Ley Choon. He joined Ley Choon as Group Technical Director in 2012 and is responsible for the Group's project management, technology development, Research and Development ("R&D") in the field of asphalt mix design, pavement engineering and construction waste recycling. Dr. Low's responsibilities also include developing business opportunities and strategies in line with the Group's vision as well as overseeing product development, quality control, plant production and operations management.

Dr. Low has over 20 years of experience in road construction materials related industry and conducted applied research for highway and airfield pavement, asphalt premix design and construction waste recycling technology. He started his career as Technical Manager of Eng Seng Construction Pte Ltd where he was in charge of road maintenance projects and the technical department. He was then appointed as National Technical Manager of Hanson Building Materials (S) Pte Ltd to spearhead the technical department and R&D activities for asphalt, ready-mix concrete and quarry businesses for Singapore and Malaysia. Prior to joining the Group, Dr Low was National Technical Manager of Highway International Pte Ltd.

Dr. Low holds a Bachelor of Engineering (Honours) degree and a Doctor of Philosophy (PhD) degree in Civil Engineering, specialising in Highway and Building Materials from the National University of Singapore.

PROF. LING CHUNG YEE ROY

Lead Independent Director

Professor Roy Ling was appointed as Independent Director of the Company on 28 September 2015. He is also the Chairman of the Audit Committee, Member of the Remuneration Committee and Member of the Nominating Committee.

Professor Roy Ling is currently a Managing Director at RL Capital Management and RL Academy. Concurrently, he also serves as an Independent Board Director at several listed companies across Asia, as an Adjunct Professor in Finance at the EDHEC Business School, and as a Consultant for RHT Strategic Advisory and RHT Academy.

Prior to RL Capital, Prof. Ling held senior investment banking positions with JPMorgan, Lehman Brothers, Goldman Sachs and Salomon Smith Barney. Prof. Ling was a former Board Director of the CFA Society of Japan. He was honored as one of 20 Rising Stars in Real Estate by Institutional Investor in 2008.

Prof. Ling graduated from INSEAD with a Global EMBA and from the National University of Singapore with a Bachelor's degree in Business Administration.

CHIA SOON HIN WILLIAM

Independent Director

Mr Chia Soon Hin William was appointed as Independent Director of the Company on 28 September 2015. He is also the Chairman of the Remuneration Committee, Chairman of Nominating Committee and Member of the Audit Committee.

Mr Chia provides training for financial institutions and business advisory to corporations through his company, Xie Capital Pte Ltd, and has more than 35 years of retail and commercial banking experience with Overseas Union Bank, Standard Chartered Finance, DBS Bank, Malayan Banking Berhad and United Overseas Bank. Prior to his retirement from United Overseas Bank in October 2014, he was Executive Director with the bank's Group Commercial Banking.

Mr Chia is a Chartered Secretary and Associate of the Governance Institute of Australia, Fellow with the Chartered Institute of Marketing UK, and Associate with the Chartered Institute of Bankers UK. He was conferred IBF Fellow by the Institute of Banking and Finance Singapore in November 2014.

TEO HO BENG

Non-Executive Director

Mr Teo Ho Beng was appointed as Non-Executive Director of the Company on 28 September 2015. He is also a Member of the Audit Committee, Remuneration Committee and Nominating Committee.

Mr Teo Ho Beng is presently the Executive Chairman and Chief Executive Officer of Hiap Hoe Group. Mr Teo has more than 38 years of experience in the construction and property industries, and over 23 years of experience in the leisure industry.

Mr Teo is responsible for the formulation of corporate strategies and policies for Hiap Hoe, and ensures their implementation by senior management at the operations level. Mr Teo also chairs the senior management meetings to monitor Hiap Hoe's performance, and oversees management, budgeting and forecasting procedures to ensure there is prudent financial management.

EXECUTIVE OFFICERS

TOH CHEW LEONG
Deputy Chief Executive Officer

Mr Toh Chew Leong is the Deputy Chief Executive Officer of Ley Choon and is one of the founders of the Group. Mr Toh oversees the Group's underground utilities infrastructure construction and assists in the day to day operations of the Group's business. Mr Toh has an extensive experience of more than 25 years in the Group's pipe and cable laying as well as asphalt premix businesses.

TOH SWEE KIM
Chief Operating Officer

Mr Toh Swee Kim is the Chief Operating Officer ("**COO**") of Ley Choon. He oversees all operations for underground utilities infrastructure construction and maintenance business, including deployment of resources, manpower and operations management of the Group.

Mr Toh has extensive experience of more than 25 years in the Group's pipe and cable laying business. In 1990, Mr Toh joined the Group as an operations manager.

TAN TECK WEI
Chief Project Officer

Mr Tan Teck Wei is the Chief Project Officer of Ley Choon. He is responsible for the overall coordination and general management of the Group's projects. Mr Tan also oversaw the setting up of the Group's asphalt premix plant and construction waste recycling plant.

Mr Tan joined the Group in 1998 as a civil engineer and was promoted to general manager in 2003. Prior to joining the Group, he worked as a site engineer and project engineer for various civil work contractors.

Mr Tan graduated with a Bachelor of Engineering degree from the School of Civil and Structural Engineering of the National University of Singapore and has more than 25 years of experience in the business of civil engineering and building construction and maintenance, underground utilities infrastructure and sewer pipeline rehabilitation.

TOH CHEW CHAI
Deputy Chief Operating Officer

Mr Toh Chew Chai joined the Group since its establishment. As the Group's Deputy Chief Operating Officer, he oversees all operations for underground utilities infrastructure construction, deployment of resources and operations management of the Group.

Mr Toh has extensive experience of more than 25 years in the Group's pipe and cable laying business. In 1990, Mr Toh joined the Group as an operations manager.

TAN KWANG HWEE WILLIAM

Chief Financial Officer

Mr Tan Kwang Hwee William joined the Group in July 2015 as Chief Financial Officer, and is responsible for financial and corporate affairs of the Group.

An MBA graduate, Qualified Accountant and Engineer by training, he has 13 years of leadership experience in SGX-listed manufacturing/construction companies with diverse roles including full finance spectrum, corporate affairs, HR & administration, operations as well as Big Four audit experience with MNCs & local enterprises spanning multi-industries.

Mr Tan began his career with SGX-listed Liang Huat Group and played a key role in Liang Huat's successful S$140 million corporate restructuring exercise. He then joined KPMG as an auditor. Mr Tan was subsequently appointed Chief Financial Officer and Joint Company Secretary of Metal Component Engineering Ltd, a SGX-listed mechanical manufacturing solutions provider with a presence across Asia with over 1,000 employees.

Mr Tan graduated with Honours with a Bachelor of Engineering (Mechanical) from the National University of Singapore, and holds a Bachelor of Science in Applied Accounting (First Class Honours) from the Oxford Brookes University, UK. A Chartered Accountant of Singapore and a Fellow of the Association of Chartered Certified Accountants (ACCA), UK, he was also an ACCA Prize Winner and Top 30 Affiliate. In addition, Mr Tan obtained his MBA from Manchester Business School, UK.

A regular speaker at industry events, he currently serves as member of ACCA Singapore's SME Finance Transformation Committee, and was named Executive of the Year – Materials & Construction by the Singapore Business Review Management Excellence Awards 2016.

TOH KAI SHENG ADAM

Director, Operations & HR

Mr Toh Kai Sheng Adam joined the Group in 2009 as management executive, and has since worked under various departments within the Group, including operations, finance, logistics, training centre and property development. He oversees Group HR and Administration, and assists the COO in managing the operations of the Group.

Mr Toh graduated from Nanyang Technological University, Singapore with a Bachelor of Accountancy with First Class Honours and second specialisation in Banking and Finance. He also holds a Diploma in Management Accounting from Chartered Institute of Management Accountants, and is a Chartered Accountant of Singapore.

TOH KAI HOCK

IT Director & Deputy Chief Project Officer

Mr Toh Kai Hock joined the Group as IT Manager in 2011. His areas of responsibilities include all information technology ("IT") related matters and project management of the Group. As a member of Project Management Office, he defines and maintains standards and processes for project management. He also oversees regular upgrading of IT systems to improve project management.

Mr Toh graduated with a Bachelor of Engineering (Electrical Engineering) First Class Honours from National University of Singapore.

TOH KOK HEAN BRAYDEN

Director

Mr Toh Kok Hean Brayden joined the Group as Plant Manager since the inception of the asphalt premix plant in 2007. As the Group expanded into construction waste recycling in 2010, he was also tasked to be responsible for the overall procurement, production, quality and maintenance of the asphalt premix plant, construction waste recycling plant and other related machineries.

His other roles and responsibilities include Sales & Business Development in Singapore for construction materials, roadworks and underground utilities works.

Mr Toh graduated with a Bachelor of Engineering (Honours) degree in Mechanical Engineering from Nanyang Technological University, Singapore in 2004.

SUSTAINABILITY REPORT

Ley Choon Group (the "**Company**") or (the "**Group**") recognises the importance and seeks continuous improvement to our sustainability reporting. For the financial year ended 31 March 2017 (**FY2017**), the Group started our sustainability reporting journey by discussing the challenges and material issues that are important to our stakeholders, our strategy in managing these challenges and issues, and how we have performed in terms of our key performance indicators.

Scope of this Report

In FY2017, we adopted the reporting approach by applying the international reporting framework, Global Reporting Initiative ("**GRI**") Standards, in preparing this sustainability report.

For reference to the GRI Content Index, please refer to pages 23 to 27.

Reporting Boundaries and Standards	The Report is also prepared in accordance with GRI Principles for defining report content, including: • Materiality: focusing on issues that impact business growth and are of utmost importance to our stakeholders; • Stakeholder Inclusiveness: responding to stakeholder expectations and interests; • Sustainability Context: presenting performance in the wider context of sustainability; and • Completeness: including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Company's performance. The Group uses a consolidated operating approach to determine organisational boundaries. Our data is an aggregation of our businesses globally. This is our first sustainability report and there are no prior year comparative data.
Report Period and Scope	This report covers data and information from 1 April 2016 to 31 March 2017 and discusses the Group's achievements and performance towards Environmental, Social and Governance ("**ESG**") issues. This report has been prepared in accordance to the GRI Standards: Core Option.
Accessibility	The Group continues to print only limited copies of this annual cum sustainability report as part of our environmental conservation efforts. Current electronic editions of the report is available at www.leychoon.com.

Strong participation by company staff and management in our team building and bonding event at West Coast Park.

Accountability to Stakeholders

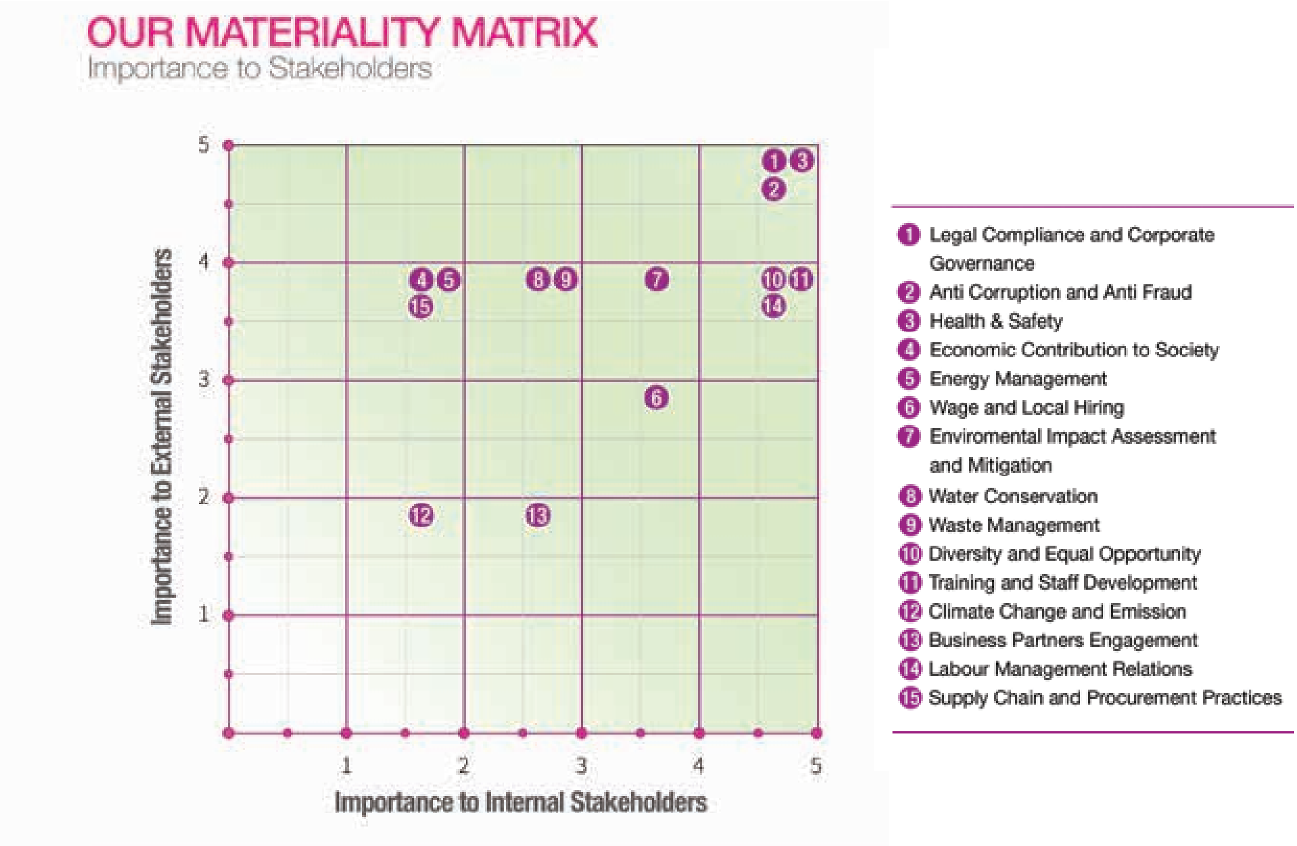
Being a responsible corporate citizen, the Group works closely with our stakeholders to understand their concerns and feedback. The stakeholder engagement provides valuable feedback and information for the drafting of our sustainability report, particularly in determining the material environmental and social issues. We will continue to engage our external stakeholders more extensively to identify areas that are material, sustainable and necessary for future development.

Our Key Stakeholders	How We Engage Them	Key Topics
Customers	• Formal meetings • Informal feedback	• Project timelines, requirements and specifications • Work-in-progress and status • Feedback on completed projects
Shareholders and Financial Community	• Annual General Meeting • Announcements through SGXNet • Emails	• Financial results • Key developments such as contract wins, corporate actions, etc. • Investor relations
Employees	• Townhall meetings • Performance appraisals • Team bonding and company events • Internal communication through emails and intranet • Annual appreciation dinner	• Performance and skills • Health and safety issues and necessary precautions to note • New contract wins • Project timelines and status updates
Suppliers	• Regular meetings • Emails	• Feedback on their products and services • Information of their new products or services
Government and Regulatory Agencies	• Consultations • Discussions • Legal counsel	• Regulatory and industry standards and guidelines
Local Community	• Community outreach activities (such as community event sponsorships) • Charity events • Sponsor technical seminars	• Partner with local not-for-profit charitable organisations to identify the target beneficiaries
Media	• Media releases	• Financial results • Key developments such as contract wins, corporate actions, etc. • Press release for contract wins, corporate actions, etc.

We participated and co-sponsored symposium organised by non-profit professional organisation.

Celebrating Chinese New Year with our staff in Annual Appreciation Dinner.

SUSTAINABILITY REPORT



Defining Our Materiality Issues

From the results of our stakeholders' engagement, the Group has adopted a materiality analysis to identify challenges and issues that are important to our stakeholders and which are relevant to our Group.

Our material issues are identified as those that are ranked as high and critical by both our internal and external stakeholders on the materiality matrix. We therefore focus our sustainability efforts and reporting on these issues.

We have identified and compiled 15 relevant sustainability issues for developing this report. These issues were further deliberated and narrowed down through our engagement process with stakeholders. The senior management then reviewed the list of issues and determined the material issues based on importance to our stakeholders and the sustainability impact to our businesses.

The importance of the material issues are ranked based on our meetings and interviews with our stakeholders. This process enabled us to identify and prioritise 6 high impact material issues to be discussed in this first report.

ECONOMIC CONTRIBUTION TO SOCIETY

At present, the Group operates our businesses across two business segments in Singapore and another two overseas markets in China and Sri Lanka. We manage our one-stop underground utilities infrastructure construction and roadworks service in accordance to sustainability principles. We work closely with our business partners to identify and consider any sustainability opportunities and risks that may arise.

Sustainability trends such as climate change, resource scarcity and demographic changes shape the competitive environment in which companies like our Group operate by introducing long-term sustainability opportunities and recognising risks. We therefore view our business performance beyond short-term gains and financial bottom-line. Our conviction is to achieve a balanced triple bottom-line for sustained growth for the organisation and the community it operates in.

More importantly, we strive to contribute positively to the society through our economic presence by contributing to the efficient management of the public infrastructure, namely underground utilities infrastructure and roadworks, maintaining good stewardship of the resources we manage and generating good shareholders' value.

As encapsulated by our corporate motto "Build, Renew and Recycle'', sustainability management is integral to our business model and green tenets. Our business model focuses on cost and technical leadership as well as highest priority on our service reliability and timeliness. We seek organic growth from the existing businesses while keeping a close eye for expansion opportunities.

In today's highly volatile business environment, the Group strives to embrace prudent financial management and remain focused on growth strategies to enhance shareholders' value.

For more information on Ley Choon Group's financial and business performance, please refer to pages 2 to 6.

LEGAL COMPLIANCE AND CORPORATE GOVERNANCE

Corporate governance and legal compliance have always been one of the top priorities for the Company. The decision-making process in the Company is strictly in line with legal and regulatory requirements and in compliance, including but not limited to, with the Code of Corporate Governance issued by Monetary Authority of Singapore and the guidelines of the Building and Construction Authority ("**BCA**"), Land Transport Authority ("**LTA**"), National Environmental Agency ("**NEA**") and Ministry of Manpower ("**MOM**").

The Company has not received any correspondences or notifications in relation to any material non-compliance of regulatory requirements in FY2017. The Audit Committee received no whistle-blowing letters during the year. However, there were 5 incidences of environmental violations which we have duly addressed through immediate rectifications.

For further details on Corporate Governance, please refer to pages 32 to 58.

Anti-Corruption and Anti-Fraud

With zero-tolerance policy to bribery and corruption, we have put in place effective monitoring and management control systems to detect bribery, fraud or other illegal activities directly at the source. We have established a whistle-blowing mechanism for employees and any other concerned stakeholders such as customers, suppliers, competitors and contractors.

A direct whistle-blowing channel through email has also been implemented to enable our stakeholders to get direct access to our Audit Committee Chairman. By doing so, our stakeholders can be assured that all reports or suspicions of potential breaches are taken seriously by the Group.

Compliance with Laws and Regulations

The Group is proactive in ensuring its compliance with all relevant laws and regulations. Management is responsible to review and monitor the Group's policies and practices in respect to legal and regulatory requirements. Any non-compliance of the relevant laws and regulations and the proposed resolutions will be reported to the management periodically.

Any new enactment of or changes to the relevant laws and regulations will be communicated to all employees through small group meetings. Such communication is necessary to ensure that all employees are aware of the changes and can carry out the necessary steps and actions to ensure compliance.

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

There is no incidence of product and service mis-information and labelling or marketing miscommunications.

LABOUR-MANAGEMENT RELATIONS

It is important to have effective communication between management and employees, so that employees are more engaged with the organisation, and have a more positive attitude towards their work and our clients, business partners and their families. They are provided with frequent management updates and adequate notice period regarding operational changes.

We often engage our employees in the following ways:

- Monthly and Quarterly Meetings

  Senior Management conducts meetings with their respective heads of business function to discuss on business development, finance, marketing and operational matters.

- Townhall Meetings

  Management conducts townhall meetings to connect with our different groups of employees i.e. office staff, project teams and construction workers. During the townhall meetings, management explain certain new initiatives and processes, obtain their opinions and feedback.

- Informal and Small Group Meetings

  Informal and small group meetings are often held by management to hear our employees' concerns and grievances.

SUSTAINABILITY REPORT

ENVIRONMENTAL, HEALTH & SAFETY

Building Workplace Safety and Health and Environmental Awareness

Ley Choon Group, an established one-stop underground utilities infrastructure provider, is committed to maintain the highest standards of Workplace Safety and Health ("**WSH**") and environmental practices and inculcating the best practices in the Group. Guided by our Group's policy that "Safety is everybody's responsibility", we are driven by the steadfast commitment to our employees for a safe working environment in which one can work and excel with full confidence.

The management team sets a strong foundation by providing clear direction within the organisation of the value of an effective occupational health and safety management approach to foster risk-free and environmentally-friendly premises. Our Environment, Health and Safety ("**EHS**") department is responsible for leading the Group in adhering to all WSH regulations as stipulated by MOM, BCA and NEA.

At Ley Choon, we have adhered fully to the WSH requirements set out by MOM and we have rigorously put in place not only the safety measures, but also the risk management guidelines for MOM.

In addition to the adoption of local WSH systems and practices, we have attained bizSAFE certifications. At the same time, Ley Choon Group have adopted integrated management systems such as IMS-ISO 9001, BS-OHSAS 18001 and ISO14001 certifications.

We conduct bizSAFE risk assessments on all aspects of our work programme and project implementation. Surveillance and monitoring programmes such as observation and intervention are conducted to improve safety and health at workplace.

We take stock of and review the existing WSH systems and work processes or particular activity and thereafter implement necessary measures to keep safety practices in check and uphold good WSH standards. We have implemented regular safety training and regular safety system review for all our work sites.

Occupational, safety and health induction courses are conducted for all workers, site personnel and subcontractors. In FY2017 alone, we have invested 2,883 hours of external skill-based and technical training in EHS for our new employees in Singapore.

Our management is committed to ensuring safety first by regular inspection of project sites and review of safety implementations on site with the project members. Our subcontractors are required to submit risk assessment and safe work procedures prior to the commencement of work. At the same time, worker representative and staff are included in risk identification and mitigation as Risk Assessment Team in specific projects.

Guided by our Group's policy that "Safety is everybody's responsibility", Safety Courses (such as Construction Safety Orientation Course) are conducted for all site staff to raise awareness of WSH and site safety regulations.

Promoting A Safety Culture

The Group remains committed to enhance and achieve a strong and sound safety culture and instilling a positive mindset among our employees that encourage responsibility towards oneself and one's co-workers.

In FY2017, we have achieved a ZERO fatal accident rate for all our projects through our top management's commitment and support from the staff.

Safety management starts from the project planning stage and is practised through the various stages of design, construction and management till project completion. Over the past years, our comprehensive project safety programme has evolved and the principles and processes behind this programme have also been refined.

Some of these include:

RISK ASSESSMENT PROCEDURES to identify among other things, situations and processes that may potentially cause injury to staff. After identification, we will evaluate the likelihood of the risk and the severity of its impact, and devise preventive measures to be put in place.

FIELD REGULAR SAFETY AUDITS at construction worksites.

SAFETY COURSES (such as Construction Safety Orientation Course) are conducted for all site staff to raise awareness of WSH and site safety regulations. Workers are also trained in other specialised safety courses based on their designated work scope.

REGULAR TOOLBOX MEETINGS are conducted to instil safety culture to employees and vendors. During the meetings, the safety officer will highlight safety offences and incidences, and remind attendees on safety measures and regulations.

We implemented a **POINT-BASED-SYSTEM** which also takes demerit points into account while assessing performance to deter poor WSH behaviour or practices on-site and encourage good safety performance by employees.

All project sites have an **EMERGENCY PREPAREDNESS AND RESPONSE PLAN** in place. This plan is introduced during Safety Courses and Toolbox meetings. The plan will be displayed on notice boards around the site.

An **ANNUAL SAFETY PROGRAMME** was organised in January 2017 to promote safety awareness and strive for higher safety standards. All the operation teams participated in a 1 month continual improvement competition where the teams are judged based on the safe work practices, maintenance of equipment and housekeeping at workplace.

Three best teams were selected and presented with awards during the Annual Appreciation Dinner.

SUSTAINABILITY REPORT

Occupational Health

Occupational health for all our employees is one of our key priorities in our EHS management.

All our employees working in laboratory works, asphalt production works, asphalt recycling plant are provided personal protective equipment such as N95 masks to ensure the necessary protection against the inhalation of dust particles which may lead to health hazards or lung infection. Other proactive mitigation measures include ensuring adequate ventilation at worksite and job rotation to avoid over-exposure to dust or fume for prolonged period of time.

During our daily toolbox training meeting, the project teams are briefed on all the safety measures and occupational health precautions to ensure maximum safety protection at the worksites.

All workers have to undergo a bi-annual medical checkup (including X-ray for lungs) to ensure their good state of health for continued employment. We have also medical insurance through workmen injury compensation as stipulated by MOM.

Winning EHS Awards

Green and Gracious Builders Award has been introduced by the BCA to raise environmental consciousness and professionalism of builders. It is also a benchmark of a builder's corporate social responsibility to the environment and the general public. Apart from setting standards for green practices, it also sets standards for gracious practices.

