

Shared Values:
Our Growth Strategy

OUR VISION

A Global Integrated
Service Provider

OUR MISSION

To be a leading integrated
service provider with turnkey
capabilities in the development
of manufacturing and service
operation facilities in the region

CONTENTS

- 01 Corporate Profile
- 02 Chairman's Statement
- 04 Report to Shareholders
- 09 Geographical Reach
- 10 Corporate Milestones
- 12 Financial Highlights
- 14 Corporate Structure
- 16 Board of Directors
- 19 Executive Officers
- 20 Operation Business Units
- 22 Corporate Information
- 23 Corporate Social Responsibility
- 24 Financial Contents

“The Group’s diversified revenue base and long-standing customer relationship provide a strong fundamental that would enable the Group to weather business cycles in specific industry.”

WHAT WE DO

- SPECIALIST RELOCATION SOLUTIONS
- THIRD PARTY LOGISTICS SERVICES
- TECHNICAL & ENGINEERING SERVICES

The Company was incorporated on 2 November 1999. It listed on SESDAQ on 8 August 2000 and was transferred from the SGX Catalist to Mainboard on 26 February 2013.

The Company changed its name from China Entertainment Sports Ltd to Chasen Holdings Limited on 17 May 2007 following the completion of the reverse takeover exercise in February 2007 whereby the Company acquired the entire issued and paid up capital of Chasen Logistics Services Limited. As a result of the reverse takeover, the Company acquired a new core business in specialist relocation solutions for the manufacturing industries that utilize sophisticated machineries and equipment.

Chasen is an investment holding company. Its Group businesses now extend further up the supply chain to include third party logistics, technical and engineering services in Singapore, Malaysia, the People’s Republic of China, Vietnam and Timor-Leste. The Group’s diversified revenue sources cover industries such as wafer fabrication, TFT display panel production, semi-conductor, chip testing & assembly, solar panel assembly, consumer electronics, telecommunications, marine, ordnance and construction sectors in the following business segments:

- Specialist Relocation Solutions – providing specialist manpower equipped with specialized material handling tools, equipment and vehicles to relocate the machinery and equipment of our customers within their premises, from one location to another location within a country, or from one country to another. The Chasen Group acts as a strategic partner to its customers in the management of their global relocation needs through projects or maintenance contracts. The Group is equipped to handle very sensitive machinery and equipment in cleanroom and “raised floor” environment.



- Third Party Logistics – including packing, packaging, trucking, distribution, freight forwarding, warehousing and related services. We pack machinery and equipment to OEM (Original Equipment Manufacturer) specifications utilizing specialized packaging material before they are transported to their new locations. Our warehouses are air conditioned and humidity controlled, with floor level space for heavy equipment/machinery or racked for palletized goods storage.
- Technical & Engineering – covering design, fabrication and installation of steel structures, mechanical and electrical installations including hook-up for production facilities, parts refurbishment, engineering and spares support, facilities management, scaffolding equipment and services, contract manufacturing, water treatment and process engineering services.

The Group’s diversified revenue base and longstanding customer relationship provide a strong fundamental that would enable the Group to weather business cycles in specific industry. Its business model and growth strategy have positioned the Group to benefit from growth opportunities in the region and to increase the proportion of recurring income in Group revenue.

CHAIRMAN'S STATEMENT



“Your Board believes that the worst is now behind us and that the efforts of the new managers entrusted with growing the business will bear fruit.”

ERIC J P NG


Non-Executive Chairman

DEAR SHAREHOLDERS,

It is my privilege to address shareholders as Chairman of your Board of Directors in this Annual Report for the financial year ended 31 March 2015.

Chasen Holdings Limited was listed on SESDAQ (now known as Catalist) of the Singapore Stock Exchange (“SGX”) in February 2007 with Revenue of S\$13.4 million and Profit After Tax of S\$4.5 million. Chasen was subsequently transferred from the Catalist to Mainboard on 26 February 2013.

Over the past eight financial years the Group has grown from three operating companies in two countries at time of public listing to one with 19 operating companies in five countries in the region. Soon we will be incorporating a global marketing office in the United States of America to project our global capability as an integrated service provider in the establishment of new operational facilities in the region to the head offices of most of our MNC customers.



“Management would also promote greater operation efficiency by enlarging the scale of smaller businesses...”

While the Group’s annual revenue has grown tremendously to around S\$100 million in the past few years, its Profit After Tax unfortunately has not grown in tandem. The Profit After Tax for the financial year being reported was actually lower than when the Company listed.

Over the years the Group expanded through both organic growth and acquisition of new businesses as we moved up the supply chain from the original specialist relocation business. In the process our customer base extended from basically the semi-conductor to a host of other industries across the economic spectrum and that enabled us to mitigate the downturns of business cycles in different industries.

Since then the Group’s operational success has been mixed as the profits generated by most of the subsidiaries were diluted by losses incurred in a few businesses. Achieving consistency in every operation as the Group consolidates has been a challenge to top management and your Board. The existing business model of loss making operations are critically reviewed but effecting change without a change in management, in particular in those business that were acquired is a mountain to climb.

As a result there had been unavoidable separations in management personnel and new management put in place at these subsidiaries have delivered better results. Your Board believes that the worst is now behind us and that the efforts of the new managers entrusted with growing the business will bear fruit.

To enhance group policy and strategic cohesiveness following personnel changes, your Board initiated a Shared Values working philosophy that is intended to develop a sustainable corporate culture not just among managers but also through the rank and file of the Group. Together with other management tools currently and to be put in place, all employees would identify themselves more with the Group than their individual operation.

Management would also promote greater operation efficiency by enlarging the scale of smaller businesses through amalgamation or restructuring within the Group or through M&A with similar businesses within the region.

The Share Price of our Company has been trading well below the Group’s Net Asset Value for quite some time aggravated by the lack of trading liquidity in the generally lackluster local stock market. Your Board would concurrently address this issue and that of achieving the Minimum Trading Price policy recently set by SGX over the next few months.

ERIC J P NG

Non-Executive Chairman

REPORT TO SHAREHOLDERS



LOW WENG FATT

Managing Director and CEO

In the new financial year the Group will project our global capability by marketing our integrated service business directly to the US and European head offices of multi national companies that operate or intend to operate in our region. //

DEAR SHAREHOLDERS,

After hovering around the S\$100 million annual revenue a number of times, the Group finally breached this landmark topline achievement in the financial year ended 31 March 2014. Management focus for the financial year under review was therefore on bottomline growth. However, the rippling effects of continuing economic headwinds in Europe and China constrained demand growth in the electronic manufacturing industries with consequential effect on the local and regional supporting economies that the Group businesses operate in.

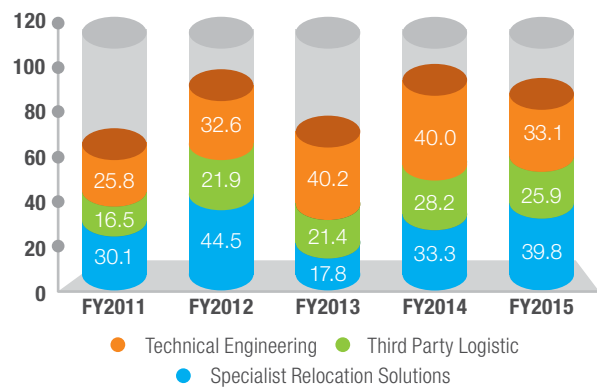
The business environment continues to be very competitive and margins take the first hit in a slow or non-growing economic pie. The Group's operating result closely reflect these challenging global economic conditions. While our annual revenue remained constant at the S\$100 million mark, several of the operating subsidiaries were able to report increased profits. As a result the total Group bottomline was a third lower than that reported a year earlier.

In China, where our specialist relocation business had successfully secured several large scale projects their commencement were delayed in line with the slow market demand growth for their products. Nonetheless, we are hopeful on the outlook for this business segment as our China entity continues to be successful in bidding for new projects as existing customers expand their production capacity spurred by technological breakthroughs in their products and manufacturing techniques. We also expect to secure more projects in the Vietnamese market as the country continues to attract more foreign investments.

In the new financial year the Group will project our global capability by marketing our integrated service business directly to the US and European head offices of multi-national ("MNC") companies that operate or intend to operate in our region. The Group will also seek business opportunities in Myanmar.

The Third Party Logistics business segment reflects more closely the economic growth of the country they operate in. Our Malaysian entity grew steadily in both top and bottom lines and will explore opportunities for a regional logistics venture to support increased cross-border trade into Thailand and beyond.

Revenue (S\$' million)



“Let us focus, commit ourselves, and build an even stronger business with our Shared Values in the next phase of our growth.”

In the new financial year the Group hopes to see better results from revamped business models of various companies in the Technical & Engineering business segment that did not do well in the year under review. Some of them have successfully secured projects that would commence in the new financial year and with improved project management they are expected to contribute substantially to group top and bottom lines.

The Group has adopted the following Shared Values as part of its growth strategy and as the basis to develop our corporate culture and these Shared Values would be promoted to the rank and file in the new financial year:

- **Profit-mindedness** – recognizing and maximizing the effective use of resources
- **Management Excellence** – art in achieving all stakeholders’ needs from outside-in to inside-out to attain a competitive edge
- **Teamwork** – to work with utmost co-operation to complete tasks promptly and efficiently
- **Integrity** – possessing strong moral values and principles to differentiate between right and wrong
- **Respect** – positive feeling of esteem or deference for a person or entity
- **Commitment** – responsibility of individual/entity to put in extra efforts in the completion/achievement of common goals/tasks

Management expects that a strong corporate culture will enable greater synergistic efforts from the resources and business expertise that is available within our diversified business segments and customer base.

Whatever the global economic conditions, management shall endeavor and be ever-ready to seize any opportunity that comes along to up our growth ante. In this regard we shall strive for:

- continued innovation of and good operational practices in our integrated services
- presence in new key markets
- leveraging the Chasen brand spearheaded by its niche global specialist relocation services, and
- emphasis on our Shared Values in motivating our workforce and development of group think.

In this report, I shall further outline to our stakeholders the developments in each business segment, the challenges and opportunities driving our business processes and how we will continue to improve and grow a sustainable business for the future with good corporate governance as our guiding principle.

FINANCIAL PERFORMANCE

Briefly, in the year under review, our revenue experienced a 3% contraction year-on-year from S\$101.5 million to S\$98.8 million. The shortfall was attributed largely to reduction in revenue from the Technical & Engineering (S\$6.9 million) and Third Party Logistics (S\$2.2 million) business segments. However, the Specialist Relocation business segment recorded a S\$6.5 million increase to the Group’s topline.

Profit After Tax for FY2015 was S\$2.2 million, which was S\$1.2 million or 34% less than the previous financial year of S\$3.4 million.

REPORT TO SHAREHOLDERS



SPECIALIST RELOCATION BUSINESS SEGMENT

Since the inception of the Company, the Specialist Relocation business has been consistent in contributing positively each year as we grew our regional capability into a global one. In the absence of larger projects/contracts, the operating companies within this business segment have recurring business in the form of 'maintenance contracts' that customers find our services more economical than establishing their own workforce.

We extend our service offering by incorporating relevant technical and engineering expertise to value add to the logistics elements in an integrated service capability. This is particularly attractive in the Singapore and Vietnam markets while providing niche logistics solutions and aided with specialized equipment that are not readily available in the market was the key in clinching certain projects in China and Malaysia.

Shanghai-based Chasen (Shanghai) Hi-Tech Machinery Services Pte Ltd ("Hi-Tech") is in the final execution phase of the 8.5-Generation thinned-film transistor liquid crystal diode (TFT LCD) manufacturing plant for a Chinese government-owned company in Nanjing. In addition, it is also busy with other projects in Chongqing, Hebei and Shenzhen.

Due to the expanding volume of current projects and expected increase in warehouse contracts, Penang-based Chasen Logistics Sdn Bhd ("CLSB") has acquired a larger premise to accommodate this requirement. This larger facility located in Bukit Minyak is strategically located between the first and second Penang bridges. The shift is expected to be completed by end August 2015.

Singapore-based Chasen Logistics Services Limited ("CLSG") has successfully secured three prized customers that were strongly coveted by our competitors. One involved a major relocation operation from Science Park 2 to Fusionopolis for a local research institute while the other is a million-dollar warehousing contract for a MNC semi-conductor OEM (original equipment manufacturer), and thirdly, as the appointed preferred relocation and installation contractor in Singapore and the region for a Holland-based OEM for the semi-conductor industry.

There was also another major project relocating manufacturing plant equipment from Ireland to Penang secured by this business segment. In summary, the Specialist Relocation business segment had performed well all these years as the standard bearer of the Chasen brand.

THIRD PARTY LOGISTICS (3PL) BUSINESS SEGMENT

This business segment as a whole suffered a drop of S\$2.2 million or 8% in its annual revenue. This was attributed largely to several customers not renewing their warehousing contracts with Singapore-based DNKH Logistics Pte Ltd. On the other hand, Penang-based subsidiary, City Zone Express Sdn Bhd ("CZE") continued its steady business growth in both revenue and profitability.

CZE is working to secure more inland and cross-border contracts to continue growing their top and bottom lines. In this regard, it has purchased several new trucks adding to its current fleet to meet the anticipated demand for their services.

TECHNICAL & ENGINEERING BUSINESS SEGMENT

Business in this segment contracted in line with the reduction in activities within the construction industry amidst stronger competition among the bigger players in the market from whom our subsidiaries derive their projects. In the year under review, the Technical & Engineering business segment had experienced a 17% or S\$6.9 million drop in revenue from S\$40.1 million to S\$33.1 million. Nevertheless, there are still smaller scale projects involving steel structural designing, which Hup Lian Engineering Pte Ltd ("HLE") has secured to date for the new financial year.

The new management team helming REI Technologies Pte Ltd ("REI") is diligently working hard to secure projects in line with its revamped business model, which we hope will bear fruit in the new financial year.

While REI Promax Technologies Pte Ltd ("Promax") is among the few contract manufacturers in Singapore serving the ordnance equipment industry, not many orders were received in the year under review.

REPORT TO SHAREHOLDERS

As such, it had to look to other industries in order to sustain its business operations. On the other hand, its China-based subsidiary, Suzhou Promax Communication Technology Co., Ltd (“SZPMX”) is experiencing a resurgence in orders from its telecommunication customers. With the current wave of technology advancement in the industry, SZPMX is confident of getting a consistent supply of contracts to sustain its business operation in the medium term. It plans to relocate to new premises to house its growing operational capacity.

Goh Kwang Heng Scaffolding Pte Ltd and its twin entity Goh Kwang Heng Pte Ltd (“GKH Group”), which turned around under new management in the previous financial year, recorded yet another successful year in both top and bottomline growth with its new business model. It has secured several major projects and if executed according to schedule would contribute significantly to Group results in the new financial year.

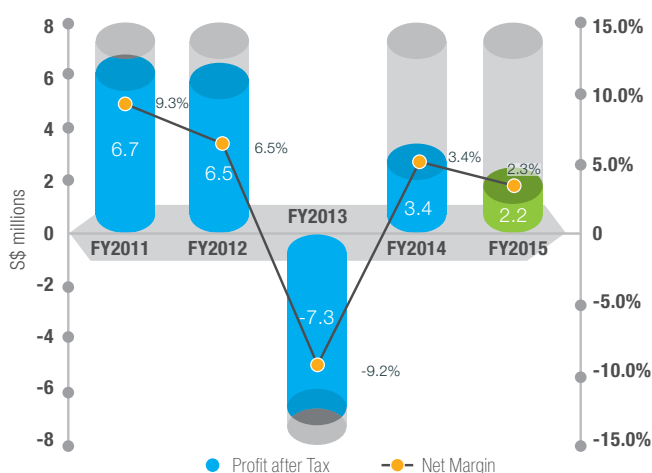
The Group’s China-based wastewater treatment entity, Eons Global Water (Jilin) Co., Ltd (“EGW”) continues to encounter bureaucratic issues with the local authorities pertaining to its operations in the Jilin Economic & Technological Development Zone (“ETDZ”). As such, this has affected its capability in supplying industrial filtered water to the factories within the EDTZ. The General Manager is working energetically and closely with some local officials to help EGW to achieve its desired optimum level. The anticipated commissioning of the wastewater treatment plant last August was again held in abeyance due to the slow progress in the completion of the upgrading of the plant to meet new national environmental standards. Nevertheless, EGW remains optimistic that it can overcome these issues in the new financial year and hope to increase its revenue by the end of FY2016.

CHALLENGES

As mentioned in the beginning of my report, the lethargic economic landscape continued to pose challenges to our business operations that faced increasing costs without corresponding consideration from our customers who are themselves caught in a similar situation. However, our resilient spirit and well diversified revenue sources will enable us to face this current not so buoyant economic climate without dampening our commitment to customers. Our service quality and market-proven integrated service solutions will help ensure that we maintain our market share in the various industries we serve. With the Shared Values corporate culture we hope to reap higher rewards for our endeavors.

In this respect, I would like to assure all our stakeholders that we are committed to delivering higher shareholder value and I hope you will continue to give us your support.

Profit After Tax & Margin Analysis




OPPORTUNITIES

Though the semi-conductor manufacturing industry is no longer fast growing in Singapore, we still continue to service our MNC customers through our maintenance contracts and grow as a supporting player in the industry by moving up the supply chain whenever opportunities avail.

The Group through its wholly-owned subsidiary, CLSG is also set to project its niche specialist relocation services beyond Singapore by establishing a marketing presence in the USA. With the US government making known its initiatives in encouraging strategic alliances to help kick-start the enlargement of the manufacturing sector in the US and coupled with news from industry sources that some (US) homegrown semi-conductor and electronic manufacturing companies with current overseas operations are making plans to move some of their production facilities back to the US, the Group hopes to take advantage of this ‘reverse’ plant relocation movement.

The objective of this global marketing office is to source for new markets such as in the aviation and power plant industries. These industries also require the same set of specialized skills that Chasen is known for in Singapore and the region. At the same time, this office will also be able to enhance its business relationship with the US-headquartered offices of its Singapore-based MNC customers with the hope of securing more relocation projects whether out of the US or back into the country.

This global marketing office can also act as a conduit for other Chasen operating subsidiaries to synergize the business mix of the three business segments and secure a bigger share of the international trade between USA and Asia. At the same time, it can be the vehicle for the Group to realize its vision of becoming a global integrated service provider.



“Together a set of Shared Values evolved which we believe would develop into the Chasen corporate culture to help motivate and sustain our continued business growth.”

Shanghai-based Hi-Tech already a major player in the China relocation logistics market is confident of securing more large scale projects as they come into the market and is exploring to extend its expertise to Myanmar as more foreign investments flow into this emerging ASEAN economy, particularly from early mover Japanese investors.

Similarly, for the Third Party Logistics business segment, CZE, in particular, has set its sights on attaining a larger share of the local and cross-border logistics pie as part of its current business development plans. On the plate, CZE is poised to secure a substantial revenue cherner from an international courier company for cross-border transportation.

While the challenge is hardest for the Technical & Engineering business segment, there remain enough opportunities in the construction and manufacturing industries for the different subsidiaries to leverage their strengths on.

HUMAN CAPITAL DEVELOPMENT

Following the completion of our HR harmonization consultancy project, the Group HR personnel are collaborating with their colleagues in the Singapore operating subsidiaries to implement an updated and more comprehensive set of Group HR policies and practices. Thereafter the Group HR policies would be extended to all overseas operations subject to local employment laws and practices.

In October 2014, the Board of Directors had organized a one-day workshop on Shared Values during the Group’s biannual business meeting in Chiang Rai, Thailand. Together with the heads of business units, the group leaders brainstormed and discussed on how to move the group into the next phase of growth. The workshop yielded a set of Shared Values (highlighted in the earlier part of this report),

which we have agreed to adopt as part of the Chasen corporate culture. We hope that these Shared Values will also help motivate, guide and sustain our continued business growth.

Subsequently, the Group’s training team went on a road show and conducted a series of Shared Values workshops targeting at all personnel from senior management down to the administrative staff level of the operating subsidiaries in Singapore, Malaysia, Vietnam and China. These workshops were aimed at inculcating the Shared Values as the guiding ethos for all our valuable employees so that we can achieve performance excellence in the day-to-day operations, which we hope will become deeply rooted as part of Chasen culture in the years to come. In the next phase, these Shared Values will be further cascaded down to the rank and file of the workforce, and all new employees will have to undergo an induction session on these values.

APPRECIATION

On behalf of the Group, I would like to thank our customers, vendors, advisors, bankers, partners and business associates whose support have been most invaluable in this challenging year. My heartfelt appreciation also goes out to our shareholders who had patiently and trustingly stayed with us throughout this period. Last but not least, I would like to thank my directors, management team and employees who have worked closely with me on this journey. Let us focus, commit ourselves, and build an even stronger business with our Shared Values in the next phase of our growth.

Barring any unforeseen circumstances, with the guidance of our Shared Values, we will march valiantly in our quest to build a stronger and sustainable Chasen.