In FY2017, we have also received the BCA Green and Gracious Builder Award and bizSAFE STAR for the following subsidiaries of the Group:

BCA Green and Gracious Builder Award	bizSAFE STAR
• Ley Choon Constructions & Engineering Pte. Ltd. • Chin Kuan Engineering & Contractors Pte. Ltd. • Teacly (S) Pte. Ltd.	• Ley Choon Constructions & Engineering Pte. Ltd. • Chin Kuan Engineering & Contractors Pte. Ltd. • Teacly (S) Pte. Ltd. • Multiform Developments & Construction Pte. Ltd. • Pan Alliance Technology International Pte. Ltd.

Toolbox training is an integral part of our EHS programme at project sites to ensure vigilant implementation for safety measures among our project teams.

Our safety personnel explaining the importance of wearing N95 masks at worksite.

Promoting Environmental Consciousness

To reduce environmental hazards and be environmentally friendly, Ley Choon seeks to carry out its daily business operations in a socially responsible way and contribute positively to the communities in which it operates.

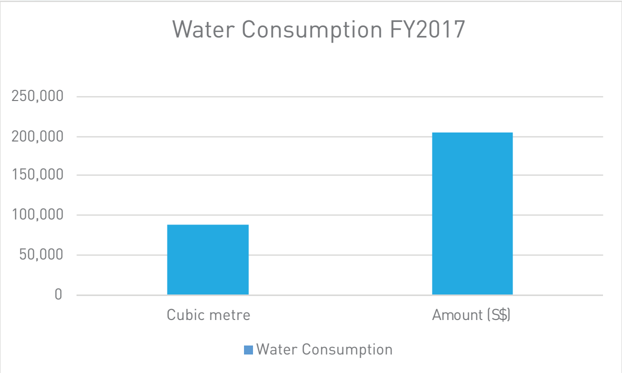
Through the attainment of ISO 14001 certification, three subsidiaries, namely Ley Choon Constructions & Engineering Pte Ltd, Chin Kuan Engineering & Contractors Pte. Ltd and Teacly (S) Pte. Ltd., have been accorded due recognition in planning and implementing environmental initiatives and impact mitigation.

Water and Electricity Consumption

Given the fact that we are in the underground utilities infrastructure business, the intensity of water and electricity consumption is correspondingly high in keeping up with our business operations. The water supply to our businesses are drawn from the national water system provided by Public Utility Board. We have been actively monitoring our water and electricity to control consumption levels so as to maintain cost efficiencies.

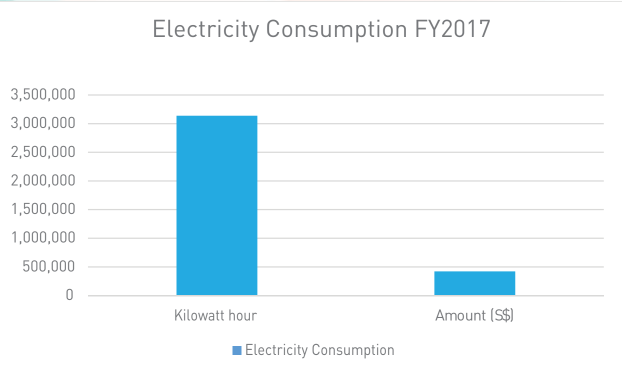
Water Consumption

FY2017	Cubic Metre	Amount (S$)
Water Consumption	88,055	203,655



Electricity Consumption

FY2017	Kilowatt-hour	Amount (S$)
Electricity Consumption	3,107,586	428,937



Initiatives in FY2018 and Beyond

Ley Choon is actively integrating sustainability management with project execution at our project sites as well as at the head office.

The commitments and targets for FY2018 are currently being evaluated by management.

OUR PEOPLE

To underscore our care and commitment towards our employees, Ley Choon Group adopts a holistic Human Resource ("**HR**") strategy focused on fair remuneration and equal opportunities, training and development, employee wellness and engagement, and work-life harmony.

We are fully committed to comply with all applicable labour laws where we operate and ensure compliance through on-going monitoring. We also ensure that we comply with all mandatory labour laws and training requirements stipulated by BCA, LTA and MOM.

Open Recruitment Strategy

Identifying, recognising and rewarding quality employees is essential in our hiring and retention strategy. We advocate fair employment practices by ensuring equal opportunities for recruitment, fair compensation, career progression and training opportunities.

Ley Choon Group currently has a headcount of over 1,000 employees. We provide fair employment opportunities to all, regardless of age, gender, race or nationality. Our Group advocates a policy of harnessing diversity in human resource as evidenced by a fair distribution of employees from varied nationalities and age groups to support our key markets in Singapore, China and Sri Lanka.

Nationalities as at 31 March 2017	Proportion (%)
Bangladeshi	3
Filipino	0.9
Hong Kong	0.1
Indian	48
Malaysian	6
Myanmar	4
PRC	16
Singaporean	10
Sri Lanka	9
Thai	3
Total	100

Gender Ratio as at 31 March 2017	Proportion (%)
Male	91
Female	9
Total	100

SUSTAINABILITY REPORT

We maintain a policy of employee diversity through providing employment opportunities to young and older workers beyond the official retirement age of 65. As at 31 March 2017, the youngest staff is 20 years old while we have 17 senior staff of age 65 and above.

Age profile of employees as at 31 March 2017	Proportion (%)
All Employees (include workers)	
Below 30 Years	41
31 to 50 Years	50
51 to 65 Years	8
Above 65 Years	1
Total	100
Workers	
Below 30 Years	45
31 to 50 Years	50
51 to 60 Years	5
Total	100

In terms of employee skills profile, we have maintained a fair proportion of professional and management team to lead and drive the business growth in our two business segments.

PMET* classification for staff as at 31 March 2017	Proportion (%)
Senior Management	1
Middle Management (Managers & Professional)	6
Executive	21
Workers	72
Total	100

* *PMET refers to Professionals, Managers, Executives & Technicians*

Ley Choon Group employs a merits-focused approach in its annual performance appraisal process, rewarding our staff on the basis of contribution, abilities and experience, regardless of age, gender, race or nationality.

Our remuneration structure has been designed to enhance overall job satisfaction, morale and motivation, as attested by over 22% of staff being with the Group for more than 5 years.

Years of Service as at 31 March 2017	Proportion (%)
Below 5 years	78
6 to 10 years	18
10 to 20 years	3
>20 years	1
Total	100

Diversity and Equal Opportunities

We advocate gender diversity and equal opportunities in our organisation. However, given the nature of our business is in the underground utilities infrastructure construction and roadworks services it is inevitable that over 90% of our employees are male whilst the female employees are mainly engaged in the middle management and executive levels.

We ensure there are fair work practices and remuneration are ascertained based on individual work performance and not on any gender consideration. No form of discrimination is tolerated within our organisation. There is no incident of discrimination and corrective actions taken.

Talent Management

Ley Choon Group recognises that employees are an integral part of our organisational success and sustainability. With that in mind, our Human Resource Department is committed in retaining the best employees and ensuring a smooth succession planning in place. At the same time, people with necessary skills and capabilities are brought in to support the Group's long term sustainable growth and performance.

The Group believes in investing in the areas of learning and development and encourages employees to stay abreast of latest industry trends and news to remain competitive and relevant in this volatile business environment. Employees with better knowledge and capabilities will assist in bringing the Group to a higher level. Hence, in-house learning sessions and external training courses/ workshops are periodically arranged for employees to attend.

Ley Choon Group espouses global mobility of our employees to gain international experience and skills. Leveraging on the Group's overseas subsidiaries in Sri Lanka and China, we provided overseas work attachment of various levels from Singapore to these overseas subsidiaries in FY2017.

We are committed to invest in the trainings and further education of our employees as demonstrated in the following table:

Training & Education as at 31 March 2017	
Total training hours	10,284
Average training hours per employee	9.6

Employee Engagement and Excellence

Healthy and happy employees make a productive and effective workforce. As such, promoting employee wellness and work-life harmony is another important aspect of our HR strategy. To promote staff engagement and team spirit, we encourage all staff to take part in year-round activities such as Annual Appreciation Dinner and Christmas celebrations.

In FY2017, Ley Choon Group enhanced its efforts in terms of employee engagement. Our Employee Engagement team regularly engages various merchants to provide our staff with corporate discounts and invitation to activities such as health talks.

We also held our inaugural team building event where employees went down to West Coast Park for an afternoon of activities. Employees across different organisational functions and levels had the opportunities to get to know one another better through working in teams, fostering team spirit and cohesion.

In addition, we also give due recognition to high performers in the form of Best Employee Award at our Annual Appreciation Dinner.

Ley Choon was honoured as one of the top business leaders by Singapore Business Review at its 2nd Management Excellence Awards at Shangri-La Hotel held on 6 December 2016. Our Chief Financial Officer, Mr William Tan, was awarded the Management Excellence Awards in the Materials & Construction Industry.

Shaping Our Future

At Ley Choon Group, we strive to develop a strong talent pipeline and a resilient workforce, united by values of teamwork which is geared towards bringing the organisation into its next phase of growth.

Moving forward, we will continue to invest in human capital development to bolster the Group's core competencies and drive for sustainable growth.

CORPORATE SOCIAL RESPONSIBILITY

At Ley Choon Group, we firmly believe in upholding our corporate social responsibility to improve the welfare of the communities while we endeavour to balance our goals of balancing sustainable growth and achieving best practices for business management. Underpinning our corporate social responsibility are three key aspects, namely green environment, corporate philanthropy and volunteerism.

Green Environment

In line with our corporate motto to "Build, Renew, Recycle", proactive mitigation of the environmental impact and protection is deeply embedded within our business model, as aptly demonstrated by the built-in recycling feature of our asphalt premix plant that allows up to 70% of recycled components.

As a strong green advocate of the use of recycled aggregates and asphalt, we have been the leading champion in promoting the use of higher percentage of recycled aggregates and asphalt for roads and pavement as permitted by the authorities.

We do our best to protect the environment through various initiatives to promote green environment and are also committed to comply with all applicable environmental regulations set by the BCA, NEA as well as building and construction industry locally and internationally.

Building team spirit and cohesion via the Amazing Race 2016 held on 29 December 2016.

An overseas employee receiving the "Best Employee Award"

Our CFO, Mr William Tan, received the Executive of the Year – Materials & Construction Award

SUSTAINABILITY REPORT

Corporate Philanthropy

In Singapore, we have collaborated closely with our business partners to contribute to the less privileged in society through various charities.

Over the past years, we have supported the good causes of many charitable organisations. In FY2017, we have supported the following beneficiaries:

	Beneficiaries	Mission	What did we do?
1.	**Pertapis Education and Welfare Centre**	PERTAPIS undertakes welfare projects which are designed to address some of the social problems faced by the Malay community. These projects include the running of welfare homes, providing social support for the needy families and educational services.	Donation
2.	**The Salvation Army**	The Salvation Army is a Christian charitable organisation which is committed to serve the underprivileged in the community. It established a comprehensive network of social services to reach out to children who need care and protection, families in material need, ailing aged requiring quality nursing care and other needy segments in our society.	Donation
3.	**SunLove Home**	Sunlove Home provides rehabilitative care for its patients, specifically intellectually disabled patients. It is one of the few charitable homes in Singapore, and also provides other services to its patients such as psychotherapy.	Donation

Ley Choon Group actively strives to contribute to the local communities in all the markets we operate in.

Corporate Volunteerism

Over the years, our staff has participated in the community volunteerism both at the corporate and individual levels.

Ley Choon Constructions and Engineering Pte Ltd was also awarded with "NS Advocate Award for Large Companies 2016" in recognition of our outstanding support toward National Service for our country.

Ley Choon has been a strong advocate for sports and community programmes to encourage a well-balanced worklife for our employees. In FY2017, we have won the Championship title in DBS Marina Regatta. The impressive team won the Premier Mixed 12 Crew 200m race, crossing the finishing line at 56.4 sec.

Academic Symposium

Ley Choon Group is actively supporting the academic and industry research for construction and roadworks engineering as well as asphalt recycling. We have been supporting the academic/industry symposium organised by Pavement Engineering Society Singapore.

"We are proud of the Ley Choon dragon boat team for their outstanding achievement in DBS Marina Regatta. They exemplified the "CAN DO" spirit of Ley Choon Group and our aspirations in attaining highest standards of excellence in both our business and corporate citizenship."

Mr Toh Choo Huat
Executive Chairman and Chief Executive Officer

GRI CONTENT INDEX

Universal Standard Disclosure		Page reference and reasons for omissions, if applicable
Organisational Profile		
102-1	Name of the organization.	1
102-2	Activities, brands, products, and services	1
102-3	Location of headquarters	1
102-4	Location of operations	1
102-5	Ownership and legal form	1
102-6	Markets served	1
102-7	Scale of the organization	1
102-8	Information on employees and other workers	1
102-9	Supply chain	13
102-10	Significant changes to the organization and its supply chain	13
102-11	Precautionary Principle or approach	12
102-12	External initiatives	LCG has not adopted any external Initiatives.
102-13	Membership of associations	N/A

Dr. Low Boon Hwee giving a presentation in Symposium organised by Pavement Engineering Society Singapore.

Narrow win for Multiform Developments in DBS Marina Premier Mixed 12 Crew 200m race.

SUSTAINABILITY REPORT

Universal Standard Disclosure		Page reference and reasons for omissions, if applicable
Strategy		
102-14	Statement from senior decision-maker	2,3
102-15	Key impacts, risks, and opportunities	2,3,29,30
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Cover Page
102-17	Mechanisms for advice and concerns about ethics	15,32-58
Governance		
102-18	Governance structure	8-11
102-19	Delegating authority	8-11
102-20	Executive-level responsibility for economic, environmental, and social topics	8-11
102-21	Consulting stakeholders on economic, environmental, and social topics	8-11,15
102-22	Composition of the highest governance body and its committees	8-11
102-23	Chair of the highest governance body	8-11
102-24	Nominating and selecting the highest governance body	8-11
102-25	Conflicts of interest	N/A
102-26	Role of highest governance body in setting purpose, values, and strategy	8-11
102-27	Collective knowledge of highest governance body	8-11
102-28	Evaluating the highest governance body's performance	8-11
102-29	Identifying and managing economic, environmental, and social impacts	8-11
102-30	Effectiveness of risk management processes	8-11
102-31	Review of economic, environmental, and social topics	8-11
102-32	Highest governance body's role in sustainability reporting	8-11
102-33	Communicating critical concerns	14
102-34	Nature and total number of critical concerns	14
Stakeholder Engagement		
102-40	List of stakeholder groups	13
102-41	Collective bargaining agreements	N/A, our employees are not unionised
102-42	Identifying and selecting stakeholders	13
102-43	Approach to stakeholder engagement	13
102-44	Key topics and concerns raised	13

Universal Standard Disclosure		Page reference and reasons for omissions, if applicable
Reporting Practice		
102-45	Entities included in the consolidated financial statements	7
102-46	Defining report content and topic Boundaries	12
102-47	List of material topics	14
102-48	Restatements of information	N/A, this is our first report.
102-49	Changes in reporting	N/A, this is our first report.
102-50	Reporting period	12
102-51	Date of most recent report	12
102-52	Reporting cycle	12
102-53	Contact point for questions regarding the report	28
102-54	Claims of reporting in accordance with the GRI Standards	12
102-55	GRI content index	24-27
102-56	External assurance	N/A
Management Approach		
103-1	Explanation of the material topic and its Boundary	12,14
103-2	The management approach and its components	12,14
103-3	Evaluation of the management approach	12,14
Topic – Specific Standard Disclosures		
Category: Economic		
Aspect: Economic Performance		
201-1	Direct economic value generated and distributed	2-6
Aspect: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Disclosure is not applicable as there is no minimum wage system in Singapore. Furthermore, LCG's direct hires are skilled technical and professional employees whose pay is not linked to particular laws concerning minimum wage.
202-2	Proportion of senior management hired from the local community	8-11
Aspect: Procurement Practices		
204-1	Proportion of spending on local suppliers	Majority of our business expenditure in Singapore is on locally-registered companies.

SUSTAINABILITY REPORT

Universal Standard Disclosure		Page reference and reasons for omissions, if applicable
Aspect: Anti-corruption		
205-1	Operations assessed for risks related to corruption	15,32-58
205-2	Communication and training about anti-corruption policies and procedures	15,51
205-3	Confirmed incidents of corruption and actions taken	15,51
Category: Environmental		
Aspect: Energy		
302-1	Energy consumption within the organization	19
Aspect: Water		
303-1	Water withdrawal by source	19
Aspect: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	15
Category: Social		
Aspect: Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	15
Aspect: Occupational Health and Safety		
403-1	Workers representation in formal joint management-worker health and safety committees	16
403-2	Work-related fatalities	17
403-3	Workers with high incidence or high risk of diseases related to their occupation	18
404-4	Health and safety topics covered in formal agreements with trade unions	N/A, our employees are not unionised
Aspect: Training and Education		
404-1	Average hours of training per year per employee	20
404-2	Programs for upgrading employee skills and transition assistance programs	20
404-3	Percentage of employees receiving regular performance and career development reviews	20
Aspect: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	20
405-2	Ratio of basic salary and remuneration of women to men	N/A Workers' remuneration are ascertained based on work experience and academic qualifications. Individual work performance and not on any gender consideration.

Universal Standard Disclosure		Page reference and reasons for omissions, if applicable
Aspect: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	20
Aspect: Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	N/A. All our employees are of legal age for formal employment by law of MOM.
Aspect: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	13, 21, 22
Aspect: Marketing and Labeling		
417-1	Requirements for product and service information and labeling	15
417-2	Incidents of non-compliance concerning product and service information and labeling	15
417-3	Incidents of non-compliance concerning marketing communications	15
	Note: LCG takes a phased approach to the adoption of GRI indicators and will review the relevance of indicators marked "N/A" to its operations periodically.	

CORPORATE INFORMATION

BOARD OF DIRECTORS

TOH CHOO HUAT
Executive Chairman and Chief Executive Officer

DR. LOW BOON HWEE
Executive Director and Group Technical Director

PROF. LING CHUNG YEE ROY
Lead Independent Director

CHIA SOON HIN WILLIAM
Independent Director

TEO HO BENG
Non-Executive Director

AUDIT COMMITTEE

Prof. Ling Chung Yee Roy (Chairman)
Chia Soon Hin William
Teo Ho Beng

REMUNERATION COMMITTEE

Chia Soon Hin William (Chairman)
Prof. Ling Chung Yee Roy
Teo Ho Beng

NOMINATING COMMITTEE

Chia Soon Hin William (Chairman)
Prof. Ling Chung Yee Roy
Teo Ho Beng

COMPANY SECRETARIES

Ong Beng Hong
Tan Swee Gek

REGISTERED OFFICE

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Fax: (65) 6757 0100
Website: www.leychoon.com

SHARE REGISTRAR

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9 Raffles Place
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Singapore 048619

CATALIST SPONSOR

RHT CAPITAL PTE LTD
6 Battery Road #10-01
Singapore 049909

INDEPENDENT AUDITORS

FOO KON TAN LLP
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
24 Raffles Place #07-03
Clifford Centre
Singapore 048621
Partner-in-charge: Robin Chin Sin Beng
(with effect from 22 January 2016)

PRINCIPAL BANKERS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
10 Collyer Quay #30-00
Ocean Financial Centre
Singapore 049315

DBS BANK LIMITED
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
6 Raffles Quay #23-01
Singapore 048580

MALAYAN BANKING BERHAD
2 Battery Road, Maybank Tower
Singapore 049907

RHB BANK BERHAD, SINGAPORE BRANCH
90 Cecil Street #03-00
RHB Bank Building
Singapore 069531

STANDARD CHARTERED BANK
Marina Bay Financial Centre (Tower 1)
8 Marina Boulevard
Singapore 018981

THE ISLAMIC BANK OF ASIA LIMITED
12 Marina Boulevard Level 46
Marina Bay Financial Centre Tower 3
Singapore 018982

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza 1
Singapore 048624

SUSTAINABILITY

For enquiries, please contact
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Email: ir@leychoon.com

RISK ASSESSMENT AND MANAGEMENT

The Group has identified and listed below certain key business risks and they could adversely affect the Group. The possible measures to mitigate such risks are also briefly described. Risks are inherent in all business enterprises and therefore our Group monitors and manage our exposure to risks relating to its business and industry.

1. Downgrade or loss of the BCA grades or builder's licences

We are required to register ourselves as licensed contractors and/or builders with the BCA for our business.

Based on the grades conferred to us as registered contractors, Ley Choon is allowed to tender for public sector projects, subject to the stipulated limit. To maintain the existing contractor grades for our subsidiaries, there are certain requirements stipulated by the BCA, including but not limited to the following:

a) each registered company must meet the stipulated requirements with regards to the value of contracts undertaken by that company in the past three financial years;

b) each registered company must meet the minimum paid-up share capital and the minimum net worth requirement; and

c) each registered company must employ the required number of professionals or technical personnel and these professionals or technical personnel must have the minimum professional qualifications stipulated by BCA, being a recognised degree in Architecture, Building, Civil/Structural Engineering or the equivalent qualifications approved by the BCA and have the stipulated number of years of relevant experience.

If these requirements are not complied, it is possible that Ley Choon loses its BCA grades and/or builder's licences. If this happens, our ability to tender for projects, and thus our business operations, will be affected.

To ensure business sustainability, we are careful to ensure that our subsidiaries comply with the BCA requirements and our BCA grades and builder's licenses upheld.

2. Dependency on public sector demand in Singapore

As Ley Choon is mainly engaged in the (i) underground utilities infrastructure construction and maintenance; (ii) sewer pipeline rehabilitation; and (iii) road and airfield construction and maintenance in Singapore, our business is vulnerable to the cyclical fluctuations of the construction industry in Singapore and is dependent on the general health of the Singapore economy as well as the availability of the government's civil engineering projects in Singapore.

To ensure business sustainability, we have diversified our revenue sources. We are also into the business of asphalt premix recycling and production and have taken on overseas projects.

3. Dependency on project tender success

All our businesses, except asphalt premix production and construction waste recycling, are mostly undertaken on a project basis and are non-recurring. Our income is therefore subject to the number, value and duration of projects successfully tendered.

We must therefore tender competitively to ensure a steady stream of projects coming on-board while at the same time be mindful about maintaining healthy margins for each project.

RISK ASSESSMENT AND MANAGEMENT

4. **Potential shortage of labour and increase in labour cost**

Ley Choon, like many construction companies in Singapore, relies heavily on foreign labour. Our foreign workers mostly come from India, PRC, Malaysia, Thailand, Myanmar and Bangladesh. The employment of foreign workers is subject to foreign workers' levy. We are thus vulnerable to any shortage in the supply of foreign workers or any increase in the cost of foreign labour. Any changes in the policies and regulations imposed by the authority may potentially affect the supply and cost of labour for Ley Choon.

Ley Choon constantly seeks ways to automate processes to increase productivity. We devised the Intelligent Stop & Go signalling, the off-site CCTV monitoring, and deployed the suction excavation machine to minimize the use of labour.

5. **Inability to attract and retain key personnel**

Ley Choon's success depends to a significant extent upon a number of key employees and senior management. Our continued success and growth are therefore dependent on the retention of our key personnel as well as our ability to continue to attract, retain and motivate other qualified personnel. Consequently, the loss of the services of one or more of these individuals without suitable and timely replacement or the inability to attract new qualified personnel could have an adverse impact on our operations.

To attract and retain talent, Ley Choon puts in place talent development initiatives to improve employee loyalty and staff cohesiveness.

6. **Subject to regulations and guidelines imposed by various government and regulatory authorities**

We are subject to regulations and guidelines, including safety regulations, imposed by various government and regulatory authorities in Singapore.

In the event of an inadvertent breach of certain regulatory guidelines and regulations imposed by the regulatory authorities such as the NEA, PUB and LTA, we may be subject to administrative proceedings and unfavourable decrees that result in pecuniary liabilities and cause delays to our projects. In such instances, our financial performance might be affected. In addition, judgements and decrees awarded that are unfavourable to us would have a negative effect on our reputation.

Regulations and regulatory guidelines are subject to amendments from time to time. Any changes in government legislation, regulations or policies affecting our industry could adversely affect our business operations and/or have a negative effect on the demand for our services. There is also no assurance that we will be able to comply with any changes. There is also a possibility that such amendments to regulations could increase our operating costs.

Ley Choon adopts a prudent approach and strives to adapt to the changes in the operating environment to stay relevant.

7. **Possibility of cost overruns**

Our quotes are determined after careful evaluation of all related costs pertaining to subcontractors, labour cost, materials cost and other overheads. However, unforeseen circumstances such as adverse weather conditions and unanticipated construction constraints at the worksites may arise during the course of the project resulting in increase in the costs of labour, raw materials, equipment, rental and sub-contracting services, or other costs not previously anticipated and thus leading to cost overruns.

Ley Choon has being going through extensive organisational restructuring in areas of human resource management, strengthening accountability, optimizing asset utilisation, enhancing management oversight and monitoring of project progress through periodic and systematic project budgetary review and control. All these measures have been helping the senior management to mitigate the above risk.

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REPORT ON CORPORATE GOVERNANCE

The Board of Directors of Ley Choon Group Holdings Limited (the "**Company**") and together with its subsidiaries (the "**Group**"), are committed to high standards of corporate governance and adopting the corporate governance practices contained in the Code of Corporate Governance 2012 (the "**Code**") which supersedes the Code of Corporate Governance issued in July 2005, issued by the Corporate Governance Committee so as to ensure greater transparency and protection of shareholders' interests. The Board recognises the need for accountability, creating and preserving shareholder value and achieving its corporate vision for the Group. This report describes the Group's corporate governance practices and activities with specific reference to the Code, during the financial year ended 31 March 2017 ("**FY2017**").

(A) BOARD MATTERS

Board's Conduct of its Affairs

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

As at the date of this Annual Report, the Board comprises two Executive Directors, two Independent Directors and one Non-Executive Director. The contribution, experience and competency of each Director helps in the overall effective management of the Company and the Group.

The Board's principal duties include the following:

(i) protecting and enhancing long-term value and return to the Company's shareholders ("**Shareholders**");

(ii) establishing, reviewing and approving the annual budget, corporate policies, strategies and objectives for the Group;

(iii) ensuring the effectiveness and integrity of the Management;

(iv) chartering the corporate strategy and direction of the Group and setting goals for the Management;

(v) supervising and monitoring the Management's achievement of these goals;

(vi) conducting periodic reviews of the Group's financial performance, internal controls and reporting compliance;

(vii) approving nominations to the Board and the appointment of key personnel;

(viii) ensuring the Group's compliance with all relevant and applicable laws and regulations;

(ix) assuming responsibility for the corporate governance of the Group;

(x) setting the values and standards for the Group (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met; and

(xi) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets.

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

REPORT ON CORPORATE GOVERNANCE

To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee (collectively referred herein as "**Board Committees**"). The Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each Board Committee is also monitored.

The Executive Directors supervise the management of the business and affairs of the Company. However, meetings of the Board are still held and/or resolutions in writing of the Board are circulated for matters which require the Board's approval, including the following, but are not limited to:

(i) review of the annual budget and the performance of the Group;

(ii) review of the key activities and business strategies;

(iii) approval of the corporate strategy and direction of the Group;

(iv) approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions;

(v) material acquisitions and disposals;

(vi) corporate or financial restructuring and share issuances;

(vii) declaration of dividends and other returns to Shareholders; and

(viii) appointments of new Directors or key personnel.

A formal document setting out the following guidelines has been adopted by the Board:

(a) the matters reserved for the Board's decision; and

(b) clear directions to Management on matters that must be approved by the Board.

The Company has adopted internal guidelines setting forth matters that require board approval. The types of material transactions that require board approval under such guidelines are listed below:

(a) major capital expenditure;

(b) capital management;

(c) banking facilities;

(d) acquisition of entities/business;

(e) diversifying into new business; and

(f) any other significant material transaction.

REPORT ON CORPORATE GOVERNANCE

Board meetings are conducted regularly at least once every quarter to review the business affairs of the Group and approve the announcement of the quarterly financial results. When necessary, additional Board meetings will be held to deliberate on other substantive matters. Teleconferencing at meetings of the Board is allowed under the Company's Constitution. In addition to holding meetings, important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

In the financial year under review[1], the attendance of the existing Directors at the scheduled meetings of the Board and Board Committees during FY2017 were as follows:

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Director								
Toh Choo Huat	4	4/4	–	–	–	–	–	–
Dr. Low Boon Hwee	4	4/4	–	–	–	–	–	–
Ling Chung Yee Roy	4	4/4	4	4/4	1	1/1	1	1/1
Chia Soon Hin William	4	4/4	4	4/4	1	1/1	1	1/1
Teo Ho Beng	4	4/4	4	4/4	1	1/1	1	1/1
Koh Tiam Teng[2]	3	3/3	–	–	–	–	–	–

Notes:

(1) The attendance of the Directors, including those also acting as the members of the respective Board Committees, at the meetings of the Board and the Board Committees was recorded in the relevant attendance lists prepared and circulated by the Company Secretaries prior to the commencement of such meetings and these attendance lists are kept in the statutory records of the Company. If the Company Secretaries were not present at the meetings, the attendance of the Directors was recorded by the Management in the minutes of the meetings.

(2) Koh Tiam Teng stepped down from the Board with effect from 16 December 2016. Details of his resignation were contained in the announcement released via SGXNET on 16 December 2016.

The Company has a formal training program for new directors. The Board ensures that all the newly appointed Directors will be given a detailed introduction on the Company's history and development and an orientation on the operational procedures of the Company or attend relevant seminars conducted by the Singapore Institute of Directors to familiarise them with the Group's business and governance practices. Such seminars will be funded by the Company. When necessary, the Company will provide training for first-time directors in areas such as accounting, legal and industry-specific knowledge as appropriate.

The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. The Directors are encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as directors to the Company. During FY2017, Ling Chung Yee Roy had attended the Singapore Exchange Securities Trading Limited ("**SGX-ST**") workshop on corporate sustainability and Chia Soon Hin William had attended the following courses/seminars conducted by, *inter alia*, the Singapore Institute of Directors, SGX and Accounting and Corporate Regulatory Authority: Investor & Media Relations, Nominating Committee Essentials, Findings on the Singapore Governance & Transparency Index, Leveraging on Sustainability Reporting, Straits Times Global Outlook Forum 2017: Political & Economic Directions for 2017, Audit Committee Seminar 2017 and Intellectual Property Business Congress (IPBC) Southeast Asia: Maximising Corporate IP Value.

In the event that a Director is involved in an interested person transaction with the Group, he shall inform the Board accordingly and abstain from making any recommendation or decision with regards to the transaction.

REPORT ON
CORPORATE GOVERNANCE

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and any shareholder who has an interest or interests in not less than 10% of the total votes attached to all the voting shares in the Company. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises five (5) Directors, of which two (2) are Independent Directors. As at the date of the report, the composition of the Board is as follows:

Executive Directors

Toh Choo Huat (Executive Chairman and Chief Executive Officer)
Dr. Low Boon Hwee (Executive Director and Group Technical Director)

Independent Directors

Ling Chung Yee Roy (Lead Independent Director)
Chia Soon Hin William (Independent Director)

Non-Executive Director

Teo Ho Beng (Non-Executive Director)

The Board considers a director to be "independent" if he has no relationship with the Company, its related companies, its shareholders who have an interest or interests in not less than 10% of the total votes attached to all the voting shares in the Company or the officers that could interfere, or be reasonably perceived to interfere, with the exercise of that director's independent judgement with the view to the best interests of the Company.

As at least one-third of the Board comprises Independent Directors, the Company believes the Board is able to exercise independent judgement on corporate affairs and ensures that no one individual or groups of individuals dominate any decision making process and the Board is satisfied that there is a strong and independent element on the Board. Guideline 2.2 of the Code, however, recommends that independent directors make up at least half of the Board where: (a) the Chairman of the Board and the Chief Executive Officer (or equivalent) is the same person; (b) the Chairman and the Chief Executive Officer are immediate family members; (c) the Chairman is part of the management team; or (d) the Chairman is not an independent director. Under the present board composition, guideline 2.2 of the Code is not met, however a transition period of up to the annual general meeting following the end of financial year commencing on or after 1 May 2016 has been provided for such recommendation. The Board will look into meeting such recommendation before the annual general meeting to be held in respect of the financial year ending 31 March 2018.

There are no Directors who have served on the Board beyond nine (9) years from the date of his first appointment.

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 has considered the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. To maintain or enhance the Board's balance and diversity, the Nominating Committee conducts an annual assessment of the existing attributes and core competencies of the Board to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making, taking into account the nature and scope of the Group's operations. The Nominating Committee is of the view that the Board has a good balance of Directors who come from diverse backgrounds and have extensive business, financial, accounting and management experience. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group. Details on the experiences, professional qualifications and responsibilities of the Directors are set out in page 8 of this Annual Report.

REPORT ON CORPORATE GOVERNANCE

The Non-Executive Directors (including the Independent Directors) will constructively challenge and assist in the development of proposals on strategy, assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. The Non-Executive Directors will have discussions amongst themselves without the presence of the Management and the rest of the Executive Directors at least once a year.

Executive Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Executive Chairman and Chief Executive Officer, Toh Choo Huat, sets the tone for the conduct of the Board and leads the Board to ensure the effectiveness of the Board and its role. He also ensures the Group's adherence to the best corporate governance practices prescribed by the Code. As Executive Chairman, Toh Choo Huat is also responsible for, amongst other things, the proper functioning of the Board. He ensures that the Board holds regular meetings and oversees the proper dissemination of corporate information to the relevant parties (including but not limited to the Directors and Shareholders). He sets the agenda for each meeting and ensures that adequate time is available for discussion and debate of all agenda items, in particular, strategic issues. He also encourages constructive relations between the Board and the Management, facilitating the effective contribution of Independent Directors, as well as encouraging constructive discussion and debate amongst the Directors and hence, promoting high standards of corporate governance.

All major decisions made by the Executive Chairman and the Chief Executive Officer are under the purview of review by the Audit Committee. His performance and appointment to the Board are also reviewed periodically by the Nominating Committee while his remuneration package is reviewed periodically by the Remuneration Committee. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The Board is of the view that power is not unduly concentrated in the hands of one (1) individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, all of which are chaired by the Independent Directors.

In addition, the Board also believes that notwithstanding the Executive Chairman and the Chief Executive Officer being the same person, the Group's interest is well served by:

(i) the benefit of an Executive Chairman and Chief Executive Officer who is very experienced and knowledgeable about the Group's businesses, thereby ensuring the smooth and efficient implementation of decisions on policy issues;

(ii) the good balance of power and authority on the Board as all the Board Committees of the Board are chaired by the Independent Directors;

(iii) more than half of the Board is made up of Non-Executive Directors and at least a third of the Board is made up of Independent Directors to ensure independent review of the Management's performance; and

(iv) the benefit of the objective and independent views that the Group receives from the Independent Directors and the contributions of the Non-Executive Directors.

In view that the Executive Chairman and the Chief Executive Officer is the same person, the Company had appointed Ling Chung Yee Roy as the Lead Independent Director to adhere to the principles set out in the Code. As the Lead Independent Director, Ling Chung Yee Roy acts as the contact person for the Shareholders in the event that the Shareholders have concerns or issues for which communication with the Executive Chairman and Chief Executive Officer or the Chief Financial Officer is inappropriate or where such communication has failed to resolve the concerns or issues raised.

For FY2017, the Independent Directors had met at least once in the absence of key management personnel and the Lead Independent Director provides feedback to the Executive Chairman after such meeting(s).

REPORT ON
CORPORATE GOVERNANCE

Board Membership

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

The Nominating Committee consists of the two (2) Independent Directors and one (1) Non-Executive Director:

(i)	Chia Soon Hin William	(Chairman)
(ii)	Ling Chung Yee Roy	(Member)
(iii)	Teo Ho Beng	(Member)

The Nominating Committee is responsible for:

(i) re-nominating the Directors having regard to the Directors' contribution and performance;

(ii) determining annually whether or not an Independent Director is independent; and

(iii) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, taking into consideration the Director's number of listed company board representations and other principal commitments.

The Nominating Committee also makes recommendations to the Board relating to:

(i) the review of board succession plans for the Directors, in particular, the Chairman and the Chief Executive Officer;

(ii) the development of a process for evaluation of the performance of the Board, its board committees and the Directors;

(iii) the review of the training and professional development programs for the Board;

(iv) the appointment and re-appointment of the Directors (including alternate directors, if applicable); and

(v) the appointment and re-appointment of the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**") or any other person who holds a similar position to the CEO or the CFO by any name.

The Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which addresses how the Board is to enhance long-term Shareholders' value. As part of its review, the Nominating Committee will recommend to the Board a process to assess the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board.

Each member of the Nominating Committee abstains from voting any resolutions and making recommendations and/or participating in any deliberations in respect of the assessment of his performance or re-nomination as a director.

For appointment of new Directors to the Board, the Nominating Committee would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the then existing Board. The Nominating Committee may, if necessary, interview potential candidates and make recommendations to the Board for approval. The Board will then consider the potential candidates and Directors newly appointed by the Board are appointed by way of board resolution, following which they are subject to election by Shareholders at the next annual general meeting immediately following their appointment and thereafter, they are subject to the one-third rotation rule.

REPORT ON CORPORATE GOVERNANCE

The dates of initial appointment of each Director are set out as follows:

Name of Directors	**Date of Initial Appointment**
Toh Choo Huat	25 July 2012
Dr. Low Boon Hwee	1 January 2014
Ling Chung Yee Roy	28 September 2015
Chia Soon Hin William	28 September 2015
Teo Ho Beng	28 September 2015

Further to the above, the Nominating Committee reviews the independence of each of the Independent Directors annually. As part of their review process, the Nominating Committee requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the guidelines in the Code. The Nominating Committee reviewed declaration forms executed by the Independent Directors as well as any declaration which they may make to determine their respective independence. Pursuant to its review, the Nominating Committee is of the view that Ling Chung Yee Roy and Chia Soon Hin William are independent of the Group and the Management.

The Nominating Committee also reviews the performance of the Directors as well as their contribution to the Board.

Toh Choo Huat and Dr. Low Boon Hwee do not hold any other existing directorships with other public listed companies and also did not hold such past directorships in the last three (3) years.

The Nominating Committee has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments. The Board, with the concurrence of the Nominating Committee, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director and the Nominating Committee will instead focus on whether a Director has sufficient time to adequately discharge his duties to the Company.

The present and past directorships (held in the last three (3) years) of the Independent Directors and Non-Executive Director with other public listed companies are set out in the following tables:

LING CHUNG YEE ROY

Other existing directorships with public listed companies:

Company	**Position**
China Flexible Packaging Holdings Ltd	Lead Independent Director
Arion Entertainment Singapore Ltd (fka Elektromotive Group Ltd)	Independent Director
Vingroup JSC (listed on Ho Chih Minh Stock Exchange)	Independent Director
United Food Holdings Ltd	Lead Independent Director

REPORT ON CORPORATE GOVERNANCE

Other past directorships with public listed companies (held in the last three (3) years):

Company	Position
Aquaint Capital Holdings Ltd (listed on Australian Securities Exchange)	Independent Director
JES International Holdings Ltd	Independent Director
China Paper Holdings Ltd	Independent Director
ChinaSing Investment Holdings Ltd	Lead Independent Director

CHIA SOON HIN WILLIAM

Other existing directorships with public listed companies:

Company	Position
Nil	–

Other past directorships with public listed companies (held in the last three (3) years):

Company	Position
Nil	–

TEO HO BENG

Other existing directorships with public listed companies:

Company	Position
Hiap Hoe Limited	Executive Chairman

Other past directorships with public listed companies (held in the last three (3) years):

Company	Position
Nil	–

After conducting reviews, the Nominating Committee is also satisfied that the Directors have been able to devote adequate time and attention to the affairs of the Company and they are able to fulfil their duties as directors of the Company.

The Company does not have any alternate Directors. The Board will generally avoid approving the appointment of alternate directors unless alternate directors are appointed for limited periods in exceptional cases such as when a director has a medical emergency.

Under Article 107 of the Company's Constitution, at least one-third of the Directors (or if their number is not three (3) or a multiple of three (3), then the number nearest to but not less than one-third) is required to retire from the office of Director and stand for re-election at the Company's Annual General Meeting. Generally, the retiring Directors are Directors who have been the longest in office since their last election (unless otherwise nominated by the Nominating Committee). Accordingly, pursuant to Article 107 of the Constitution, Toh Choo Huat and Dr. Low Boon Hwee will be due for retirement and re-election at the forthcoming Annual General Meeting.

REPORT ON CORPORATE GOVERNANCE

Under Article 117 of the Constitution, any newly appointed Director shall hold office only until the next Annual General Meeting of the Company, and shall be eligible for re-election.

Further to the above, it should also be noted that the Nominating Committee also reviews the appointment of any manager of the Company or any of its principal subsidiaries, who is a relative of a Director or Chief Executive Officer or Substantial Shareholder. Pursuant to Rule 704(8) of the Listing Manual – Section B: Rules of Catalist (the "**Catalist Rules**"), the Company confirms that, as far as the Company is aware and save as set out below, there are no other persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company or its principal subsidiaries:

	Name	**Current Position in the Company**	**Family Relationship with any Directors and/or Substantial Shareholders of the Company**
1.	Toh Chew Leong	Deputy Chief Executive Officer	Brother of Toh Choo Huat ("**TCH**") who is the Executive Chairman & CEO
2.	Toh Swee Kim	Chief Operating Officer	Brother of TCH
3.	Toh Chew Chai	Deputy Chief Operating Officer	Brother of TCH
4.	Toh Chiew Boon	Construction Manager	Brother of TCH
5.	Toh Kai Sheng Adam	Director, Operations & HR	Nephew of TCH
6.	Toh Kai Hock	IT Director & Deputy Chief Project Officer	Nephew of TCH
7.	Toh Kai Yang	Operations Command & Manpower Manager	Nephew of TCH
8.	Toh Ting Xuan	Senior Contracts Manager	Daughter of TCH

Board Performance

Principle 5: There should be a formal 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 Nominating Committee has established a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. This assessment is conducted by the Nominating Committee at least once a year. The Nominating Committee assesses the Board's effectiveness as a whole through the completion of a questionnaire by each member of the Nominating Committee which includes questions covering the above-mentioned areas of assessment. The Nominating Committee collates the results of these questionnaires and discusses the results collectively with other Board members to address any areas for improvement.

The Nominating Committee is of the view that given the relatively small size of the Board, there is no need at present to conduct a formal individual assessment of each of the Board Committees. The Board will consider assessment of individual Board Committee in the future.

Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director.

REPORT ON
CORPORATE GOVERNANCE

To assess the effectiveness of the Board as a whole, the factors evaluated by the Nominating Committee include but are not limited to:

(i) the size and composition of the Board;

(ii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);

(iii) the Board's access to information;

(iv) the accountability of the Board to the shareholders;

(v) the observation of risk management and internal control policies by the Board; and

(vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

To assess the contribution of each individual Director, the factors evaluated by the Nominating Committee include but are not limited to:

(i) his/her participation at the meetings of the Board;

(ii) his/her ability to contribute to the discussion conducted by the Board;

(iii) his/her ability to evaluate the Company's strength and weakness and make informed business decisions;

(iv) his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;

(v) his/her compliance with the policies and procedures of the Group;

(vi) his/her performance of specific tasks delegated to him/her;

(vii) his/her disclosure of any related person transactions or conflicts of interest; and

(viii) for Independent Directors, his/her independence from the Group and the Management.

The performance criteria include financial targets, contributions by the Board members as well as expertise, sense of independence and industry knowledge. This encourages feedback from the Board members and leads to an enhancement of the Board's performance over time. These performance criteria in the forms do not change from year to year, and where circumstances deem it necessary for any criteria to be changed, the onus will be on the Board to justify the change.

The Chairman of the Nominating Committee will act on the results of the performance evaluation, and in consultation with the Nominating Committee, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.

The Board and the Nominating Committee have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business.

Based on the Nominating Committee's review, the Nominating Committee considered the performance and effectiveness of each individual current Director and the Board as a whole, to be satisfactory and is of the view that the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

REPORT ON CORPORATE GOVERNANCE

Access to Information

Principle 6: In order to fulfil their responsibilities, Board members 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.

To ensure that the Directors are able to effectively discharge their duties and be fully aware of the decisions and actions of the Management, the Directors have been given detailed information concerning the Group's business operations periodically. In particular, financial statements of the Group are also prepared on a quarterly basis and circulated to all Directors for their review, allowing the Directors to have an awareness of the Group's financial position. In addition, monthly summary management accounts and corporate updates are circulated to the Board for their review and for their information. When required, board papers are also prepared for meetings of the Board to provide information on financial, business and any other corporate issues to the Board. The Company recognises that information should be supplied to the Board in a timely manner and as far as possible, Board papers and agenda items are dispatched to the Directors before scheduled meetings. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed so that discussions can be more meaningful and productive.

In addition, the Directors have, at all times

(i) unrestricted access to the Company's records and information; and

(ii) separate and independent unlimited access to the Company Secretaries and the Management.

At least one (1) of the Company Secretaries and/or his/her representatives attends all of the formal meetings held by the Board and/or the Board Committees and his/her responsibilities include ensuring that procedures for these meetings (including those stipulated in the Constitution) are followed and that applicable rules and regulations, including the requirements of the Singapore Companies Act (Cap. 50) and the Singapore Exchange Securities Trading Limited, are complied with. The appointment and the removal of the Company Secretaries rest with the Board as a whole.

The Board also supports the taking of independent professional advice, at the Company's expense, if necessary in order for it or an individual Director to effectively discharge his/her duties and responsibilities.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

As at the date of this Annual Report, the Remuneration Committee comprises the Company's two (2) Independent Directors, namely Chia Soon Hin William (Chairman of the Remuneration Committee), Ling Chung Yee Roy (Member of the Remuneration Committee) and one (1) Non-Executive Director, Teo Ho Beng (Member of the Remuneration Committee).

The Remuneration Committee meets at least once annually. If so required, it may seek expert advice in the field of executive compensation outside the Company upon approval by the Board. The Remuneration Committee ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2017.

REPORT ON
CORPORATE GOVERNANCE

The Remuneration Committee is principally responsible for:

(i) overseeing the general compensation of employees of the Group with a goal to motivate, recruit and retain our employees and the Board through competitive compensation and progressive policies;

(ii) reviewing all aspects of remuneration including the Board's and Executive Officers' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind as well as the remuneration of persons related to the Company's Board and Substantial Shareholders;

(iii) implementing and administering any share option scheme, share performance scheme and other performance bonus scheme(s) that the Group may set up in the future; and

(iv) reviewing the Group's obligations arising in the event of the termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Pursuant to its review, the Remuneration Committee will submit its recommendations to the entire Board for endorsement.

Each member of the Remuneration Committee abstains from the decision making process and from voting on any resolutions in respect to his remuneration package.

The Remuneration Committee will be provided with access to expert professional advice on remuneration matters, as and when necessary. The expenses of such services shall be borne by the Company.

The Remuneration Committee reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors and key management executives to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

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.

The Remuneration Committee carries out annual reviews of the remuneration packages of the Directors and the Management, having due regard to their contributions as well as the financial and commercial needs of the Group.

The Remuneration Committee takes into account the industry norms/standards by considering, inter alia, the remuneration packages and employment conditions within the industry, the Group's performance as well as the contribution and performance of each Director when determining the remuneration packages of the Directors. The Directors' fees are compared against industry standards to ensure that they are in line with industry norms.

The Independent Directors and Non-Executive Director receive directors' fees, in accordance with their contributions, taking into account factors such as effort and/or time spent, the responsibilities of the Independent Directors and Non-Executive Director and the need to pay competitive fees to attract, retain and motivate the Independent Directors and Non-Executive Director. The Independent Directors and Non-Executive Director are not over-compensated to the extent where their independence may be compromised. The Directors' fees are recommended by the Remuneration Committee and endorsed by the Board for approval by the shareholders of the Company at annual general meetings.

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The remuneration for the Executive Directors and the Management comprise a basic salary component and a variable component, namely, the annual bonus. The latter is based on the performance of the Group as a whole, giving due regard to the profitability of the Group, its financial performance as well as general economic conditions under which the Group operates and their individual performance.

The Company had entered into separate service agreements with each of Toh Choo Huat and Dr. Low Boon Hwee which set out the framework of their respective remuneration. These service agreements provide, *inter alia*, that either each Executive Director or the Company may terminate that Executive Director's service agreement upon giving written notice of not less than six (6) months.

In addition, the Board is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself of remedies against the Executive Directors in the event of such a breach of fiduciary duties.

Disclosure on Remuneration

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

In addition to its strict policies on bribery and money-laundering, the Group also maintains, under its code of ethics, strict policies on gifts and entertainment which applies to all employees (including Directors). In the event that gifts, entertainment or other benefits are offered to employees, they must be properly declined if there is a risk of there being an appearance of impropriety. Similarly, all employees must also not offer any gifts, entertainment or other benefits to others if it creates an appearance of impropriety.

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

Remuneration Band and Name of Directors	Fees (%)	Salary* (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
Directors who receive S$0 to S$100,000						
Ling Chung Yee Roy	100%	–	–	–	–	100%
Chia Soon Hin William	100%	–	–	–	–	100%
Teo Ho Beng	100%	–	–	–	–	100%
Directors who receive S$100,000 to S$249,999						
Koh Tiam Teng(1)	–	68%	20%	–	12%	100%
Directors who receive S$250,000 to S$499,999						
Toh Choo Huat	–	79%	13%	–	8%	100%
Dr. Low Boon Hwee	–	78%	12%	–	10%	100%

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Note:

(1) Koh Tiam Teng stepped down from the Board with effect from 16 December 2016. Details of his resignation were contained in the announcement released via SGXNET on 16 December 2016.

* Salary includes gross salary and CPF contributions.

The breakdown of remuneration of the top five (5) Key Management (Executive Officers) for FY2017 is set out below:

Remuneration Band and Name of Key Management	Fees (%)	Salary* (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
Key Management who receive S$250,000 to S$499,999						
Toh Chew Leong	–	77%	13%	–	10%	100%
Toh Swee Kim	–	77%	12%	–	11%	100%
Toh Chew Chai	–	76%	12%	–	12%	100%
Tan Teck Wei	–	72%	11%	–	17%	100%
Tan Kwang Hwee William	–	79%	18%	–	3%	100%

* Salary includes gross salary and CPF contributions.

The total remuneration paid to the top five (5) key management personnel (who are not Directors or the CEO) in FY2017 is approximately S$1,542,000.

The Board is of the view that given the sensitive and confidential nature of the Directors' and employees' remuneration, detailed disclosure on the remuneration of the Directors and key management personnel is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may adversely affect the cohesion and spirit of team work prevailing among the Directors and the employees of the Group. The Board is also of the view that it is not necessary to present detailed disclosure on the Company's remuneration policy as the remuneration policy for executives is a management decision that the Board is generally entitled to make.