LOW WENG FATT

Managing Director and Chief Executive Officer

GEOGRAPHICAL REACH



CORPORATE MILESTONES

1995

- Chasen Logistics Services began business as a partnership operating from its office in Wallich Street

1999

- Incorporated as Chasen Logistics Services Pte Ltd ("CLSPL")

2001

- CLSPL awarded first turnkey project consolidating several manufacturing facilities of customer to one location in Singapore
- CLSPL certified ISO 9001 for Quality Management System

2004

- Set-up overseas operations in PRC through Chasen (Shanghai) Hi-Tech Machinery Services Pte Ltd ("Chasen Hi-Tech")
- CLSPL certified ISO 14001 for Environmental Management and OHSAS 18001 for Occupational Health and Safety Management System

2007

- Chasen Holdings Limited ("CHL") listed on SGX-SESDAQ (now known as Catalist) via a reverse acquisition of China Entertainment Sports Ltd

2008

- Extended 3PL operations in Malaysia through acquisition of City Zone Express Sdn Bhd ("CZE") and incorporation of DNKH Logistics Pte Ltd in Singapore

2009

- Group established footprint in Vietnam with setting-up of Chasen Transport Logistics Co., Ltd ("CTL") in Ho Chi Minh City
- CLSG awarded bizSAFE STAR by Workplace Safety and Health Council

2010

- Acquisition of "green" companies, Global Technology Synergy Pte Ltd ("GTS") and Towards Green Sdn Bhd ("TGSB")

2011

- Chasen Hi-Tech awarded first major Korean project to relocate an OLED (organic light-emitting diode) production line from Busan, South Korea to Shanwei, Guangdong Province, PRC
- CHL was awarded the Certificate of Excellence in "Best Investor Relations by a SGX-Catalist Company" at the IR Magazine South East Asia Awards 2011

2012

- Chasen Group achieves record historical high revenue of S\$99 million since listing (in 2007)
- CHL recognized as one of the World's Top 1000 Fastest Growing Public Companies in 2011 by the International Business Times (announced in January 2012)

2013

- Chasen Holdings Limited transferred from Catalist to the Main Board of the SGX-ST on 26 February 2013
- Ho Chi Minh City-based CTL awarded first major move-in and installation project valued at US\$880,000 (S\$1.1 million) for a Japanese tyre manufacturer in Hai Phong, Vietnam
- Singapore-based CLSG secured its maiden relocation project from the Middle East to Singapore valued at US\$4.25 million (approximately S\$5.4 million)
- CLSG and REI Technologies collaborated in building 100k cleanroom to house a Facilitized Refurbishment & Testing Centre ("FRTC") and supporting logistics services for the refurbishment of wafer fab machine tools for a Japanese OEM (original equipment manufacturer)

2014

- Surpassed S\$100 million revenue mark for the first time in its corporate history
- Adoption of Shared Values @ Chiang Rai business meeting as the basis to develop our corporate culture and growth strategy

FINANCIAL HIGHLIGHTS

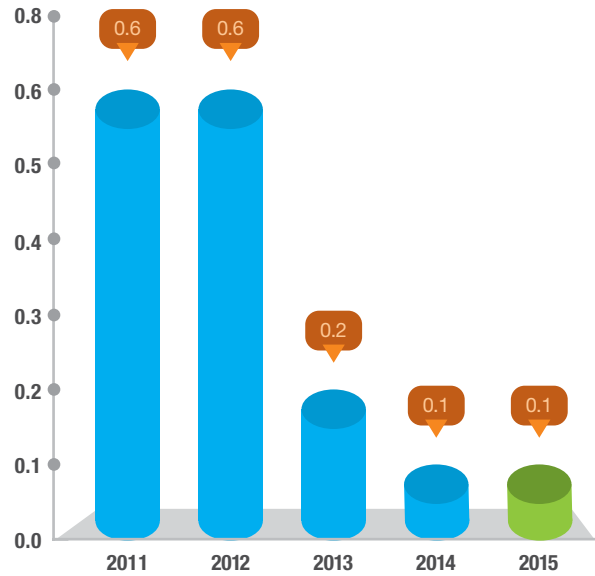
REVENUE ANALYSIS

(S\$'MIL)



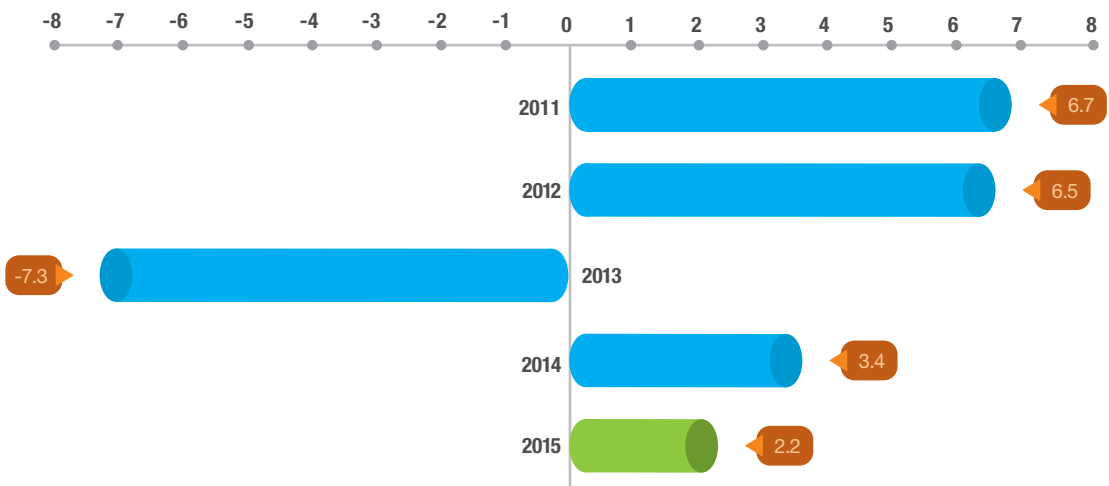
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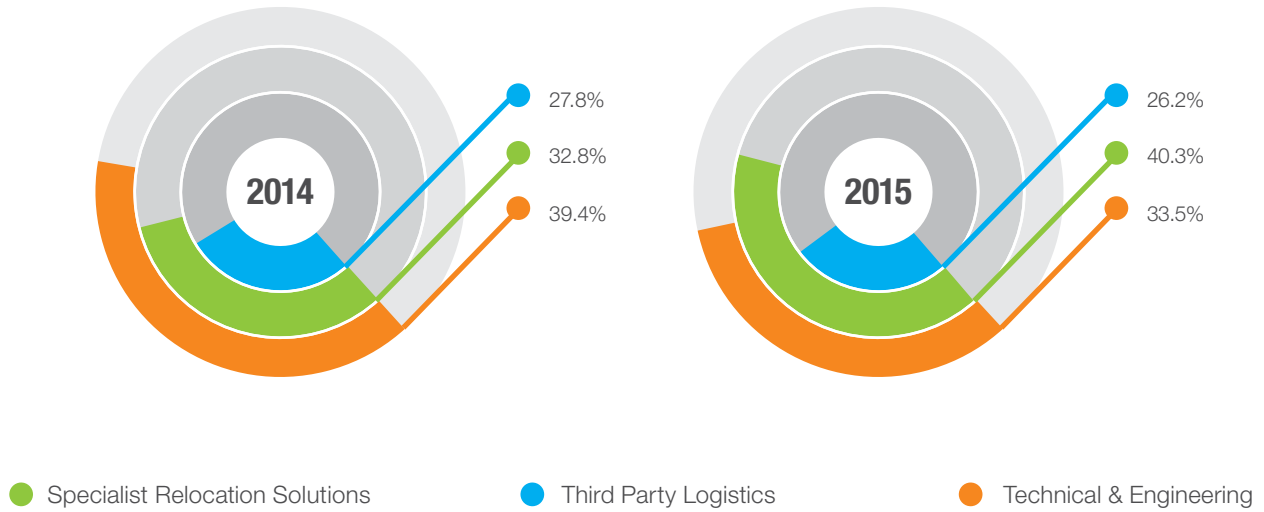


PROFIT/(LOSS) AFTER TAX

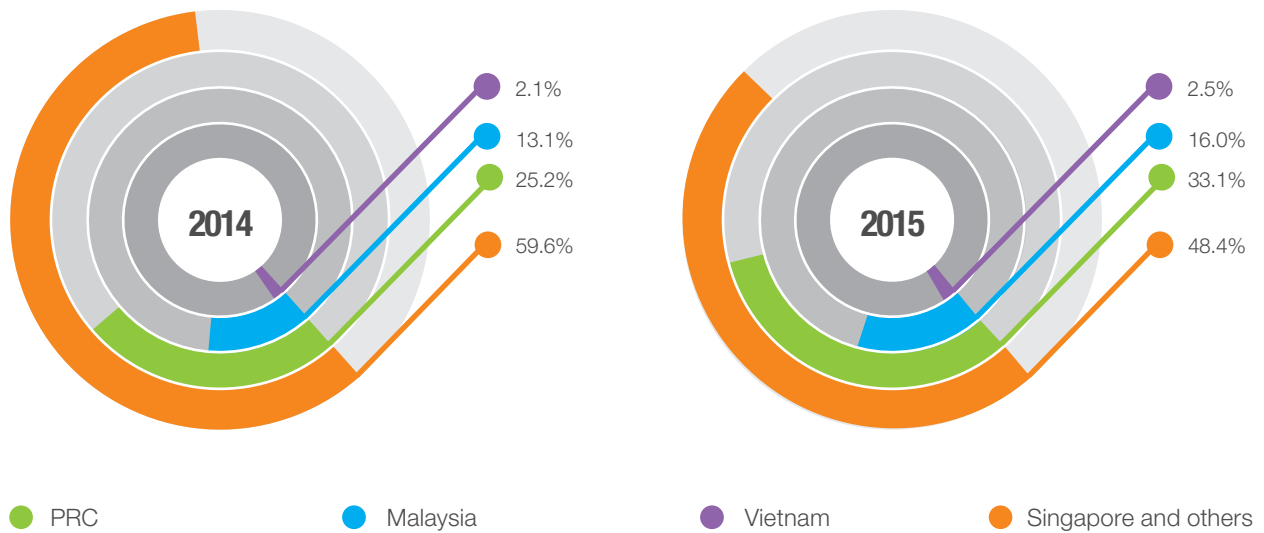
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**REVENUE BREAKDOWN
BY BUSINESS SEGMENT**



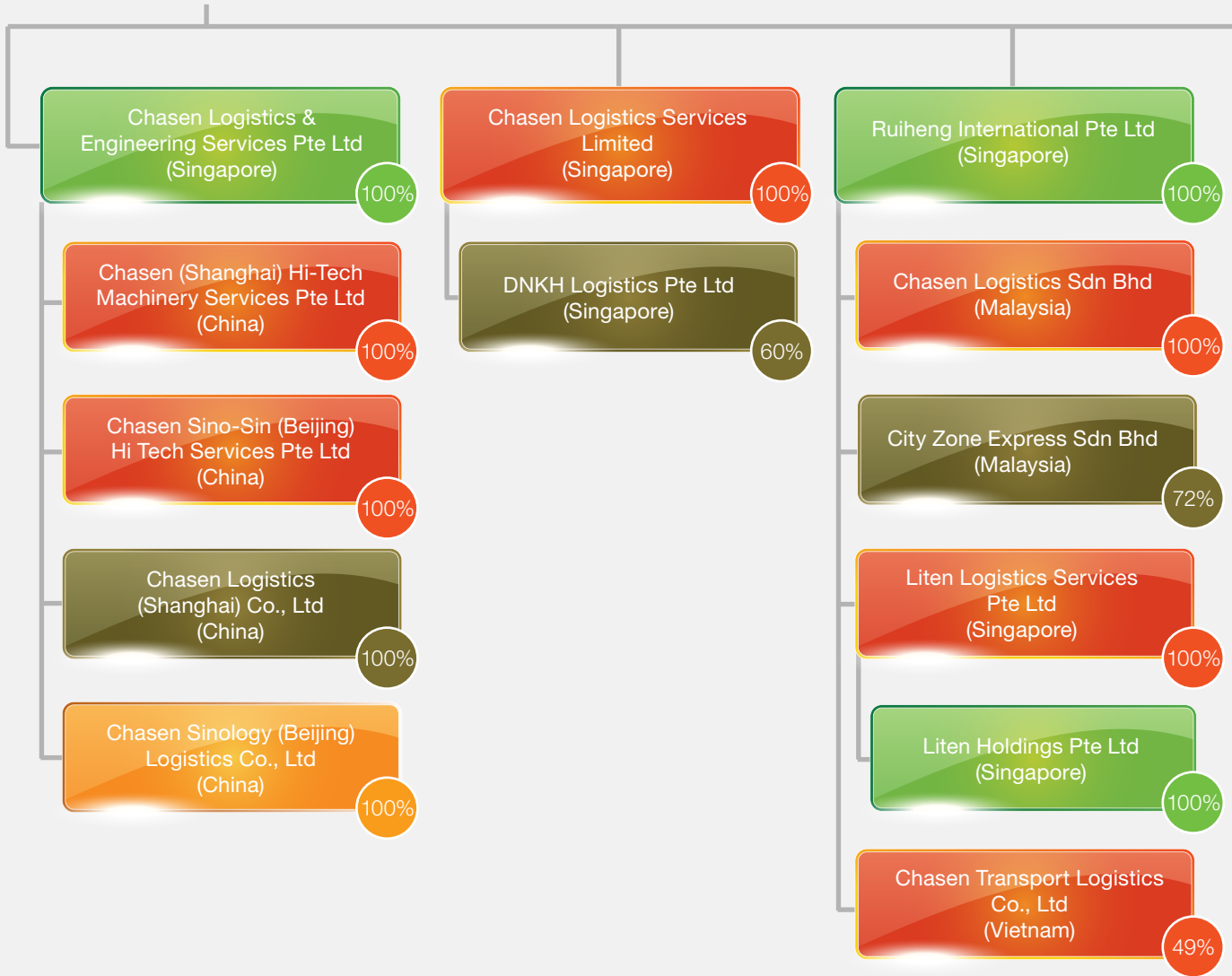
**REVENUE BREAKDOWN
BY GEOGRAPHICAL**



CORPORATE STRUCTURE



Chasen Holdings Limited

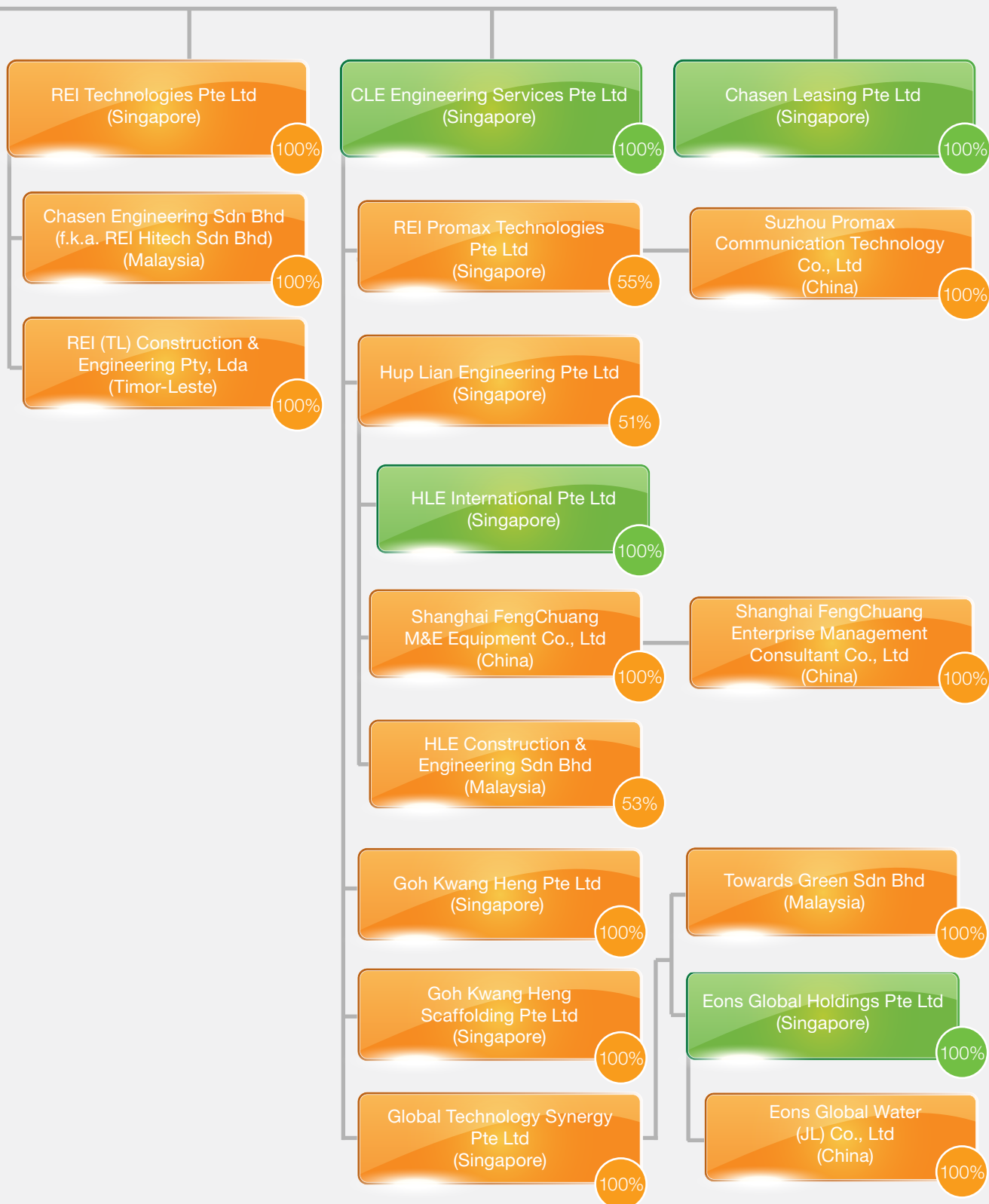


● Investment Holdings Companies

● Third Party Logistics (3PL)

● Specialist Relocation Services

● Technical & Engineering



BOARD OF DIRECTORS



LOW WENG FATT

Managing Director and CEO

Mr Low Weng Fatt, the Managing Director and CEO of the Group, was appointed to the Board of Chasen Holdings Limited since 2007. He was instrumental in ensuring the success of the reverse acquisition of China Entertainment Sports Ltd, which led to the listing of the Chasen Group on SESDAQ (now known as Catalyst) and transferred to the Mainboard in February 2013. As Managing Director and CEO, Mr Low is responsible for establishing the strategic growth direction for the Group, providing leadership to ensure success of the Group's operations in the region and continues to identify new business opportunities for the Group.

Mr Low joined Chasen Logistics Services as a Project Manager in 1996. He was responsible for project management, operational and technical support, service consultation and after-sales support. He recognized and identified the growth potential of the specialist relocation business in his early years with the Company and focused on the development and growth of this niche logistics business. He gradually built up the Group's operational capability, strengthened its efficiency and management in Third Party Logistics services and complementary Technical & Engineering businesses.

Mr Low successfully replicated the business success of the Singapore operations when in late 2003, the Group commenced operations in PRC; in Malaysia in 2005 and in Vietnam in 2009. PRC and Malaysia now contribute substantial revenue to be classified as a distinct geographical segment. The regional success resulted in the Group achieving a historical high revenue of S\$101.5 million in 2014. This is an impressive accomplishment when compared to the S\$16 million revenue the Group recorded when it listed in 2007.

Mr Low intends to continue extending the Group's services to other geographical markets as well as the scope of the business segments and to grow the Group's bottomline through greater operational efficiency.



SIAH BOON HOCK

Executive Director

Mr Siah Boon Hock, the Executive Director of the Group, was appointed to the Board of Chasen Holdings Limited since 2007. Besides assisting the Managing Director and CEO in operational matters and following up new business opportunities, he is also the Managing Director for Hup Lian Engineering Group.

Mr Siah as Executive Director has direct responsibility for the business success and growth of the abovenamed operating subsidiary with the head of its subsidiaries reporting directly to him. He is also responsible for evaluating and securing Board approval, establishment of legal framework and successful execution of major projects in the Technical & Engineering business segment that require specific project funding and resources procured through the parent company that is over and above the normal working capital of the subsidiary involved in the project.

Mr Siah brings with him over 20 years of experience in sales and marketing, which include being a regional sales manager responsible for the sales and market development of supply chain management solutions to personal computer OEMs with internationally recognized brands such as Apple, IBM, Compaq (now known as Hewlett Packard) in Asia. Prior to joining Chasen, Mr Siah was a director with Ascomp Cyberware International Pte Ltd from 2000 to 2001, where he managed the sales development of the trading company.

BOARD OF DIRECTORS



YAP KOON BEE @ LOUIS YAP

Non-Executive Director

Mr Yap Koon Bee @ Louis Yap, a Non-Executive Director of the Group, was appointed to the Board of Chasen Holdings Limited since 2007. He founded the business in 1995 and managed the Group's business until 2001 when he retired from active business management but remains a Non-Executive Director of the Group. His involvement in the industry since the early 60s brings along with him substantial experiences especially in the business of labour supply, transportation as well as warehousing operations. As a Non-Executive Director, Mr Yap acts as an advisor to the Group and continues to provide business network and market contacts to the Group and its subsidiaries.



NG JWEE PHUAN @ FREDERICK (ERIC)

Non-Executive Chairman and Independent Director

Mr Ng Jwee Phuan @ Frederick (Eric) was appointed as the Non-Executive Chairman of Chasen Holdings Limited on 14 August 2014 and continues to be an Independent Director.

He has been the Principal Consultant of Chadway Management Service Pte Ltd since 1982. He is responsible for providing operational management, planning and executing growth strategies, merger and acquisitions activities and corporate finance services to companies in Singapore and the region, including the PRC. He also advises on business growth and globalization strategies, capital market and corporate governance issues and is an active capital market intermediary matching capital (from institutions, public and private equity funds) with businesses (including publicly listed companies). He also provides advisory services for companies in their public listing via an IPO or RTO on regional stock exchanges.

Mr Ng is also active in various societies and institutions, being a member of the Singapore Institute of Directors and a Fellow of the Singapore Human Resource Institute. He had served as District Governor for Singapore of Lions Clubs International from 2002 to 2003.

Mr Ng also sits on the Boards of GBM Gold Limited assuming its Chairmanship on 1 January 2014; Richfield International Limited and Ephraim Resources Ltd (previously known as WAG Ltd), all listed on the Australian Securities Exchange.

BOARD OF DIRECTORS



TAN SIN HUAT, DENNIS

Independent Director

Mr Tan Sin Huat, Dennis was appointed as an Independent Director of Chasen Holdings Limited on 31 July 2009. He is the Chairman of the Remuneration Committee.

Mr Tan also serves on the Boards of P99 Holdings Ltd., and Renewable Energy Asia Group Ltd.

He holds a Master of Business Administration from the Nanyang Technological University, Singapore, and a Bachelor of Arts from the National University of Singapore. He also holds a postgraduate certificate in Organizational Leadership and Executive Coaching from the Civil Service Institute, Singapore and the Lancaster University Management School, United Kingdom respectively.



CHEW MUN YEW

Independent Director

Mr Chew Mun Yew was appointed as an Independent Director of Chasen Holdings Limited on 5 August 2013. He is the Chairman of the Nominating Committee.

Prior to his appointment, Mr Chew was a Non-Executive Director of Chasen Logistics Services Limited from September 2012 where he provided an advisory role to the company on the growth and business strategies for the Group.

Mr Chew brings with him a span of 32 years of experience in Manufacturing, Quality, Engineering, Supply Chain & Procurement Management of which 22 years are at senior management level. He worked at TAS (now SingTel), Hewlett-Packard Company and subsequently joined a greenfield wafer fab start-up TECH Semiconductor (S) Pte Ltd that counts Texas Instrument as technology partner. He served as Director of Procurement and Materials Management from 1991 at TECH Semiconductor and was also a Director of Procurement in the Shared Service Centre of Micron Semiconductor Asia from 2010 till 2012.

Mr Chew holds a Bachelor of Engineering (2nd class upper honours) in Electrical & Electronic from the Heriot-Watt University, Edinburgh, UK and a postgraduate Diploma in Business Administration from Singapore Institute of Management.

EXECUTIVE OFFICERS

CHAN CHENG FEI

Chief Financial Officer

Mr Chan Cheng Fei joined Chasen Holdings Limited in September 2014 and is responsible providing leadership and direction for all aspects of finance, internal control compliance, tax and reporting functions of the Group.

Prior to joining Chasen Holdings Limited, Mr Chan has held several finance leadership roles in DeClout Limited, Popular Holdings Limited and Eu Yan Sang International Ltd.