There are no termination, retirement and post-employment benefits granted to Directors or the key management personnel.

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Pursuant to Rule 704(10) of the Catalist Rules, the Company has disclosed in its full year results announcement released via SGXNET on 29 May 2017, a list of persons occupying managerial positions who are related to a Director, Chief Executive Officer or Substantial Shareholder of the Group ("**Related Employees**"). The breakdown of Related Employees whose remuneration exceeds S$50,000 for FY2017 is set out below:

Remuneration Band and Name of Relative	Family Relationship with any Director and/or Substantial Shareholder	Fees (%)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
S$50,000 to S$100,000	Nil	–	–	–	–	–	**–**
S$100,000 to S$150,000							
Toh Chiew Boon	Brother of Toh Choo Huat ("**TCH**") who is the Executive Chairman and CEO of the Company, and Toh Chew Leong ("**TCL**"), Toh Swee Kim ("**TSK**") and Toh Chew Chai ("**TCC**") who are substantial shareholders of the Company	–	79%	10%	2%	9%	**100%**
Toh Ting Xuan	Daughter of TCH and niece of TCL, TSK and TCC	–	85%	11%	–	4%	**100%**
Toh Kai Yang	Son of TCC and nephew of TCH, TCL and TSK	–	88%	6%	–	6%	**100%**
S$150,000 to S$200,000		–	–	–	–	–	**–**
Toh Kai Sheng Adam	Son of TCC and nephew of TCH, TCL and TSK	–	82%	12%	2%	4%	**100%**
S$200,000 to S$250,000							
Toh Kai Hock	Son of TCC and nephew of TCH, TCL and TSK	–	84%	12%	–	4%	**100%**
S$250,000 to S$300,000	–						
Toh Chew Chai	Brother of TCH, TCL and TSK	–	76%	12%	–	12%	**100%**
S$300,000 to S$350,000	Nil	–	–	–	–	–	**–**
S$350,000 to S$400,000							
Toh Chew Leong	Brother of TCH, TSK and TCC	–	77%	13%	–	10%	**100%**
Toh Swee Kim	Brother of TCH, TCL and TCC	–	77%	12%	–	11%	**100%**

* Salary includes gross salary and CPF contributions.

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(C) ACCOUNTABILITY AND AUDIT

Accountability

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

One of the Board's principal duties is to protect and enhance the long-term value and returns to the Shareholders. This accountability to the Shareholders is demonstrated through the presentation of its periodic financial statements as well as the timely announcements and press releases of significant corporate developments and activities so that the Shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The Management maintains close contact and communication with the Board by various means, including but not limited to holding meetings with the Board or via electronic means in which documents are circulated to the Board for their review or for their information. However, the Management prepares the financial results every quarter and meetings are held with the Board to review these financial results. The Management also prepares and updates the Company's budget and table the same to the Board for their review. The abovementioned arrangement allows the Directors to monitor the Group's performance as well as the Management's achievements of the goals and objectives determined and set by the Board.

For further accountability, the announcements containing the quarterly financial statements are signed jointly by the Executive Chairman and Chief Executive Officer, Toh Choo Huat and the Executive Director, Dr. Low Boon Hwee for and on behalf of the Board, to confirm that it is to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results contained in the announcement to be false or misleading in any material aspects. The Directors' Statement to the audited financial statements of the Company is also signed by the Executive Chairman and Chief Executive Officer, Toh Choo Huat and the Executive Director, Dr. Low Boon Hwee.

The Company also completes and submits the compliance checklists to its Sponsor (if applicable and when required) to ensure that all announcements, circulars or letters to our Shareholders comply with the minimum requirements set out in the Catalist Rules. For its annual reports, the Company also reviews the documents against the Governance and Transparency Index launched by The Business Times and the Singapore Corporate Governance & Financial Reporting Centre.

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.

In line with the Singapore Standards on Auditing and the Committee of Sponsoring Organisations of the Treadway Commission Internal Controls-Integrated Framework, "internal controls" is broadly defined as "a process effected by an entity's board of directors and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

(i) effectiveness and efficiency of operations;

(ii) reliability of financial reporting; and

(iii) compliance with applicable laws and regulations."

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The first category addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of assets. The second category relates to the preparation of reliable published financial statements, including interim and condensed financial statements and selected financial data derived from such statements, such as earning releases, reported publicly. The third category deals with complying with those laws and regulations to which the entity is subject.

The Audit Committee, as well as the Board, conducts regular reviews of the effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems. During the financial year under review, the Audit Committee engaged an external risk management consultant, Ernst & Young Advisory Pte Ltd, to conduct an independent review of the effectiveness and adequacy of the Group's risk management policies and processes, update the risk register and make recommendations to enhance the internal controls over the risk management processes. Based on the interview with the key management staff and subsequent identification of key risk areas, the internal auditors have proposed the areas for internal audit to cover the complete business cycle over the period of three years starting from FY2017.

Subsequent to the internal audit fieldwork and the detailed review of internal controls in the above areas, the Internal Auditors submitted a report to the Audit Committee covering their findings and recommendations to improve the internal controls in the above identified areas. The Internal Auditors' recommendations were accepted and implementation of the recommendations is in progress. The Audit Committee and the Board monitors the Management's implementation of such recommendations. This exercise will continue on an annual basis covering the rest of the key risk areas for the next two years.

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

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

(a) 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

(b) regarding the adequacy and the effectiveness of the Company's risk management and internal control systems.

The Board acknowledges that it is responsible for the overall internal control and risk management framework, but recognises that all internal control and risk management systems contain inherent limitations and that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Board notes that all internal control systems can provide only reasonable and not absolute assurance against the occurrence of material misstatement or loss, poor judgement in decision making, human error, fraud or other irregularities.

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Risk Management (Catalist Rule 1204(4)(b)(iv))

The Board of Directors oversees the Group's financial risk management policies. Where there are significant risks in respect of the Group's operations, risk management practices will be put in place to address these risks. The management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to manage and mitigate these risks. The management reviews all the significant control policies and procedures and highlights all significant findings to the Directors and the Audit Committee.

Audit Committee

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

As at the date of this Annual Report, the Audit Committee comprises the Company's two (2) Independent Directors, namely, Ling Chung Yee Roy (Chairman of the Audit Committee), Chia Soon Hin William (Member of the Audit Committee) and one (1) Non-Executive Director, Teo Ho Beng (Member of the Audit Committee), who collectively bring with them invaluable managerial and professional expertise in the financial, accounting and business management spheres. The Board ensures that the Audit Committee's members have the appropriate qualifications to provide independent, objective and effective supervision.

The Company has appointed Ling Chung Yee Roy as the Chairman of the Audit Committee as he has strong financial management expertise, having held senior investment banking positions with JPMorgan, Lehman Brothers, Goldman Sachs and Salomon Smith Barney. Ling Chung Yee Roy was a former Board Director of the CFA Society of Japan. Further, he also serves on the board of directors of other listed companies.

The Audit Committee meets at least once every quarter to review the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained within the Group.

The Audit Committee's duties include, amongst others, the review of:

(i) the financial and operating results and accounting policies of the Group;

(ii) the co-operation given by the Group's officers to the external auditors;

(iii) the half yearly and annual, and quarterly if applicable, financial statements of the Group and the results announcements before the submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

(iv) the Group's administrative, operating and internal accounting and financial control procedures;

(v) the nomination of external auditors and internal auditors for appointment or re-appointment and matters relating to the resignation or dismissal of the external auditors and internal auditors before making recommendations to the Board;

(vi) interested person transactions falling within Chapter 9 of the Catalist Rules ("Interested Party Transaction"), if any;

(vii) any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Group's management's response;

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(viii) any potential conflicts of interest;

(ix) the Group's key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;

(x) the Group's significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(xi) hedging policies and instruments, if any, to be implemented by the Group before recommending the same to the Board;

(xii) review the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(xiii) the effectiveness of the Group's internal audit function;

(xiv) the independence of the Group's external auditors annually;

(xv) the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and

(xvi) the suitability of the Group's Chief Financial Officer/Financial Controller.

As part of its review, the Audit Committee shall also:

(i) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position;

(ii) ensure that all future transactions with related parties shall comply with the requirements of the Catalist Rules; and

(iii) evaluate and report to the Board at least annually the effectiveness of the Group's internal accounting control systems, including financial, operational, compliance and information technology controls, ensuring co-ordination between the external auditors, the internal auditors and the Group's management, and reviewing the assistance given by the Group's management to the auditors, and discussing problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Group's management, where necessary).

Under its terms of reference, the Audit Committee is entitled to obtain independent professional advice to execute its duties.

For FY2017, the Audit Committee has reviewed the Company's financial reporting function, internal controls and processes and is satisfied with the adequacy and quality of the same.

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In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The Audit Committee has also reviewed the arrangements by which the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within the Group, with the objectives of ensuring that arrangements are in place for independent investigations of such matters and for appropriate follow-up action as and when the need arises. As at the date of this Annual Report, the Company has put in place a whistle-blowing policy for this purpose. Under the Company's whistle-blowing policy, employees may submit a complaint (which may be on an anonymous basis) to their supervisors, the Human Resource department or the Audit Committee. The Audit Committee is obliged to review all reports received and take or approve the appropriate actions. There were no whistle blowing letters received during FY2017 and until the date of this report.

The Audit Committee reviewed the adequacy of the audit plans, with particular emphasis on the observations of the external auditors, the scope and the results of their audits and the independence and objectivity of the external auditors.

The Audit Committee has also reviewed the scope and quality of the external auditors' work before recommending the external auditors to the Board for re-appointment. The Company's existing external auditors are Messrs Foo Kon Tan LLP (the "**External Auditors**"). After taking into account that the resources and experience of Messrs Foo Kon Tan LLP and the audit engagement partner assigned to the audit, Messrs Foo Kon Tan LLP's other audit engagements, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned by Messrs Foo Kon Tan LLP for the audit, the Audit Committee is of the opinion that Messrs Foo Kon Tan LLP's independence has not been compromised and is able to meet its audit obligations. Together with the Board, the Audit Committee recommends the re-appointment of Messrs Foo Kon Tan LLP at the forthcoming Annual General Meeting. None of the members of the Audit Committee is a partner or director of Foo Kon Tan LLP.

The Audit Committee is also briefed by the External Auditors on any change in the accounting standards which has a direct impact on the Company's financial statements. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the Audit Committee.

Messrs Foo Kon Tan LLP is an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority and was appointed on 22 January 2016. The audit fees paid/payable to the External Auditors for their audit services in FY2017 are S$250,000 [FY2016: S$290,000]. Messrs Foo Kon Tan LLP was also re-appointed in the FY2017 to audit the accounts of the Company and its Singapore incorporated subsidiaries. The Company is in compliance with Rule 712 and Rule 715 of the Catalist Rules.

In FY2017, there was no non-audit related services performed by Messrs Foo Kon Tan LLP [FY2016: Nil].

The Audit Committee and External Auditors have, at all times, unrestricted access to each other. The Audit Committee also meets annually with the External Auditors, without the presence of the Management and is authorised to have full and unrestricted access to the management and all personnel, records, operations, properties and other informational sources of the Company as required or desirable to properly discharge its responsibilities.

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The Audit Committee has reviewed and discussed the following significant matters affecting the financial statements with the management and the external auditors:

Significant Matters	Action
Construction contracts revenue recognition	Based on the internal controls established and maintained by the Group, and work performed by the external auditors and internal auditors, the AC reviewed the nature of each contract, the management's expectation on each contract's costs and the key assumptions. The construction contracts revenue recognition was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2017, as referred to on page 63 of this Annual Report.
Impairment testing of non-financial assets (the Group's property, plant and equipment and the Company's investments in subsidiaries)	The AC considered the approach and methodology applied to the valuation models in assessing the impairment testing of non-financial assets, which were conducted by the management's expert. The AC reviewed the reasonableness of the methodologies, cash flow forecasts, growth rates and discount rates used in the valuation models and the key assumptions. The impairment testing of non-financial assets was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2017, as referred to on page 64 of this Annual Report.

The previous directors of the Company (when it was formerly known as Ultro Technologies Limited) had proposed a Performance Share Plan (the "**Plan**") which had been approved by the Shareholders in the Extraordinary General Meeting held on 30 October 2009.

The objectives of the Plan are as follows:

(a) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;

(b) to provide an opportunity for participants of the Plan to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;

(c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and

(d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

The Plan shall be administered by the Remuneration Committee with such discretion, powers and duties as are conferred on it by the Board of Directors. A member of the Remuneration Committee shall not be involved in the deliberations of the Committee in respect of the grant of Awards to him. In exercising its discretion, the Remuneration Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Remuneration Committee shall refer any matter not falling within the scope of its terms of reference to the Board of Directors. Shareholders who are eligible to participate in the Plan shall abstain from voting on any resolution relating to the Plan.

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The Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years commencing on the date on which the Plan comes into effect, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

No performance shares have been allotted and issued to any employees or Directors of the Company since its commencement.

Save for the Plan, the Company currently does not have any long-term incentive scheme for its Directors and key managements.

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 Board acknowledges that it is responsible for maintaining an internal audit function independent of the activities it audits. The effectiveness of the internal control systems and procedures are monitored by the Management and also by the internal audit function. During FY2017, the Company had in place an internal audit function, whereby the Company's finance team supports the Audit Committee in ensuring that the Company maintains a sound system of internal controls by monitoring and assessing the adequacy and the effectiveness of the key controls and procedures. As part of the Company's efforts to enhance the risk management process and internal control systems, the Audit Committee went through a due selection process and appointed Ernst & Young Advisory Pte Ltd, a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors ("**IAA**"), for the enterprise risk management and internal audit functions of the Group and to perform internal audit review on the operations of the Group. The internal audit methodology of Ernst & Young Advisory Pte Ltd has been mapped to the IAA's International Professional Practice Framework.

The Audit Committee meets at least once annually to ensure the adequacy of the internal audit functions. The Audit Committee also believes that the system of internal controls and risk management maintained by the Company is adequate to safeguard the Shareholders' investment and the Company's assets.

The findings from the reviews and checks on the adequacy of the internal control and risk management are rated and reported to the Audit Committee. In particular, high risk matters are highlighted to the Audit Committee and the Management to ensure that proper follow-up actions are undertaken to ensure proper internal control and risk management.

Ernst & Young Advisory Pte Ltd has unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee. Ernst & Young Advisory Pte Ltd reports directly to the Audit Committee and provides reports to the Audit Committee on a timely basis.

(D) SHAREHOLDERS RIGHT AND RESPONSIBILITY

Shareholder Rights

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

The Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Catalist Rules.

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Any notice of a general meeting of Shareholders is issued at least 14 clear days before the scheduled date of such meeting.

Communication with Shareholders

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

The Company endeavours to maintain constant and effective communication with Shareholders through timely and comprehensive announcements. Price-sensitive information is released to all parties such as Shareholders, stakeholders and the public simultaneously to ensure a level playing field. Any material information or respective quarterly, half-yearly and full year results (all issued within the mandatory period) is disseminated through SGXNET.

The Company communicates regularly through the following channels:

(i) the SGXNET;

(ii) news and press releases;

(iii) the annual report; and

(iv) if it receives any email queries from Shareholders, replies by email.

The Group's material developments and information shall also be disclosed in:

(i) the Company's announcement of periodic financial results on the SGXNET;

(ii) notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings;

(iii) press releases for the Group's quarterly and full-year results as well as other briefings, as appropriate;

(iv) press releases on major developments and corporate affairs of the Group (which the Company also releases as announcements via SGXNET and any supporting materials to these press release such as PowerPoint slides are also attached to these announcements); and

(v) circular or letters to shareholders to provide the shareholders with more information on its major transactions.

In addition to the above, the Shareholders can access the Company's corporate website (http://www.leychoon.com) at their convenience to receive updates. The Company's corporate website also provides information about the Company, its products and its directors. In the investor relations section of the corporate website, we maintain announcements released on SGXNET by the Company, latest financial results released on SGXNET by the Company and latest annual report of the Company.

The Company currently adopts investor relations practices and considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider documenting its investor relations practices into a formal policy in due course.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. The Board is not recommending any dividends for FY2017 due to the financial position of the Company and the Company's commitment to reduce borrowings pursuant to the debt restructuring exercise.

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In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders will be put to vote by poll, via electronic polling, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings of shareholders.

The Company Secretary and/or representatives from the Company Secretary's office prepares the minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. The minutes of such meetings are then circulated to the Board for approval. Thereafter, the minutes are available to shareholders upon request.

Conduct of Shareholder Meetings

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

The Board supports the Code's principle to encourage shareholder participation at the Annual General Meetings of the Company.

The Board regards the Annual General Meeting as an opportunity to communicate directly with the Shareholders and encourages attendance and participative dialogue during the Annual General Meeting. The notice of the Annual General Meeting is dispatched to the Shareholders with the Annual Report (together with explanatory notes or a circular/letter to shareholders on items of special business, if applicable) at least 14 clear days before the Annual General Meeting if ordinary businesses are to be transacted at the meeting or at least 21 clear days before the meeting if special businesses are to be transacted at the meeting. The notice, first disseminated via SGXNET, is also advertised in newspapers.

It is crucial that the notice of the Annual General Meeting is disseminated to the Shareholders prior to the Annual General Meeting as it sets out the agendas that will be discussed, some of which may be of interest to the Shareholders. The Chairman of the Annual General Meeting and the Directors will be available to answer questions from the Shareholders present. The External Auditors are also invited to attend the Annual General Meeting and will assist the Directors in addressing relevant queries by the Shareholders relating to the conduct of the audit and the preparation and content of the External Auditors' report. Votes at the Annual General Meeting are taken by way of poll.

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

The Company also encourages all the Shareholders to attend the Annual General Meeting to grasp a better understanding of the Group's business and be informed of the strategic goals and objectives. The Board and Management are committed to an open dialogue with the Shareholders at the Annual General Meeting to address the Shareholders' issues, views and concerns.

The Company's Constitution allows the Shareholder to appoint one (1) or two (2) proxies to attend the Annual General Meeting and vote in place of that Shareholder. A member of the Company who is a relevant intermediary may appoint more than two (2) proxies to attend and vote at general meetings, but such proxies must be appointed to exercise the rights attached to a specified number of shares. The term "relevant intermediary" for this purpose is defined under the Companies Act and includes the Central Provident Fund Board as well as banks and capital market services licence holders which provide custodial services. Allowing multiple proxies for such members will facilitate indirect investors attending and voting at shareholder meetings and encourages more active shareholder participation. The Board is of the view that voting in absentia can only be possible if there is absolute certainty that integrity of the information and authentication of the identity of such Shareholder is not compromised.

REPORT ON
CORPORATE GOVERNANCE

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to Shareholders upon their request.

The Chairmen of the Audit Committee, Remuneration Committee and Nominating Committee are normally available at the Annual General Meeting as well to answer questions relating to the work of the Board Committees. The results of the Annual General Meeting will be released as an announcement via SGXNET.

(E) DEALING IN SECURITIES

The Group has adopted and implemented the best practices guidelines advised by SGX-ST in relation to the dealing of shares of the Company. The Group has in place procedures prohibiting the Directors and employees of the Group from dealing in the Company's shares during the periods commencing two (2) weeks before the Company's quarterly or half-year results until after the announcement and one (1) month prior to the announcement of the Group's full year financial results and ending on the date of the announcement of the results, or if they are in possession of unpublished material price-sensitive information of the Group.

The Directors and employees are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Directors and employees are expected not to deal in the Company's securities on short term considerations.

The Board confirms that as at the date of this Report, the Company has complied with Rule 1204(19) of the Catalist Rules.

(F) INTERESTED PERSON TRANSACTIONS

To ensure compliance with the relevant rules under Chapter 9 of the Catalist Rules on interested person transactions, the Board and Audit Committee regularly reviews if the Company enters into any interested person transaction and if it does, to ensure that the Company complies with the requisite rules under Chapter 9.

As set out in the Company's circular to the Shareholders dated 25 July 2012 (the "**Circular**"), the Company has implemented, *inter alia*, the following procedures to ensure that all Interested Party/Related Person Transaction are undertaken on normal commercial terms:

(a) in the case of a purchase from or procurement of services from an Interested Person or a Related Person, the Group shall require that quotations be obtained from such Interested Person or Related Person and at least two (2) other quotations from unrelated third parties; and

(b) in the case of a sale to or provision of services to an Interested Person or a Related Person, comparison will be made with reference to (i) at least two (2) latest similar transactions between the Group and unrelated third parties or (ii) if relevant market rates from independent sources are available, such market rates.

If the Company does enter into an Interested/Related Party Transaction, and a potential conflict of interest arises, the Director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board. In addition, the Audit Committee will carry out quarterly reviews to ensure that the established guidelines and procedures for Interested/Related Party Transaction have been complied with and the relevant approvals are obtained.

REPORT ON CORPORATE GOVERNANCE

Save for the interested person transactions disclosed below and as set out in the Circular, no other interested person transactions was entered into during FY2017: Please refer to the latest announcement for the numbers.

Name of Interested Person and/or Related Person	Aggregate value of all Interested/ Related Person Transactions during FY2017 (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules) (S$'000)	Aggregate value of all Interested/ Related Person Transactions conducted under the IPT Mandate granted by the Shareholders pursuant to the Extraordinary General Meeting held on 13 July 2012 and renewed at the Annual General Meeting held on 22 July 2016 (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules) (S$'000)
Purchases from Pan Asian Holdings Limited[1]	–	6,188
Purchases from Sing & San Construction Pte Ltd	168	–
Purchases from Harribell Pte Ltd[2]	176	–
Services rendered from Zheng Choon Holding Pte Ltd	187	–
Sales to HS E&C Pte Ltd	–	232
Sales to Sing & San Construction Pte Ltd	–	1,793
Services rendered to Pan Asian Holdings Limited[1]	135	–

Notes:

(1) With the resignation of Koh Tiam Teng as a Director of the Company with effect from 16 December 2016, Pan Asian Holdings Limited has ceased to be an Interested Person with effect from 16 December 2016.

(2) With the resignation of Koh Tiam Teng as a Director of the Company with effect from 16 December 2016, Harribell Pte Ltd has ceased to be an Interested Person with effect from 16 December 2016.

(G) MATERIAL CONTRACTS

Save as disclosed under "Material Contracts" in the announcements made on SGXNET, in the audited financial statements of this Annual Report and the service agreements entered into between the Company and the Executive Directors, there were no material contracts of the Company or its subsidiaries involving the interests of the Executive Chairman, Chief Executive Officer, any Director or Controlling Shareholder subsisting at the end of FY2017, or if not then subsisting, entered into since the end of the previous financial period.

(H) NON-SPONSOR FEES

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The current Continuing Sponsor of the Company is RHT Capital Pte Ltd ("**RHT Capital**"). RHT Capital was appointed as the Company's Continuing Sponsor with effect from 22 February 2017. No non-sponsor fees were paid to RHT Capital by the Company for FY2017.

REPORT ON CORPORATE GOVERNANCE

(I) USE OF PROCEEDS

S/N	Intended Use of Proceeds	Amount Allocated (S$'000)	Amount Utilised as at 30 June 2017 (S$'000)	Amount Remaining as at 30 June 2017 (S$'000)
1	Offsetting the outstanding amounts owed to Zheng Choon Holding Pte Ltd by the Company of approximately S$3.4 million pursuant to the loan agreement entered into between the same parties on 8 April 2015	3,400	3,400	–
2	Funding new projects or investments when opportunities arise for business expansion	2,100	307	1,793
3	General working capital[1]	3,100	3,100	–
TOTAL		**8,600**	**6,807**	**1,793**

(1) General working capital includes, *inter alia*, payment to suppliers and salary related expenses.

The Company completed a rights issue of 592,406,996 rights shares at an issue price of S$0.015 per share and the rights shares were allotted and issued on 18 May 2017. As at the date of this report, the net proceeds of approximately S$8.6 million (after deducting estimated expenses of approximately S$0.2 million) had been utilised as above. The Company confirms that the use of proceeds is in accordance with the intended use as stated in the offer information statement dated 20 April 2017.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 March 2017.

In the opinion of the directors:

(a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, 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 for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Names of directors

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

Toh Choo Huat (Executive Chairman and Chief Executive Officer)
Low Boon Hwee (Executive Director and Group Technical Director)
Ling Chung Yee Roy (Lead Independent Director)
Chia Soon Hin William (Independent Director)
Teo Ho Beng (Non-Executive Director)

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		**Holdings in which director is deemed to have an interest**	
	As at 1.4.2016	**As at 31.3.2017 and 21.4.2017#**	**As at 1.4.2016**	**As at 31.3.2017 and 21.4.2017#**
The Company – Ley Choon Group Holdings Limited		Number of ordinary shares		
Toh Choo Huat	397,000	397,000	296,379,500	296,379,500
Low Boon Hwee	480,000	480,000	–	–
Holding company – Zheng Choon Holding Pte Ltd		Number of ordinary shares		
Toh Choo Huat	–	–	272	272

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.

Toh Choo Huat, by virtue of the provisions of Section 7 of the Companies Act, Chapter 50, is deemed to have an interest in all shares of the subsidiaries of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Share options

No options were granted during the financial year to take up issued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Performance Share Plan

The Performance Share Plan ("PSP") was approved by the Company's members at an Extraordinary General Meeting held on 30 October 2009. The PSP is administered by the Committee with such discretion, powers and duties as will be conferred on it by the Board of Directors.

The objectives of the PSP are as follows:

(a) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;

(b) to provide an opportunity for participants of the PSP to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;

(c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and

(d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

The PSP shall continue to be in force, subject to a maximum period of ten years commencing on the date on which the PSP comes into effect, provided always that the PSP may continue beyond the above stipulated period with the approval of the Company's shareholders by an ordinary resolution in the general meeting and of any relevant authorities which may then be required.

No employee or director has received 5% or more of the total number of shares available under the PSP.

No performance shares have been allotted and issued to any employees or directors of the Company since its commencement.

Audit Committee

The Audit Committee at the date of this statement comprises the following members:

Ling Chung Yee Roy (Chairman)
Chia Soon Hin William
Teo Ho Beng

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Audit Committee (Continued)

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Chapter 50, the Listing Manual – Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It also met with the Company's internal auditor to discuss the results of their examination and evaluation of the Group's system of internal accounting controls;

(ii) the audit plan of the Company's external auditor and any recommendations on the Group's internal accounting controls arising from the statutory audit;

(iii) the quarterly financial information, the statement of financial position of the Company as at 31 March 2017 and the consolidated financial statements of the Group for the financial year ended 31 March 2017, as well as the auditor's report thereon;

(iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditor;

(v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the Catalist Rules).

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

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

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

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TOH CHOO HUAT

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LOW BOON HWEE

Dated: 30 June 2017

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF LEY CHOON GROUP HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ley Choon Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements 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 for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	Our responses and work performed
Construction contracts revenue recognition	
Where services rendered are provided through long-term contracts and are not completed at the end of the reporting period, revenue is recognised in proportion to the stage of completion of the transaction measured by reference to the proportion of total expected costs incurred. The level of total expected costs to be incurred on each contract is estimated by the Group and includes certain judgements as contracts may run over a number of accounting periods and include variations in contract work, claims and incentive payments, and forecasts in relation to future costs including labour and materials which are not yet contractually agreed. The nature of these judgements increases the risk of them being susceptible to management override.	Our audit procedures included testing the Group's internal controls over revenue. We assessed whether the revenue recognition policies adopted complied with FRS as detailed in Note 2(D) to the financial statements. We inspected the terms of significant sales contracts to assess whether they were consistent with the detailed calculations being considered. When assessing the stage of completion on contracts we agreed amounts recognised to documentary evidence on a sample basis. This included the agreement of actual costs incurred to invoice and the assessment of any judgements applied in the projection of total contract costs through consideration of the Group's historical experience of costs on similar contracts. Our audit procedures also included reviewing for change orders and enquiring of key personnel regarding adjustments for job costing and potential contract losses.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF LEY CHOON GROUP HOLDINGS LIMITED

Key Audit Matters (Continued)

Key audit matter	Our responses and work performed
Impairment testing of non-financial assets (the Group's property, plant and equipment and the Company's investments in subsidiaries) In view of the operating profits and cash inflows generated by the Group for the current financial year, management has assessed that there is an indication that the impairment losses recognised in prior years for the Group's property, plant and equipment and the Company's investments in subsidiaries may no longer exist or may have decreased. Accordingly, these assets are tested for impairment. The impairment testing of the Group's property, plant and equipment and the Company's investments in subsidiaries is considered to be a significant risk area due to the judgemental nature of key assumptions and the significance of the carrying amounts of these assets in the statements of financial position of the Group and the Company. An impairment loss is recognised or reversed for the amount by which an asset's or cash-generating unit's carrying amount exceeds or falls short of its recoverable amount, respectively. The recoverable amount is the higher of value in use and fair value less costs to sell. Value in use involves cash flow projections and applying the growth rate and discount rate in the cash flow projections, while fair value less costs to sell encompasses estimating the expected selling prices of the underlying assets by identifying the comparable assets and determining the current market selling/purchase prices of these assets, and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Input inaccuracies or inappropriate bases used to determine the level of impairment, including the discount rate and growth rate used in the value in use computations, and the comparables used in the fair value measurements, could result in material misstatement in the financial statements. The key assumptions to the impairment tests and the sensitivity of changes in these assumptions to the risks of impairment are disclosed in Note 3 and Note 5 to the financial statements.	Our procedures in relation to management's testing of impairment and determination of the recoverable amount of the Group's property, plant and equipment and the Company's investments in subsidiaries included: • For value in use, – Reviewing the value in use computation workings; – Evaluating the reliability of the underlying data generated to prepare the cash flow projections, and determining whether there is adequate support for the assumptions underlying the cash flow projections; and – Assessing the reasonableness of the key assumptions and inputs used by management, such as discount rates and growth rates, by comparing to available market data, historical data and market comparables. • For fair value less costs to sell, – Assessing the methodologies and appropriateness of the key assumptions used by the management's expert; – Understanding and reviewing the assumptions in the input data from management and the management's expert through discussions, comparisons to industry peers and independent external data sources and where available to agreement with supporting documentation and historical trends; and – Evaluating the competence, capabilities and objectivity of the management's expert. We involved auditor's experts to assist us in the above. We evaluated the competence, capabilities and objectivity of the auditor's experts, and the adequacy of the work performed by the auditor's experts. Based on our procedures, we noted the key assumptions to be within a reasonable range of our expectations. We also considered the adequacy of disclosures in the financial statements, describing the methodologies used, degree of subjectivity and key assumptions used in the estimates.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF LEY CHOON GROUP HOLDINGS LIMITED

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, which we obtained prior to the date of this auditor's 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Company's internal control.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LEY CHOON GROUP HOLDINGS LIMITED

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

- 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.

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 the subsidiaries incorporated in Singapore of which we are the auditor 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 Chin Sin Beng.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

30 June 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	The Group 2017 S$'000	The Group 2016 S$'000	The Company 2017 S$'000	The Company 2016 S$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	62,164	65,005	–	–
Land use rights	4	3,085	3,253	–	–
Subsidiaries	5	–	–	77,383	55,084
Club membership		229	229	–	–
Deferred tax assets	6	1,036	890	154	154
		66,514	69,377	77,537	55,238
Current Assets					
Inventories	7	9,960	5,208	–	–
Development property	8	–	10,200	–	–
Contracts work in progress	9	19,782	24,993	–	–
Trade and other receivables	10	28,086	34,414	5,942	2,436
Other investments	11	56	11	–	–
Cash and bank balances	12	6,638	14,296	110	23
Fixed deposits	12	1,720	3,810	–	–
		66,242	92,932	6,052	2,459
Non-current assets classified as held for sale	13	–	7,654	–	–
		66,242	100,586	6,052	2,459
Total assets		132,756	169,963	83,589	57,697
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	71,117	71,117	137,336	137,336
Accumulated losses		(47,980)	(65,726)	(104,673)	(126,963)
Other reserves	15	10	635	(884)	(981)
Total equity		23,147	6,026	31,779	9,392
Non-Current Liabilities					
Deferred tax liabilities	6	314	–	–	–
Borrowings	16	53,017	3,927	15,500	–
		53,331	3,927	15,500	–
Current Liabilities					
Borrowings	16	18,262	106,805	3,465	18,080
Trade and other payables	17	35,715	50,308	32,845	30,128
Provisions	18	2,241	2,441	–	–
Current tax payable		60	456	–	97
		56,278	160,010	36,310	48,305
Total liabilities		109,609	163,937	51,810	48,305
Total equity and liabilities		132,756	169,963	83,589	57,697

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Year ended 31 March 2017 S$'000	Period from 1 January 2015 to 31 March 2016 S$'000
Continuing operations			
Revenue	19	115,377	109,121
Cost of sales		(92,348)	(131,563)
Gross profit/(loss)		23,029	(22,442)
Other income	20	20,903	4,216
Selling and distribution expenses		(841)	(713)
Administrative expenses		(16,867)	(24,280)
Other operating expenses	21	(3,674)	(1,340)
Finance costs	22	(4,009)	(8,371)
Profit/(Loss) from continuing operations before taxation		18,541	(52,930)
Taxation	23	197	(412)
Profit/(Loss) from continuing operations after taxation		18,738	(53,342)
Loss from discontinued operations, net of tax	24	(992)	(10,036)
Profit/(Loss) for the year/period	25	17,746	(63,378)
Other comprehensive income/(loss) after tax:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		(722)	(1,060)
Other comprehensive loss for the year/period, net of tax of nil		(722)	(1,060)
Total comprehensive income/(loss) for the year/period		17,024	(64,438)
Profit/(Loss) attributable to:			
Owners of the Company			
– profit/(loss) from continuing operations, net of tax		18,738	(53,342)
– loss from discontinued operations, net of tax	24	(992)	(10,036)
		17,746	(63,378)
Total comprehensive income/(loss) attributable to:			
Owners of the Company			
– total comprehensive income/(loss) from continuing operations, net of tax		18,016	(54,402)
– total comprehensive loss from discontinued operations, net of tax	24	(992)	(10,036)
		17,024	(64,438)
Earnings/(Loss) per share attributable to owners of the Company (Singapore cent)			
From continuing and discontinued operations			
– basic and diluted	26	3.00	(10.70)
From continuing operations			
– basic and diluted	26	3.16	(9.01)
From discontinued operations			
– basic and diluted	26	(0.16)	(1.69)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Attributable to owners of the Company						
	Share capital S$'000	Accumulated losses S$'000	Foreign currency translation reserve S$'000	Equity component of convertible bonds S$'000	Equity attributable to owners of the Company S$'000	Non-controlling interest S$'000	Total equity S$'000
Balance at 1 January 2015	71,117	(2,348)	1,549	146	70,464	460	70,924
Loss for the period	–	(63,378)	–	–	(63,378)	–	(63,378)
Other comprehensive loss for the period							
– Currency translation differences	–	–	(1,060)	–	(1,060)	–	(1,060)
Total comprehensive loss for the period	–	(63,378)	(1,060)	–	(64,438)	–	(64,438)
Changes in ownership interests in subsidiaries							
– Disposal of a subsidiary	–	–	–	–	–	(460)	(460)
Transactions with owners in their capacity as owners	–	–	–	–	–	(460)	(460)
Balance at 31 March 2016	71,117	(65,726)	489	146	6,026	–	6,026
Balance at 1 April 2016	71,117	(65,726)	489	146	6,026	–	6,026
Profit for the year	–	17,746	–	–	17,746	–	17,746
Other comprehensive loss for the year							
– Currency translation differences	–	–	(722)	–	(722)	–	(722)
Total comprehensive income/(loss) for the year	–	17,746	(722)	–	17,024	–	17,024
Contributions by and distributions to owners							
– Changes in convertible bonds	–	–	–	97	97	–	97
Transactions with owners in their capacity as owners	–	–	–	97	97	–	97
Balance at 31 March 2017	71,117	(47,980)	(233)	243	23,147	–	23,147

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Year ended 31 March 2017 S$'000	Period from 1 January 2015 to 31 March 2016 S$'000
Cash Flows from Operating Activities			
Profit/(Loss) before taxation from continuing operations		18,541	(52,930)
Loss before taxation from discontinued operations	24	(992)	(10,030)
Total profit/(loss) before taxation		17,549	(62,960)
Adjustments for:			
Amortisation of land use rights		70	90
Depreciation of property, plant and equipment		9,797	15,698
Dividend income from other investments		(1)	(2)
Fair value (gain)/loss on other investments		(45)	36
Gain on disposal of non-current assets classified as held for sale		(11,356)	–
Loss/(Gain) on disposal of a subsidiary		45	(7)
Loss/(Gain) on disposal of property, plant and equipment		14	(137)
Impairment losses on property, plant and equipment reversed, net		(4,289)	–
Impairment losses on trade receivables, net		1,339	148
Interest expense		4,058	8,751
Interest income		(18)	(54)
Provision for foreseeable losses		434	517
Provision for legal claims and damages (reversed)/made		(122)	635
Provision for liquidated damages reversed		–	(2,174)
Write-down on development property		957	8,496
Write-down on inventories		–	417
Operating profit/(loss) before working capital changes		18,432	(30,546)
Changes in inventories		(4,777)	1
Changes in contracts work in progress		4,736	64,534
Changes in trade and other receivables		4,423	(16,659)
Changes in trade and other payables		(17,559)	17,982
Cash generated from operations		5,255	35,312
Income taxes (paid)/refunded		(31)	344
Net cash generated from operating activities		5,224	35,656
Cash Flows from Investing Activities			
Additions to development property		–	(2,756)
Disposal of a subsidiary, net of cash disposed of	A	11,500	(1,476)
Dividends received from other investments		1	2
Interest received		18	54
Proceeds from disposal of non-current assets		19,010	–
Proceeds from disposal of other investments		–	37
Proceeds from disposal of property, plant and equipment		1,743	3,485
Purchase of property, plant and equipment	3	(4,771)	(3,609)
Net cash generated from/(used in) investing activities		27,501	(4,263)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Year ended 31 March 2017 S$'000	Period from 1 January 2015 to 31 March 2016 S$'000
Cash Flows from Financing Activities			
Amount due to joint operation partner (non-trade)		–	(1,905)
Cash restricted in use		3,262	(3,262)
Fixed deposits pledged with banks		2,090	3,376
Interest paid		(2,806)	(5,962)
Loans from controlling shareholders		–	3,118
Proceeds from bills payable		–	49,384
Proceeds from loans from financial institutions		1,215	14,858
Repayment of bills payable		(12,758)	(54,936)
Repayment of finance lease liabilities		(4,449)	(9,666)
Repayment of loans from financial institutions		(25,221)	(25,507)
Net cash used in financing activities		(38,667)	(30,502)
Net (decrease)/increase in cash and cash equivalents		(5,942)	891
Cash and cash equivalents at beginning of year/period		2,572	1,530
Exchange differences on translation of cash and cash equivalents at beginning of year/period		(28)	151
Cash and cash equivalents at end of year/period	12	(3,398)	2,572

A. DISPOSAL OF A SUBSIDIARY

On 31 May 2015, the Company's wholly-owned subsidiary, Ley Choon Constructions and Engineering Pte. Ltd., entered into a conditional sale and purchase agreement to dispose of its entire 51% equity interest in the subsidiary, Ley Choon EWC Sdn Bhd, for a cash consideration of S$486,570 (Note 24). The disposal was completed in June 2015.

On 30 November 2016, the Company completed the disposal of a wholly-owned subsidiary, Ley Choon Development Pte. Ltd, for a cash consideration of S$11,500,000.

The effects of the disposals on the cash flows of the Group are as follows:

The Group	2017 S$'000	2016 S$'000
Property, plant and equipment	–	1,713
Inventories	–	640
Development property	8,344	–
Contracts work in progress	–	3,345
Trade and other receivables	3,201	11,516
Cash and bank balances and fixed deposits	–	1,962
Borrowings	–	(7,652)
Trade and other payables	–	(10,571)
Current tax payable	–	(14)
Net assets	11,545	939
Less: Non-controlling interest	–	(460)
(Loss)/Gain on disposal of subsidiary	(45)	7
Cash consideration received	11,500	486
Less: Cash disposed of	–	(1,962)
Net cash inflow/(outflow)	11,500	(1,476)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

1 GENERAL INFORMATION

The financial statements of Ley Choon Group Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and is domiciled in Singapore.

The Company was listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company was transferred to the Catalist of the SGX-ST with effect from 22 February 2017.

The registered office and principal place of business of the Company is located at No. 3 Sungei Kadut Drive, Singapore 729556.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

The immediate and ultimate holding company is Zheng Choon Holding Pte Ltd, a company incorporated in Singapore.

2(A) BASIS OF PREPARATION

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information is presented in Singapore dollar, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(A) BASIS OF PREPARATION (CONTINUED)

Significant judgements in applying accounting policies

Going concern

The directors are of the view that the going concern assumption is appropriate for the preparation of these financial statements, due to the following:

(i) The financial position of the Group and the Company had improved significantly following the successful completion of debt restructuring as agreed with all lenders during the financial year, which resulted in the reclassification of long-term borrowings more than 12 months after the end of the reporting period from current liabilities to non-current liabilities. Consequently, as at 31 March 2017, the Group and the Company had net current assets of S$9,964,000 (2016: net current liabilities of S$59,424,000) and net current liabilities of S$30,258,000 (2016: S$45,846,000), respectively. There was no default on repayments or breach in covenants in respect of the Group's borrowings following the debt restructuring which will render the associated borrowings to be demanded for immediate repayments by the lenders and be classified as current liabilities. The Group and the Company also had net assets of S$23,147,000 (2016: S$6,026,000) and S$31,779,000 (2016: S$9,392,000) as at 31 March 2017.

(ii) For the financial year ended 31 March 2017, the Group generated net profit and net operating cash inflows of S$17,746,000 (2016: net loss of S$63,378,000) and S$5,224,000 (2016: S$35,656,000), respectively. Having regard to measures to tighten controls over expenses and to better manage the Group's working capital, the directors believe that the Group and the Company are able to continue to generate sufficient cash flows from operations.

Based on the aforesaid, the directors believe that the Group and the Company have sufficient working capital and financial resources to enable them to meet their liabilities as and when they fall due and continue as going concern for 12 months from the end of the reporting period. Consequently, the directors consider that there is no material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concern.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

Classification of land use rights

Within the People's Republic of China ("PRC"), it is the practice for the State to issue land use rights to individuals or entities. Such rights are evidenced through the granting of a land use right certificate, which gives the holder the right to use the land (including the construction of buildings thereon) for a given length of time. An upfront payment is made for this right. Management judges that the substance of this arrangement is an operating lease over the land, and that the upfront payment represents prepaid lease rental. As such a prepayment is recognised in the consolidated statement of financial position, and the prepayment is amortised to spread the lease cost over the duration of the term of the land use right, as specified in the land use right certificate. The carrying amount of the Group's land use rights at the end of the reporting period is disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(A) BASIS OF PREPARATION (CONTINUED)

Significant judgements in applying accounting policies (Continued)

Income taxes

The Group and the Company have exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's and the Company's deferred tax assets and liabilities at the end of the reporting period and the Group's income taxes for the year/period are disclosed in Note 6 and Note 23 to the financial statements, respectively.

Significant assumptions used and accounting estimates in applying accounting policies

Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the estimated economic useful lives of the assets. The Group's business is capital intensive and the annual depreciation of property, plant and equipment forms a significant component of total costs charged to profit or loss. Management estimates the useful lives of property, plant and equipment to be within 3 to 30 years. In particular, management estimates the useful life of plant and equipment to be 5 to 20 years. The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 3 to the financial statements. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's property, plant and equipment increases/decreases by 10% from management's estimates, the Group's results for the year/period will decrease/increase by S$980,000 (2016: S$1,570,000).

Impairment of property, plant and equipment

Property, plant and equipment are assessed at the end of each reporting period whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

Significant judgement and estimates by management are required in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment, including the growth rate and discount rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result may potentially affect the Group's results. The carrying amount of the Group's property, plant and equipment at the end of the reporting period, and the basis used to determine fair value less costs to sell or the assumptions used to estimate value in use as the recoverable amount, are disclosed in Note 3 to the financial statements.

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(A) BASIS OF PREPARATION (CONTINUED)

Significant assumptions used and accounting estimates in applying accounting policies (Continued)

Impairment of investments in subsidiaries

The Company assesses at the end of each reporting period whether there is any indication that the investments in subsidiaries may be impaired. If any indication exists, the investment in subsidiary is tested for impairment. The determination of the recoverable amount requires an estimation of the fair value less costs to sell of the underlying assets or the value in use of the cash-generating units. Estimating the fair value less costs to sell requires the Company to make an estimate of the expected selling prices of the underlying assets and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of the Company's investments in subsidiaries at the end of the reporting period, and the basis used to determine fair value less costs to sell or the assumptions used to estimate value in use as the recoverable amount, are disclosed in Note 5 to the financial statements.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at the end of each reporting period, and applies judgement and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amounts of the Group's inventories at the end of the reporting period are disclosed in Note 7 to the financial statements. If the net realisable values of the inventories decrease/increase by 10% below cost from management's estimates, the Group's results for the year/period will decrease/increase by S$996,000 (2016: S$521,000).

Net realisable value of development property

The Group's development property is stated at the lower of cost and net realisable value. Management determines the net realisable value of the development property based on prevailing market data, such as most recent sale transactions and market survey reports available from independent property valuers for comparable properties. These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, and marketing costs (including price discounts required to stimulate sales). The carrying amount of the Group's development property as at 31 March 2016 is disclosed in Note 8 to the financial statements.

Construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable that those costs will be recoverable or based on the stage of completion method depending on whether the outcome of the contract can be estimated reliably. The stage of completion is measured by reference to the ratio of contract costs incurred to date to the estimated total costs for the contract. Significant judgement is required in determining the stage of completion, the estimated total contract revenue and estimated total contract costs, as well as the recoverability of the contract costs incurred.

Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and/or the work of relevant professionals.

The estimation of total contract costs is based on historical experience and contractual arrangements with contractors/suppliers. The estimated total costs for each project is reviewed on a regular basis by the Group in order to determine the costs to be recognised in profit or loss at the end of each reporting period and to assess whether any allowance for foreseeable losses is required. Actual costs could differ from the estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(A) BASIS OF PREPARATION (CONTINUED)

Significant assumptions used and accounting estimates in applying accounting policies (Continued)

Construction contracts (Continued)

The carrying amount of the Group's contracts work in progress at the end of the reporting period and the Group's contract revenue for the year/period are disclosed in Note 9 and Note 19 to the financial statements, respectively. If the contract revenue from uncompleted contracts at the end of the reporting period had been higher/lower by 5% from management's estimates, the Group's revenue would have been higher/lower by S$16,589,000 (2016: S$15,567,000) and S$16,589,000 (2016: S$15,567,000), respectively. If the contract costs of uncompleted contracts to be incurred had been higher/lower by 5% from management's estimates, the Group's results for the year/period would have been lower/higher by S$1,196,000 (2016: S$1,441,000) and S$1,252,000 (2016: S$1,531,000), respectively.

Impairment of loans and receivables

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider 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 amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 10 to the financial statements. If the present value of estimated future cash flows decreases/increases by 10% from management's estimates, the Group's and the Company's allowance for impairment of loans and receivables will increase/decrease by S$2,457,000 (2016: S$3,106,000) and S$592,000 (2016: S$243,000), respectively.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2017

On 1 April 2016, the Group adopted the following FRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

Reference	Description
Amendments to FRS 1	Presentation of Financial Statements: Disclosure Initiative
Amendments to FRS 27	Equity Method in Separate Financial Statements
Amendments to FRS 16 and FRS 38	Classification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 16 and FRS 41	Agriculture: Bearer Plants
Amendments to FRS 28 and FRS 110	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 110, FRS 112 and FRS 28	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 111	Accounting for Acquisitions of Interests in Joint Operations
FRS 114	Regulatory Deferral Accounts
Improvements to FRSs (November 2014):	
– Amendment to FRS 19	Employee Benefits
– Amendment to FRS 34	Interim Financial Reporting
– Amendment to FRS 105	Non–current Assets Held for Sale and Discontinued Operations
– Amendments to FRS 107	Financial Instruments: Disclosures

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2017 (CONTINUED)

The adoption of these new and amended FRS did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements except for the following:

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments to FRS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing FRS 1 requirements. The amendments clarify:

- The materiality requirements in FRS 1;
- That specific line items in the statement(s) of profit or loss and other comprehensive income ("OCI") and the statement of financial position may be disaggregated;
- That entities should adopt a systemic order in which they present the notes to financial statements; and
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments to FRS 1 are effective for annual periods beginning on or after 1 January 2016. As this is a disclosure standard, it has no impact to the financial position and performance of the Group when applied.

2(C) FRS NOT YET EFFECTIVE

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on the SGX-ST will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

The following are the new or amended FRS and INT FRS issued that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 7	Statement of Cash Flows: Disclosure Initiative	1 January 2017
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 40	Transfers of Investment Property	1 January 2018
Amendments to FRS 102	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 104	Applying FRS 109: Financial Instruments with FRS 104: Insurance Contracts	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
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019
INT FRS 121	Levies	1 January 2017
INT FRS 122	Foreign Currency Transactions and Advance Consideration	1 January 2018
Improvements to FRSs (December 2016):		
- Amendment to FRS 28	Investments in Associates and Joint Ventures	1 January 2017
- Amendment to FRS 101	First-time Adoption of Financial Reporting Standards	1 January 2017
- Amendment to FRS 112	Disclosure of Interests in Other Entities	1 January 2017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(C) FRS NOT YET EFFECTIVE (CONTINUED)

Management does not anticipate that the adoption of the above FRS in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except for the following:

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

Under Amendments to FRS 7, an entity would need to reconcile cash flows arising from financing activities as reported in the statement of cash flows, excluding contributed equity, to the corresponding liabilities in the opening and closing statements of financial position. Additional disclosures are also required about information that is relevant to an understanding of the liquidity of an entity. This includes any restrictions over the decisions of an entity to use cash and cash equivalent balances, e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. The Group is currently assessing the impact and plans to adopt the amendments 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. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

Under FRS 109, an investment in an equity instrument that does not have a quoted price in an active market for an identical instrument shall be measured at fair value at the date of initial application. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to 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 principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

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

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 is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

Clarifications to FRS 115 *Revenue Contracts with Customers*

The amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;

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THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(C) FRS NOT YET EFFECTIVE (CONTINUED)

Clarifications to FRS 115 *Revenue Contracts with Customers* (Continued)

- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and

- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as FRS 115, i.e. on 1 January 2018.

FRS 116 *Leases*

FRS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases.

For a lessee, FRS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying FRS 7 Statement of Cash Flows.

For a lessor, FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

FRS 116 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply FRS 115 at or before the date of initial application of FRS 116.