Mr Chan obtained both his Master of Business Administration and Bachelor of Accountancy degree from the Nanyang Technological University. He is also a Chartered Accountant (non-practising member) of the Institute of Singapore Chartered Accountants.

YAP BENG GEOK DOROTHY

Administration Manager

Ms Yap Beng Geok Dorothy is the Administration Manager of Chasen Holdings Limited and an Alternate Director to Mr Yap Koon Bee @ Louis Yap, Non-Executive Director. She is responsible for the day-to-day administrative workflow, human resource management and the general administration of the Group businesses in Singapore and Malaysia. She also provides support to other regional operations whenever required. She provided invaluable assistance during the reverse listing of the Chasen Group and continues to be the main liaison with professional advisors in corporate activities of the Company in its continuing listing obligations.

Ms Yap joined Chasen Logistics Services in 1995 and over the past 20 years she has been with the Group, she has acquired in-depth knowledge of many aspects of the Group's business, including its operation and administration.

Prior to joining the Group, Ms Yap worked as an Administrative Officer with a Japanese multinational in Singapore. She is the daughter of Mr Yap Koon Bee @ Louis Yap, a Controlling Shareholder of the Group.

OPERATION BUSINESS UNITS

DIXZYQUO NURMAN

*General Manager (Regional)
Chasen Logistics Services Limited ("CLSG")
Global Technology Synergy Pte Ltd ("GTS")*

Mr DixzyQuo Nurman is the General Manager (Regional) in charge of the Group's subsidiaries in the Specialist Relocation business segment in Singapore, Malaysia and Vietnam. He joined CLSG in 2000 as a Business Planning Manager and was promoted to General Manager for Singapore in 2004. He is responsible for operation, sales and marketing for the Specialist Relocation business in the entities under his charge since 2009.

Mr DixzyQuo took charge of the execution of turnkey relocation projects for major international manufacturing companies from USA and Europe relocated to Singapore, Malaysia and Vietnam or the PRC.

Mr DixzyQuo continues to assist the Managing Director and CEO to source and assess new opportunities to expand the Group's integrated service business in the region and in the upcoming setup in the United States. He is a *summa cum laude* graduate from the Bandung Institute of Technology, Indonesia where he graduated with a Bachelor of Science (Industrial Engineering) degree, majoring in Economics Engineering.

CHEONG TUCK NANG

*General Manager
Chasen (Shanghai) Hi-Tech Machinery Services Pte Ltd ("Chasen Hi-Tech")
Chasen Logistics (Shanghai) Co., Ltd ("CLSJ")*

Mr Cheong Tuck Nang is the General Manager and the legal representative of the Group's PRC subsidiaries in the Specialist Relocation business segment. He is responsible for the overall management, sales and marketing, and project execution in the People's Republic of China, specializing in the relocation of sophisticated equipment into the PRC for MNC and local companies. Mr Cheong has been with the Chasen Group since the partnership days of Chasen Logistics Services and he brings with him more than 20 years of experience in the logistics, warehousing management and Specialist Relocation business. He was a pioneer in the setting up of the Group's PRC operation and is responsible for securing and execution of major large-scale relocation projects that resulted in the Group's record revenue of RMB100 million in FY2012.

Mr Cheong continues with securing major projects with TFT LCD manufacturing plants in the PRC, providing services to move-in equipment and warehouse management services for customers in various states and provinces in Hefei, Beijing, Shenzhen and Xiamen and Guangzhou.

YEO SECK CHEONG

*General Manager
Chasen Sino-Sin (Beijing) Hi Tech Services Pte Ltd ("SINO-SIN")
Chasen Sinology (Beijing) Co., Ltd ("SINOLOGY")
Towards Green Sdn Bhd ("TGSB")*

Mr Yeo Seck Cheong is the General Manager and the legal representative of the Group's PRC subsidiaries in the relics digitization business. He is also director of several subsidiaries of the Group. He is responsible for the general management, sales and marketing of the artefact digitization, packaging and transportation for both domestic and international art exhibitions and cultural exchanges in the PRC market.

Mr Yeo joined Chasen Logistics in 2000 as a Project Manager responsible for executing relocation projects. Having been in the logistics and relocation industry for more than 15 years, he successfully transferred this experience to the PRC when he set up the relocation business operations for the Group in the PRC.

Besides PRC, Mr Yeo has recently expanded his responsibility to oversee a project secured by TGSB, to provide engineering services for a coal-fired power plant in Johor.

CHIANG MUN HOE ALVIN

*General Manager
REI (TL) Construction & Engineering Pty, Lda ("REI-TL")*

Mr Chiang Mun Hoe Alvin is currently the General Manager of the Group's subsidiary in Timor Leste. He is responsible for the operation and growth of the business in Timor Leste where REI-TL is in the business of rental of construction equipment to companies involved in infrastructural projects and in financing the construction of roads.

Mr Chiang holds a Diploma in Mechanical Engineering from the Singapore Polytechnic and a graduate of the University of Oklahoma, USA with a Bachelor of Science (Mechanical Engineering) degree.

LIM WUI LIAT

*Executive Director
Liten Logistics Services Pte Ltd ("LLS")
Liten Holdings Pte Ltd ("LH")*

Mr Lim Wui Liat is the Executive Director of the Group's subsidiaries, LLS and LH since April 2011. He is responsible for overall management, sales & operations for the entities under his charge.

Mr Lim brings with him more than 20 years of experience in general logistics such as transportation, moving services for heavy machineries, general warehousing, freight forwarding and packing and crating of machineries for the manufacturing and construction industries. Prior to joining the Group, Mr Lim was a major shareholder of LLS.

Mr Lim continues to facilitate complementary capabilities to extend the scope of logistics services for the Group in the region.

LIM JIT SING JACKSON

General Manager
Goh Kwang Heng Pte Ltd ("GKH")
Goh Kwang Heng Scaffolding Pte Ltd ("GKHS")
Liten Logistics Services Pte Ltd ("LLS")
REI Technologies Pte Ltd ("REI")

Mr Lim Jit Sing Jackson is the General Manager of the Group's subsidiaries in the scaffolding business, the Goh Kwang Heng companies (GKH Group) and REI. He is also the Executive Director of LLS. He is responsible for the overall management, sales and operations and growth of these companies under his charge.

Mr Lim joined LLS soon after completing his National Service, where he was responsible for sales, operations and administration in LLS. He has more than 10 years of experience in the specialist relocation solutions, general logistics, freight forwarding, packing and crating of machineries for MNC customers.

Mr Lim has turned around the loss making GKH Group and successfully repositioned GKH Group's scaffolding business within the construction industry with several large contract wins. He continues to oversee and synergize the business operations for the companies under his responsibility.

Mr Lim holds a Diploma in Manufacturing Engineering from the Singapore Polytechnic.

CHENG CHEE CHAI

Director
Hup Lian Engineering Pte Ltd ("HLE")
HLE International Pte Ltd ("HLEI")

Mr Cheng Chee Chai is the Director of the Group's subsidiaries in the engineering business segment in the region. He is also a minority shareholder of HLE. Mr Cheng is responsible for engineering, design, project management and operational capability of the group of companies under his charge. He assists the Managing Director of HLE Group in strategic planning, marketing and development, and the company's expansion into the regional markets.

Mr Cheng has over 20 years of experience in the construction industry. Prior to joining HLE, he was a Project Manager with Kay Lim Construction & Trading Pte Ltd. He was also an Engineer with Jurong Town Corporation, Tuffi Coatings Pte Ltd and CH & Associates Consulting Engineers from 1988-1994 where he planned, supervised, coordinated and managed design of various construction works.

Mr Cheng graduated with a Bachelor of Civil Engineering and attained his Masters of Science (Civil Engineering) from the National University of Singapore in 1993. Mr Cheng is a certified Professional Engineer, a Member of the Institute of Engineers Singapore (MIES) and a Member of American Society of Civil Engineers (MASCE).

WEE TECK WEE

General Manager
REI Promax Technologies Pte Ltd ("PROMAX")
Suzhou Promax Communication Technology Co., Ltd ("SZPMX")

Mr Wee Teck Wee is the General Manager of the Group's subsidiaries in the contract manufacturing business in Singapore and in the PRC. PROMAX is in the business of providing solutions such as prototype, machining, precision engineering and machining for components such as moulds, jigs and fixtures, mechanical sub-assemblies, design and fabrication of special purpose machines and reverse engineering for the telecommunication and ordnance industries.

Mr Wee is responsible for operational success and growth of both factories in Singapore and Suzhou. Mr Wee brings with him more than 20 years of experience in these industries.

HENG KHIM SOON

General Manager
DNKH Logistics Pte Ltd ("DNKH")

Mr Heng Khim Soon is the General Manager of the Group's Singapore subsidiary in Third Party Logistics, DNKH. He is also its minority shareholder.

He is responsible for management and growth of the business of the entity under his charge. He brings with him a wealth of experience accumulated over the past 20 years in the freight forwarding and third party logistics business in overseeing marketing and operations of the business. Mr Heng is tasked with the challenges to ensure the Group logistics services, such as freight, warehousing, transportation and distribution are competitive particularly, the air and sea shipment rates to/ fro Singapore and within the region. He also provides the other business units within the Group with value-added services to complement their services to customers who require supply chain services in third party logistics. Under the helm of Mr Heng, DNKH currently operate a fleet of more than 20 trucks of varying capacities and more than a hundred field operation personnel in the distribution and warehousing business. This capability assists the Group to strengthen its global network in the freight industry.

S. PIRITHIVARAJ SELVARAJOO

Executive Director
City Zone Express Sdn Bhd ("CZE")

Mr S. Pirithivaraj Selvarajoo is the Executive Director of the Group's Malaysian 3PL subsidiary, CZE. He is also a minority shareholder of CZE. He is responsible for the overall management and growth of the entity under his charge. CZE provides freight forwarding, warehousing, transportation, customs brokerage and other logistics supply chain services, operating out of Penang. He oversees the operation of a sizeable truck fleet comprising more than 85 units, which are deployed for daily interstate long and short haul overland transportation between Singapore, Peninsular Malaysia and Thailand.

Mr Raj continues to work on strengthening CZE's cross-border logistics service capability to broaden the Company's revenue base and enhancing its profitability. He also assists the Group in identifying business opportunities to grow the Group's business in Malaysia and Thailand.

NG SONG HENG

General Manager
Eons Global Water (JL) Co., Ltd ("EGW")

Mr Ng Song Heng is the General Manager and the legal representative of the Group's PRC subsidiary, EGW in Jilin. He is responsible for strategic planning, overall management, operations and profitability of the entity under his charge. Mr Ng has more than 25 years of experience in project management and execution of medium size industrial wastewater and ultrapure water plants, including site installation and calibration of water analyzers. He also specializes in design & built of Electrical Instrumentation / Motor Starter Panels and PLC Program development.

Prior to joining the company, Mr Ng founded EONS Technologies Pte Ltd in 1993, providing services to design and build Wastewater Treatment Plant and Ultrapure Water Plants. In 2004, he founded Watertech Pte Ltd, expanding his business to regional markets including Vietnam, Indonesia, Malaysia, Qatar and China. He secured two Build-Own-Operate-Transfer ("BOOT") projects with the County Government in Inner Mongolia when he was with Watertech and he was responsible for the construction and implementation of these projects till they were fully commissioned.

Mr Ng graduated from Singapore Polytechnic with a Technician Diploma in Mechanical Engineering and a Diploma in Transducer Technology & PLC Application. He also holds a Diploma in Marketing Management from Ngee Ann Polytechnic, and obtained a Master in Business Administration from the University of Leicester.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Jwee Phuan @ Frederick (Eric) (*Non-Executive Chairman and Independent Director*)
 Low Weng Fatt (*Managing Director and CEO*)
 Siah Boon Hock (*Executive Director*)
 Yap Koon Bee @ Louis Yap (*Non-Executive Director*)
 Tan Sin Huat, Dennis (*Independent Director*)
 Chew Mun Yew (*Independent Director*)
 Yap Beng Geok Dorothy (*Alternate Director to Yap Koon Bee @ Louis Yap*)

AUDIT COMMITTEE

Ng Jwee Phuan @ Frederick (Eric) (*Chairman*)
 Tan Sin Huat, Dennis
 Yap Koon Bee @ Louis Yap
 Chew Mun Yew

REMUNERATION COMMITTEE

Tan Sin Huat, Dennis (*Chairman*)
 Ng Jwee Phuan @ Frederick (Eric)
 Yap Koon Bee @ Louis Yap
 Chew Mun Yew

NOMINATING COMMITTEE

Chew Mun Yew (*Chairman*)
 Tan Sin Huat, Dennis
 Ng Jwee Phuan @ Frederick (Eric)
 Low Weng Fatt

COMPANY SECRETARY

Chew Kok Liang

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

18 Jalan Besut
 Singapore 619571
 Tel: (65) 6266 5978
 Fax: (65) 6262 4286
 Website: www.chasen.com.sg

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
 50 Raffles Place
 #32-01 Singapore Land Tower
 Singapore 048623

AUDITORS

Mazars LLP
 Chartered Accountants of Singapore
 135 Cecil Street
 #10-01 MYP Plaza
 Singapore 069536
 Partner in charge: Chan Hock Leong
 (a member of the Institute of Singapore Chartered Accountants)
 (appointed with effect from the financial year ended 31 March 2012)

PRINCIPAL BANKER

DBS Bank Ltd
 12 Marina Boulevard Level 43
 Marina Bay Financial Centre Tower 3
 Singapore 018982



“Over the years the Group expanded through both organic growth and acquisition of new businesses as we moved up the supply chain from the original specialist relocation business.”



“We share our customers’ commitment to the environment and we believe in the importance of caring for our planet working with and encouraging others to do the same.”

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (the “CSR”) plays an essential role in the long-term success of our business. It is important that we align our interests with that of the communities in which we operate in order to have the support of the local communities and government agencies. We believe that our initiatives and emphasis on returning to the community and looking after the welfare of our staff have translated into goodwill for our Group, contributing to high employee retention rate and staff morale.

ENVIRONMENTAL POLICY

We share our customers’ commitment to the environment and we believe in the importance of caring for our planet working with and encouraging others to do the same. As a company that relies on natural products like wood, it makes good business sense and as people living in the world, it is simply the right thing to do.

COMMITMENT TO SUSTAINABLE DEVELOPMENT

Our Directors recognized the importance of being a responsible steward of the land we manage. With this in mind, the Company has established a CSR policy which included the review of the following areas of the Group’s activities:

- (a) to review and recommend the Group’s policy with regards to CSR issues;
- (b) to review the Group’s environmental policies and standards;
- (c) to review the social impact of the Group’s business practices in the communities that it operates in;
- (d) to review and recommend policies and practices with regard to key stakeholders (suppliers, customers and employees); and
- (e) to review and recommend policies and practices with regard to regulators.

CORE VALUES OF THE CSR FRAMEWORK

The Company aims to be recognized as an organization that is transparent and ethical in all its dealings as well as making a positive contribution to the community in which it operates. It is committed to being a deeply responsible company in the communities with the following core values in all aspects of its work, including the fulfilment of its social responsibility, toward achieving sustainable development:

- Clear direction, strong leadership and open communication;
- Customer focus;
- Equality, fairness and transparency;
- Development of positive working relationships with others; and
- Respect for people

FINANCIAL CONTENTS

- 25 Corporate Governance Statement
- 42 Report of the Directors
- 47 Statement by the Directors
- 48 Independent Auditors' Report
- 49 Consolidated Statement of Profit or Loss and Other Comprehensive Income

- 50 Statements of Financial Position
- 52 Statements of Changes in Equity
- 58 Consolidated Statement of Cash Flows
- 60 Notes to the Financial Statements
- 125 Statistics of Shareholdings
- 127 Statistics of Warrantholdings
- 128 Notice of Annual General Meeting Proxy Form

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “**Board**”) of Chasen Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to setting in place corporate governance practices which are in line with the recommendations of the Singapore Code of Corporate Governance 2012 (the “**Code**”) to provide the structure through which protection of the interests of its shareholders, stakeholders and investing public is met.

This Statement describes the practices the Company has undertaken with respect to each of the principles and guidelines and the extent of its compliance with the Code.

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 the Management remains accountable to the Board.

The Board’s primary role is to protect and enhance long-term shareholders’ values and returns. The Board meets quarterly and as warranted by particular circumstances, as deemed appropriate by the members of the Board.

The principal functions of the Board include, amongst other things, the following:

- provides entrepreneurial leadership, setting strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- provides the overall strategy of the Group;
- establishes 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;
- reviews management performance;
- identifies the key stakeholder groups and recognising that their perceptions affect the Company’s reputation;
- sets the Company’s values and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met;
- considers sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
- assumes the responsibilities of corporate governance framework of the Group.

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

To assist the Board in the execution of its responsibilities, the Board is supported by three Board Committees, namely the Nominating Committee, the Remuneration Committee and the Audit Committee. Each Board Committee has its own defined terms of reference, which sets out the respective Board Committee’s duties and responsibilities.

The Company has taken steps to ensure participation of all Directors when selecting Directors to the three Board Committees so as to maximize their effectiveness. All Board Committees are headed by Independent Directors.

CORPORATE GOVERNANCE STATEMENT

Formal Board meetings are held at least four times a year to approve the quarterly results announcements and to oversee the business affairs of the Group. The Board is free to seek clarification and information from Management on all matters within their purview. Ad-hoc meetings are convened when the circumstances require. In the course of the financial year under review, as at the date of this report, the number of Board and Board Committees meetings held and attended by each Board member is set out as follows:

| Names of Directors | Board | | Audit Committee | | Nominating Committee | | Remuneration Committee | |
|--------------------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|--------------------------|------------------------|--------------------------|
| | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended |
| Ng Jwee Phuan @ Frederick (Eric) | 4 | 4 | 4 | 4 | 2 | 2 | 1 | 1 |
| Low Weng Fatt | 4 | 4 | 4 | 4* | 2 | 2 | 1 | 1* |
| Siah Boon Hock | 4 | 4 | 4 | 4* | 2 | 2* | 1 | 1* |
| Yap Koon Bee @ Louis Yap | 4 | 2 | 4 | 2 | 2 | 1* | 1 | 0 |
| Tan Sin Huat, Dennis | 4 | 3 | 4 | 3 | 2 | 1 | 1 | 1 |
| Chew Mun Yew | 4 | 4 | 4 | 4 | 2 | 2 | 1 | 1 |
| Yap Beng Geok Dorothy ⁽¹⁾ | 4 | 4 | 4 | 4* | 2 | 2* | 1 | 1* |

(1) Alternate Director to Yap Koon Bee @ Louis Yap

* By Invitation

The Company's Articles of Association provide for the Directors to participate in Board and Board Committees meetings by means of telephonic and video conference meetings or in such manner as the Board may determine.

As an added control mechanism, the Company has identified the following areas for which the Board's approval must be sought:

- Approval of quarterly and full-year results announcements for release to the Singapore Exchange Securities Trading Limited (the "SGX-ST");
- Approval of the annual reports and audited financial statements;
- Convening of shareholders' meetings;
- Approval of corporate strategies;
- Approval of material acquisitions and disposal of assets; and
- Approval of major investment and funding decisions.

There was no new Director appointed in the financial year ended 31 March 2015. The Board has and will continue to have in place, an orientation and training programme for newly appointed Directors in order to familiarize them with the Group's business operations, strategic directions, directors' duties and responsibilities, corporate governance practices, regulations and guidelines from SGX-ST. Upon appointment of a new Director, a formal letter setting out his duties and responsibilities will be provided. The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of directors' duties and responsibilities. The Directors are also kept abreast of any relevant new laws, regulations and changing commercial risks, from time to time which are relevant to the Group and the training courses related to the aforesaid will be arranged and funded by the Company.

CORPORATE GOVERNANCE STATEMENT

Board Composition and Guidance

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

The current Board of Directors consists of two Executive Directors, one Non-Executive Director and three Independent Directors. The Directors of the Company are:

Non-Executive Chairman and Independent Director

Ng Jwee Phuan @ Frederick (Eric)

Executive Directors

Low Weng Fatt (Managing Director and Chief Executive Officer ("CEO"))

Siah Boon Hock

Non-Executive Director

Yap Koon Bee @ Louis Yap

Yap Beng Geok Dorothy, Alternate Director to Yap Koon Bee @ Louis Yap

Independent Directors

Tan Sin Huat, Dennis

Chew Mun Yew

The Board considers an "Independent Director" as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company.

The independence of each Director is reviewed annually by the Nominating Committee in accordance with the Code's definition of independence. Each Director is required to complete a 'Confirmation of Independence' form to confirm his independence. The said form, which was drawn up based on the definitions and guidelines set forth in Guideline 2.3 in the Code and the Guidebook for Audit Committees in Singapore issued by Audit Committee Guidance Committee ("**Guidebook**") in October 2008, requires each Director to assess whether he considers himself independent despite not having any of the relationships identified in the Code.

The Nominating Committee has reviewed the forms completed by each Director and is satisfied that half the Board comprises Independent Directors. None of the Directors has served on the Board beyond nine years from the date of his/her appointment.

The composition of the Board is reviewed at least annually by the Nominating Committee. The Nominating Committee is of the view that the Board comprises Directors who have the appropriate balance and diversity of skills, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The Board takes into account the scope and nature of the Company's operations and is of the opinion that the size is ideal to facilitate effective deliberations and decision making of the Board. The Non-Executive and Independent Directors would constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitoring the reporting of performance.

The Non-Executive and Independent Directors are encouraged to meet regularly without the presence of Management so as to facilitate a more effective check on Management.

CORPORATE GOVERNANCE STATEMENT

Chairman and Chief Executive Officer

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

The Company has appointed Ng Jwee Phuan @ Frederick (Eric) as the Non-Executive Chairman with effect from 14 August 2014. As Non-Executive Chairman of the Board, Ng Jwee Phuan @ Frederick (Eric) will assume responsibility to:

- (a) lead the Board to ensure that its effectiveness of the Board in all aspects of its role;
- (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promote a culture of openness and debate at the Board;
- (d) ensure that the directors receive complete, accurate, timely and clear information;
- (e) ensure effective communication with shareholders;
- (f) encourage constructive relations within the Board and between the Board and Management;
- (g) facilitate the effective contribution of Non-Executive Directors in particular; and
- (h) promote high standards of corporate governance.

The roles of the Non-Executive Chairman and the CEO are separate and distinct, each having his own areas of responsibilities. As the highest ranking executive officer of the Group, Low Weng Fatt being the Managing Director and CEO of the Company, has executive responsibilities for the Group's businesses. He is responsible for the effective management and supervision of the daily business operations of the Group.

In view that the Company has complied with Guideline 3.3 of the Code with the appointment of an Independent Director as the Non-Executive Chairman of the Board, Ng Jwee Phuan @ Frederick (Eric) relinquished his position as the Lead Independent Director of the Company with effect from 14 August 2014.