INT FRS 122 *Foreign Currency Transactions and Advance Consideration*

The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. It is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

INT FRS 122 is effective for annual periods beginning on or after 1 January 2018.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

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 and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

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. Thus, the Group controls an investee if and only if the Group has all of the following:

(i) power over the investee;

(ii) exposure, or rights or variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect its returns

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRS).

Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Consolidation of the subsidiary in the PRC is based on the subsidiary's financial statements prepared in accordance with FRS. Profits reflected in the financial statements prepared in accordance with FRS may differ from those reflected in the statutory financial statements of the subsidiary prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the subsidiary, if any, are based on the amounts stated in the statutory financial statements.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Leasehold properties	Over the lease terms of 8 to 30 years
Plant and equipment	5 to 20 years
Office equipment, furniture and fittings	3 to 10 years
Motor vehicles	5 to 10 years

No depreciation is provided for construction in progress.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is recognised in profit or loss from the month that the property, plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Land use rights

Land use rights represent upfront payments to acquire long-term interest in the usage of land. Land use rights are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated on the straight-line basis to write off the cost of the land use rights over the lease period of 50 years.

Subsidiaries

In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Joint arrangement

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. The Group recognises in relation to its interest in a joint operation:

(i) its assets, including its share of any assets held jointly;

(ii) its liabilities, including its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Club membership

Club membership represents transferable membership in recreational club. The club membership is assessed as having an indefinite useful life as it entitles the members to enjoy the club facilities for lifetime, and there is no foreseeable limit to the period over which the membership is expected to be used by the Group. Since it is with an indefinite useful life, it is tested for impairment annually or more frequently if the events and circumstances indicate that its carrying value may be impaired either individually or at the cash-generating unit level. The useful life of the club membership with an indefinite life is reviewed annually to determine whether the assessment of useful life continues to be supportable.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the end of the reporting period with the exception that a financial asset shall not be reclassified into or out of the fair value through profit or loss category while it is held or issued.

All financial assets are recognised on their trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

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

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any held-to-maturity investments or available-for-sale financial assets.

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables (excluding tax recoverable and prepayments) and cash and bank balances and fixed deposits. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in profit or loss.

Determination of fair value

The fair values of quoted financial assets are based on current bid prices.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Development property

Development property is a property being constructed or developed for future sale. Costs capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the property.

Development property is initially stated at cost. Development property is subsequently carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete the development and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contracts work in progress

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contracts costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. Contract costs comprise materials, direct labour, subcontractors' costs and an appropriate proportion of overheads.

The stage of completion is based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, irrespective of whether or not work has commenced.

The aggregated costs incurred and the profit or loss recognised on each contract are compared against progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as due from customers on construction contracts under "contracts work in progress". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as "excess of progress billings over contracts work in progress" under "trade and other payables". Advances from customers are presented as "trade and other payables" in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude cash restricted in use, and are presented net of bank overdrafts which are repayable on demand and which form an integral part of cash management.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

The Group's financial liabilities comprise borrowings and trade and other payables (excluding excess of progress billings over contracts work in progress).

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense in "finance cost" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled. 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.

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

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled more than 12 months after the end of the reporting period are included in current borrowings in the statement of financial position, if the loan facility agreements include an overriding repayment on demand clause, which gives the lender the right to demand repayment at any time, at its sole discretion and irrespective of whether a default event has occurred, or when the Group has defaulted or breached a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the borrowings become payable on demand, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. These borrowings are classified as current because, at the end of the reporting period, the Group does not have an unconditional right to defer its settlement for at least twelve months after that date.

However, those borrowings with breaches or defaults of loan agreement terms are classified as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the Group can rectify the breach and/or during which the lender cannot demand immediate repayment. Other borrowings due to be settled more than 12 months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Convertible bonds

When convertible bonds are issued at fair value, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is recognised net of income tax effects and included in shareholders' equity. The carrying amount of the conversion option is not changed in subsequent periods. Any directly attributable transaction costs are allocated to the liability portion and conversion option in proportion to their initial carrying amounts.

When the conversion option is exercised, the carrying amount of the conversion option will be reclassified to share capital. When the conversion option is allowed to lapse, the carrying amount of the conversion option will be reclassified to retained earnings.

Interest and gains and losses relating to the liability portion are recognised in profit or loss. On conversion, the liability portion is reclassified to equity; no gain or loss is recognised on conversion.

A gain or loss is recognised on the extinguishment of convertible bonds. The consideration paid is allocated to the debt and equity components of the existing convertible bonds at the date of the transaction using the same allocation method as on initial recognition. The amount of gain or loss relating to the liability component is recognised in profit or loss, while the amount of consideration relating to the equity component is recognised in equity.

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 a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

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

Financial guarantees

The Company has issued corporate guarantees to financial institutions for the borrowings of certain subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the financial institutions if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts, if assessed to be material, are initially recognised at their fair value plus transaction costs in the statement of financial position.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless the Group has incurred an obligation to reimburse the financial institutions for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the financial institutions.

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases
Where the Group is the lessee,

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment".

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

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

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (Continued)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity.

Employee benefits

Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. The subsidiary in the PRC is required to provide certain staff pension contributions to its employees under existing PRC regulations. Pension contributions are provided at rates stipulated by the PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees. The Company and its Singapore-incorporated subsidiaries make contributions to the Central Provident Fund, a defined contribution pension scheme regulated and managed by the Government of Singapore.

A defined contribution national pension scheme is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and:

(i) represents a separate major line of business or geographical area of operations;

(ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(iii) is a subsidiary acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets held for sale and discontinued operations (Continued)

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss recognised for a cash-generating unit is charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss.

Revenue recognition

Contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. Contract revenue is recognised based on the percentage of completion method over the period taken to complete the work. Revenue from short-term projects is recognised when the services have been rendered.

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For local sale of goods, transfer usually occurs when the product is received at the customer's warehouse.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Interest income

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

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

Dividend income

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

Income from supply of labour

Income from supply of labour is recognised when the service is rendered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conversion of foreign currencies (Continued)

Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of each reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised as other comprehensive income in the currency translation reserve in equity.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 30 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible bonds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3 PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold properties S$'000	Plant and equipment S$'000	Office equipment, furniture and fittings S$'000	Motor vehicles S$'000	Construction in progress S$'000	Total S$'000
Cost						
At 1 January 2015	33,693	73,117	2,960	22,465	5,193	137,428
Additions	856	2,198	98	1,010	109	4,271
Disposals	(5)	(4,078)	(666)	(4,694)	–	(9,443)
Disposal of a subsidiary	–	(2,160)	(314)	(682)	–	(3,156)
Transfers	4,130	821	–	–	(4,951)	–
Reclassified to non-current assets held for sale (Note 13)	(7,860)	(4,250)	–	–	–	(12,110)
Exchange difference on translation	(218)	(214)	(14)	(7)	(41)	(494)
At 31 March 2016	30,596	65,434	2,064	18,092	310	116,496
Additions	–	4,265	231	137	138	4,771
Disposals	(1,000)	(747)	(57)	(1,960)	–	(3,764)
Exchange difference on translation	(188)	(750)	(4)	(10)	(6)	(958)
At 31 March 2017	29,408	68,202	2,234	16,259	442	116,545
Accumulated depreciation and impairment losses						
At 1 January 2015	8,509	25,860	1,643	11,800	–	47,812
Depreciation (Note 25)	4,742	8,056	381	2,519	–	15,698
Disposals	–	(2,230)	(664)	(3,201)	–	(6,095)
Disposal of a subsidiary	–	(970)	(166)	(307)	–	(1,443)
Reclassified to non-current assets held for sale (Note 13)	(2,638)	(1,818)	–	–	–	(4,456)
Exchange difference on translation	(2)	(18)	(2)	(3)	–	(25)
At 31 March 2016	10,611	28,880	1,192	10,808	–	51,491
Depreciation (Note 25)	2,219	5,584	518	1,476	–	9,797
Disposals	(80)	(317)	(17)	(1,593)	–	(2,007)
Impairment losses (reversed)/ made	(5,979)	1,066	(16)	640	–	(4,289)
Exchange difference on translation	(9)	(597)	(1)	(4)	–	(611)
At 31 March 2017	6,762	34,616	1,676	11,327	–	54,381
Net book value						
At 31 March 2017	22,646	33,586	558	4,932	442	62,164
At 31 March 2016	19,985	36,554	872	7,284	310	65,005

The carrying amount of property, plant and equipment held under finance leases for the Group comprises plant and equipment and motor vehicles of S$10,080,000 (2016: S$14,904,000) and S$178,000 (2016: S$2,584,000), respectively (Note 16).

During the financial year/period, the Group acquired property, plant and equipment with an aggregate cost of S$4,771,000 (2016: S$4,271,000), of which S$nil (2016: S$662,000) was acquired by means of finance leases. Cash payments of S$4,771,000 (2016: S$3,609,000) were made to purchase property, plant and equipment.

The carrying amount of property, plant and equipment mortgaged to financial institutions to secure loans, bank overdrafts and bills payable comprises leasehold properties of S$17,995,000 (2016: S$14,026,000) (Note 16).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment testing of property, plant and equipment

For the financial year ended 31 March 2017

In view of the operating profits and cash inflows generated by the Group, management has assessed that there are changes in indications for impairment losses recognised on the Group's property, plant and equipment in prior years. Accordingly, the Group's property, plant and equipment are tested for impairment.

Management engaged independent professional valuers to carry out valuations on the Group's property, plant and equipment to determine their fair values, having considered the appropriate professional qualifications and recent experience of the valuers in the location and category of the property, plant and equipment being valued. In determining the fair values of the leasehold properties, the valuers used the market comparison and income approach. In determining the fair values of the remaining plant and equipment, the valuers used the market comparison and depreciated replacement cost approach. Accordingly, impairment losses amounting to S$6,377,000 were reversed and additional impairment losses amounting to S$2,088,000 were made by the Group to increase and decrease the carrying amount of the classes of property, plant and equipment, respectively.

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the Level 3 fair value hierarchy, as well as the significant unobservable inputs used:

Valuation method	Basis	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Leasehold properties			
Market comparison and income approach	Industrial property when selling prices per square metre ("psm") for comparable properties are available	Selling prices ranging from S$496 to S$1,402 psm	A significant increase in average selling prices would result in a significantly higher fair value measurement, and vice versa.
Plant and equipment, office equipment, furniture and fittings, motor vehicles and construction in progress			
Market comparison and depreciated replacement cost approach	Current market selling/ purchase prices of comparable assets are available	Current market selling/purchase prices	A significant increase in market selling/purchase prices would result in a significantly higher fair value measurement, and vice versa.

For the financial period ended 31 March 2016

In view of the significant operating losses incurred by the Group, management has assessed that there are indications of impairment of the Group's property, plant and equipment. Accordingly, the Group's property, plant and equipment are tested for impairment.

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment testing of property, plant and equipment (Continued)

For the financial period ended 31 March 2016 (Continued)

The recoverable amount of the Group's property, plant and equipment is determined based on value in use. Management has identified two cash-generating units ("CGUs"), namely (A) pipes and roads segment and (B) construction materials segment. The recoverable amount of each CGU is determined by management from value in use calculations based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period. The remaining useful life for CGU A and CGU B is estimated by management to be 7.5 and 9.75 years, respectively, based on the weighted average remaining useful lives of the assets in each cash-generating unit. The cash flows for the subsequent years are extrapolated from the fifth year cash flow using nil growth rate, and discounted using a pre-tax discount rate of 14.7% and 16.0% for CGU A and CGU B, respectively. The discount rates reflect current market assessments of the time value of money and the risks specific to the CGUs. No impairment losses were recognised or reversed for the financial period ended 31 March 2016 as the recoverable amounts of the CGUs approximate the carrying amounts as at 31 March 2016.

The following table demonstrates the sensitivity to a reasonably possible change in the assumptions on the allowance for impairment losses as at 31 March 2016.

	Allowance for impairment losses	
Assumption	**CGU A**	**CGU B**
Growth rate		
– Increase by 1 percentage point	Decrease by S$228,000	Decrease by S$381,000
Discount rate		
– Increase by 1 percentage point	Increase by S$1,720,000	Increase by S$1,025,000
– Decrease by 1 percentage point	Decrease by S$1,821,000	Decrease by S$1,263,000
Remaining useful life		
– Increase by 1 year	Decrease by S$4,211,000	Decrease by S$1,702,000
– Decrease by 1 year	Increase by S$4,716,000	Increase by S$1,758,000

4 LAND USE RIGHTS

The Group	2017 S$'000	2016 S$'000
Cost		
At beginning of year/period	3,492	3,634
Exchange difference on translation	–	(142)
At end of year/period	3,492	3,492
Accumulated amortisation		
At beginning of year/period	239	157
Amortisation (Note 25)	70	90
Exchange difference on translation	98	(8)
At end of year/period	407	239
Net book value		
At beginning of year/period	3,253	3,477
At end of year/period	3,085	3,253

The land use rights represent lease prepayments for two parcels of land located in the PRC on which the plant and equipment of the PRC subsidiary are erected. The land use rights are as follows:

	Commencement date	Period of lease
Land use right I	December 2012	50 years
Land use right II	April 2013	50 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

5 SUBSIDIARIES

The Company	2017 S$'000	2016 S$'000
Unquoted equity investments, at cost		
At beginning of year/period	180,440	110,000
Transfer of equity interest from a subsidiary	–	25,440
Increase in investment in a subsidiary	–	45,000
At end of year/period	180,440	180,440
Allowance for impairment losses		
At beginning of year/period	125,356	39,536
Allowance (reversed)/made	(22,299)	85,820
At end of year/period	103,057	125,356
Carrying amount	77,383	55,084

On 10 April 2015, the 100% equity interest held by the then wholly-owned subsidiary, Ley Choon Development Pte. Ltd. ("LCD"), in Ley Choon (Yantai) Eco-Green Construction Material Ltd. ("Yantai") was transferred from LCD to the Company.

On 31 January 2016 and 29 February 2016, the Company increased its investment in its wholly-owned subsidiary, Ley Choon Constructions and Engineering Pte. Ltd. ("LCCE") by contributing additional capital of S$45,000,000, comprising 45,000,000 ordinary shares of S$1 per share fully paid up.

Impairment testing of investments in subsidiaries

For the financial year ended 31 March 2017

In view of the operating profits and cash inflows generated by the subsidiaries, management has assessed that there are changes in indications for impairment losses recognised on the Company's investments in subsidiaries in prior years.

The recoverable amount is determined based on fair value less costs to sell, which is based on the revalued net assets of the subsidiaries. In deriving the revalued net assets of the subsidiaries, the fair values of the underlying assets are estimated based on their expected selling prices, and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations. Based on the assessment, the Company reversed impairment losses amounting to S$22,299,000.

The valuation techniques used in measuring the Level 3 fair value hierarchy of the property, plant and equipment of the subsidiaries, as well as the significant unobservable inputs used are disclosed in Note 3 to the financial statements.

For the financial period ended 31 March 2016

Management has assessed that there are indications of impairment of the Company's investments in subsidiaries, in view of the significant operating losses incurred by the subsidiaries. Accordingly, the investments in subsidiaries are tested for impairment.

The recoverable amount is determined based on value in use. The value in use calculations are based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period. Using a nil terminal growth rate and pre-tax discount rate of 14.7% and 19.4%, a further impairment loss of S$74,651,000 and S$11,169,000 was recognised for LCCE and Yantai, respectively, amounting to S$85,820,000 on aggregate. The discount rates reflect current market assessments of the time value of money and the risks specific to the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

5 SUBSIDIARIES (CONTINUED)

Impairment testing of investments in subsidiaries (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in the assumptions on the impairment losses for the financial period ended 31 March 2016.

	Impairment losses	
Assumption	**LCCE**	**Yantai**
Terminal growth rate		
– Increase by 1 percentage point	Decrease by S$6,276,000	Decrease by S$893,000
Discount rate		
– Increase by 1 percentage point	Increase by S$8,449,000	Increase by S$1,278,000
– Decrease by 1 percentage point	Decrease by S$9,952,000	Decrease by S$1,475,000

Details of the subsidiaries are:

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held 2017 %	2016 %
Held by the Company				
Ley Choon Constructions and Engineering Pte. Ltd.[1]	Non-building construction and manufacture of asphalt premix	Singapore	100	100
Ley Choon (Yantai) Eco-Green Construction Material Ltd.[3]	Recycling of construction waste and development of eco-green construction products; and production and sale of asphalt concrete, dry mortar concrete, concrete block and sands	People's Republic of China	100	100
Ley Choon (M) Sdn. Bhd.[4]	Inactive	Malaysia	100	100
Held by Ley Choon Constructions and Engineering Pte. Ltd.				
Multiform Developments & Construction Pte. Ltd.[1]	Road construction and mixed construction activities	Singapore	100	100
Ley Choon Development Pte. Ltd.[1]	Mixed construction activities (disposed on 30 November 2016)	Singapore	–	100
Chin Kuan Engineering and Contractors Pte. Ltd.[1]	Mixed construction activities and civil engineering	Singapore	100	100
Teacly (S) Pte. Ltd.[2]	Non-building construction, building cleaning and maintenance services	Singapore	100	100
Held by Teacly (S) Pte. Ltd.				
Pan Alliance Technology International Pte. Ltd.[1]	Water and gas pipe-line and sewer construction	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

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5 SUBSIDIARIES (CONTINUED)

Impairment testing of investments in subsidiaries (Continued)

(1) Audited by Foo Kon Tan LLP, principal member firm of HLB International in Singapore
(2) Audited by Foo Kon Tan LLP, with the branch office in Sri Lanka audited by Nihal Hettiarachchi & Company, a member firm of HLB International in Sri Lanka
(3) Audited by Foo Kon Tan LLP for the purpose of consolidation
(4) Audited by other auditor

6 DEFERRED TAXATION

6.1 Deferred tax assets

	The Group		The Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
At beginning of year/period	890	799	154	154
Recognised in profit or loss	146	91	–	–
At end of year/period	1,036	890	154	154

Deferred tax assets are attributable to the following:

The Group	Property, plant and equipment S$'000	Unutilised tax losses S$'000	Unabsorbed capital allowances S$'000	Total S$'000
At 1 January 2015	(4,783)	4,183	1,399	799
Recognised in profit or loss	16	33	42	91
At 31 March 2016	(4,767)	4,216	1,441	890
Recognised in profit or loss	118	28	–	146
At 31 March 2017	(4,649)	4,244	1,441	1,036
The Company				
At 31 March 2016 and 31 March 2017	–	154	–	154

Unrecognised temporary differences relating to unused tax losses and credits

Deferred tax assets have not been recognised in respect of the following items:

The Group	2017 S$'000	2016 S$'000
Unutilised tax losses	26,175	35,335
Unabsorbed capital allowances	7,118	7,118
	33,293	42,453

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

6 DEFERRED TAXATION (CONTINUED)

6.1 Deferred tax assets (Continued)

Unrecognised temporary differences relating to unused tax losses and credits (Continued)

The unutilised tax losses and unabsorbed capital allowances are allowed to be carried forward and used to offset against future taxable profits of the Company and its subsidiaries in which the items arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations in the respective countries in which the Company and its subsidiaries operate. Deferred tax assets have not been recognised in respect of these items due to the uncertainty whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits.

The unutilised tax losses and unabsorbed capital allowances have no expiry date under the respective tax jurisdictions, except for the following amounts of unutilised tax losses:

The Group	2017 S$'000	2016 S$'000
Expiring in:		
– 2018	242	242
– 2019	203	203
– 2020	260	260
– 2021	226	–
	931	705

6.2 Deferred tax liabilities

The Group	2017 S$'000	2016 S$'000
At beginning of year/period	–	–
Recognised in profit or loss	314	–
At end of year/period	314	–

Deferred tax liabilities are attributable to the following:

The Group	Property, plant and equipment S$'000	Unutilised tax losses S$'000	Unabsorbed capital allowances S$'000	Total S$'000
At 1 January 2015	–	–	–	–
Recognised in profit or loss	–	–	–	–
At 31 March 2016	–	–	–	–
Recognised in profit or loss	314	–	–	314
At 31 March 2017	314	–	–	314

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

6 DEFERRED TAXATION (CONTINUED)

6.2 Deferred tax liabilities (Continued)

Unrecognised temporary differences relating to investments in subsidiaries

On 22 February 2008, the Ministry of Finance and the State Administration of Taxation of the PRC issued a joint circular Caishui [2008] No. 1 which states that the distribution of dividends after 1 January 2008 from profits derived before 1 January 2008 will be exempted from withholding tax on distribution to non-resident shareholders. Whereas, dividends distributed out of profits generated thereafter, shall be subject to Enterprise Income Tax ("EIT") at 10% and withheld by foreign invested enterprises, pursuant to Articles 3 and 27 of the EIT Law and Article 91 of its Detailed Implementation Regulations. Non-resident shareholders in countries under double tax treaty with the PRC may enjoy a reduced withholding tax at 5% if certain conditions are met.

Accordingly, there would be no deferred tax liabilities arising from any undistributed profits accumulated up till 31 December 2007 (the "exemption period"). After the exemption period, deferred tax liabilities would be required to the extent per FRS 12 Income Taxes on profits accumulated from 1 January 2008.

At the end of the reporting period, no deferred tax liabilities have been recognised as the subsidiary in the PRC do not have undistributed earnings.

7 INVENTORIES

The Group	2017 S$'000	2016 S$'000
Construction materials	9,960	5,208

The costs of inventories recognised in cost of sales amounted to S$24,249,000 (2016: S$23,264,000) for the financial year ended 31 March 2017 (Note 25).

For the financial period ended 31 March 2016, due to the decline in selling prices and the obsolescence of certain inventories, the Group wrote down S$417,000 of the inventories to their net realisable values (Note 25).

8 DEVELOPMENT PROPERTY

The Group	2017 S$'000	2016 S$'000
Cost of freehold land	13,622	13,622
Development costs	4,175	5,074
	17,797	18,696
Allowance for write-down	(9,453)	(8,496)
Disposal	(8,344)	–
	–	10,200

Included in development property as at 31 March 2016 are borrowing costs of S$265,000 capitalised at a rate of 3.25% per annum for the financial period ended 31 March 2016.

Due to the decline in selling prices of comparable properties, the Group made an allowance to write down the development property to its net realisable value. Accordingly, S$957,000 (2016: S$8,496,000) was recognised in the Group's profit or loss for the financial period ended 31 March 2016 (Note 24).

The development property as at 31 March 2016 had been mortgaged to financial institutions to secure loans, overdrafts and bills payable for the Group (Note 16).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

9 CONTRACTS WORK IN PROGRESS

The Group	2017 S$'000	2016 S$'000
Contract costs incurred	342,017	323,494
Attributable profits less recognised losses to date	(10,699)	(26,504)
	331,318	296,990
Less: Progress billings	(312,015)	(272,175)
	19,303	24,815
Represented by:		
Contracts work in progress	19,782	24,993
Excess of progress billings over contracts work in progress (Note 17)	(479)	(178)
	19,303	24,815

Retention sums on construction contracts amount to S$1,153,000 (2016: S$814,000).

Included in contracts work in progress is S$nil (2016: S$4,000) from joint operation.

10 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Trade receivables from third parties	17,476	25,414	–	–
Less: Allowance for impairment losses	(1,605)	(266)	–	–
	15,871	25,148	–	–
Accrued receivables	6,536	3,881	3,566	–
Amounts due from subsidiaries (non-trade)	–	–	2,350	2,425
Deposits	1,827	983	–	–
Staff loans	22	6	–	–
Other receivables	310	1,038	–	–
Loans and receivables	24,566	31,056	5,916	2,425
Prepayments	3,520	3,358	26	11
	28,086	34,414	5,942	2,436

The movement in allowance for impairment losses in respect of trade receivables is as follows:

	The Group		The Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
At beginning of year/period	266	178	–	–
Allowance made (Note 21)	1,475	148	–	–
Allowance reversed (Note 20)	(136)	–	–	–
Allowance utilised	–	(60)	–	–
At end of year/period	1,605	266	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables that have been determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties or have defaulted on payments. These trade receivables are not secured by any collateral or credit enhancements.

The non-trade amounts due from subsidiaries, which represent advances to and payments on behalf of the subsidiaries, are unsecured, interest-free and repayable on demand.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Singapore dollar	22,298	28,392	5,942	2,436
Renminbi	4,214	4,732	–	–
Sri Lankan rupee	1,574	1,290	–	–
	28,086	34,414	5,942	2,436

The Group generally extends credit period of 30 to 60 days (2016: 30 to 60 days) to customers, depending on the length of business relationship, payment history, background and financial strength of the customers. The Group actively reviews the trade receivable balances and follow up on outstanding debts with the customers.

The credit risk for trade receivables based on the information provided to key management is as follows:

The Group	2017 S$'000	2016 S$'000
By geographical area		
Singapore	14,200	20,700
China	1,430	4,100
Sri Lanka	241	348
	15,871	25,148

The ageing analysis of trade receivables is as follows:

The Group	Gross 2017 S$'000	Impairment losses 2017 S$'000	Gross 2016 S$'000	Impairment losses 2016 S$'000
Not past due	6,256	–	15,990	–
Past due 0 to 30 days	5,783	–	2,407	–
Past due 31 to 60 days	1,227	–	1,238	–
Past due over 60 days	4,210	(1,605)	5,779	(266)
	17,476	(1,605)	25,414	(266)

Based on historical default rates, the Group believes that no further impairment allowance is necessary in respect of trade receivables as they mainly arise from customers that have a good credit record with the Group.

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THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

11 OTHER INVESTMENTS

The Group	2017 S$'000	2016 S$'000
Financial assets designated at fair value through profit or loss:		
At beginning of year/period	11	85
Net change in fair value recognised in profit or loss (Note 20/21)	45	(36)
Disposals	–	(38)
At end of year/period	56	11
Represented by:		
Quoted equity investments	56	11

The fair value of quoted equity investments is determined by reference to stock exchange quoted bid prices.

The other investments are denominated in Singapore dollar.

12 CASH AND BANK BALANCES AND FIXED DEPOSITS

	The Group		The Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Cash in banks	6,530	14,225	110	23
Cash on hand	108	71	–	–
	6,638	14,296	110	23
Fixed deposits	1,720	3,810	–	–
	8,358	18,106	110	23

The fixed deposits of S$1,720,000 (2016: S$3,810,000) for the Group were pledged to financial institutions to secure loans, overdrafts and bills payable (Note 16) and other banking facilities, such as bankers' guarantees.

The fixed deposits had a weighted average maturity of 91 days (2016: 214 days) from the end of the reporting period with a weighted average effective interest rate of 0.65% (2016: 0.65%) per annum at the end of the reporting period.

Cash and bank balances and fixed deposits are denominated in the following currencies:

	The Group		The Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Singapore dollar	7,570	17,574	110	23
Malaysian ringgit	39	52	–	–
Renminbi	103	441	–	–
Sri Lankan rupee	646	39	–	–
	8,358	18,106	110	23

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

12 CASH AND BANK BALANCES AND FIXED DEPOSITS (CONTINUED)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

The Group	2017 S$'000	2016 S$'000
Cash and bank balances	6,638	14,296
Fixed deposits	1,720	3,810
	8,358	18,106
Less: Bank overdrafts (Note 16)	(10,036)	(8,462)
Less: Cash restricted in use	–	(3,262)
Less: Fixed deposits pledged	(1,720)	(3,810)
	(3,398)	2,572

13 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 9 October 2015, Teacly (S) Pte. Ltd. ("Teacly"), entered into a conditional option to purchase agreement with Double-Trans Pte Ltd ("Double-Trans"), pursuant to which Teacly will sell the leasehold property at 4 Sungei Kadut Street 2 for a cash consideration of S$6,800,000. On 31 May 2016, Double-Trans exercised the option.

On 10 March 2016, Ley Choon Constructions and Engineering Pte. Ltd. ("LCCE") entered into a Letter of Offer with Samwoh Corporation Pte. Ltd., where LCCE will sell the property at 55 Kranji Crescent, and the asphalt premix manufacturing plant, together with all plant and equipment in connection therewith, situated at the property for an aggregate consideration of S$12,300,000. On 19 May 2016, LCCE entered into a conditional sale and purchase agreement with Samwoh Premix Pte. Ltd. on the aforesaid.

The Group has been undergoing a debt restructuring programme with its lenders which encompasses disposal of non-core assets and non-core businesses. In line with the debt restructuring plan, the Group has undertaken the disposals.

Accordingly, the non-current assets, being the leasehold properties and plant and equipment were classified as held for sale as at 31 March 2016. There was no impairment loss arising on the remeasurement of the non-current assets to the lower of their carrying amount and fair value less costs to sell.

The non-current assets comprise the following:

The Group	2016 S$'000
Leasehold properties	
– Cost	7,860
– Accumulated depreciation	(2,638)
	5,222
Plant and equipment	
– Cost	4,250
– Accumulated depreciation	(1,818)
	2,432
	7,654

The disposal of the leasehold property at 4 Sungei Kadut Street 2 was completed on 19 August 2016. The disposal of the property at 55 Kranji Crescent and the asphalt premix manufacturing plant and its plant and equipment was completed on 14 October 2016.

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THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

14 SHARE CAPITAL

	The Group		The Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Issued and fully paid, with no par value				
592,406,996 ordinary shares at beginning and end of year/period	71,117	71,117	137,336	137,336

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

15 OTHER RESERVES

	The Group		The Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Foreign currency translation reserve	(233)	489	–	–
Equity component of convertible bonds	243	146	243	146
Assets distributed to entitled shareholders	–	–	(1,127)	(1,127)
	10	635	(884)	(981)

Foreign currency translation reserve

Foreign currency translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

Equity component of convertible bonds

This represents the residual amount of convertible bonds after deducting the fair value of the liability component. This amount is presented net of tax and any transaction costs arising from the convertible bonds.

Assets distributed to entitled shareholders

Entitled shareholders are shareholders of the Company as at 24 July 2012, prior to the completion of the reverse takeover ("RTO") exercise in 2012. Net assets distributed to entitled shareholders relate to trade and other receivables due to the Company prior to the completion of the RTO, which were collected and distributed to the entitled shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

16 BORROWINGS

	The Group		The Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Non-current				
Obligations under finance leases	1,364	3,927	–	–
Loans from financial institutions	26,117	–	–	–
Bank overdrafts	10,036	–	–	–
Convertible bonds	15,500	–	15,500	–
	53,017	3,927	15,500	–
Current				
Obligations under finance leases	1,917	3,803	–	–
Loans from financial institutions	12,880	54,976	–	–
Bank overdrafts	–	8,462	–	–
Bills payable to banks	–	21,484	–	–
Convertible bonds	–	14,801	–	14,801
Loans from controlling shareholders	3,465	3,279	3,465	3,279
	18,262	106,805	3,465	18,080
	71,279	110,732	18,965	18,080

Obligations under finance leases

The Group	2017 S$'000	2016 S$'000
Minimum lease payments payable:		
Due not later than one year	1,981	3,922
Due later than one year and not later than five years	1,416	4,068
	3,397	7,990
Less: Finance charges allocated to future periods	(116)	(260)
Present value of minimum lease payments	3,281	7,730
Present value of minimum lease payments:		
Due not later than one year	1,917	3,803
Due later than one year and not later than five years	1,364	3,927
	3,281	7,730
Represented by:		
Current	1,917	3,803
Non-current	1,364	3,927
	3,281	7,730

It is the Group's policy to lease certain property, plant and equipment under finance leases. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance leases are secured by the underlying assets, comprising plant and equipment and motor vehicles with carrying amount of S$10,080,000 (2016: S$14,904,000) and S$178,000 (2016: S$2,584,000), respectively, for the Group (Note 3) and corporate guarantees by the Company.

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THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

16 BORROWINGS (CONTINUED)

Convertible bonds

The Group and the Company	2017 S$'000	2016 S$'000
Proceeds from convertible bonds	15,975	15,000
Less: Transaction costs	(342)	(321)
Net proceeds	15,633	14,679
Less: Equity component	(243)	(146)
Liability component at beginning of year/period	15,390	14,533
Add: Accreted interest	110	268
Liability component at end of year/period	15,500	14,801

The amount of convertible bonds classified as equity of S$243,000 (2016: S$146,000) is net of attributable transaction costs of S$5,000 (2016: S$3,000).

The convertible bonds were issued on 15 May 2014 ("2014 Convertible Bonds"). They are convertible into ordinary shares of the Company at a fixed conversion price of S$0.1929 per share at the option of the holder, at any time on or after two years from 15 May 2014.

Pursuant to the debt restructuring exercise, amendments were made to key terms of the 2014 Convertible Bonds. Based on the relevant requirements, a fresh agreement has to be signed. Accordingly, on 11 October 2016, the Company entered into convertible bonds in an aggregate amount of up to S$15,975,000 ("2016 Convertible Bonds").

Under the 2016 Convertible Bonds, the holder shall have an option to convert the conversion amount into fully-paid ordinary shares of the Company at a fixed conversion price of S$0.081 per share. The maturity date is also changed from 15 May 2017 to 31 March 2021.

The modifications to the terms of the convertible bonds have been assessed to be substantial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

16 BORROWINGS (CONTINUED)

Terms and debt repayment schedule

The terms and conditions of borrowings are as follows:

The Group	Currency	Nominal interest rate	Year of maturity	Face value S$'000	Carrying amount S$'000
2017					
Obligations under finance leases	SGD	1.95% to 3.82%	2017 to 2020	3,397	3,281
Loans from financial institutions	SGD	3.87% to 3.99%	2021	37,782	37,782
Bank loans	RMB	5.16%	2017	1,215	1,215
Bank overdrafts	SGD	3.87% to 3.99%	2021	10,036	10,036
Convertible bonds	SGD	6.70%	2021	15,975	15,500
Loans from controlling shareholders	SGD	6.00%	2017	3,465	3,465
				71,870	71,279
2016					
Obligations under finance leases	SGD	1.95% to 3.82%	2017 to 2020	7,990	7,730
Loans from financial institutions	SGD	2.16% to 5.50%	*	54,976	54,976
Bank overdrafts	SGD	5.50% to 9.83%	*	8,462	8,462
Bills payable to banks	SGD	3.68% to 4.53%	*	21,484	21,484
Convertible bonds	SGD	6.70%	*	15,000	14,801
Loans from controlling shareholders	SGD	6.00%	2017	3,279	3,279
				111,191	110,732
The Company					
2017					
Convertible bonds	SGD	6.70%	2021	15,975	15,500
Loans from controlling shareholders	SGD	6.00%	2017	3,465	3,465
				19,440	18,965
2016					
Convertible bonds	SGD	6.70%	*	15,000	14,801
Loans from controlling shareholders	SGD	6.00%	2017	3,279	3,279
				18,279	18,080

* The borrowings had become repayable on demand due to default on repayments and/or breach in covenants during the financial period ended 31 March 2016

Loans from financial institutions, bank overdrafts and bills payable to banks are secured by the following:

(a) legal mortgages over the Group's leasehold properties (Note 3);

(b) charges over certain of the Group's plant and equipment;

(c) charges over shares in the Company's subsidiaries;

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THE FINANCIAL STATEMENTS

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16 BORROWINGS (CONTINUED)

Terms and debt repayment schedule (Continued)

(d) charges over certain of the Group's bank accounts;

(e) fixed deposits of the Group (Note 12);

(f) floating charges over all other assets; and

(g) corporate guarantees by the Company.

Default on repayments and breach in covenants

During the financial period ended 31 March 2016, the Group appointed Ernst & Young Advisory Pte. Ltd. and Messrs Rajah & Tann Singapore LLP (the "Professional Advisors") to review its business, overall financial position and commitments with the objective of deciding on and implementing strategies and plans to address potential business and financial challenges which included a restructuring of the Group's debt profile.

With the assistance of the Professional Advisors, a Lenders' Meeting was convened to request for a moratorium on principal and interest repayments, pending the review, formulation and recommendation of an appropriate debt restructuring plan for the approval of the Lenders.

The moratorium gave rise to an inadvertent default on repayments and/or breach in covenants in respect of the Group's borrowings, which amounted to S$69,777,000 as at 31 March 2016. Accordingly, the carrying amounts of these borrowings became repayable on demand and have been classified as current liabilities.

On 8 June 2016, the Group and the Lenders agreed on and signed a term sheet setting out the key terms of restructuring the debt obligations of the Group, which was subsequently encapsulated in a Debt Restructuring Agreement ("DRA") entered into on 23 September 2016. The material terms of the DRA include, inter alia, the following:

(a) Eligible Lenders with existing securities over earnings from the Group's ongoing projects shall release current and future Project Proceeds into the Group's operating bank accounts subject to the terms of the DRA;

(b) The DRA provides for a mechanism for the repayment of the Project Proceeds, as well as other amounts owed to the Eligible Lenders;

(c) During the tenor of the DRA, the Group shall repay the principal and interest owing to Eligible Lenders according to a cash sweep mechanism. There will be a bullet repayment for all outstanding amounts due to Eligible Lenders on the final repayment date, being 31 March 2021;

(d) The Group has granted a security package over the Group's operating bank accounts, fixed assets, and shares in the Company's subsidiaries in favour of the Eligible Lenders whose rights over the security are held and will be exercised through a Security Trustee subject to the terms of, inter alia, the DRA;

(e) The Group shall continue to dispose of its non-core assets and utilise the proceeds received to repay the Eligible Lenders with security over such assets subject to the terms of the DRA; and

(f) Interest continues to be payable to the Eligible Lenders until 31 March 2021.

Accordingly, the Group's long-term borrowings which were due to be settled more than 12 months after the end of the reporting period were reclassified from current liabilities to non-current liabilities.

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16 BORROWINGS (CONTINUED)

Carrying amounts and fair values

The carrying amounts of short-term borrowings approximate their fair values. The carrying amounts and fair values of long-term borrowings at the end of the reporting period are as follows:

The Group	Carrying amount S$'000	Fair value S$'000
2017		
Obligations under finance leases	3,281	3,363
Loans from financial institutions and bank overdrafts	49,033	49,201
Convertible bonds	15,500	15,727
	67,814	68,291
2016		
Obligations under finance leases	7,730	7,928
The Company		
2017		
Convertible bonds	15,500	15,727

The fair values are determined from the discounted cash flow analyses, using the discount rates based upon the borrowing rates which the directors expect would be available to the Group and the Company at the end of the reporting period, as follows:

	The Group		The Company	
	2017 %	2016 %	2017 %	2016 %
Obligations under finance leases	2.51	2.56	–	–
Loans from financial institutions and bank overdraft	3.95	–	–	–
Convertible bonds	6.90	–	6.90	–

No adjustment has been made to fair values as the differences between the carrying amounts and fair values are not significant to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

17 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Trade payables to third parties	29,739	42,966	950	150
Amounts due to subsidiaries (non-trade)	–	–	31,399	29,094
Accrued expenses	4,865	6,651	394	820
Output taxes, net	632	412	–	–
Other payables	–	101	102	64
Excess of progress billings over contracts work in progress (Note 9)	479	178	–	-
	35,715	50,308	32,845	30,128

The average credit period taken to settle trade payables is approximately 60 days (2016: 60 days).

The non-trade amounts due to subsidiaries, which represent advances from and payments on behalf by the subsidiaries, are unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Singapore dollar	23,937	36,393	32,845	30,128
Malaysian ringgit	3	1	–	–
Renminbi	4,339	6,642	–	–
Sri Lankan rupee	7,436	7,272	–	–
	35,715	50,308	32,845	30,128

18 PROVISIONS

The Group	2017 S$'000	2016 S$'000
Provision for legal claims and damages	541	741
Provision for liquidated damages	1,700	1,700
	2,241	2,441

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

18 PROVISIONS (CONTINUED)

The movement in provisions is as follows:

The Group	Provision for legal claims and damages S$'000	Provision for liquidated damages S$'000	Total S$'000
At 1 January 2015	106	6,101	6,207
Provisions made	741	842	1,583
Provisions reversed	(106)	(3,016)	(3,122)
	635	(2,174)	(1,539)
Provisions utilised	–	(2,227)	(2,227)
At 31 March 2016	741	1,700	2,441
Provision reversed (Note 20)	(122)	–	(122)
Provision utilised	(78)	–	(78)
At 31 March 2017	541	1,700	2,241

Provision for legal claims and damages

The provision relates to a claim by a subcontractor for its work done on a project for the construction of aircraft parking apron, which the Group is disputing and has not made payment. The provision made represents management's estimate of the settlement consideration.

Provision for liquidated damages

Provision for liquidated damages is estimated based on the expected potential claims from customers of the Group.

19 REVENUE

Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax and value-added tax, are detailed as follows:

	Continuing operations		Discontinued operations (Note 24)		Total	
The Group	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Contract revenue	105,572	95,019	–	7,315	105,572	102,334
Sale of construction materials	9,616	13,585	–	–	9,616	13,585
Rental of motor vehicles and machinery	189	517	–	–	189	517
	115,377	109,121	–	7,315	115,377	116,436

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20 OTHER INCOME

The Group	2017 S$'000	2016 S$'000
Dividend income from other investments	1	2
Gain on disposal of non-current assets classified as held for sale	11,356	–
Gain on disposal of property, plant and equipment	–	120
Fair value gain on other investments (Note 11)	45	–
Foreign exchange gain, net	631	–
Government grants	364	658
Income from supply of labour	401	781
Insurance compensation received	116	256
Interest income	18	54
Rental income	228	220
Reversal of impairment losses on property, plant and equipment	6,377	–
Reversal of impairment losses on trade receivables (Note 10)	136	–
Reversal of provision for legal claims and damages (Note 18)	122	–
Sale of scrap materials	624	552
Sundry income	484	1,573
	20,903	4,216

21 OTHER OPERATING EXPENSES

The Group	2017 S$'000	2016 S$'000
Fair value loss on other investments (Note 11)	–	36
Foreign exchange loss, net	–	259
Impairment losses on property, plant and equipment	2,088	–
Impairment losses on trade receivables (Note 10)	1,475	148
Loss on disposal of property, plant and equipment	14	–
Provision for legal claims and damages (Note 18)	–	635
Others	97	262
	3,674	1,340

22 FINANCE COSTS

The Group	2017 S$'000	2016 S$'000
Interest expenses on:		
– loans from financial institutions	2,141	4,316
– bank overdrafts	927	661
– bills payable to banks	–	1,530
– finance leases	144	420
– convertible bonds	610	1,279
– loans from controlling shareholders	187	165
	4,009	8,371

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23 TAXATION

The Group	2017 S$'000	2016 S$'000
Current taxation – continuing operations		
– current year	97	–
– (over)/under provision in respect of prior years	(462)	503
	(365)	503
Deferred taxation – continuing operations		
– origination and reversal of temporary differences	140	–
– under/(over) provision in respect of prior years	28	(91)
	168	(91)
Taxation attributable to continuing operations	(197)	412
Current taxation - discontinued operations		
– under provision in respect of prior years	–	6
Taxation attributable to discontinued operations (Note 24)	–	6
Total taxation	(197)	418
Current taxation		
– continuing operations	(365)	503
– discontinued operations	–	6
	(365)	509
Deferred taxation		
– continuing operations	168	(91)
Total taxation	(197)	418

The tax expense on the results of the financial year/period varies from the amount of income tax determined by applying the applicable rate of income tax on profits/(losses) as a result of the following:

The Group	2017 S$'000	2016 S$'000
Profit/(Loss) before taxation from continuing operations	18,541	(52,930)
Loss before taxation from discontinued operations (Note 24)	(992)	(10,030)
Profit/(Loss) before taxation	17,549	(62,960)
Tax at statutory rates applicable to different jurisdictions	2,806	(11,096)
Tax effect on non-deductible expenses	321	4,219
Tax effect on non-taxable income	(1,234)	(175)
Tax exempt income and incentives	(91)	–
Deferred tax assets on temporary differences not recognised	–	7,238
Utilisation of deferred tax assets on temporary differences not recognised in prior years	(1,557)	–
(Over)/Under provision of current taxation in respect of prior years	(462)	509
Under/(Over) provision of deferred taxation in respect of prior years	28	(91)
Utilisation of group relief	–	(173)
Others	(8)	(13)
	(197)	418

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

23 TAXATION (CONTINUED)

Singapore

The corporate income tax rate applicable to the Company and the Singapore-incorporated subsidiaries is 17% (2016: 17%) for the financial year ended 31 March 2017.

China

In accordance with the Enterprise Income Tax ("EIT") Law of the PRC, Ley Choon (Yantai) Eco-Green Construction Material Ltd. is subject to the applicable EIT rate of 25% (2016: 25%) for the financial year ended 31 March 2017.

Malaysia

The corporate income tax rate applicable to Ley Choon (M) Sdn. Bhd. is 24% (2016: 24%) for the financial year ended 31 March 2017.

Sri Lanka

The corporate income tax rate applicable to Sri Lanka branch office of Teacly (S) Pte. Ltd. is 28% (2016: 28%) for the financial year ended 31 March 2017.

For the financial year ended 31 March 2017, non-taxable income mainly relates to reversal of impairment losses on property, plant and equipment, while non-deductible expenses mainly relate to impairment losses on plant and equipment.

For the financial period ended 31 March 2016, non-deductible expenses mainly relate to depreciation of non-qualifying property, plant and equipment, and write-down on development property.

24 DISCONTINUED OPERATIONS

On 31 May 2015, Ley Choon Constructions and Engineering Pte. Ltd. ("LCCE") entered into a conditional sale and purchase agreement with Nur EWC Sdn. Bhd. and Musa Bin Haji Adnin, pursuant to which LCCE will sell its 51% equity interest, representing 255,000 shares, in Ley Choon EWC Sdn. Bhd. ("LCEWC") to the purchasers for an aggregate consideration of S$486,570. LCEWC represents the geographical area of operations of the Group in Brunei. The disposal is part of an internal restructuring exercise undertaken by the Group and is consistent with the Group's commitment to optimise profitability and operations. The disposal of LCEWC was completed in June 2015.

On 23 September 2016, LCCE entered into a sale and purchase agreement with TEE Land Limited, pursuant to which LCCE agreed to sell the whole of the issued and paid-up capital of Ley Choon Development Pte. Ltd. ("LCD") for a cash consideration of S$11,500,000. LCD represents a separate line of business of the Group. The disposal was undertaken as part of the Group's debt restructuring programme. The disposal of LCD was completed on 30 November 2016.

Accordingly, the results relating to LCEWC and LCD have been presented in the consolidated statement of profit or loss and other comprehensive income as "loss from discontinued operations, net of tax". LCD was not previously presented as a discontinued operation for the financial period ended 31 March 2016 or classified as held for sale as at 31 March 2016, and thus the comparative statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

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24 DISCONTINUED OPERATIONS (CONTINUED)

Results of discontinued operations

The Group	Note	2017 S$'000	2016 S$'000
Revenue	19	–	7,315
Cost of sales		–	(6,310)
Other income		200	18
Selling and distribution expenses		–	(333)
Administrative expenses		(113)	(949)
Other operating expenses		(28)	(902)
Finance costs		(49)	(380)
Write-down on development property	8	(957)	(8,496)
(Loss)/Gain on disposal of subsidiary		(45)	7
Loss before taxation		(992)	(10,030)
Taxation	23	–	(6)
Loss from discontinued operations, net of tax		(992)	(10,036)
Loss and total comprehensive loss attributable to:			
Owners of the Company		(992)	(10,036)
Basic and diluted loss per share (Singapore cent)	26	(0.16)	(1.69)

Earnings per share from discontinued operations

The basic and diluted (loss)/earnings per share from discontinued operations is calculated by dividing the loss from discontinued operations, net of tax, attributable to owners of the Company of S$992,000 (2016: loss of S$10,036,000), by the weighted average number of ordinary shares outstanding of 592,406,996 (2016: 592,406,996) (Note 26).

Cash flows attributable to discontinued operations

The Group	2017 S$'000	2016 S$'000
Net cash used in operating activities	(3,129)	(879)
Net cash generated from/(used in) investing activities	3,179	(31)
Net cash (used in)/generated from financing activities	(49)	1,084
Net cash inflows for the year/period	1	174

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THE FINANCIAL STATEMENTS

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25 PROFIT/(LOSS) FOR THE YEAR/PERIOD

The Group	Note	2017 S$'000	2016 S$'000
Profit/(Loss) for the year/period has been arrived at after charging/(reversing):			
Amortisation of land use rights	4	70	90
Cost of inventories recognised in cost of sales	7	24,249	23,264
Depreciation of plant and equipment	3	9,797	15,698
Operating lease expenses		1,741	2,281
Provision for foreseeable losses		434	517
Provision for liquidated damages reversed	18	–	(2,174)
Write-down on inventories	7	–	417
Audit fees paid/payable to:			
– auditor of the Company		250	290
– other auditors		11	11
Staff costs			
Directors:			
Directors' fees		145	206
Directors' remuneration other than fees:			
– salaries and other related costs		924	1,323
– contributions to defined contribution plans		37	59
		1,106	1,588
Key management personnel (other than directors):			
– salaries and other related costs		2,037	2,325
– contributions to defined contribution plans		144	174
		2,181	2,499
Total key management personnel compensation		3,287	4,087
Other than key management personnel:			
– salaries and other related costs		33,825	47,114
– contributions to defined contribution plans		1,176	1,637
		35,001	48,751
		38,288	52,838

NOTES TO THE FINANCIAL STATEMENTS

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26 EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share was based on the profit attributable to ordinary shareholders of S$17,746,000 (2016: loss of S$63,378,000), and a weighted average number of ordinary shares outstanding of 592,406,996 (2016: 592,406,996), calculated as follows:

Profit/(Loss) attributable to ordinary shareholders

The Group	Continuing operations S$'000	Discontinued operations S$'000	Total S$'000
2017			
Profit/(Loss) attributable to ordinary shareholders	18,738	(992)	17,746
2016			
Loss attributable to ordinary shareholders	(53,342)	(10,036)	(63,378)

Weighted average number of ordinary shares

	2017 '000	2016 '000
The Group		
Issued ordinary shares at beginning and end of year/period (Note 14)	592,407	592,407
Weighted average number of ordinary shares during the year/period	592,407	592,407

Earnings/(Loss) per share attributable to ordinary shareholders

The Group	Continuing operations	Discontinued operations	Total
2017			
Earnings/(Loss) per share attributable to ordinary shareholders (Singapore cent)	3.16	(0.16)	3.00
2016			
Loss per share attributable to ordinary shareholders (Singapore cent)	(9.01)	(1.69)	(10.70)

As at 31 March 2017, the convertible bonds do not have a dilutive effect because the average market price of the Company's ordinary shares for the financial year ended 31 March 2017 during the period which the bonds are convertible does not exceed the conversion price.