The Board has set clear guidelines in respect of decisions that are to be made by the Board, decisions that are to be made by the Managing Director and CEO in consultation with the Board while leaving it to the judgement of Management as to other matters that ought to be referred to the Board. The Board is of the opinion that the decision making process by the Board has been independent and has been based on collective decisions without any individual exercising any considerable concentration of power or influence.

The Independent Directors are encouraged to meet periodically without the presence of the other Directors, and provide feedback to the Non-Executive Chairman after such meetings.

Board Membership

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

The Nominating Committee currently comprises the following four members, of whom three are Independent Directors:

Chew Mun Yew (Chairman)
Ng Jwee Phuan @ Frederick (Eric)
Tan Sin Huat, Dennis
Low Weng Fatt

CORPORATE GOVERNANCE STATEMENT

The Nominating Committee is governed by its written terms of reference. In accordance with the requirements of the Code, the Chairman of the Nominating Committee is independent. The Nominating Committee reviews board succession plans for Directors, makes recommendations to the Board on all nominations for appointments and re-appointments of Directors to the Board and Board Committees. In addition, the Nominating Committee would review, as and when circumstances require, to arrange for training and professional development programs for the Board. It also ascertains the independence of Directors and evaluates the Board's performance. The Nominating Committee assesses the independence of Directors, based on the guidelines set out in the Code, the Guidebook and any other salient factors.

Following its annual review, the Nominating Committee has affirmed the independent status of Ng Jwee Phuan @ Frederick (Eric), Tan Sin Huat, Dennis and Chew Mun Yew. The Nominating Committee, in recommending the nomination of any Director for re-election and/or re-appointment, considers the contribution of the Director, based on, inter alia, his attendance record, overall participation, expertise, strategic vision, business judgement and sense of accountability.

The Nominating Committee ensures that the Board and its Board Committees members are best suited for their respective appointments and are able to discharge their responsibilities as such members of the Board and/or Board Committees. In addition, the selection of Directors requires careful assessment to ensure there is an equitable distribution of responsibilities among the Directors.

In the nomination and selection process, the Nominating Committee reviews the composition of the Board by taking into consideration the mix of expertise, skills and attributes of existing Board members, so as to identify desirable competencies for a particular appointment. In so doing, it strives to source for candidates who possess the skills and experience that will further strengthen the Board, and are able to contribute to the Company in relevant strategic business areas, in line with the growth and development of the Group.

The Nominating Committee is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations, and there is presently no need to implement internal guidelines to address the competing time commitments. This matter is reviewed on an annual basis by the Nominating Committee. Pursuant to the Company's Articles of Association, every Director (except the Managing Director and CEO, who may be appointed for a term of up to five years) must retire from office at least once every three years by rotation. Directors who are due for retirement are eligible to offer themselves for re-election. New Directors are appointed by way of Board resolution following which they are subject to re-election by shareholders at the next Annual General Meeting.

Each member of the Nominating Committee shall abstain from voting on any resolutions in respect to his re-nomination as a Director.

The Nominating Committee has recommended the re-election of Siah Boon Hock and re-appointment of Yap Koon Bee @ Louis Yap who are retiring at the forthcoming Annual General Meeting to be held on 29 July 2015 (the "**forthcoming AGM**"). The Board has accepted the recommendations and the retiring Directors would be offering themselves for re-election.

Where a vacancy arises, the Nominating Committee will consider each candidate for directorship based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification and experience of such candidate, his ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives. Thereafter, the Nominating Committee will recommend the candidate to the Board for approval. Under the Articles of Association of the Company, a newly-appointed Director shall retire at the Annual General Meeting following his appointment and he shall be eligible for re-election.

CORPORATE GOVERNANCE STATEMENT

Key information regarding the Directors is set out below:

| Name of Director | Date of First Appointment | Date of Last Re-election | Directorship and Chairmanship in Other Listed Companies and Major Appointments (Present and held over preceding 3 years) |
|--------------------------------------|---------------------------|--------------------------|---|
| Ng Jwee Phuan @ Frederick (Eric) | 6 February 2007 | 29 July 2014 | <p>Listed Companies - Present</p> <ol style="list-style-type: none"> Greater Bendigo Gold Mines Limited Richfield International Limited Ephraim Resources Ltd <p>Listed Companies - Preceding 3 Years Nil</p> <p>Major Appointments Nil</p> |
| Low Weng Fatt | 6 February 2007 | Not Applicable | Nil |
| Siah Boon Hock | 6 February 2007 | 26 July 2012 | Nil |
| Yap Koon Bee @ Louis Yap | 6 February 2007 | 29 July 2014* | Nil |
| Tan Sin Huat, Dennis | 31 July 2009 | 26 July 2013 | <p>Listed Companies - Present</p> <ol style="list-style-type: none"> Renewable Energy Asia Group Ltd P99 Holdings Limited <p>Listed Companies - Preceding 3 Years</p> <ol style="list-style-type: none"> Swing Media Technology Group Ltd <p>Major Appointments Nil</p> |
| Chew Mun Yew | 5 August 2013 | 29 July 2014 | Nil |
| Yap Beng Geok Dorothy ⁽¹⁾ | 29 May 2008 | Nil | Nil |

⁽¹⁾ Alternate Director to Yap Koon Bee @ Louis Yap

* Re-appointment as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50

Board Performance

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

In line with the principles of good corporate governance, the Nominating Committee had implemented and continued with an annual performance evaluation for assessing the effectiveness of the Board as a whole and has completed the assessment. The purpose of the evaluation process is to increase the overall effectiveness of the Board. The Nominating Committee had decided unanimously, that the Directors will not be evaluated individually. The Nominating Committee, in considering the re-nomination of any Director, had considered but not limited to the extent of their attendance, participation and contribution in the proceedings of the meetings.

Each Director was requested to complete evaluation forms to assess the overall effectiveness of the Board as a whole. The appraisal process focused on the evaluation of factors such as the size and composition of the Board, the Board's access to information, Board processes and accountability, communication with key management personnel and Directors' standard of conduct. The results of the evaluation are used constructively by the Nominating Committee to identify areas of improvements and recommend to the Board the appropriate action. No external facilitator has been used for the purpose of Board assessment in FY2015.

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

CORPORATE GOVERNANCE STATEMENT

Access to Information

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

To enable the Board to function effectively and to fulfill its responsibilities, the Management strives to provide Board members with adequate and timely information for Board and Board Committees meetings on an on-going basis. Board and Board Committees papers are prepared for each meeting and are disseminated to the Board members before the meetings. Board and Board Committees papers include sufficient information from the Management on financial, business and corporate matters of the Group so as to enable Directors to be properly briefed on matters to be considered at the Board and Board Committees meetings.

Draft agendas for Board and Board Committees meetings are circulated in advance to the respective Chairmen, in order for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agenda.

All Directors have separate and independent access to the Group's key management personnel and Company Secretary at all times. The Company Secretary and/or his representatives administer, attend and prepare minutes of Board and Board Committees meetings, and assist the Chairmen in ensuring that proper procedures at such meetings are followed so that the Board and Board Committees function effectively. The Company Secretary and/or his representatives also assist the Chairmen in ensuring that the Company complies with the requirements of the Companies Act, Chapter 50, the Listing Manual of SGX-ST and other relevant rules and regulations that are applicable to the Company. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Directors may seek independent professional advice in furtherance of their duties and the costs will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The Remuneration Committee currently comprises the following four members, of whom three are Independent Directors:

Tan Sin Huat, Dennis (Chairman)
Ng Jwee Phuan @ Frederick (Eric)
Chew Mun Yew
Yap Koon Bee @ Louis Yap

The Remuneration Committee is governed by its written terms of reference. The principal functions of the Remuneration Committee are, *inter alia*:

- (a) review and recommend to the Board a general framework of remuneration for the Board and key management personnel of the Group;
- (b) review and recommend to the Board specific remuneration packages for each Director, key management personnel and employees who are related to any Director(s) and/or substantial shareholders, covering all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

CORPORATE GOVERNANCE STATEMENT

- (c) review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- (d) review and submit its recommendations for endorsement by the Board, the awards granted under the Chasen Performance Share Plan or any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.

Each member of the Remuneration Committee refrains from voting on any resolutions in respect of the assessment of his remuneration. No Director was involved in determining his own remuneration.

The Remuneration Committee has full authority to engage any external independent professional advice on matters relating to remuneration as and when the need arises.

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 will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director and key management personnel when determining their remuneration packages.

In structuring and reviewing the remuneration packages, the Remuneration Committee seeks to align interests of Directors with those of shareholders and link rewards to corporate and individual performance as well as roles and responsibilities of each Director. Such performance-related remuneration should be aligned with the interest of shareholders and promote long term success of the Company.

The Independent Directors receive Directors' fees and share awards under the Chasen Performance Share Plan, in accordance with their contributions, taking into account factors such as efforts and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors shall not be over-compensated to the extent their independence may be compromised. All Independent Directors are paid Directors' fees that are subject to shareholders' approval at the Annual General Meeting.

The remuneration for the Executive Directors and key management personnel comprise a basic salary component and a variable component, namely, director fees, annual bonus and the share awards under the Chasen Performance Share Plan. The latter is based on the performance of the Group as a whole and their individual performances. The grants of share awards are vested over a period of time through a prescribed vesting schedule.

The Company entered into a service agreement with our Managing Director and CEO, Low Weng Fatt for a fixed appointment period and it does not contain onerous removal clauses. The service agreement allows termination by either party giving not less than six months' notice in writing to the other. The Remuneration Committee is responsible for the review of compensation commitments the service agreement, if any, entails in the event of early termination.

The Board is of the view that the remuneration offered to the Directors and key management personnel is fair and competitive. The Remuneration Committee will carry out annual reviews of the remuneration packages of the Directors and key management personnel, having due regard to their contributions as well as the financial and commercial needs of the Group.

The Remuneration Committee may recommend the Company to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

CORPORATE GOVERNANCE STATEMENT

Disclosure on Remuneration

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

The Company's Directors and key management personnel receiving remuneration from the Group for the financial year ended 31 March 2015 are as follows:

| Remuneration Band | Number of Directors | |
|---------------------------------|---------------------|------|
| | 2015 | 2014 |
| Directors | | |
| \$500,000 and above | 1 | 0 |
| \$250,000 to below \$500,000 | 1 | 2 |
| Below \$250,000 | 4 | 4 |
| Total | 6 | 6 |
| Key Management Personnel | | |
| Below S\$250,000 | 5 | 5 |
| Total | 5 | 5 |

A breakdown of each individual Director's and key management personnel's remuneration, in percentage terms showing the level and mix for the financial year ended 31 March 2015, is as follows:

| | Fees | Salary | Bonus | Other benefits | Total |
|-------------------------------------|------|--------|-------|----------------|-------|
| | % | % | % | % | % |
| Directors | | | | | |
| \$500,000 and above | | | | | |
| Low Weng Fatt | 8.9 | 72.5 | 6.8 | 11.8 | 100 |
| \$250,000 to below \$500,000 | | | | | |
| Siah Boon Hock | 15.2 | 63.6 | 5.9 | 15.3 | 100 |
| Below \$250,000 | | | | | |
| Yap Koon Bee @ Louis Yap | 82.2 | – | – | 17.8 | 100 |
| Ng Jwee Phuan @ Frederick (Eric) | 87.9 | – | – | 12.1 | 100 |
| Tan Sin Huat, Dennis | 77.4 | – | – | 22.6 | 100 |
| Chew Mun Yew | 100 | – | – | – | 100 |
| Yap Beng Geok Dorothy | – | – | – | – | – |
| Key Management Personnel | | | | | |
| \$250,000 to below \$500,000 | | | | | |
| Below \$250,000 | | | | | |
| Chan Cheng Fei | – | 95.0 | 5.0 | – | 100 |
| DixzyQuo Nurman | – | 79.5 | 7.3 | 13.2 | 100 |
| Cheong Tuck Nang | – | 82.2 | 7.6 | 10.2 | 100 |
| Yeo Seck Cheong | – | 91.1 | – | 8.9 | 100 |
| Chiang Mun Hoe Alvin | – | 57.6 | – | 42.4 | 100 |
| Yap Beng Geok Dorothy | – | 74.7 | 6.5 | 18.8 | 100 |

CORPORATE GOVERNANCE STATEMENT

The aggregate total remuneration paid to the above mentioned key management personnel (who are not Directors or the Managing Director and CEO) for the financial year ended 31 March 2015 is approximately S\$1,114,997.

None of the Directors (including the Managing Director and CEO) and the top five key management personnel (who are not Directors or the Managing Director and CEO) of the Company has received any termination, retirement, post-employment benefits for the financial year ended 31 March 2015.

Save for Cheong Tuck Nang, who is the spouse of Yap Beng Geok Dorothy, an Alternate Director of the Company, there is no other employee who is an immediate family member of a Director or the CEO and whose remuneration exceeds S\$50,000 for the financial year ended 31 March 2015.

Due to the highly competitive market, the Company believes it is unwise to disclose the breakdown of the remuneration of the Directors and the key management personnel. The Company has not disclosed exact details of the remuneration of each individual Director as maintaining confidentiality on such matters is desirable in the overall interest of the business. Attracting and retaining capable professional are top priorities for the Group operating in a highly competitive industry.

The Remuneration Committee has reviewed and approved the remuneration packages of the Directors and key management personnel, having due regard to their contributions as well as the financial and commercial needs of the Group and has ensured that the Directors are adequately but not excessively remunerated.

ACCOUNTABILITY AND AUDIT

Accountability

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

The Board understands its accountability to the shareholders on the Group's position, performance and progress.

This accountability to our shareholders is demonstrated through the presentation of our periodic financial statements as well as announcements and news 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 the preparation and circulation to all Board members quarterly financial statements of the Group. This allows the Directors to monitor the Group's performance as well as Management's achievements of the goals and objectives determined and set by the Board.

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.

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. The Company will consider the need to establish a risk management committee to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies when the need arises.

CORPORATE GOVERNANCE STATEMENT

Although the Board acknowledges that it is responsible for the Group's overall system of internal controls, the Board also recognizes that no internal control system will preclude all errors and irregularities. The Group's system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational and compliance risks, and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and that assets are safeguarded.

Relying on the reports from the internal auditors and external auditors and the representation letters from the Management, the Audit Committee carried out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal auditors and external auditors to further improve the internal controls were reported to the Audit Committee. The Audit Committee will follow up on the actions taken by the Management and on the recommendations made by both the internal auditors and external auditors.

Material associates and joint ventures which the Company does not control are not dealt with for the purposes of this Board opinion.

The Directors have received the management representation letters from the Executive Directors and the Chief Financial Officer of the Company and from the Executive Directors, General Managers and Heads of Finance, Operations and Sales of the key subsidiaries as well as Heads of Group functions in relation to the financial information for the financial year ended 31 March 2015.

For the financial year ended 31 March 2015, the Board has received assurance from the Managing Director and CEO as well as the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and the Group's risk management and internal control systems are sufficiently effective.

Based on the various management controls put in place, the reports from the internal auditors and external auditors (to the extent as required by them to form an audit opinion on the statutory financial statements), representation letters from the Management, periodic reviews by the Management, the Board with the concurrence of the Audit Committee is of the opinion that the system of internal controls addressing financial, operational, compliance and information technology risks, and risk management systems, maintained by the Company during the year are adequate and effective.

The Board also notes that all internal control systems and risk management systems contain inherent limitations and no system of internal controls or risk management could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, and/or other irregularities.

As the Group continues to grow its business, the Board will continue to review and take appropriate steps to strengthen the Group's overall system of internal controls and risk management.

Audit Committee

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

The Audit Committee currently comprises the following four members, of whom three are Independent Directors:

Ng Jwee Phuan @ Frederick (Eric) (Chairman)
Tan Sin Huat, Dennis
Chew Mun Yew
Yap Koon Bee @ Louis Yap

CORPORATE GOVERNANCE STATEMENT

The Company has adopted and has complied with the principles of corporate governance under the Code in relation to the roles and responsibilities of the Audit Committee.

The Board is of the view that the members of the Audit Committee are appropriately qualified, having the necessary accounting or related financial management expertise or experience to discharge the Audit Committee's responsibilities.

The Audit Committee is governed by its written terms of reference and will focus principally on assisting the Board in fulfilling its duties by providing an independent and objective review of the financial management process, internal controls and the audit function. The Audit Committee will meet at least four times a year to perform, *inter alia*, the following functions:

(a) Financial Reporting

The Audit Committee reviews the quarterly and annual results announcements, as well as any formal announcements relating to the company's financial performance, with the Management and external auditors before submission to the Board for approval, focusing in particular on significant financial reporting issues and judgements; changes in accounting policies and practices, major risk areas; significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements.

(b) External Audit

The Audit Committee reviews, with the external auditors, the audit plans, the audit report and Management's response and actions to correct any noted deficiencies; to discuss problems and concerns, if any, arising from the review and audits; to review the independence of the external auditors annually; and to recommend to the Board the appointment, re-appointment or removal of the external auditors and approving the remuneration and terms of the engagement of the external auditors. In addition, the Audit Committee meets with the external auditors without the presence of Management at least once a year to discuss any matter that the external auditors may raise during such a meeting.

(c) Internal Audit

The Audit Committee reviews, with the internal auditors, the internal audit plan, the scope and results of the internal audit including the effectiveness of the internal audit process. It ensures that the internal audit function is adequately resourced and has appropriate standing within the Group. It also reviews annually to ensure the adequacy of the internal audit process and monitors the implementation of Management's response to the internal audit findings to ensure that appropriate follow-up measures are taken.

(d) Internal Controls

The Audit Committee reviews and evaluates with internal and external auditors on the adequacy and effectiveness of the Company's system of internal controls, including financial, operational, compliance and information technology controls. The Audit Committee may commission an independent audit on internal controls for its assurance, or where it is not satisfied with the system of internal controls.

(e) Interested Person Transactions

The Audit Committee regularly reviews if the Group will be entering into any interested person transactions ("**Interested Person Transactions**") and if it does, to ensure that the Group complies with the requisite rules under Chapter 9 of the Listing Manual of the SGX-ST.

CORPORATE GOVERNANCE STATEMENT

(f) Whistle-blowing

The Audit Committee reviews arrangements by which staff of the Company and of the Group may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.

The Company has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) appropriate action is taken to correct the weaknesses in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate balanced and fair, while providing reassurance that they will be protected from reprisals or victimization for whistle-blowing in good faith and without malice.

The Audit Committee has full access to the Management and also full discretion to invite any Director or key management personnel to attend its meetings, and has been given reasonable resources to enable it to discharge its function.

In July 2010, the Singapore Exchange Limited and Accounting and Corporate Regulatory Authority had launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the Audit Committee in evaluating the external auditors. Accordingly, the Audit Committee had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the said Guidance.

The Company has paid S\$261,500 to Messrs Mazars LLP, the external auditors, for the financial year ended 31 March 2015. There is no non-audit fee paid to Messrs Mazars LLP.

The Company has complied with Rules 715 and 716 of the Listing Manual of the SGX-ST as all significant Singapore based subsidiaries of the Company are audited by Messrs Mazars LLP for the purposes of the consolidated financial statements of the Company and its subsidiaries. The Board and the Audit Committee are satisfied that the appointment of different auditing firms for the Company's other subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

During the financial year ended 31 March 2015, the Audit Committee met with the external auditors and internal auditors without the presence of the Management.

The Audit Committee has also undertaken a review of the independence and objectivity of the external auditors. The Audit Committee is of the view that the external auditors are independent and the external auditors had also provided a confirmation of their independence to the Audit Committee. The Audit Committee had assessed the external auditors based on factors such as performance, adequacy of resources, experiences of their audit engagement partner and audit team assigned to the Group's audit as well as the size and complexity of the Group. Accordingly, the Audit Committee is satisfied that Rules 712, 715 and 716 of the Listing Manual are complied with and has recommended to the Board of Directors, the nomination of the external auditors for re-appointment at the forthcoming AGM.

In addition to the activities undertaken to fulfil its responsibilities, the Audit Committee is kept abreast by the Management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

CORPORATE GOVERNANCE STATEMENT

As there has been no Interested Person Transactions during the financial year ended 31 March 2015, the Audit Committee is of the opinion that Chapter 9 of the Listing Manual has been complied with. The Audit Committee has nevertheless established the necessary review procedures should Interested Person Transactions arise.

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

The Audit Committee has, within its terms of reference, the authority to obtain independent professional advice at the Company's expense as and when the need arises.

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 that is independent of the activities it audits and has appointed Messrs Baker Tilly TWF LLP to perform an internal audit. The main objective is to identify significant internal control weaknesses in the key business processes of the Group that require the attention of the Audit Committee and Management.

In conducting the internal audit of each subsidiary, the appointed internal auditors pay particular attention to follow-up on the identified inherent and operational risks of that business entity as well as the content of any management letter issued by the external auditors for that particular subsidiary to ensure that the committed rectification measures have been implemented.

The internal auditors also recommend enhancements to each subsidiary's internal controls and risk management procedures, should the internal audit identifies weaknesses, if any. Management will either accept the recommendations or offer alternative measures to meet the objectives of the internal auditors' recommendations. The internal auditors will subsequently follow-up to ensure that the recommended procedures or alternatives offered are implemented.

In the discharge of its function, the internal auditors report directly to the Chairman of the Audit Committee and perform its internal audit in accordance with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditors provide adequate staffing with relevant experience to conduct the internal audits.

The Audit Committee reviews the adequacy and effectiveness of the internal audit function and approves the internal audit plan on an annual basis.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

Communication with Shareholders

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

CORPORATE GOVERNANCE STATEMENT

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.

In line with the continuous disclosure obligations of the Group, the Company is committed to engage in regular and effective communication with its shareholders. It is the Board's policy that shareholders are informed of all major developments that may have an impact on the Group. Pertinent information is communicated to shareholders on a timely basis and is made through:

- annual reports that are prepared and issued to all shareholders;
- periodic results announcements;
- media meetings;
- circulars and notices to the shareholders;
- press releases;
- corporate website at <http://www.chasen.com.sg>; and
- disclosures to the SGX-ST via SGXNET.

The Company does not practice selective disclosure as all material and price-sensitive information is released through SGXNET.

Shareholders are encouraged to attend the Annual General Meeting to ensure a high level of accountability by the Board and Management and to stay informed of the Group's strategies and growth. The participation of shareholders is encouraged at the Company's Annual General Meeting. The Chairmen of the Audit, Remuneration and Nominating Committees will be available at the forthcoming AGM to answer questions relating to the work of these Board Committees. The external auditors will also be present to assist the Directors in addressing to address any shareholders' queries, including those relating to the conduct of audit and the preparation and content of the external auditors' report. The Group fully supports the Code's principle to encourage active shareholders' participation.

If any shareholder is unable to attend, he/she is allowed to appoint more than two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. The Company's Memorandum and Articles of Association currently do not allow a member to appoint more than two proxies to attend and vote at the same general meeting. However, shareholders who hold shares through nominees such as custodian banks are allowed to attend general meetings as observers.

Each item of special business included in the notice of the general meetings will be accompanied by full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at general meetings.

The Company 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. These minutes are available to shareholders upon their request.

The Board will evaluate and assess whether the Company will put all resolutions to vote by poll. In the event a poll is conducted, the Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages.

To enhance and encourage communication with shareholders and investors, the Company provides the contact information of its investor relations in its press releases. Shareholders and investors can send their enquiries to the Company's investor relations who can be reached by email or telephone.

CORPORATE GOVERNANCE STATEMENT

The Company has not formally instituted a dividend policy. The issue of payment of dividend is deliberated by the Board annually having regard to various factors.

Due to the high cost in employing electronic polling and number of shareholders who turn up for the Company's general meetings is manageable, the voting process of the Company is carried out via a show of hands unless a poll is demanded. In the event a poll is conducted, the Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages.

DEALINGS IN SECURITIES

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST in relation to the best practices on dealings in the securities:

- (a) The Company had devised and adopted its own internal compliance code to provide guidance to its officers with regards to dealings by the Company and its officers in its securities;
- (b) Officers of the Company did not deal in the Company's securities on short-term considerations; and
- (c) The Company and its officers did not deal in the Company's shares (i) during the periods commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements, ending on the date of the announcement of the relevant results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, the Directors and Management are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

INTERESTED PERSON TRANSACTIONS

Details of Interested Person Transactions, if any, for the financial year ended 31 March 2015 are disclosed in the audited financial statements. To ensure compliance with the relevant rules under Chapter 9 of the Listing Manual on interested person transactions, the Board and Audit Committee regularly reviews if the Company will be entering into any interested person transaction and if it does, to ensure that the Company complies with the requisite rules under Chapter 9. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

There was no Interested Person Transactions exceeding S\$100,000 for the year under review.

MATERIAL CONTRACTS

Other than disclosed in the audited financial statements, there was no material contract entered into by the Company or its subsidiaries involving the interest of any Director or controlling shareholder subsisting as at 31 March 2015.

CORPORATE GOVERNANCE STATEMENT

UPDATE ON USE OF RIGHTS ISSUE PROCEEDS AND PROCEEDS FROM EXERCISED WARRANTS

As disclosed in the Company's results announcement for the financial year ended 31 March 2015, the net proceeds from the subscription of the Warrants Issue of S\$0.9 million and net proceeds from the exercise of warrants W170320 of S\$0.8 million from 1 April 2014 up to 31 March 2015 were deposited into the Company's common bank account used for all of the Company's expenses, including the payment of administrative expenses incurred in the ordinary course of business. The use of the net proceeds for working capital purposes were as follows:

| | S\$' million |
|---|--------------|
| Net proceeds from subscription of the Warrants Issue (after deducting professional fees and related expenses) | 0.9 |
| Net proceeds from exercise of warrants W170320 from the Warrants Issue | 0.8 |
| Amount utilized as working capital:- | |
| Operating payables | (0.8) |
| Listing and compliance expenses | (0.2) |
| Professional fee and annual report expenses | (0.1) |
| Warehouse rental | (0.3) |
| Insurance | (0.2) |
| Utilities | (0.1) |
| Balance as at 31 March 2015 | - |

REPORT OF THE DIRECTORS

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Chasen Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”), and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2015.

1. Directors

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

Non-executive Chairman and Independent directors

Ng Jwee Phuan @ Frederick (Eric)

Executive directors

Low Weng Fatt

Siah Boon Hock

Non-executive directors

Yap Koon Bee @ Louis Yap

Yap Beng Geok Dorothy (Alternate director to Yap Koon Bee @ Louis Yap)

Independent directors

Tan Sin Huat, Dennis

Chew Mun Yew

2. Arrangements to enable directors to acquire shares or debentures

Except as disclosed in paragraph 3, 5, 6 and 7 of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3. Directors' interests in shares, warrants or debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the “Act”), except as disclosed below:

| Name of the directors and respective companies in which interests are held | Direct interest | | Deemed interest | |
|--|------------------------------------|------------------------------|------------------------------------|------------------------------|
| | At beginning of the financial year | At end of the financial year | At beginning of the financial year | At end of the financial year |
| The Company | ← Number of ordinary shares → | | | |
| Ng Jwee Phuan @ Frederick (Eric) ⁽¹⁾ | – | 56,000 | 439,750 | 615,650 |
| Low Weng Fatt ⁽²⁾ | 50,659,708 | 50,883,708 | 265,000 | 265,000 |
| Siah Boon Hock ⁽³⁾ | 10,656,901 | 10,824,901 | – | – |
| Yap Koon Bee @ Louis Yap ⁽⁴⁾ | 34,946,583 | 35,002,583 | – | – |
| Tan Sin Huat, Dennis ⁽⁵⁾ | 34,000 | 10,500 | – | 79,500 |
| Chew Mun Yew | – | – | – | – |
| Yap Beng Geok Dorothy ⁽⁶⁾ | 123,250 | 179,250 | 7,851,912 | 7,945,912 |

REPORT OF THE DIRECTORS

3. Directors' interests in shares, warrants or debentures (Continued)

By virtue of Section 7 of the Act, Low Weng Fatt is deemed to have an interest in all related corporations of the Company.

There was no change in any of the above-mentioned interest in the Company between the end of the financial year and 21 April 2015.

Notes:

- (1) Ng Jwee Phuan @ Frederick (Eric) holds 42,375 warrants, pursuant to Rights Shares cum Warrants Issue, entitling him to subscribe for an equivalent number of shares at the exercise price of S\$0.30 each. He is deemed to be interested in the 615,650 shares held by S'pore Noms Pte Ltd.
- (2) Low Weng Fatt holds 5,263,883 warrants, pursuant to Chasen Warrants Issue, entitling him to subscribe for an equivalent number of shares at the exercise price of S\$0.12 each. He is deemed to be interested in the 265,000 shares, 27,500 warrants pursuant to Rights Shares cum Warrants Issue at the exercise price of S\$0.30 and 106,000 warrants pursuant to Chasen Warrants Issue at the exercise price of S\$0.12, held by his spouse.
- (3) Siah Boon Hock holds 2,000,000 warrants, pursuant to Chasen Warrants Issue, entitling him to subscribe for an equivalent number of shares at the exercise price of S\$0.12 each.
- (4) Yap Koon Bee @ Louis Yap holds 1,000,000 warrants, pursuant to Chasen Warrants Issue, entitling him to subscribe for an equivalent number of shares at the exercise price of S\$0.12 each.
- (5) Tan Sin Huat, Dennis holds 13,000 warrants, pursuant to Chasen Warrants Issue, entitling him to subscribe for an equivalent number of shares at the exercise price of S\$0.12 each. He is deemed to be interested in the 79,500 shares held by DBS Nominees Pte Ltd.
- (6) Yap Beng Geok Dorothy holds 9,625 warrants, pursuant to Rights Shares cum Warrants Issue and 1,189,300 warrants, pursuant to Chasen Warrants Issue, entitling her to subscribe for an equivalent number of shares at the exercise price of S\$0.30 and S\$0.12 each, respectively. She is deemed to be interested in the 7,945,912 shares held by her spouse.

4. Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5. Chasen Performance Share Plan

The Chasen Performance Share Plan (the "Plan") was approved and adopted by the members of the Company at the Extraordinary General Meeting held on 16 May 2007.

The Plan is administered by the Remuneration Committee which comprises Tan Sin Huat, Dennis, Ng Jwee Phuan @ Frederick (Eric), Chew Mun Yew and Yap Koon Bee @ Louis Yap.

Under the Plan, eligible participants are conferred rights by the Company on shares to be issued or transferred ("Awards"). The Plan contemplates the award of fully paid shares free of charge when and after pre-determined performance or service conditions are accomplished and/or due recognition is given to any good work performance and/or any significant contribution to the Company.

The rationale of the Plan is to provide an opportunity for the Directors and full-time employees of the Group to participate in the equity of the Company so as to align their interest with that of the shareholders. It would also give recognition to employees of the Group who have contributed to its success and to motivate them to greater dedication, loyalty and higher standard of performance. The participants are not required to pay for the grant of Awards or for the shares allocated pursuant to the Awards.

REPORT OF THE DIRECTORS

5. Chasen Performance Share Plan (Continued)

From the commencement of the Plan to 31 March 2015, awards comprising an aggregate of 5,314,562 shares have been granted.

As at 31 March 2015, details of performance shares awarded under the Plan are set out as below:

| Date of grant | Share Awards granted since commencement of Plan to end of financial year under review | Share Awards vested since commencement of Plan to end of financial year under review | Share Awards cancelled since commencement of Plan to end of financial year under review | Share Awards outstanding as at end of financial year under review |
|------------------|---|--|---|---|
| 23 August 2007 | 476,000 | (476,000) | Nil | Nil |
| 1 September 2008 | 970,000 | (864,500) | (105,500) | Nil |
| 27 July 2009 | 189,000 | (189,000) | Nil | Nil |
| 22 February 2010 | 1,346,912 | (1,307,282) | (39,630) | Nil |
| 31 March 2011 | 1,069,200 | (937,180) | (132,020) | Nil |
| 30 March 2012 | 1,263,450 | (1,167,260) | (96,190) | Nil |

Note: As at 31 March 2015, the total number of share awards granted to the Directors and employees of the Company and its subsidiaries since the commencement of the Plan to the end of the financial year ended 31 March 2015 is 5,314,562.

The performance shares awarded to Directors and controlling shareholders and their associates are as follows:

| Name of participant | Awards granted during financial year under review | Aggregate Awards granted since commencement of Plan to end of financial year under review | Aggregate Awards vested since commencement of Plan to end of financial year under review | Aggregate Awards outstanding as at end of financial year under review |
|----------------------------------|---|---|--|---|
| Ng Jwee Phuan @ Frederick (Eric) | Nil | 160,000 | (160,000) | Nil |
| Low Weng Fatt * | Nil | 640,000 | (640,000) | Nil |
| Siah Boon Hock | Nil | 480,000 | (480,000) | Nil |
| Yap Koon Bee @ Louis Yap * | Nil | 160,000 | (160,000) | Nil |
| Tan Sin Huat, Dennis | Nil | 90,000 | (90,000) | Nil |
| Yap Beng Geok Dorothy | Nil | 160,000 | (160,000) | Nil |

* Low Weng Fatt and Yap Koon Bee @ Louis Yap are the only controlling shareholders.

6. Warrants

On 6 May 2010, the Company issued 36,373,444 warrants, pursuant to Rights Shares cum Warrants Issue, each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at the exercise price of S\$0.30 during the period commencing on and including the date of issue of the warrants and expiring on the date immediately preceding the fifth (5th) anniversary of such date of issue. The warrants have expired on 5 May 2015.

REPORT OF THE DIRECTORS

6. Warrants (Continued)

On 21 March 2014, the Company issued 100,566,756 warrants, pursuant to Chasen Warrants Issue, at an issue price of S\$0.01 for each warrant, each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at the exercise price of S\$0.12 during the period commencing on and including the date of issue of the warrants and expiring on the date immediately preceding the third (3rd) anniversary of such date of issue.

As at the date of this report, details of the warrants issued by the Company are set out as below:

| Date of issue | Warrants issued | Warrants outstanding | Issue price | Expiry date |
|---------------|-----------------|----------------------|-------------|---------------|
| 21 March 2014 | 100,566,756 | 93,578,870 | 0.12 | 20 March 2017 |

7. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

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

8. Audit Committee

The Audit Committee ("AC") of the Company comprises four non-executive directors. The members of the AC at the date of this report are:

Ng Jwee Phuan @ Frederick (Eric) – Chairman
Tan Sin Huat, Dennis
Chew Mun Yew
Yap Koon Bee @ Louis Yap

The AC has convened four meetings during the financial year with key management and the internal and external auditors of the Company.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. In performing those functions, the AC review:

- (i) the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group, and the assistance given by the Group's and the Company's management to the external auditors;
- (ii) the audit plans of the internal auditors of the Group, the evaluation of the adequacy of the Group's system of internal accounting controls, and the assistance given by the Group's and the Company's management to the internal auditors;

REPORT OF THE DIRECTORS

8. Audit Committee (Continued)

- (iii) the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the Board of Directors;
- (iv) the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
- (v) the effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- (vi) met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (vii) the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators;
- (viii) the interested person transactions in accordance with Singapore Exchange Securities Trading Limited's Listing Manual;
- (ix) the nomination of external auditors recommended to the board of directors and approves their compensation; and
- (x) the submission of report of actions and minutes of the AC to the Board of Directors with any recommendations as the AC considers appropriate.

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

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

9. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Low Weng Fatt
Director

Siah Boon Hock
Director

Singapore
26 June 2015

STATEMENT BY THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the Group, and the statement of financial position of the Company are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; 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.

On behalf of the Board of Directors

Low Weng Fatt
Director

Siah Boon Hock
Director

Singapore
26 June 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHASEN HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Chasen Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 March 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 49 to 124.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

MAZARS LLP

Public Accountants and
Chartered Accountants

Singapore
26 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

| | | Group | |
|--|------|-----------------|-----------------|
| | Note | 2015 S\$'000 | 2014 S\$'000 |
| Revenue | 4 | 98,800 | 101,479 |
| Cost of sales | | (78,108) | (79,023) |
| Gross profit | | 20,692 | 22,456 |
| Other operating income | 5 | 3,688 | 2,290 |
| Distribution and selling expenses | | (6,539) | (5,598) |
| Administrative expenses | | (13,303) | (11,765) |
| Other operating expenses | | (603) | (2,849) |
| Finance expenses | 6 | (1,246) | (886) |
| Share of results of an associate | | (361) | – |
| Profit before income tax | 7 | 2,328 | 3,648 |
| Income tax expense | 9 | (96) | (248) |
| PROFIT FOR THE FINANCIAL YEAR | | 2,232 | 3,400 |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Net loss on fair value changes of available-for-sale financial assets | 18 | (812) | (292) |
| Fair value of consideration injected in an associate | 27 | – | 409 |
| Net gain on fair value changes arising from net assets acquired | 27 | – | 1,370 |
| Exchange differences on translating foreign operations | | 1,910 | 359 |
| Other comprehensive income for the financial year, net of tax | | 1,098 | 1,846 |
| TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR | | 3,330 | 5,246 |
| Profit for the financial year attributable to: | | | |
| Owners of the Company | | 2,240 | 2,502 |
| Non-controlling interests | | (8) | 898 |
| Profit for the financial year | | 2,232 | 3,400 |
| Total comprehensive income for the financial year attributable to: | | | |
| Owners of the Company | | 3,200 | 4,362 |
| Non-controlling interests | | 130 | 884 |
| Total comprehensive income for the financial year | | 3,330 | 5,246 |
| Earnings per share for profit attributable to owners of the Company (cents per share) | | | |
| Basic | 10 | 0.83 | 0.99 |
| Diluted | 10 | 0.78 | 0.98 |

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2015

| | Note | Group | | Company | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Investment property | 11 | 950 | – | – | – |
| Property, plant and equipment | 12 | 28,079 | 23,824 | – | – |
| Investments in subsidiaries | 13 | – | – | 38,075 | 38,075 |
| Investments in associates | 14 | 1,085 | 1,409 | 200 | 200 |
| Goodwill on consolidation | 15 | 10,638 | 10,638 | – | – |
| Intangible assets | 16 | 547 | 726 | – | – |
| Club membership | 17 | 8 | 9 | – | – |
| Available-for-sale financial assets | 18 | 243 | 1,055 | 243 | 1,055 |
| Deferred tax assets | 30 | 1,416 | – | – | – |
| Other receivables, deposits and prepayments | 22 | 408 | 408 | 214 | 214 |
| Total non-current assets | | 43,374 | 38,069 | 38,732 | 39,544 |
| Current assets | | | | | |
| Inventories | 19 | 4,243 | 3,152 | – | – |
| Gross amount due from customers on contract work-in-progress | 20 | 2,043 | 3,816 | – | – |
| Trade receivables | 21 | 40,606 | 35,597 | – | – |
| Other receivables, deposits and prepayments | 22 | 16,663 | 11,861 | 150 | 344 |
| Amounts due from subsidiaries | 23 | – | – | 39,920 | 30,857 |
| Cash and cash equivalents | 24 | 13,130 | 14,747 | 530 | 1,672 |
| Total current assets | | 76,685 | 69,173 | 40,600 | 32,873 |
| Total assets | | 120,059 | 107,242 | 79,332 | 72,417 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 25 | 49,995 | 43,688 | 79,523 | 73,216 |
| Treasury shares | 26 | (93) | (146) | (93) | (146) |
| Other reserves | 27 | (861) | (1,328) | (4,194) | (2,889) |
| Retained profits | | 16,384 | 14,404 | 1,164 | 407 |
| Equity attributable to owners of the Company | | 65,425 | 56,618 | 76,400 | 70,588 |
| Non-controlling interests | | 4,895 | 4,845 | – | – |
| Total equity | | 70,320 | 61,463 | 76,400 | 70,588 |

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2015

| | Note | Group | | Company | |
|--------------------------------------|------|-----------------|-----------------|-----------------|-----------------|
| | | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Non-current liabilities | | | | | |
| Bank loans | 28 | 4,831 | 3,539 | 1,462 | – |
| Finance lease payables | 29 | 2,271 | 1,912 | – | – |
| Deferred tax liabilities | 30 | 902 | 881 | – | – |
| Total non-current liabilities | | 8,004 | 6,332 | 1,462 | – |
| Current liabilities | | | | | |
| Bank overdrafts | 28 | 661 | 766 | – | – |
| Bank loans | 28 | 18,855 | 17,152 | 365 | 1,000 |
| Finance lease payables | 29 | 1,587 | 1,865 | – | – |
| Trade payables | 31 | 11,370 | 13,000 | – | – |
| Other payables and accruals | 32 | 7,962 | 6,263 | 1,105 | 829 |
| Income tax payable | | 1,300 | 401 | – | – |
| Total current liabilities | | 41,735 | 39,447 | 1,470 | 1,829 |
| Total liabilities | | 49,739 | 45,779 | 2,932 | 1,829 |
| Total equity and liabilities | | 120,059 | 107,242 | 79,332 | 72,417 |

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

| 2015 Group | Equity, total | Note | Attributable to owners of the Company | | | | | | | | | | |
|---|---------------|------|---|---------------|-----------------|------------------|-----------------------|-----------------|------------------|--------------------------------------|--------------------------------|-------------------------------|---------------------------|
| | | | Equity attributable to owners of the Company, total | Share capital | Treasury shares | Retained profits | Other reserves, total | Capital reserve | Warrants reserve | Foreign currency translation reserve | Performance share plan reserve | Fair value adjustment reserve | Non-controlling interests |
| | S\$'000 | | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 1 April 2014 | 61,463 | | 56,618 | 43,688 | (146) | 14,404 | (1,328) | 1,848 | 866 | (287) | 410 | (4,165) | 4,845 |
| Profit for the financial year | 2,232 | | 2,240 | - | - | 2,240 | - | - | - | - | - | - | (8) |
| <u>Other comprehensive income</u> | | | | | | | | | | | | | |
| Net loss on fair value changes of available-for-sale financial assets | (812) | 18 | (812) | - | - | - | (812) | - | - | - | - | (812) | - |
| Exchange differences on translating foreign operations | 1,910 | | 1,772 | - | - | - | 1,772 | - | - | 1,772 | - | - | 138 |
| Other comprehensive income for the financial year, net of tax | 1,098 | | 960 | - | - | - | 960 | - | - | 1,772 | - | (812) | 138 |
| Total comprehensive income for the financial year | 3,330 | | 3,200 | - | - | 2,240 | 960 | - | - | 1,772 | - | (812) | 130 |

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

| 2015 Group (Continued) | Equity, total S\$'000 | Note | ← Attributable to owners of the Company → | | | | | | | | | | |
|---|-----------------------------|--------|---|-----------------------------|-------------------------------|--------------------------------|--|-------------------------------|--------------------------------|--|---|---|---|
| | | | Equity attributable to owners of the Company, total S\$'000 | Share capital S\$'000 | Treasury shares S\$'000 | Retained profits S\$'000 | Other reserves, total S\$'000 | Capital reserve S\$'000 | Warrants reserve S\$'000 | Foreign currency translation reserve S\$'000 | Performance share plan reserve S\$'000 | Fair value adjustment reserve S\$'000 | Non- controlling interests S\$'000 |
| Contributions by and distributions to owners | | | | | | | | | | | | | |
| Shares issued pursuant to exercise of warrants | 839 | 25, 27 | 839 | 897 | - | - | (58) | - | - | - | - | - | - |
| Shares issued for acquisition of a property | 5,000 | 25 | 5,000 | 5,000 | - | - | - | - | - | - | - | - | - |
| Warrants issue expenses | (25) | 27 | (25) | - | - | - | (25) | - | - | - | - | - | - |
| Transfer of treasury shares from performance share plan reserve | - | 26 | - | - | 53 | - | (53) | - | - | (53) | - | - | - |
| Vesting of performance share plan | - | | - | 410 | - | - | (410) | - | - | (410) | - | - | - |
| Cost of share-based payments | 53 | | 53 | - | - | - | 53 | - | - | 53 | - | - | - |
| Dividends paid | (340) | 41 | (260) | - | - | (260) | - | - | - | - | - | - | (80) |
| Total contributions by and distributions to owners | 5,527 | | 5,607 | 6,307 | 53 | (260) | (493) | - | (83) | (410) | - | (80) | (80) |
| Total transactions with owners in their capacity as owners | 5,527 | | 5,607 | 6,307 | 53 | (260) | (493) | - | (83) | (410) | - | (80) | (80) |
| Balance at 31 March 2015 | 70,320 | | 65,425 | 49,995 | (93) | 16,384 | (861) | 1,848 | 783 | 1,485 | - | (4,977) | 4,895 |