As at 31 March 2016, the convertible bonds were excluded from the calculation of the diluted weighted average number of ordinary shares in issue as their effect would have been anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

27 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The Performance Share Plan ("PSP") was approved by the Company's members at an Extraordinary General Meeting held on 30 October 2009. The PSP is administered by the Committee with such discretion, powers and duties as will be conferred on it by the Board of Directors.

The objectives of the PSP are as follows:

(a) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;

(b) to provide an opportunity for participants of the PSP to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;

(c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and

(d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

The PSP shall continue to be in force, subject to a maximum period of ten years commencing on the date on which the PSP comes into effect, provided always that the PSP may continue beyond the above stipulated period with the approval of the Company's shareholders by an ordinary resolution in the general meeting and of any relevant authorities which may then be required.

No employee or director has received 5% or more of the total number of shares available under the PSP.

No performance shares have been allotted and issued to any employees or directors of the Company since its commencement.

28 SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, transactions with related parties based on terms agreed between parties are as follows:

The Group	2017 S$'000	2016 S$'000
Purchases from an entity with a common director as the Company	176	–

The directors are of the opinion that the transactions above have been entered in normal course of businesses and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

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29 OPERATING LEASE COMMITMENTS (NON-CANCELLABLE)

At the end of the reporting period, the Group was committed to making the following payments in respect of non-cancellable operating leases of land, buildings and offices:

The Group	2017 S$'000	2016 S$'000
Not later than one year	1,368	1,711
Later than one year and not later than five years	2,247	3,050
Later than five years	833	914
	4,448	5,675

The leases on which rentals are payable will expire between 30 July 2017 and 8 September 2025, and the current rent payable on the leases ranges from S$2,000 to S$37,000 per month.

The leases have no renewal option or contingent rent provision included in the contracts.

30 OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies.

For each of the strategic business unit, the Group's CEO, who is the chief operating decision maker, monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. The Group's CEO reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

(i) Pipes and roads segment which comprises underground utilities infrastructure construction and maintenance; sewer pipeline rehabilitation; and road and airfield construction and maintenance.

(ii) Construction materials segment which comprises asphalt premix production; and construction waste recycling.

There are no operating segments that have been aggregated to form the above reportable operating segments.

Other operations relate to general corporate activities and others.

Information regarding the results of each reportable segment is included in the following tables. Performance is measured based on segment profit (before taxation and unallocated expenses), as included in the internal management reports that are reviewed by the Group's CEO, which in certain respects, as explained in the following tables, is different from profit in the consolidated financial statements. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Inter-segment pricing is determined on an arm's length basis.

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30 OPERATING SEGMENTS (CONTINUED)

The Group's income taxes are managed on a group basis and are not allocated to operating segments.

	Pipes and roads S$'000	Construction materials S$'000	Others S$'000	Total S$'000
2017				
External revenue	105,761	9,616	–	115,377
Inter-segment revenue	51,603	9,164	–	60,767
Total revenue	157,364	18,780	–	176,144
Interest income	–	–	18	18
Interest expenses	(144)	(139)	(3,775)	(4,058)
Depreciation and amortisation	(5,796)	(1,147)	(2,924)	(9,867)
Impairment losses on property, plant and equipment (made)/reversed	(1,505)	(169)	5,963	4,289
Write-down on development property	–	–	(957)	(957)
Reportable segment profit/(loss) before tax	18,378	1,077	(1,906)	17,549
Reportable segment assets	74,789	17,151	40,816	132,756
Capital expenditure	4,338	69	364	4,771
Reportable segment liabilities	30,414	6,750	72,445	109,609
2016				
External revenue	102,851	13,585	–	116,436
Inter-segment revenue	39,622	15,225	–	54,847
Total revenue	142,473	28,810	–	171,283
Interest income	–	–	54	54
Interest expenses	(433)	(103)	(8,215)	(8,751)
Depreciation and amortisation	(8,470)	(1,760)	(5,558)	(15,788)
Provision for liquidated damages reversed	2,174	–	–	2,174
Write-down on development property	–	–	(8,496)	(8,496)
Reportable segment (loss)/profit before tax	(27,041)	1,429	(37,354)	(62,966)
Reportable segment assets	85,426	17,935	66,602	169,963
Capital expenditure	2,828	383	1,060	4,271
Reportable segment liabilities	64,631	11,884	87,422	163,937

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

30 OPERATING SEGMENTS (CONTINUED)

Reconciliations of segment amounts to consolidated financial statements

	2017 S$'000	2016 S$'000
Revenue		
Total revenue for reportable segments	176,144	171,283
Elimination of inter-segment revenue	(60,767)	(54,847)
Consolidated revenue	115,377	116,436
Profit or loss		
Total profit/(loss) for reportable segments	19,455	(25,612)
Reversal of impairment losses on property, plant and equipment	5,979	–
Other corporate expenses	(6,893)	(27,318)
Profit/(Loss) before tax from continuing operations	18,541	(52,930)
Loss before tax from discontinued operations	(992)	(10,030)
Consolidated profit/(loss) before tax	17,549	(62,960)
Assets		
Total assets for reportable segments	91,940	103,361
Development property	–	10,200
Property, plant and equipment	23,683	21,507
Other unallocated assets	17,133	34,895
Consolidated total assets	132,756	169,963
Liabilities		
Total liabilities for reportable segments	37,164	76,515
Borrowings	67,998	82,027
Other unallocated liabilities	4,447	5,395
Consolidated total liabilities	109,609	163,937

Geographical information

The pipes and roads and construction materials businesses are managed on a worldwide basis and the Group operates principally in Singapore, China, Brunei and Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

30 OPERATING SEGMENTS (CONTINUED)

Geographical information (Continued)

In presenting information on the basis of geographical areas of operations, segment revenue is based on the geographical locations of customers and segment assets are based on the geographical locations of the assets.

	2017 S$'000	2016 S$'000
Revenue		
Singapore	105,094	96,923
Brunei	–	7,315
China	2,450	6,357
Sri Lanka	7,833	5,841
Consolidated revenue	115,377	116,436
Non-current assets*		
Singapore	51,005	52,168
Brunei	–	–
China	11,560	13,615
Sri Lanka	2,913	2,704
Consolidated non-current assets	65,478	68,487

* Non-current assets comprise property, plant and equipment, land use rights, development property and club membership.

Major customers

During the financial year ended 31 March 2017, revenue from certain customers (named alphabetically A to D) of the Group's pipes and roads segment amounted to S$80,355,000 (2016: S$83,465,000). The details of these customers which individually contributed 10 percent or more of the Group's revenue for either the current financial year or previous financial period are as follows:

	2017 S$'000	2017 %	2016 S$'000	2016 %
Customer A	48,751	42	43,203	37
Customer B	14,006	12	15,189	13
Customer C	9,765	8	12,631	11
Customer D	7,833	7	12,442	11
Total	80,355	69	83,465	72

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group 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, foreign currency risk and market price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 31.3) and foreign currency risk (Note 31.4).

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

31.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

The Group's trade receivables comprise three major debtors (2016: three major debtors) that represented 52% (2016: 56%) of trade receivables.

The Group evaluates whether there is any objective evidence that trade and other receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivable balances, creditworthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the end of the reporting period.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

31.1 Credit risk (Continued)

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except for letters of financial support and corporate guarantee issued by the Company to and on behalf of a subsidiary.

At the end of the reporting period, the Company has issued corporate guarantees to financial institutions for the borrowings undertaken by its subsidiaries (Note 16). These borrowings amounted to S$52,314,000 (2016: S$92,652,000) at the end of the reporting period. The credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiaries.

The current interest rates charged by the lenders on the loans to the subsidiaries are at market rates and are consistent with the borrowing costs of the subsidiaries without any corporate guarantee.

At the end of the reporting period, the Company does not consider it probable that a claim will be made against it under the corporate guarantees.

To mitigate credit risk arising from corporate guarantees, management continually monitors the risk and has established processes including performing credit evaluations of the parties for which the Group provides corporate guarantees. Corporate guarantees are only for intra-group financing purposes and given by the Company on behalf of its subsidiaries.

The Group's and the Company's major classes of financial assets are bank deposits and/or trade receivables. Cash is held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 10.

31.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

31.2 Liquidity risk (Continued)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

The Group	Carrying amount S$'000	Contractual undiscounted cash flows S$'000	Less than 1 year S$'000	Between 1 and 5 years S$'000
2017				
Non-derivative financial liabilities				
Trade and other payables* (Note 17)	35,236	35,236	35,236	–
Borrowings (Note 16)	71,279	82,544	16,306	66,238
	106,515	117,780	51,542	66,238
2016				
Non-derivative financial liabilities				
Trade and other payables* (Note 17)	50,130	50,130	50,130	–
Borrowings (Note 16)	110,732	110,992	106,924	4,068
	160,862	161,122	157,054	4,068
The Company				
2017				
Non-derivative financial liabilities				
Trade and other payables* (Note 17)	32,845	32,845	32,845	–
Borrowings (Note 16)	18,965	23,802	4,712	19,090
Intragroup financial guarantees	52,314	58,742	11,594	47,148
	104,124	115,389	49,151	66,238
2016				
Non-derivative financial liabilities				
Trade and other payables* (Note 17)	30,128	30,128	30,128	–
Borrowings (Note 16)	18,080	18,080	18,080	–
Intragroup financial guarantees	92,652	92,912	88,844	4,068
	140,860	141,120	137,052	4,068

* Exclude excess of progress billings over contracts work in progress

Except for the Company's cash flows arising from its intra-group corporate guarantees (Note 31.1), it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

At the end of the reporting period, the Company does not consider it probable that a claim will be made against it under the intra-group corporate guarantees.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner. The Group and the Company maintain sufficient level of cash and bank balances to meet their working capital requirements.

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THE FINANCIAL STATEMENTS

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31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

31.3 Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from bank overdrafts, bills payable to banks and bank balances at floating rates. Finance leases, loans from financial institutions, convertible bonds, loans from controlling shareholders and fixed deposits bear interest at fixed rates. All other financial assets and liabilities are interest-free.

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

	The Group		The Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Fixed rate instruments				
Financial assets				
– fixed deposits	1,720	3,810	–	–
Financial liabilities				
– obligations under finance leases	(3,281)	(7,730)	–	–
– loans from financial institutions	–	(54,976)	–	–
– convertible bonds	(15,500)	(14,801)	(15,500)	(14,801)
– loans from controlling shareholders	(3,465)	(3,279)	(3,465)	(3,279)
	(22,246)	(80,786)	(18,965)	(18,080)
	(20,526)	(76,976)	(18,965)	(18,080)
Variable rate instruments				
Financial assets				
– bank balances	6,530	14,225	110	23
Financial liabilities				
– loans from financial institutions	(38,997)	–	–	–
– bank overdrafts	(10,036)	(8,462)	–	–
– bills payable to banks	–	(21,484)	–	–
	(49,033)	(29,946)	–	–
	(42,503)	(15,721)	110	23

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the end of the reporting period, if interest rates had been 100 (2016: 100) basis points higher/lower with all other variables held constant, the Group's results net of tax and equity would have been S$425,000 (2016: S$157,000) lower/higher, arising mainly as a result of higher/lower interest expenses on floating rate loans from financial institutions, bank overdrafts and/or bills payable to banks, offset by higher/lower interest income from floating rate bank balances.

NOTES TO THE FINANCIAL STATEMENTS

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31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

31.3 Interest rate risk (Continued)

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

The Group's and the Company's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

31.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, namely Sri Lankan rupee, Malaysian ringgit and Renminbi for the branch office in Sri Lanka and subsidiaries in Malaysia and the PRC, respectively, and Singapore dollar for the Company and its Singapore-incorporated subsidiaries. The foreign currency in which these transactions are denominated is primarily Singapore dollar for the branch office in Sri Lanka and subsidiary in the PRC. Consequently, the Group is exposed to movements in foreign currency exchange rates.

The Group's exposures in financial instruments (including intra-group balances) to the various foreign currencies (other than the respective functional currencies of group entities) are mainly as follows:

The Group	Singapore dollar S$'000
2017	
Trade and other receivables	10,962
Cash and bank balances	4
Trade and other payables	(9,670)
Net exposure	1,296
2016	
Trade and other receivables	11,057
Cash and bank balances	4
Trade and other payables	(4,973)
Net exposure	6,088

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31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

31.4 Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Singapore dollar ("SGD") exchange rate (against Renminbi and Sri Lankan rupee), with all other variables held constant, of the Group's results net of tax and equity.

The Group		2017 S$'000	2016 S$'000
SGD	– strengthened 5% (2016: 5%)	65	304
	– weakened 5% (2016: 5%)	(65)	(304)

31.5 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group is exposed to market price risks arising from its investment in equity securities listed on the Singapore Exchange Securities Trading Limited and Bursa Malaysia Securities Berhad. Such investments are designated at fair value through profit or loss. The Group does not actively trade the investments.

Market price sensitivity

At the end of the reporting period, if the Straits Times Index and Bursa Malaysia KLCI Index had been 5% (2016: 5%) higher/lower with all other variables held constant, the Group's results net of tax and equity would have been S$2,800 (2016: S$1,000) higher/lower, arising as a result of an increase/decrease in the fair value of the quoted equity securities.

32 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as going concern;
(b) To support the Group's and the Company's stability and growth;
(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
(d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to externally imposed capital requirements, except as disclosed below.

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32 CAPITAL MANAGEMENT (CONTINUED)

In accordance with the relevant laws and regulations of the PRC, the subsidiary in the PRC is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory net profit for each year, as determined in accordance with the applicable PRC accounting standards and regulations, must be allocated to the SRF until the cumulative total of the SRF reaches at least 50% of the registered capital. Subject to approval from the relevant PRC authority, the SRF may be used to offset any accumulated losses or increase the registered capital. The SRF is not available for dividend distribution to owners. The directors have decided that 10% of the net profit, if any, reported in the statutory financial statements of the PRC subsidiary, be appropriated each year to the SRF. As the PRC subsidiary has not generated any profits, there have been no contributions to the SRF.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises trade and other payables and borrowings, less cash and bank balances and fixed deposits. Total capital represents equity attributable to owners of the Company.

	The Group		The Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Trade and other payables* (Note 17)	35,236	50,130	32,845	30,128
Borrowings (Note 16)	71,279	110,732	18,965	18,080
Total debt	106,515	160,862	51,810	48,208
Less: Cash and bank balances and fixed deposits (Note 12)	(8,358)	(18,106)	(110)	(23)
Net debt	98,157	142,756	51,700	48,185
Equity attributable to owners of the Company	23,147	6,026	31,779	9,392
Total capital	23,147	6,026	31,779	9,392
Total capital and net debt	121,304	148,782	83,479	57,577
Gearing ratio	81%	96%	62%	84%

* Exclude excess of progress billings over contracts work in progress

33 FINANCIAL INSTRUMENTS

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group and the Company do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables (excluding tax recoverable and prepayments), cash and bank balances and fixed deposits, borrowings (which are short-term or repayable on demand), and trade and other payables (excluding excess of progress billings over contracts work in progress), are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

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33 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market date.

Financial assets measured at fair value

The Group	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
2017				
Financial assets designated at fair value through profit or loss				
– Quoted equity investments	56	–	–	56
2016				
Financial assets designated at fair value through profit or loss				
– Quoted equity investments	11	–	–	11

The fair value of financial instruments traded in active markets (quoted equity investments) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Financial assets and liabilities not measured at fair value but for which fair values are disclosed*

The Group	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
2017				
Obligations under finance leases	–	3,363	–	3,363
Loans from financial institutions and bank overdrafts	–	49,201	–	49,201
Convertible bonds	–	15,727		15,727
	–	68,291	–	68,291
2016				
Obligations under finance leases	–	7,928	–	7,928

* Exclude financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term or repayable on demand nature and where the effect of discounting is immaterial

The carrying amounts of interest-bearing loans that reprice within six months of the end of the reporting period approximate their fair values. The fair values of all other interest-bearing loans are calculated based on discounted expected future principal and interest cash flows.

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34 EVENTS AFTER THE REPORTING PERIOD

On 18 May 2017, the Company issued 592,406,996 new ordinary shares via a renounceable non-underwritten rights issue at an issue price of S$0.015 for each rights share, on the basis of one rights share for every one existing ordinary share held in the issued and paid-up capital of the Company. The total share proceeds amounted to S$8,886,000.

35 COMPARATIVE INFORMATION

On 22 December 2015, the Company announced the change of its financial year-end from 31 December to 31 March. Consequently, the current year figures relate to the year ended 31 March 2017, while the corresponding figures relate to the period from 1 January 2015 to 31 March 2016. Accordingly, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes to the financial statements for the current year are not comparable to those for the previous period.

SHAREHOLDINGS STATISTICS

AS AT 28 JUNE 2017

No of Issued Shares	:	1,184,813,992
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote for each ordinary share (excluding treasury shares)

There are no treasury shares held by the Company as at 28 June 2017.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	48	1.40	494	0.00
100 – 1,000	1,406	41.22	742,249	0.06
1,001 – 10,000	794	23.28	3,273,146	0.28
10,001 – 1,000,000	1,102	32.31	148,738,792	12.55
1,000,001 and above	61	1.79	1,032,059,311	87.11
	3,411	**100.00**	**1,184,813,992**	**100.00**

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC SHAREHOLDERS

As at 28 June 2017, approximately 34.9% of the shareholdings is held in the hands of public. At least 10% of the Company's issued ordinary shares are held in the hands of the public at all times and the Company is in compliance with Rule 723 of the Listing Manual Section B: Rules of Catalist.

TOP 20 SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ZHENG CHOON HOLDING PTE LTD	592,759,000	50.03
2	HIAP HOE INVESTMENT PTE LTD	176,536,000	14.90
3	KOH TIAM TENG	26,322,000	2.22
4	RAFFLES NOMINEES (PTE) LIMITED	24,881,500	2.10
5	DBS NOMINEES (PRIVATE) LIMITED	23,679,701	2.00
6	CHUA SIEW TIAN	20,000,000	1.69
7	ANG LAY LEONG	17,365,000	1.47
8	TAN TECK WEI	10,711,935	0.90
9	LIM EE ANN	10,649,330	0.90
10	SHIRLEY SEOW SOON KEE	8,415,600	0.71
11	OCBC SECURITIES PRIVATE LIMITED	6,400,942	0.54
12	PHILLIP SECURITIES PTE LTD	5,853,053	0.49
13	SIM TOCK MANG	5,500,000	0.46
14	TOH KENG HONG	4,748,000	0.40
15	LIANG SAY JUAN	4,537,000	0.38
16	WONG NYUK LIAN	4,220,000	0.36
17	NG KIM SHAN	4,003,000	0.34
18	MAYBANK KIM ENG SECURITIES PTE LTD	3,904,200	0.33
19	CIMB SECURITIES (SINGAPORE) PTE LTD	3,861,599	0.33
20	LIM EE CHUAN	3,714,886	0.31
	TOTAL	**958,062,746**	**80.86**

SHAREHOLDINGS STATISTICS

AS AT 28 JUNE 2017

SUBSTANTIAL SHAREHOLDERS

	Number of shares Held			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Zheng Choon Holding Pte Ltd	592,759,000	50.03%	–	50.03%
Toh Choo Huat[1]	794,000	0.07%	592,759,000	50.03%
Toh Swee Kim[2]	220,000	0.02%	592,759,000	50.03%
Toh Chew Leong[3]	–	–	592,759,000	50.03%
Toh Chew Chai[4]	–	–	592,759,000	50.03%
Hiap Hoe Investment Pte Ltd	176,536,000	14.90%	–	–
Hiap Hoe Limited[5]	–	–	176,536,000	14.90%

Notes:

(1) Toh Choo Huat holds 27.2% of the shareholding in Zheng Choon Holding Pte Ltd. As such, Toh Choo Huat is deemed to be interested in the Shares held by Zheng Choon Holding Pte Ltd.

(2) Toh Swee Kim holds 23.7% of the shareholding in Zheng Choon Holding Pte Ltd. As such, Toh Swee Kim is deemed to be interested in the Shares held by Zheng Choon Holding Pte Ltd.

(3) Toh Chew Leong holds 25.4% of the shareholding in Zheng Choon Holding Pte Ltd. As such, Toh Chew Leong is deemed to be interested in the Shares held by Zheng Choon Holding Pte Ltd.

(4) Toh Chew Chai holds 23.7% of the shareholding in Zheng Choon Holding Pte Ltd. As such, Toh Chew Chai is deemed to be interested in the Shares held by Zheng Choon Holding Pte Ltd.

(5) Hiap Hoe Investment Pte Ltd is 100% owned by Hiap Hoe Limited. As such, Hiap Hoe Limited is deemed to be interested in the Shares held by Hiap Hoe Investment Pte Ltd.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556 on 28 July 2017 at 2 p.m. to transact the following:

ORDINARY BUSINESS

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

2. To re-elect as a Director, Mr Toh Choo Huat who is retiring under Article 107 of the Company's Constitution.

   Mr Toh Choo Huat will, upon re-election as a Director of the Company, remain as Executive Chairman and Chief Executive Officer of the Company. (Resolution 2)

3. To re-elect as a Director, Dr. Low Boon Hwee who is retiring under Article 107 of the Company's Constitution.

   Dr. Low Boon Hwee will, upon re-election as a Director of the Company, remain as Executive Director and Group Technical Director of the Company. (Resolution 3)

4. To approve the payment of Directors' fees of S$145,000 for the financial period ending 31 March 2018, to be paid quarterly in arrears. (Resolution 4)

5. To re-appoint Messrs Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 5)

6. To transact any other business that may be transacted at an Annual General Meeting.

SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without modifications:

   "That pursuant to Section 161 of the Companies Act, Cap. 50 ("**Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

NOTICE OF
ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided always that:

(I) the aggregate number of shares (including shares to be issued in pursuant of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares to be issued other than on a pro rata basis to the Shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below);

(II) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (I) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the Company at the time of the passing of this Resolution, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities;

(bb) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(cc) any subsequent bonus issue, consolidation or subdivision of shares;

(III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(IV) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier." (Resolution 6)

[See Explanation Note (I)]

NOTICE OF
ANNUAL GENERAL MEETING

8. To consider and, if thought fit, pass the following ordinary resolution with or without any modifications:

   "That resolved that the Board of Directors of the Company be and is hereby authorised to offer and grant awards ("**Awards**") in accordance with the provisions of the Ultro Performance Share Plan (the "**Performance Share Plan**") and pursuant to Section 161 of the Act 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 Performance Share Plan provided always that the total number of new shares to be issued pursuant to the Awards granted under the Performance Share Plan, when added to the number of new shares issued and issuable in respect of all Awards granted under the Performance Share Plan shall not exceed 15% of the issued share capital of the Company from time to time." (Resolution 7)

   [See Explanatory Note (II)]

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Joint Company Secretaries
13 July 2017

Explanatory Notes:

I. The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

   For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

II. The Ordinary Resolution 7 proposed under item 8 above, if passed, will authorise the Directors to offer and grant Awards in accordance with the provisions of the Performance Share Plan and pursuant to Section 161 of the Act to allot and issue shares under the Performance Share Plan. The Performance Share Plan was first approved by the Shareholders of the Company (when it was formerly known as Ultro Technologies Limited) in the Extraordinary General Meeting on 30 October 2009. Please refer to the Company's (when it was formerly known as Ultro Technologies Limited) circular to the shareholders dated 7 October 2009 for further details.

NOTICE OF
ANNUAL GENERAL MEETING

Notes:

(1) Save for a member who is a relevant intermediary as defined in Note 2, a member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his/her behalf. A proxy need not be a member of the Company.

(2) 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;

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

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that 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.

(3) The Proxy Form must be deposited at the registered office of the Company at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556, not less than 48 hours before the time fixed for holding the Annual General Meeting in order to be entitled to attend and to vote at the Annual General Meeting. The sending of a Proxy Form by a member does not preclude him from attending and voting in person if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

(4) A Depositor's name must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the Annual General Meeting in order to be entitled to attend and vote at the Annual General Meeting.

(5) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

(6) By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198700318G)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (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.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name) ______________ (NRIC/Passport No.)

of ____ (Address)

being a member/members of Ley Choon Group Holdings Limited (the "Company") hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding (%)	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding (%)	
			No. of shares	%

and/or such other persons as furnished by us in accordance with Note 3 of this proxy form, or failing which, the Chairman of the Annual General Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556 on 28 July 2017 at 2 p.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, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions Relating To:	For	Against
	Ordinary Business		
1.	Adoption of the Audited Financial Statements for the financial year ended 31 March 2017 together with the Directors' Statement and Auditors' Report of the Company		
2.	Re-election of Mr Toh Choo Huat as a Director of the Company		
3.	Re-election of Dr. Low Boon Hwee as a Director of the Company		
4.	Approval of Directors' fees for the financial period ending 31 March 2018, to be paid quarterly in arrears		
5.	Re-appointment of Messrs Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
6.	Authority to allot and issue new shares		
7.	Authority to allot and issue new shares pursuant to the Performance Share Plan		

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

Dated this ________ day of ______________ 2017.

Total number of Shares held

____

Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in 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. Save for a member who is a relevant intermediary as defined in Note 3, a member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

3. 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;

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

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that 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.

4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his 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.

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

6. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556, not less than 48 hours before the time set 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 common seal or under the hand of its attorney or a duly authorised officer.

8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (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.

10. 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, Cap. 50 of Singapore.

11. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the Annual General Meeting if he is able to do so.

12. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form 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.

13. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the Annual General Meeting in order for him to be entitled to vote at the Annual General Meeting.

14. By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

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LEY CHOON

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