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

| 2014 Group | Equity, total | Note | Attributable to owners of the Company | | | | | | | | | | | | |
|---|---------------|------|---|---------------|-----------------|------------------|-----------------------|-----------------|------------------|--------------------------------------|--------------------------------|-------------------------------|---------------------------|---------|---------|
| | | | Equity attributable to owners of the Company, total | Share capital | Treasury shares | Retained profits | Other reserves, total | Capital reserve | Warrants reserve | Foreign currency translation reserve | Performance share plan reserve | Fair value adjustment reserve | Non-controlling interests | | |
| | S\$'000 | | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 1 April 2013 | 54,112 | | 50,242 | 42,037 | (7) | 12,405 | (4,193) | 69 | - | (660) | 271 | (3,873) | 3,870 | | |
| Profit for the financial year | 3,400 | | 2,502 | - | - | - | - | - | - | - | - | - | 898 | | |
| Other comprehensive income | | | | | | | | | | | | | | | |
| Net loss on fair value changes of available-for-sale financial assets | (292) | 18 | (292) | - | - | - | (292) | - | - | - | - | (292) | - | | |
| Fair value of consideration injected in an associate | 409 | 27 | 409 | - | - | - | 409 | 409 | - | - | - | - | - | | |
| Net gain on fair value changes arising from the net assets acquired | 1,370 | 27 | 1,370 | - | - | - | 1,370 | 1,370 | - | - | - | - | - | | |
| Exchange differences on translating foreign operations | 359 | | 373 | - | - | - | 373 | - | - | 373 | - | - | (14) | | |
| Other comprehensive income for the financial year, net of tax | 1,860 | | 1,860 | - | - | - | 1,860 | 1,779 | - | 373 | - | (292) | (14) | | |
| Total comprehensive income for the financial year | 5,246 | | 4,362 | - | - | 2,502 | 1,860 | 1,779 | - | 373 | - | (292) | 884 | | |

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

| | ← Attributable to owners of the Company → | | | | | | | | | | | |
|---|---|---|---------------|-----------------|------------------|-----------------------|-----------------|------------------|--------------------------------------|--------------------------------|-------------------------------|---------------------------|
| | Equity, total | Equity attributable to owners of the Company, total | Share capital | Treasury shares | Retained profits | Other reserves, total | Capital reserve | Warrants reserve | Foreign currency translation reserve | Performance share plan reserve | Fair value adjustment reserve | Non-controlling interests |
| 2014 Group (Continued) | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Contributions by and distributions to owners | | | | | | | | | | | | |
| Shares issued pursuant to exercise of warrants | 1,651 | 1,651 | - | - | - | - | - | - | - | - | - | - |
| Issuance of warrants (net of issue expenses) | 866 | 866 | - | - | - | 866 | - | - | - | - | - | - |
| Purchase of treasury shares | (139) | (139) | - | (139) | - | - | - | - | - | - | - | - |
| Cost of share-based payments | 139 | 139 | - | - | - | 139 | - | - | 139 | - | - | - |
| Dividends paid | (493) | (493) | - | - | (493) | - | - | - | - | - | - | - |
| Total contributions by and distributions to owners | 2,024 | 2,024 | 1,651 | (139) | (493) | 1,005 | - | 866 | 139 | - | - | - |
| Changes in ownership interests in subsidiaries | | | | | | | | | | | | |
| Disposal of a subsidiary | (139) | - | - | - | - | - | - | - | - | - | - | (139) |
| Effect on change in parent's ownership interest in a subsidiary | 209 | - | - | - | - | - | - | - | - | - | - | 209 |
| Divestment of a subsidiary to non-controlling interests | 11 | (10) | - | - | (10) | - | - | - | - | - | - | 21 |
| Total changes in ownership interests in subsidiaries | 81 | (10) | - | - | (10) | - | - | - | - | - | - | 91 |
| Total transactions with owners in their capacity as owners | 2,105 | 2,014 | 1,651 | (139) | (503) | 1,005 | - | 866 | 139 | - | - | 91 |
| Balance at 31 March 2014 | 61,463 | 56,618 | 43,688 | (146) | 14,404 | (1,328) | 1,848 | 866 | (287) | 410 | (4,165) | 4,845 |

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

| 2015 Company | Note | Equity, total | Share capital | Treasury shares | Retained profits | Other reserves, total | Warrants reserve | Performance share plan reserve | Fair value adjustment reserve |
|---|--------|------------------|------------------|--------------------|---------------------|-----------------------------|---------------------|--------------------------------------|-------------------------------------|
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 1 April 2014 | | 70,588 | 73,216 | (146) | 407 | (2,889) | 866 | 410 | (4,165) |
| Profit for the financial year | | 1,017 | - | - | 1,017 | - | - | - | - |
| <u>Other comprehensive loss</u> | | | | | | | | | |
| Net loss on fair value changes of available-for-sale financial assets | 18 | (812) | - | - | - | (812) | - | - | (812) |
| Other comprehensive loss for the financial year, net of tax | | (812) | - | - | - | (812) | - | - | (812) |
| Total comprehensive income for the financial year | | 205 | - | - | 1,017 | (812) | - | - | (812) |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | |
| Vesting of performance share plan | | - | 410 | - | - | (410) | - | (410) | - |
| Transfer of treasury shares from performance share plan reserve | 26 | - | - | 53 | - | (53) | - | (53) | - |
| Shares issued pursuant to exercise of warrants | 25, 27 | 839 | 897 | - | - | (58) | (58) | - | - |
| Warrants issue expenses | 27 | (25) | - | - | - | (25) | (25) | - | - |
| Shares issued for acquisition of a property | 25 | 5,000 | 5,000 | - | - | - | - | - | - |
| Cost of share-based payments | | 53 | - | - | - | 53 | - | 53 | - |
| Dividends paid | 41 | (260) | - | - | (260) | - | - | - | - |
| Total transactions with owners in their capacity as owners | | 5,607 | 6,307 | 53 | (260) | (493) | (83) | (410) | - |
| Balance at 31 March 2015 | | 76,400 | 79,523 | (93) | 1,164 | (4,194) | 783 | - | (4,977) |

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

| 2014 Company | Note | Equity, total | Share capital | Treasury shares | Retained profits | Other reserves, total | Warrants reserve | Performance share plan reserve | Fair value adjustment reserve |
|---|------|------------------|------------------|--------------------|---------------------|-----------------------------|---------------------|--------------------------------------|-------------------------------------|
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 1 April 2013 | | 69,136 | 71,565 | (7) | 1,180 | (3,602) | - | 271 | (3,873) |
| Loss for the financial year | | (280) | - | - | (280) | - | - | - | - |
| <u>Other comprehensive loss</u> | | | | | | | | | |
| Net loss on fair value changes of available-for-sale financial assets | 18 | (292) | - | - | - | (292) | - | - | (292) |
| Other comprehensive loss for the financial year, net of tax | | (292) | - | - | - | (292) | - | - | (292) |
| Total comprehensive loss for the financial year | | (572) | - | - | (280) | (292) | - | - | (292) |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | |
| Shares issued pursuant to exercise of warrants | 25 | 1,651 | 1,651 | - | - | - | - | - | - |
| Issuance of warrants (net of issue expense) | 27 | 866 | - | - | - | 866 | 866 | - | - |
| Purchase of treasury shares | 26 | (139) | - | (139) | - | - | - | - | - |
| Cost of share-based payments | | 139 | - | - | - | 139 | - | 139 | - |
| Dividends paid | 41 | (493) | - | - | (493) | - | - | - | - |
| Total transactions with owners in their capacity as owners | | 2,024 | 1,651 | (139) | (493) | 1,005 | 866 | 139 | - |
| Balance at 31 March 2014 | | 70,588 | 73,216 | (146) | 407 | (2,889) | 866 | 410 | (4,165) |

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

| | Note | Group | |
|---|----------|-----------------|-----------------|
| | | 2015 S\$'000 | 2014 S\$'000 |
| Operating activities | | | |
| Profit before income tax | | 2,328 | 3,648 |
| Adjustments for: | | | |
| Allowance for doubtful trade receivables, net | 21 | 99 | 1,230 |
| Amortization of club membership | 17 | 1 | 1 |
| Amortization of intangible assets | 16 | 196 | 194 |
| Bad debts written off | 7 | 55 | 612 |
| Depreciation of property, plant and equipment | 12 | 5,688 | 5,631 |
| Interest income | 5 | (82) | (75) |
| Interest expense | 6 | 1,246 | 886 |
| Inventory obsolescence/written off | 7 | 7 | 38 |
| Loss on disposal of a subsidiary | 7, 13(d) | – | 153 |
| Net fair value gains on investment property | 5, 11 | (542) | – |
| Net (gain)/loss on disposal of property, plant and equipment | 5, 7 | (741) | 3 |
| Property, plant and equipment written-off | 7 | 58 | 106 |
| Share-based payment expenses | | 53 | 139 |
| Share of results of an associate | 14 | 361 | – |
| Written back of allowance for doubtful other receivables | 5 | (24) | – |
| Operating cash flows before movements in working capital | | 8,703 | 12,566 |
| Changes in working capital: | | | |
| Inventories | | (1,097) | (842) |
| Gross amount due from customers on contract work-in-progress | | 1,773 | (3,227) |
| Trade and other receivables | | (10,163) | (4,592) |
| Trade and other payables | | 70 | 5,492 |
| Cash (used in)/generated from operations | | (714) | 9,397 |
| Income taxes paid | | (592) | (226) |
| Net cash (used in)/generated from operating activities | | (1,306) | 9,171 |
| Investing activities | | | |
| Disposal of a subsidiary, net of cash outflow | 13(d) | – | (1) |
| Divestment of a subsidiary to non-controlling interests | 13(b) | – | 11 |
| Increase in non-controlling interests | | – | 209 |
| Interest received | | 82 | 75 |
| Net gain on fair value changes arising from net assets acquired | 27 | – | 1,370 |
| Purchase of property, plant and equipment | 12 | (2,308) | (6,074) |
| Proceeds from disposal of property, plant and equipment | | 1,116 | 126 |
| Effect of foreign currency re-alignment on investing activities | | 1,161 | 26 |
| Net cash generated from/(used in) investing activities | | 51 | (4,258) |

The accompanying 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 2015

| | Note | Group | |
|---|------|-----------------|-----------------|
| | | 2015 S\$'000 | 2014 S\$'000 |
| Financing activities | | | |
| Dividend paid to owners of the Company | 41 | (260) | (493) |
| Dividend paid to non-controlling interests | 41 | (80) | – |
| Interest paid | | (1,246) | (886) |
| Proceeds from exercise of warrants | 25 | 839 | 1,651 |
| Proceeds from warrants issue | 27 | – | 866 |
| Warrants issue expenses | | (25) | – |
| Proceeds from bank loans | | 140,424 | 87,000 |
| Purchase of treasury shares | 26 | – | (139) |
| Repayment of bank loans | | (137,795) | (83,061) |
| Repayment of finance lease payables | | (2,414) | (2,210) |
| Release/(Placement) of pledged fixed deposits with banks | | 1,116 | (3,637) |
| Net cash generated from/(used in) financing activities | | 559 | (909) |
| Net (decrease)/increase in cash and cash equivalents | | (696) | 4,004 |
| Effect of exchange rate changes on cash and cash equivalents | | 300 | 59 |
| Cash and cash equivalents at beginning of financial year | | 8,969 | 4,906 |
| Cash and cash equivalents at end of financial year | 24 | 8,573 | 8,969 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Chasen Holdings Limited (the "Company") (Registration Number: 199906814G) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The registered office and principal place of business of the Company is located at 18 Jalan Besut Singapore 619571.

The principal activity of the Company is that of investment holding. The principal activities of the respective subsidiaries are disclosed in Note 13 to the financial statements.

The consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 March 2015 were authorized for issue by the Board of Directors on 26 June 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are presented in Singapore dollar ("S\$" or "SGD") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("S\$'000"), unless otherwise indicated.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the annual periods beginning on or after 1 April 2014. The adoption of these new or revised FRS and INT FRS did not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

FRS and INT FRS issued but not yet effective

At the date of authorization of these financial statements, the following FRS, INT FRS and amendments to FRS were issued but not yet effective:

| | <i>Description</i> | <i>Effective date (annual periods beginning on or after)</i> |
|------------|---|--|
| FRS 19 | Amendments to FRS 19: <i>Defined Employee Plans: Employee Contributions</i> | 1 July 2014 |
| FRS 1 | Amendments to FRS 1: <i>Disclosure Initiative</i> | 1 January 2016 |
| FRS 16, 38 | Amendments FRS 16 and FRS 38: <i>Clarification of Acceptance Methods of Depreciation and Amortisation</i> | 1 January 2016 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

| | <i>Description</i> | <i>Effective date (annual periods beginning on or after)</i> |
|------------------|--|--|
| FRS 16, 41 | Amendments to FRS 16 and FRS 41: <i>Agriculture: Bearer Plants</i> | 1 January 2016 |
| FRS 27 | Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i> | 1 January 2016 |
| FRS 110, 28 | Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | 1 January 2016 |
| FRS 110, 112, 28 | Amendments to FRS 110, FRS 112 and FRS 28: <i>Investment Entities: Applying the Consolidation Exception</i> | 1 January 2016 |
| FRS 111 | Amendments to FRS 111: <i>Accounting Acquisitions of Interest in Joint Operations</i> | 1 January 2016 |
| FRS 114 | <i>Regulatory Deferral Accounts</i> | 1 January 2016 |
| FRS 115 | <i>Revenue from Contracts with Customers</i> | 1 January 2017 |
| FRS 109 | <i>Financial Instruments</i> | 1 January 2018 |
| Various | Improvements to FRSs (January 2014) | Various |
| Various | Improvements to FRSs (February 2014) | Various |
| Various | Improvements to FRSs (November 2014) | Various |

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company have not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in the financial year ended 31 March 2015. Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's and the Company's significant accounting policies and presentation of the financial information will result.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cash flows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognized in profit or loss in the Company's separate financial statements.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at the lower of cost and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

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

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-Based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

Goodwill arising on acquisition is recognized as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Sale of goods

Revenue from the sale of goods is recognized when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; is able to reliably measure the amount of revenue and the costs incurred or to be incurred in respect of the transaction; and assesses that it is probable for the economic benefits associated with the transaction to flow to the entity.

Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognized by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees included in the price of products sold are recognized by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold;
- revenue from charging of time for labour and material contracts are recognized at the contractual rates as labour hours are delivered and direct expenses are incurred; and
- revenue from construction contracts is recognized in accordance with the Group's accounting policy on revenue contracts (see Note 2.20).

Rental income

Rental income from investment property, warehouses and leasing of working tools is recognized on a straight-line basis over the term of the relevant lease (see Note 2.22).

Dividend income

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

Interest income

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

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalized by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.7 Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2.8 Share-based payments

Employee performance share plan allows Group employees to acquire shares of the Company. The fair value of shares is recognized as an employee expense with a corresponding increase in equity. The fair value is measured based on the market value at grant date and spread over the vesting period during which the employees become unconditionally entitled to the shares. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognizes the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

2.9 Income tax

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

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

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

Deferred tax liabilities are recognized on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognized 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 utilized.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.9 Income tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

Revenue, expenses and assets are recognized net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognized as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.10 Dividends

Equity dividends are recognized when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.11 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.11 Foreign currency transactions and translation (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.12 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value and changes in the fair value are included in profit or loss for the financial year in which they arise. Fair values are determined annually by independent professional valuers.

Costs of major renovations and improvements to the investment property to the investment property are capitalized as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

Upon its disposal or retirement, the difference between the net disposal proceeds and the carrying amount of the investment property is recognized in profit or loss.

2.13 Property, plant and equipment

Leasehold buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at cost less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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 property, plant and equipment.

Subsequent expenditures relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of item can be measured reliably. All other repairs and maintenance expenses are recognized in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.13 Property, plant and equipment (Continued)

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

| | |
|---|--------------|
| Leasehold building / Renovation | 5 – 40 years |
| Transportation equipment | 5 – 10 years |
| Tools and equipment | 3 – 10 years |
| Furniture, fittings, and office equipment | 1 – 10 years |

No depreciation is charged on building under construction as these assets are not yet in use as at the end of the financial year.

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

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

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

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognized in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.14 Club membership

Club membership is stated at cost less accumulated amortization and any accumulated impairment losses. Club membership is amortized on a straight-line basis over its estimated useful lives of 5 to 15 years. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.15 Intangible assets

Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition over the net fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity carried at the date of acquisition. Goodwill is at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.15 Intangible assets (Continued)

Goodwill on acquisition (Continued)

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

On acquisition of an investment in an associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture is recognized as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of net fair value of the identifiable assets and liabilities of the associate or joint venture over the cost of investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill. The cost of such intangible assets is their fair value as at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives, on the following bases:

| | |
|---------------------------------------|---------------|
| Know-how | 8 years |
| Non-contractual customer relationship | 6 – 7.5 years |

The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.16 Investments in associates

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of these policies, and generally accompanying a shareholding of between 20% and 50% of the voting rights.

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investments in associates are carried at cost less any impairment loss that has been recognized in profit or loss in the Company's separate financial statements.

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see Note 2.15).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.16 Investments in associates (Continued)

Unrealized profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated in the same way as unrealized gains, but only to the extent that there is no impairment.

2.17 Impairment of tangible and intangible assets excluding goodwill

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior financial years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.18 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognized on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.18 Financial instruments (Continued)

Financial assets

All financial assets are recognized on a trade date – the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables, gross amount due from customers on contract work-in-progress, and cash and cash equivalents.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. Loan and receivables are measured at amortized cost, using the effective interest method less impairment. Interest is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets ("AFS")

Certain equity instruments and debt securities held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, with the exception of unquoted equity instruments that are not carried at fair value as the fair value cannot be reliably measured, AFS are measured at fair value and changes therein are recognized directly in the available-for-sale reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses arising from monetary items. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the available-for-sale reserve is included in profit or loss for the financial year.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

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

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognized directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.18 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity.

When shares recognized as equity are reacquired, the amount of consideration paid is recognized directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realized gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognized in the capital reserve of the Company.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.18 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, where applicable, using the effective interest method, with interest expense recognized on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.5).

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of obligation under the contract recognized as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognized less cumulative amortization in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statements of financial position when and only when, an entity:

- (a) currently has a legally enforceable right to set-off the recognized amounts; and
- (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.19 Inventories

Inventories, comprising mainly machinery components, are stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis, comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Work in progress is stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all attributable production overheads. In arriving at the net realizable value, due allowance is made for obsolete, damaged and slow-moving items.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.20 Revenue contracts

Where the outcome of a revenue contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the financial year (percentage-of-completion method), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that it has been agreed with the customer.

Where the outcome of a revenue contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognized as expenses in the period in which it is incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

At the end of the financial year, the aggregated costs incurred plus recognized profit (less recognized loss) on each contract is compared against the progress billings. Where costs incurred plus the recognized profits (less recognized losses) exceed progress billings, the balance is presented on the face of the statements of financial position as "Gross amount due from customers on contract work-in-progress". Where progress billings exceed costs incurred plus recognized profits (less recognized losses), the balance is presented as "Gross amount due to customers on contract work-in-progress".

Progress billings not yet paid by customers and retentions are included in "Trade and other receivables".

2.21 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with financial institutions, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude deposits pledged with the financial institutions as collateral and are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2.22 Leases

Finance leases

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

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognized as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see Note 2.5).

Operating leases

The Group as lessee

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.22 Leases (Continued)

Operating leases (Continued)

The Group as lessee (Continued)

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

The Group as lessor

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

2.23 Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

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

Changes in the estimated timing or amount of the expenditure or discount rate are recognized in profit or loss as it arises.

2.24 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. Management makes decision about resources to be allocated to the segment and assess its performance. Segment manages report directly to the management of the Group. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Government grants

Government grants are recognized at its fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grant related to income is presented as a credit in profit or loss under "Other operating income".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.26 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognized because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

Contingencies are not recognized on the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.27 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 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 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); or
 - (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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (Continued)

2.27 Related parties (Continued)

Associates are related parties and include those that are associates of the holding and/or related companies.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of that company.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

Determination of functional currency

The Group translates foreign currency items into the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entities operate. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

Impairment of available-for-sale equity instrument

At the end of each financial year, an assessment is made on whether there is objective evidence that an available-for-sale equity instrument is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. Judgement is used in determining what a significant or prolonged decline is. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. Refer to Note 18 to the financial statements.

Determination of control over subsidiaries

The directors of the Company assessed whether or not the Group has control over its subsidiaries based on whether the Group has the practical ability to direct the relevant activities of its subsidiaries unilaterally. In making their judgement, the directors considered the Group's absolute size of holding in its subsidiaries and the relative size of and dispersion of the shareholdings owned by the other shareholders in accordance with FRS 110 *Consolidated Financial Statements*. After assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of its subsidiaries and therefore the Group has control over its subsidiaries. The definition of control is defined in Note 2.2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Contracts revenue

The Group recognizes contract revenue and contract costs using the percentage-of-completion method based on management's judgement. Significant assumptions are required to estimate the total contract costs which affect the contract costs recognized to date based on the stage of completion. In making these estimates, management has relied on past experience.

The carrying amount of the construction contract work-in-progress as at the end of the reporting period can be subjected to uncertainty in respect of the variation works and estimation of future costs. The Group adopts a conservative approach in evaluating these uncertainties. Refer to Note 20 to the financial statements for the disclosure on the carrying amount of the Group's assets and liabilities arising from contract work-in-progress as at 31 March 2015 and 2014.

Investment property

The Group carries its investment property at fair value, with changes in fair values being recognized in profit or loss. The Group engaged independent valuation specialist to determine fair value as at reporting date.

The fair value of investment property is determined by independent real estate valuation expert using recognized valuation techniques, i.e. Comparable Sales Method. Refer to Note 11 to the financial statements.

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's property, plant and equipment as at 31 March 2015 was S\$28,079,000 (2014: S\$23,824,000) (Note 12).

Impairment of investments in subsidiaries and associates

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired. Where necessary, the Company's and Group's assessments are based on the estimation of the value-in-use of the assets defined in FRS 36 *Impairment of Assets* by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 31 March 2015 was S\$38,075,000 (2014: S\$38,075,000) (Note 13). The carrying amount of the Group's investment in associates as at 31 March 2015 was S\$1,085,000 (2014: S\$1,409,000) (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Impairment of goodwill

The Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognized during the financial year. The carrying amount of the Group's goodwill on consolidation as at 31 March 2015 was S\$10,638,000 (2014: S\$10,638,000) (Note 15).

Inventory valuation method

Inventory is valued at the lower of cost and net realizable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the salability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 March 2015 was S\$4,243,000 (2014: S\$3,152,000). There was no allowance made on inventory for the financial years ended 31 March 2015 and 2014 (Note 19).

Impairment of loans and other receivables

The Group assesses its loans and receivables on a continuous basis for any objective evidence of impairment by considering factors, including the ageing profile, the creditworthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and the Company's loans and other receivables as at 31 March 2015 were S\$59,475,000 (2014: S\$54,982,000) and S\$40,552,000 (2014: S\$32,843,000) respectively (Note 39).

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts for the next 5 years. Where taxable profits are expected in the foreseeable future, deferred tax assets are recognized on the unused tax losses. The carrying amount of the Group's recognized tax losses as at 31 March 2015 was S\$8,329,000 (2014: S\$Nil) and the unrecognized tax losses as at 31 March 2015 was S\$4,961,000 (2014: S\$5,456,000) (Note 30).

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amount of the Group's current tax payable as at 31 March 2015 was S\$1,300,000 (2014: S\$401,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. Revenue

| | Group | |
|-----------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Sales of goods | 12,300 | 13,290 |
| Rendering of services | 76,360 | 77,565 |
| Contract revenue | 10,140 | 10,624 |
| | 98,800 | 101,479 |

5. Other operating income

| | Note | Group | |
|--|------|-----------------|-----------------|
| | | 2015 S\$'000 | 2014 S\$'000 |
| Compensation received | | 79 | 131 |
| Gain on disposal of property, plant and equipment | | 752 | 33 |
| Gain on foreign exchange differences | | 905 | 375 |
| Grants received from government | | 412 | 470 |
| Interest income from banks | | 60 | 15 |
| Interest income from third party | | 22 | 60 |
| Net fair value gains on investment property | 11 | 542 | – |
| Recovery of bad debts written off | | – | 229 |
| Rental income from investment property | 11 | 50 | – |
| Rental income from leasing of working tools | | 84 | 138 |
| Reimbursement of costs | | 121 | 53 |
| Sale of scrap materials | | 176 | 223 |
| Written back of allowance for doubtful trade receivables | 21 | – | 100 |
| Written back of allowance for doubtful other receivables | 22 | 24 | – |
| Miscellaneous income | | 461 | 463 |
| | | 3,688 | 2,290 |

6. Finance expenses

| | Group | |
|--------------------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Bank loans interest | 899 | 544 |
| Bank overdrafts interest | 51 | 53 |
| Factoring interest and charges | 65 | 48 |
| Finance lease interest | 231 | 241 |
| | 1,246 | 886 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

7. Profit before income tax

The following charges were included in the determination of profit before income tax:

| | Note | Group | |
|---|-------|-----------------|-----------------|
| | | 2015 S\$'000 | 2014 S\$'000 |
| Audit fees paid to auditors: | | | |
| - Auditors of the Company | | 262 | 253 |
| - Other auditors | | 71 | 91 |
| Amortization of club membership | 17 | 1 | 1 |
| Amortization of intangible assets | 16 | 196 | 194 |
| Depreciation of property, plant and equipment | 12 | 5,688 | 5,631 |
| Directors' fees | 36 | 400 | 374 |
| Inventories recognized as an expense in cost of sales | | 4,948 | 4,993 |
| Key management personnel remuneration | 36 | 1,882 | 1,837 |
| Operating lease expense | | | |
| - land and building | | 5,580 | 5,813 |
| - equipment | | 4,027 | 2,854 |
| - motor vehicles | | 2,064 | 1,944 |
| Staff costs (including key management personnel remuneration) | 8 | 37,299 | 32,306 |
| Included in other operating expenses: | | | |
| Allowance for doubtful trade receivables | 21 | 99 | 1,330 |
| Bad debts written off | | 55 | 612 |
| Inventories written off | | 7 | 38 |
| Loss on foreign exchange differences | | 373 | 231 |
| Loss on disposal of property, plant and equipment | | 11 | 36 |
| Loss on disposal of a subsidiary | 13(d) | - | 153 |
| Property, plant and equipment written off | | 58 | 106 |

There is no non-audit fee paid to the auditors of the Company and its subsidiaries.

8. Staff costs (including key management personnel remuneration)

| | Group | |
|--|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Salaries and bonuses | 28,490 | 25,369 |
| Employers' contribution to defined contribution plan | 4,561 | 4,047 |
| Other related staff costs | 4,248 | 2,890 |
| | 37,299 | 32,306 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

9. Income tax expense

| | Group | |
|---|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Current income tax | | |
| - Current | 1,696 | 923 |
| - Over-provision in prior financial years | (145) | (131) |
| | 1,551 | 792 |
| Deferred income tax (Note 30) | | |
| - Current | (1,422) | (484) |
| - Over-provision in prior financial years | (33) | (60) |
| Total tax expense | 96 | 248 |

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2014: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. There were no changes in the enterprise income tax of the difference applicable jurisdictions in the current financial year from the last financial year.

Reconciliation of effective tax rate is as follows:

| | Group | |
|--|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Profit before income tax | 2,328 | 3,648 |
| Income tax at statutory rate | 396 | 620 |
| Tax effect of: | | |
| - Expenses not deductible for tax purposes | 632 | 668 |
| - Income not subject to tax | (1,251) | (735) |
| - Tax exemptions | - | (111) |
| - Different tax rates of overseas operations | 294 | 20 |
| - Corporate Income Tax rebates | (84) | (83) |
| - Enhanced allowance | (24) | (98) |
| - Unrecognized deferred tax benefits | 574 | (50) |
| - Utilization of tax losses and capital allowances brought forward | (594) | (181) |
| - Over-provision in prior financial years | (178) | (191) |
| - Share of results of an associate | 61 | - |
| - Others | 270 | 389 |
| Total tax expense | 96 | 248 |

The Singapore Government has announced on 23 February 2015 that, for the Years of Assessment ("YA") 2016 and 2017, companies will receive 30% Corporate Income Tax ("CIT") rebate that is subject to a cap of S\$20,000 per YA.

At the end of the reporting period, the aggregate amount of temporary differences associated with the undistributed earnings of the subsidiaries for which deferred tax liabilities have not been recognized is approximately S\$1,189,000 (RMB5,330,000) [2014: S\$878,000 (RMB4,296,000)]. No liability has been recognized in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

10. Basic and diluted earnings per share

Basic earnings per share

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

The following table reflects the profit and share data used in the computation of basic earnings per share:

| | Group | |
|--|---------|---------|
| | 2015 | 2014 |
| Profit for the financial year attributable to owners of the Company (S\$'000) | 2,240 | 2,502 |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) | 268,720 | 252,597 |
| Basic earnings per share (cents) | 0.83 | 0.99 |

Diluted earnings per share

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

The weighted average number of shares on issue has been adjusted as if all dilutive shares were exercised. The number of shares that could have been issued upon the exercise of all dilutive shares less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for consideration. No adjustment is made to the profit for the financial year.

The effect of the exercise of share awards on the weighted average number of ordinary shares in issue is as follows:

| | Group | |
|--|---------|---------|
| | 2015 | 2014 |
| Profit for the financial year attributable to owners of the Company (S\$'000) | 2,240 | 2,502 |
| Weighted average number of ordinary shares in calculation of basic earnings per share ('000) | 268,720 | 252,597 |
| Adjusted for – weighted average number of unissued ordinary shares from shares under Performance Share Plan ('000) | 19,615 | 1,804 |
| Weighted average number of ordinary shares outstanding (diluted) ('000) | 288,335 | 254,401 |
| Fully diluted earnings per share (cents) | 0.78 | 0.98 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

11. Investment property

| | Group | |
|---|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| At beginning of financial year | – | 4,080 |
| Transfer from/(to) property, plant and equipment (Note 12) | 408 | (4,080) |
| Net gains from fair value adjustments recognized in profit or loss (Note 5) | 542 | – |
| At end of financial year | 950 | – |

The following amounts are recognized in profit or loss:

| | Group | |
|--|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Rental income from investment property (Note 5) | 50 | – |
| Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property | (2) | – |

Investment property is stated at fair value, which has been determined based on valuations performed as at the end of the financial year. The valuation was performed by ECG Consultancy Pte Ltd, an independent valuer with a recognized and relevant professional qualification and with recent experience in the location and category of properties being valued. The valuation is based on the property's highest-and-best-use using the Comparable Sales Method.

On 1 April 2014, the Group transferred one of its owner-occupied properties to investment property. On that date, the property was leased out to third party for generating rental income.

As at 31 March 2015, the investment property amounting to S\$950,000 is mortgaged to secure bank loans (Note 28).

In prior financial year, on 1 April 2013, the Group transferred its investment property to owner-occupied property. On that date, the property was leased to and occupied by its subsidiaries for business purposes (Note 12).

As at 31 March 2015, the investment property held by the Group is as follows:

| Description and location | Tenure | Unexpired lease term |
|--|----------|-----------------------|
| Commercial property located at 7030 Ang Mo Kio Avenue 5 #04-46, Northstar Building, Singapore 569880 | 60 years | 51 years and 9 months |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

12. Property, plant and equipment

| Group | Building under construction S\$'000 | Leasehold building / Renovation S\$'000 | Transportation equipment S\$'000 | Tools and equipment S\$'000 | Furniture, fittings, and office equipment S\$'000 | Total S\$'000 |
|--|--|--|--|-----------------------------------|---|------------------|
| Cost | | | | | | |
| At 31 March 2013 | – | 3,971 | 14,417 | 20,097 | 2,144 | 40,629 |
| Additions | – | 1,208 | 2,028 | 3,634 | 835 | 7,705 |
| Disposals / Written-off | – | – | (598) | (1,052) | (135) | (1,785) |
| Transfer from investment property (Note 11) | – | 4,080 | – | – | – | 4,080 |
| Transfer from joint venture company | – | – | 129 | 2 | – | 131 |
| Exchange translation differences | – | (59) | 132 | 242 | 14 | 329 |
| At 31 March 2014 | – | 9,200 | 16,108 | 22,923 | 2,858 | 51,089 |
| Additions | 192 | 5,599 | 2,862 | 1,275 | 127 | 10,055 |
| Disposals / Written-off | – | (22) | (1,126) | (2,580) | (283) | (4,011) |
| Transfer to investment property (Note 11) | – | (440) | – | – | – | (440) |
| Exchange translation differences | – | 31 | 501 | 1,138 | 72 | 1,742 |
| At 31 March 2015 | 192 | 14,368 | 18,345 | 22,756 | 2,774 | 58,435 |
| Accumulated depreciation | | | | | | |
| At 31 March 2013 | – | 1,968 | 7,676 | 11,919 | 1,555 | 23,118 |
| Depreciation | – | 458 | 2,018 | 2,846 | 309 | 5,631 |
| Disposals / Written-off | – | – | (420) | (1,008) | (122) | (1,550) |
| Transfer from joint venture company | – | – | 16 | 1 | – | 17 |
| Exchange translation differences | – | (122) | 40 | 121 | 10 | 49 |
| At 31 March 2014 | – | 2,304 | 9,330 | 13,879 | 1,752 | 27,265 |
| Depreciation | – | 623 | 1,958 | 2,723 | 384 | 5,688 |
| Disposals / Written-off | – | (22) | (728) | (2,553) | (275) | (3,578) |
| Transfer to investment property (Note 11) | – | (32) | – | – | – | (32) |
| Exchange translation differences | – | 30 | 334 | 584 | 65 | 1,013 |
| At 31 March 2015 | – | 2,903 | 10,894 | 14,633 | 1,926 | 30,356 |
| Carrying amount | | | | | | |
| At 31 March 2015 | 192 | 11,465 | 7,451 | 8,123 | 848 | 28,079 |
| At 31 March 2014 | – | 6,896 | 6,778 | 9,044 | 1,106 | 23,824 |

Property, plant and equipment of the Group with carrying amount of S\$5,361,000 (2014: S\$5,045,000) were acquired under financial lease arrangements (Note 29).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

12. Property, plant and equipment (Continued)

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S\$10,055,000 (2014: S\$7,705,000) of which S\$2,747,000 (2014: S\$1,631,000) were acquired by means of finance leases. Cash payments of S\$2,308,000 (2014: S\$6,074,000) and shares consideration of S\$5,000,000 (2014: S\$Nil) (Note 25) were made to purchase property, plant and equipment.

In addition, the Group's leasehold building with a carrying amount of S\$11,093,000 (2014: S\$6,491,000) are mortgaged to secure the Company's bank loans (Note 28) and certain credit facilities granted from banks.

Details of the leasehold buildings held by the Group as at 31 March 2015 are set out below:

| Company | Description and location | Tenure | Unexpired lease term |
|-----------------------------------|--|----------|-----------------------|
| Chasen Logistics Services Limited | Factory cum office building located at 18 Jalan Besut Singapore 619571 | 21 years | 9 years |
| Chasen Logistics Services Limited | Factories located at 6 Tuas Avenue 20 Singapore 638820 | 60 years | 38 years |
| Hup Lian Engineering Pte Ltd | Factory cum office located at 56 Senoko Road Woodlands East Industrial Estate Singapore 758120 | 28 years | 25 years and 9 months |

13. Investments in subsidiaries

| | Company | |
|--------------------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Unquoted equity share, at cost | 38,075 | 38,075 |

The details of the subsidiaries are as follows:

| Name of subsidiary | Place of business / Country of incorporation | Principal activities | Proportion of ownership interest | |
|--|--|---|----------------------------------|-----------|
| | | | 2015 % | 2014 % |
| Held by the Company | | | | |
| Chasen Logistics Services Limited ⁽ⁱ⁾ | Singapore | Relocation services, industrial packing, warehousing, transportation, freight forwarding and shipping | 100 | 100 |
| Chasen Logistics & Engineering Services Pte Ltd ⁽ⁱ⁾ | Singapore | Investment holding | 100 | 100 |
| Ruiheng International Pte Ltd ⁽ⁱ⁾ | Singapore | Investment holding | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

13. Investments in subsidiaries (Continued)

| Name of subsidiary | Place of business / Country of incorporation | Principal activities | Proportion of ownership interest | |
|---|---|--|--|----------------|
| | | | 2015 % | 2014 % |
| Held by the Company (Continued) | | | | |
| REI Technologies Pte Ltd ⁽ⁱ⁾ | Singapore | Engineering services | 100 | 100 |
| CLE Engineering Services Pte Ltd ⁽ⁱ⁾ | Singapore | Investment holding | 100 | 100 |
| Chasen Leasing Pte Ltd ⁽ⁱ⁾ | Singapore | Leasing | 100 | 100 |
| Held by Chasen Logistics Services Limited | | | | |
| DNKH Logistics Pte Ltd ⁽ⁱ⁾ | Singapore | Provider of freight forwarding, logistics, transportation and general warehousing services | 60 | 60 |
| Held by Chasen Logistics & Engineering Services Pte Ltd | | | | |
| Chasen (Shanghai) Hi-Tech Machinery Services Pte Ltd ⁽ⁱⁱ⁾ | People's Republic of China ("PRC") | General activities relating to high value machinery and equipment | 100 | 100 |
| Chasen Sino-Sin (Beijing) Hi-Tech Services Pte Ltd ^(iv) | PRC | General activities relating to high tech machinery and equipment, and relocation services | 100 | 100 |
| Chasen Logistics (Shanghai) Co., Ltd ⁽ⁱⁱ⁾ | PRC | Provision of relocation, packaging and warehousing services | 100 | 100 |
| Chasen Sinology (Beijing) Logistics Co., Ltd ^(iv) | PRC | Provision of artifact packaging and transportation services | 100 | 100 |
| Held by Ruiheng International Pte Ltd | | | | |
| Chasen Logistics Sdn Bhd ⁽ⁱⁱⁱ⁾ | Malaysia | Provider of logistics and transportation services | 100 | 100 |
| City Zone Express Sdn Bhd ⁽ⁱⁱⁱ⁾ | Malaysia | Provider of third party logistics services, transporting and warehousing service | 72 | 72 (Note b) |
| Liten Logistics Services Pte Ltd ⁽ⁱ⁾ | Singapore | Machinery and equipment moving, general warehouse and logistics management | 100 | 100 |
| Chasen Transport Logistics Co., Ltd ^(viii) | Vietnam | Provider of third party logistics services and warehousing | 49 | 49 (Note a) |
| Held by REI Technologies Pte Ltd | | | | |
| Chasen Engineering Sdn Bhd (f.k.a. REI Hitech Sdn Bhd) ⁽ⁱⁱⁱ⁾ | Malaysia | Providing services on cryogenic pump | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

13. Investments in subsidiaries (Continued)

| Name of subsidiary | Place of business / Country of incorporation | Principal activities | Proportion of ownership interest | |
|---|---|--|--|----------------|
| | | | 2015 % | 2014 % |
| <u>Held by CLE Engineering Services Pte Ltd</u> | | | | |
| Goh Kwang Heng Pte Ltd ⁽ⁱ⁾ | Singapore | Scaffolding service provider to marine and construction industries | 100 | 100 |
| Goh Kwang Heng Scaffolding Pte Ltd ⁽ⁱ⁾ | Singapore | Scaffolding equipment services | 100 | 100 |
| Global Technology Synergy Pte Ltd ⁽ⁱ⁾ | Singapore | General building engineering service, process engineering and construction | 100 | 100 |
| Hup Lian Engineering Pte Ltd ⁽ⁱ⁾ | Singapore | Engineering and structural steel fabrication supplier and installer | 51 | 51 |
| REI Promax Technologies Pte Ltd ⁽ⁱ⁾ | Singapore | Precision manufacturing of machine tool accessories | 55 | 55 (Note c) |
| <u>Held by Hup Lian Engineering Pte Ltd</u> | | | | |
| HLE International Pte Ltd ⁽ⁱ⁾ | Singapore | Investment holding | 100 | 100 |
| HLE Construction & Engineering Sdn Bhd ^{(iii) #} | Malaysia | Construction and engineering, projects and general trading | 53 | 53 |
| Shanghai FengChuang Enterprise Management Consultant Co., Ltd ^(vi) | PRC | Management consultancy | 100 | 100 |
| Shanghai ZhuangHe Construction Co., Ltd ^(vii) | PRC | Construction and engineering works | – | – (Note d) |
| Shanghai FengChuang M & E Equipment Co., Ltd ^(vi) | PRC | Design, engineering, installation of machinery and equipment | 100 | 100 |
| <u>Held by Liten Logistics Services Pte Ltd</u> | | | | |
| Liten Holdings Pte Ltd ⁽ⁱ⁾ | Singapore | Investment holding | 100 | 100 |
| <u>Held by REI Promax Technologies Pte Ltd</u> | | | | |
| Suzhou Promax Communication Technology Co., Ltd ^(v) | PRC | Contract manufacturing | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

13. Investments in subsidiaries (Continued)

| Name of subsidiary | Place of business / Country of incorporation | Principal activities | Proportion of ownership interest | |
|--|---|--|--|-----------|
| | | | 2015 % | 2014 % |
| Held by Global Technology Synergy Pte Ltd | | | | |
| Towards Green Sdn Bhd ⁽ⁱⁱⁱ⁾ | Malaysia | Engineering and contracting work | 100 | 100 |
| Eons Global Holdings Pte Ltd ⁽ⁱ⁾ | Singapore | Provision of management consultancy services | 100 | 100 |
| Eons Global Water (JL) Co., Ltd ^(ix) | PRC | Operate the purified water treatment plant and waste water treatment plant | 100 | 100 |

(i) Audited by Mazars LLP, Singapore.

(ii) Audited by Shanghai HaiMing Certified Public Accountants Co., Ltd, PRC for local statutory audit and audited by ShineWing Certified Public Accountants, PRC for consolidation purposes.

(iii) Audited by Grant Thornton, Malaysia.

(iv) Audited by Beijing HengChengYongXin Certified Public Accountants, PRC for local statutory audit.

(v) Audited by Suzhou Jianxin Certified Public Accountants Co., Ltd, PRC for local statutory audit and audited by ShineWing Certified Public Accountants, PRC for consolidation purposes.

(vi) Audited by Shanghai HuaCheng Certified Public Accountants Co., Ltd, PRC.

(vii) Audited by Shanghai ZhiYuan Certified Public Accountants Co., Ltd, PRC.

(viii) Audited by Mazars Vietnam for consolidation purposes.

(ix) Audited by Jilin Shi XiangXin Certified Public Accountants Co., Ltd, PRC.

HLE Construction & Engineering Sdn Bhd is considered to be a subsidiary as it is 53% held by Hup Lian Engineering Pte Ltd who in turn is 51% directly owned by the Company.

For the purpose of Rule 716(1) of the Listing Manual, the Directors and the Audit Committee of the Company are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and efficiency of the audit of the Company, having regard to the size and experience of the audit firms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

13. Investments in subsidiaries (Continued)

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

The Group has the following subsidiaries that have NCI that are material to the Group.

| Name of subsidiary | Proportion of ownership interest held by NCI | | Profit/(Loss) allocated to NCI during the financial year | | Accumulated NCI at the end of financial year | | Dividends paid to NCI | |
|-------------------------------------|--|------|--|---------|--|---------|-----------------------|---------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | % | % | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| City Zone Express Sdn Bhd | 28 | 28 | 165 | 75 | 637 | 493 | - | - |
| Chasen Transport Logistics Co., Ltd | 51 | 51 | 384 | 237 | 783 | 355 | - | - |
| DNKH Logistics Pte Ltd | 40 | 40 | (16) | 394 | 1,168 | 1,264 | 80 | - |
| Hup Lian Engineering Pte Ltd | 49 | 49 | (194) | 69 | 796 | 1,307 | - | - |
| REI Promax Technologies Pte Ltd | 45 | 45 | (144) | (22) | 1,705 | 1,569 | - | - |

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group.

Summarized financial information about subsidiaries with material NCI

Summarized financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

| | City Zone Express Sdn Bhd | | Chasen Transport Logistics Co., Ltd | | DNKH Logistics Pte Ltd | | Hup Lian Engineering Pte Ltd | | REI Promax Technologies Pte Ltd | |
|--------------------------------------|---------------------------|---------|-------------------------------------|---------|------------------------|---------|------------------------------|---------|---------------------------------|---------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Assets: | | | | | | | | | | |
| Non-current assets | 1,452 | 1,018 | 292 | 286 | 1,297 | 1,224 | 3,047 | 1,928 | 2,804 | 3,055 |
| Current assets | 4,511 | 3,285 | 2,000 | 1,222 | 3,654 | 4,133 | 9,193 | 10,579 | 1,765 | 1,767 |
| Liabilities: | | | | | | | | | | |
| Non-current liabilities | 823 | 490 | - | - | 525 | 469 | 1 | 13 | - | 18 |
| Current liabilities | 2,866 | 2,055 | 757 | 811 | 1,506 | 1,728 | 10,898 | 10,757 | 3,460 | 3,374 |
| Net assets | 2,274 | 1,758 | 1,535 | 697 | 2,920 | 3,160 | 1,341 | 1,737 | 1,109 | 1,430 |
| Results: | | | | | | | | | | |
| Revenue | 9,182 | 6,369 | 2,439 | 2,136 | 9,092 | 11,854 | 9,772 | 8,443 | 2,136 | 2,647 |
| Profit/(Loss) before income tax | 800 | 368 | 977 | 687 | (22) | 1,038 | (1,396) | 172 | (386) | (76) |
| Profit/(Loss) for the financial year | 591 | 268 | 753 | 465 | (41) | 984 | (396) | 141 | (321) | (48) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

13. Investments in subsidiaries (Continued)

Financial year ended 31 March 2014

(a) Change in control from joint venture company to subsidiary – Chasen Transport Logistics Co., Ltd

On 29 September 2011, the Company's wholly-owned subsidiary, Ruiheng International Pte Ltd, has acquired 49% equity interest in Chasen Transport Logistics Co., Ltd ("CTL"), a company incorporated in Vietnam, as a form of joint venture.

For the financial year ended 31 March 2014, the Group has demonstrated its control over CTL in accordance to FRS 27 *Consolidated and Separate Financial Statements*, thus CTL became a subsidiary of the Group.

(b) Divestment of a subsidiary to non-controlling interests – City Zone Express Sdn Bhd

On 4 February 2014, the Company's wholly-owned subsidiary, Ruiheng International Pte Ltd, disposed 1.2% equity interest in City Zone Express Sdn Bhd ("CZE") to its non-controlling interests for a cash consideration of S\$11,500. As a result of this transaction, CZE is 72% owned subsidiary of the Group. The carrying value of the net assets of CZE as at 4 February 2014 was S\$1,758,957 and the carrying value of the disposed interest was S\$21,107. The difference of S\$9,607 between the consideration and the carrying value of the disposed interest has been recognized in "Retained Profits" within equity.

The following summarized the effect of the change in the Group's ownership interest in CZE on the equity attributable to owners of the Company:

| | S\$'000 |
|---|---------|
| Consideration received from disposal of non-controlling interests | 11 |
| Increase in equity attributable to non-controlling interests | (21) |
| Decrease in equity attributable to owners of the Company | (10) |

(c) Transfer of its subsidiary – REI Promax Technologies Pte Ltd

On 6 January 2014, the Company's wholly-owned subsidiary, REI Technologies Pte Ltd, has transferred 32% of its ownership in REI Promax Technologies Pte Ltd to CLE Engineering Services Pte Ltd as part of its corporate restructuring exercise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

13. Investments in subsidiaries (Continued)

Financial year ended 31 March 2014 (Continued)

(d) *Disposal of a subsidiary – Shanghai ZhuangHe Construction Co., Ltd*

On 18 September 2013, the Company's 51% owned subsidiary, Hup Lian Engineering Pte Ltd has disposed off its entire interest in Shanghai ZhuangHe Construction Co., Ltd for a cash consideration of S\$2,000.

The effect of the disposal on the cash flows of the Group was as follows:

| | S\$'000 |
|---------------------------------|---------|
| Goodwill | 11 |
| Trade and other receivables | 505 |
| Cash and cash equivalents | 3 |
| Income tax payable | (217) |
| Other payables | (11) |
| Net assets derecognized | 291 |
| Less: Non-controlling interests | (139) |
| Net assets disposed off | 152 |

The aggregate cash outflow arising from the disposal of a subsidiary was:

| | S\$'000 |
|---|---------|
| Net assets disposed off | 152 |
| Reclassification of currency translation reserve on disposal of foreign operation | 3 |
| | 155 |
| Loss on disposal | (153) |
| Cash proceeds from disposal | 2 |
| Less: Cash and cash equivalents in subsidiary disposed off | (3) |
| Net cash outflow on disposal of a subsidiary | (1) |

14. Investments in associates

| | Group | | Company | |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Unquoted equity share, at cost | 1,409 | 1,000 | 200 | 200 |
| Additions | – | 409 | – | – |
| Exchange translation differences | 37 | – | – | – |
| Share of results of an associate | (361) | – | – | – |
| Carrying amount | 1,085 | 1,409 | 200 | 200 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

14. Investments in associates (Continued)

The details of the associates are as follows:

| Name of associate | Place of business / Country of incorporation | Principal activities | Proportion of ownership interest | |
|--|--|---|----------------------------------|--------|
| | | | 2015 % | 2014 % |
| <u>Held by the Company</u> | | | | |
| Caitong Investments Pte Ltd ⁽ⁱ⁾ | Singapore | Investment holding | 6 | 6 |
| <u>Held by HLE International Pte Ltd</u> | | | | |
| Caitong Investments Pte Ltd ⁽ⁱ⁾ | Singapore | Investment holding | 24 | 24 |
| <u>Held by Chasen Sino-Sin (Beijing) Hi-Tech Services Pte Ltd</u> | | | | |
| Amber Digital Solutions (Beijing) Pte Ltd ⁽ⁱⁱ⁾ | People's Republic of China | Providing 3D high resolution digital imaging of cultural heritage relics and museum | 30 | 30 |

(i) Audited by Kit Yee & Co., Singapore.

(ii) Audited by Beijing ZhongTianGuangHua Certified Public Accountants Co., Ltd, PRC.

The activities of the associates are strategic to the Group's activities.

On 27 February 2014, the Company's wholly-owned subsidiary, Chasen Sino-Sin (Beijing) Hi Tech Services Pte Ltd ("Sino-Sin"), has invested in Amber Digital Solutions (Beijing) Pte Ltd ("Amber") (a company incorporated in the People's Republic of China), through contribution of its digital imaging technology and know-how in exchange of total share capital of RMB2,000,000 (equivalent to S\$409,000) (Note 27). The valuations were performed by an independent valuer with a recognized and relevant professional qualification. Sino-Sin holds 30% equity interest and became an associate of the Group.

The rationale for this transaction is to cement the business relationship between Amber and Sino-Sin to better compete for business with the state-owned museums, who are the main customers for this industry.

In accordance to FRS 103 *Business Combinations*, all identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured at their acquisition-date fair values. FRS 103 further provides that provisional amount is adjusted for within twelve months from the acquisition date. On 23 February 2015, the Group has conducted a Purchase Price Acquisition exercise in accordance with FRS 28 *Investments in Associates and Joint Ventures*, no adjustment is required on the amount of the net assets invested in prior financial year.

* RMB: Chinese Renminbi

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

14. Investments in associates (Continued)

Summarized financial information of the Group's associates

The summarized financial information in respect of Amber Digital Solutions (Beijing) Pte Ltd based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

| | 2015 S\$'000 | 2014 S\$'000 |
|--|-----------------|-----------------|
| Assets and liabilities: | | |
| Non-current assets | 65 | – |
| Current assets | 1,163 | – |
| Total assets | 1,228 | – |
| Non-current liabilities | – | – |
| Current liabilities | (1,475) | – |
| Total liabilities | (1,475) | – |
| Net liabilities | (247) | – |
| Group's share of associate's net liabilities | (74) | – |
| Goodwill on acquisition | 371 | – |
| Other adjustments | (212) | – |
| Carrying amount of the investment | 85 | – |
| Results: | | |
| Revenue | 429 | – |
| Loss for the financial year | (1,204) | – |
| Group's share of associate's loss for the financial year | (361) | – |

Aggregate information about the Group's investments in associates that are not individually material is as follows:

| | 2015 S\$'000 | 2014 S\$'000 |
|-------------------------------|-----------------|-----------------|
| Profit for the financial year | – | – |

15. Goodwill on consolidation

| | Group | |
|--------------------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| At cost | | |
| At beginning of financial year | 10,638 | 10,649 |
| Disposal of a subsidiary | – | (11) |
| At end of financial year | 10,638 | 10,638 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

15. Goodwill on consolidation (Continued)

Goodwill acquired through business combinations is allocated, at acquisition, to the cash-generating units ("CGU") that are expected to benefit from those business combinations. The carrying amount of goodwill had been allocated as follows:

| | Specialist Relocation services S\$'000 | Technical & Engineering services S\$'000 | Total S\$'000 |
|----------------------------|---|---|------------------|
| 2015 | | | |
| Singapore | 4,186 | 6,224 | 10,410 |
| People's Republic of China | 66 | 79 | 145 |
| Vietnam | 83 | – | 83 |
| | 4,335 | 6,303 | 10,638 |
| 2014 | | | |
| Singapore | 4,186 | 6,224 | 10,410 |
| People's Republic of China | 66 | 79 | 145 |
| Vietnam | 83 | – | 83 |
| | 4,335 | 6,303 | 10,638 |

Impairment testing of goodwill

The Group tests CGU annually for impairment or more frequent if there are indications that goodwill might be impaired.

The recoverable amounts of the CGU are determined from value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three to five-year period. The key assumptions for these value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Key assumptions used in the value-in-use calculations

| | Group | |
|--------------------------------|-----------|-----------|
| | 2015 | 2014 |
| Gross margin ⁽ⁱ⁾ | 10% - 28% | 10% - 31% |
| Growth rate ⁽ⁱⁱ⁾ | 1.8% - 3% | 1% - 21% |
| Discount rate ⁽ⁱⁱⁱ⁾ | 9% - 14% | 11% - 15% |

(i) *Budgeted gross margins* – Budgeted gross margins are based on average values achieved in the three to five years preceding the start of the budget period.

(ii) *Growth rates* – The forecasted growth rates are based on published industry research relevant to the CGUs.

(iii) *Discount rates* – The discount rate used is based on the weighted average cost of the Group's capital (the "WACC"), adjusted for the specific circumstances of the CGU and based on management's experience, and re-grossed back to arrive at the pre-tax rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

15. Goodwill on consolidation (Continued)

Key assumptions used in the value-in-use calculations (Continued)

The directors of the Company believe that any reasonable possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

Sensitivity to changes in assumptions

The estimated recoverable amount of one of the CGU exceeded its carrying amount by approximately S\$392,000 (2014: S\$81,000). Management has identified that a reasonably possible change in a key assumption, i.e. 1% to the discount rate, would cause the carrying amount of the unit to exceed its recoverable amount and, consequently, result in an impairment loss.

No impairment loss was recognized during the financial years ended 31 March 2015 and 2014.

16. Intangible assets

| Group | Know-how* S\$'000 | Non- contractual customer relationship** S\$'000 | Total S\$'000 |
|--|----------------------|--|------------------|
| Cost | | | |
| At 31 March 2013 | 427 | 966 | 1,393 |
| Exchange translation differences | 8 | – | 8 |
| At 31 March 2014 | 435 | 966 | 1,401 |
| Exchange translation differences | 17 | – | 17 |
| At 31 March 2015 | 452 | 966 | 1,418 |
| Accumulated amortization | | | |
| At 1 April 2013 | 159 | 322 | 481 |
| Amortization charge for the financial year | 55 | 139 | 194 |
| At 31 March 2014 | 214 | 461 | 675 |
| Amortization charge for the financial year | 57 | 139 | 196 |
| At 31 March 2015 | 271 | 600 | 871 |
| Carrying amount | | | |
| At 31 March 2015 | 181 | 366 | 547 |
| At 31 March 2014 | 221 | 505 | 726 |

* Cost of Know-how is attributable to the skills and technical talent in relation to the artifact packaging and transportation business.

** Cost of Non-contractual customer relationships is attributable to long-term relationship with its major customers since incorporation.

Impairment testing of intangible assets

The recoverable amount of the intangible assets was determined based on value in use calculation. This calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 1.8% (2014: 1% - 21%) per annum. The growth rate used is based on management expectation of growth in the marine, construction and logistics industry in which the subsidiary companies operate. The discount rate is 9% - 14% (2014: 11% - 15%) and has been applied to the cash flow projections.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

17. Club membership

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Carrying amount | | | | |
| At beginning of financial year | 9 | 10 | – | – |
| Less: Amortization charge for the financial year | (1) | (1) | – | – |
| At end of financial year | 8 | 9 | – | – |

The club membership of S\$75,000 was paid for by the Group for the benefit of directors in accordance with their Service Agreement (“Agreement”). Accordingly, the directors held the membership in trust for the Group. Pursuant to the Agreement, the directors are entitled to benefit from the membership as long as they maintain their role as an Executive Director of the Group up to 1 April 2012 for 5 years’ term and up to 1 April 2023 for 15 years’ term. Upon completion of the specified term (5 and 15 years), the benefit of the club will be entirely vested in the director. Consequently, the membership will be deemed disposed.

The amortization of club membership is included in the “Other operating expenses” line items in profit or loss.

18. Available-for-sale financial assets

| | Group and Company | |
|--|-------------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Quoted at fair value | | |
| At beginning of financial year | 1,055 | 1,008 |
| Additions | – | 339 |
| Loss on fair value changes recognized in other comprehensive income | (812) | (292) |
| At end of financial year | 243 | 1,055 |

On 3 August 2009, the Company had announced that it had invested in Greater Bendigo Gold Mines Ltd (“GBM”), a company listed on Australian Securities Exchange (“ASX”), held through its subsidiary, Far Pacific Capital Ltd (“FPC”). Through a private placement, the Company acquired 13,500,000 shares representing approximately 12.18% of the enlarged shareholding in GBM for a cash consideration of AU\$405,000 (equivalent to S\$475,000).

On 16 April 2010, the Company had announced that it subscribed 16,875,000 new shares in GBM for a cash consideration of AU\$422,000 (equivalent to S\$545,000). The subscription was made pursuant to a non-renounceable rights issue (“GBM Rights Issue”) on the basis of 5 new shares for every 4 existing shares together with 1 free option, which expires on 31 March 2012, for each 3 new shares subscribed.

Following the subscription, the Company’s shareholding in GBM increased from 13,500,000 shares to 30,375,000 shares. After the GBM Rights Issue, the Company’s shareholding is 9.06% of the enlarged share capital of GBM.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

18. Available-for-sale financial assets (Continued)

On 11 November 2013, the Company announced that pursuant to a New Zealand court agreed settlement of all claims and claimed debts due to the Company by FPC, the Company has transferred the shareholdings of 67,500 ordinary shares in and 77,810 convertible notes of Far Pacific Capital Ltd ("FPC") back to the majority shareholder of FPC. In consideration of which, FPC has transferred its 45,247,500 shares in GBM to the Company by way of an off-market transaction.

As a result of the completion of the aforesaid transfers, the Company has transferred back to the majority shareholder of FPC all its investment in FPC and increased its total shareholdings in GBM from 30,375,000 ordinary shares to 75,622,500 ordinary shares representing 11.32% of the total issued and paid up share capital of GBM. In addition, the Company became a substantial shareholder of GBM and an announcement had been released on ASX on or around 4 November 2013 where GBM is listed via a filing of ASX Form 603.

As at 31 March 2015, GBM's issued number of ordinary shares increased to 834,784,944, and the Company's shareholding in GBM is 9.06% (2014: 11.32%).

The Company has classified this investment since financial year ended 31 March 2009 as available-for-sale financial assets in accordance to FRS 39 Financial Instruments: Recognition and Measurement. Fair value changes in this financial asset will be recognized and charged to other comprehensive income accordingly.

* AU\$: Australian dollars

19. Inventories

| | Group | |
|------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Raw materials | 1,173 | 671 |
| Work-in-progress | 1,968 | 1,478 |
| Finished goods | 857 | 954 |
| Consumables | 245 | 49 |
| | 4,243 | 3,152 |

20. Gross amount due from customers on contract work-in-progress

| | Group | |
|---|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Aggregate costs incurred and recognized profits (less recognized losses) to date on uncompleted construction contract | 4,540 | 8,894 |
| Less: Progress billings | (2,497) | (5,078) |
| | 2,043 | 3,816 |
| Contract work-in-progress: | | |
| Gross amount due from customers | 2,085 | 3,816 |
| Gross amount due to customers | (42) | - |
| | 2,043 | 3,816 |
| Retention sums on construction contracts included in trade receivables | 1,286 | 1,167 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

20. Gross amount due from customers on contract work-in-progress (Continued)

The Group's gross amount due from customers on contract work-in-progress is denominated in the following currencies as at reporting date:

| | Group | |
|-------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Singapore dollars | 1,855 | 2,599 |
| Malaysian Ringgit | 188 | 1,217 |
| | 2,043 | 3,816 |

21. Trade receivables

| | Group | |
|--|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Third parties | 40,972 | 35,918 |
| Retention receivables | 1,286 | 1,167 |
| Less: Allowance for doubtful trade receivables | (1,652) | (1,488) |
| | 40,606 | 35,597 |

Trade receivables are non-interest bearing and the average credit period on sale of goods is range from 30 to 90 (2014: 30 to 90) days according to the terms agreed with the customers. They are recognized at their original invoice amounts which represent their fair values on initial recognition.

Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience. The carrying amount of trade receivables individually determined to be impaired is as follows:

| | Group | |
|----------------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Past due more than 90 days | 1,652 | 1,488 |

Movements in the allowance for doubtful receivables are as follows:

| | Group | |
|---|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| At beginning of financial year | 1,488 | 847 |
| Allowance charged to profit or loss | 99 | 1,330 |
| Allowance written back to profit or loss | – | (100) |
| Allowance written off during the financial year | (45) | (589) |
| Exchange translation differences | 110 | – |
| At end of financial year | 1,652 | 1,488 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

21. Trade receivables (Continued)

The Group's trade receivables are denominated in the following currencies as at reporting date:

| | Group | |
|-----------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Singapore dollars | 15,580 | 16,594 |
| Chinese Renminbi | 17,540 | 14,347 |
| Euro | 29 | 33 |
| Thai Baht | 4 | – |
| Malaysian Ringgit | 5,686 | 3,368 |
| United States dollars | 1,501 | 935 |
| Vietnamese Dong | 266 | 320 |
| | 40,606 | 35,597 |

22. Other receivables, deposits and prepayments

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Non-current | | | | |
| Loan to an associate | 408 | 408 | 214 | 214 |
| Current | | | | |
| Advances to suppliers | 1,739 | 1,443 | – | – |
| Deposits paid | 1,849 | 1,087 | 1 | 1 |
| Other receivables | 2,165 | 2,146 | 101 | 313 |
| Less: Allowance for doubtful other receivables | (14) | (38) | – | – |
| | 2,151 | 2,108 | 101 | 313 |
| Prepayments for concession rights | 6,605 | 5,939 | – | – |
| Prepayments for marketing expenses | 3,358 | – | – | – |
| Other prepayments | 961 | 1,284 | 48 | 30 |
| | 10,924 | 7,223 | 48 | 30 |
| | 16,663 | 11,861 | 150 | 344 |
| Total | 17,071 | 12,269 | 364 | 558 |

The loan to an associate is unsecured, interest-free, and not expected to be repaid within the next twelve months. The loan is considered to be part of the Group's and the Company's net investment in the associate.

Other receivables that are individually determined to be impaired at the end of the reporting date relates to receivables that are in significant financial difficulties, facing significant uncertainties in prepayments or have defaulted in payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

22. Other receivables, deposits and prepayments (Continued)

Movements in the allowance for doubtful other receivables are as follows:

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| At beginning of financial year | 38 | 2,264 | – | 172 |
| Allowance written back to profit or loss | (24) | – | – | – |
| Allowance written off during the financial year | – | (2,226) | – | (172) |
| At end of financial year | 14 | 38 | – | – |

The Group's and Company's other receivables, deposits and prepayments are denominated in the following currencies as at reporting date:

| | Group | | Company | |
|-----------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Singapore dollars | 2,350 | 2,212 | 364 | 558 |
| Chinese Renminbi | 11,642 | 7,587 | – | – |
| Malaysian Ringgit | 1,938 | 1,619 | – | – |
| United States dollars | 1,105 | 825 | – | – |
| Vietnamese Dong | 36 | 26 | – | – |
| | 17,071 | 12,269 | 364 | 558 |

23. Amounts due from subsidiaries

The amounts due from subsidiaries (net) are non-trade in nature, unsecured, interest-free, repayable on demand and denominated in Singapore dollars at reporting date, except for certain amounts due from subsidiaries amounting to S\$3,599,000 (2014: S\$1,745,000) which bears effective interest rate at 4.25% (2014: 4.25%) per annum.

24. Cash and cash equivalents

| | Group | | Company | |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Cash and bank balances | 9,234 | 9,735 | 530 | 1,072 |
| Fixed deposits placed with banks | 3,896 | 5,012 | – | 600 |
| | 13,130 | 14,747 | 530 | 1,672 |

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The fixed deposits were pledged to financial institutions as securities for banking facilities and performance guarantees of the Group.

Fixed deposits of the Group bear interest rates ranging from 0.5% to 0.25% (2014: 0.05% to 3.9%) per annum with average maturity period ranging from 2 weeks to twelve months (2014: one to twelve months) at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

24. Cash and cash equivalents (Continued)

The Group's and Company's cash and cash equivalents are denominated in the following currencies as at reporting date:

| | Group | | Company | |
|-----------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Singapore dollars | 7,995 | 9,073 | 404 | 1,648 |
| Chinese Renminbi | 1,073 | 1,976 | – | – |
| Japanese Yen | 11 | 12 | – | – |
| Malaysian Ringgit | 1,278 | 988 | – | – |
| United States dollars | 1,152 | 1,919 | 126 | 24 |
| Vietnamese Dong | 1,621 | 779 | – | – |
| | 13,130 | 14,747 | 530 | 1,672 |

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

| | Group | |
|---------------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Cash and bank balances | 13,130 | 14,747 |
| Bank overdrafts (Note 28) | (661) | (766) |
| Fixed deposits pledged | (3,896) | (5,012) |
| Cash and cash equivalents | 8,573 | 8,969 |

25. Share capital

| | Group | | Company | |
|---|--------------------------|---------|--------------------------|---------|
| | No. of shares '000 | S\$'000 | No. of shares '000 | S\$'000 |
| <u>Issued and fully paid, with no par value</u> | | | | |
| At 1 April 2013 | 246,743 | 42,037 | 246,743 | 71,565 |
| Issued for warrants ⁽¹⁾ | 5,501 | 1,651 | 5,501 | 1,651 |
| At 31 March 2014 | 252,244 | 43,688 | 252,244 | 73,216 |
| Issued for exercise of warrants ⁽²⁾ | 6,987 | 839 | 6,987 | 839 |
| Transferred from warrants reserve | – | 58 | – | 58 |
| Vesting of performance share plan | 1,425 | 410 | 1,425 | 410 |
| Issued for acquisition of a property ⁽³⁾ | 31,847 | 5,000 | 31,847 | 5,000 |
| At 31 March 2015 | 292,503 | 49,995 | 292,503 | 79,523 |

The equity structure (number and types of equity issued) at the end of the financial year represents that of the Company, being the legal parent. However, for the purpose of reverse acquisition, the amount of the share capital of the Group represents that of the Acquired Group (legal subsidiary) before the reverse acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

25. Share capital (Continued)

- (1) Issue of 5,500,784 consideration shares at S\$0.30 per share. All issued ordinary shares are fully paid.
- (2) Issue of 6,987,886 consideration shares at S\$0.12 per share upon exercise of warrants. All issued ordinary shares are fully paid.
- (3) Issue of 31,847,133 consideration shares at S\$0.157 per share for acquisition of the remaining 49% rights title of a property located at No. 6 Tuas Avenue 20 Singapore 638820 (Note 12). All issued ordinary shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Chasen Performance Share Plan (The "Plan")

Under the Plan, eligible participants are conferred rights by the Company on shares to be issued or transferred ("Awards"). The Plan contemplates the award of fully paid shares free of charge when and after pre-determined performance or service conditions are accomplished and/or due recognition is given to any good work performance and/or any significant contribution to the Company.

The rationale of the Plan is to provide an opportunity for the Directors and full-time employees of the Group to participate in the equity of the Company so as to align their interest with that of the shareholders. It would also give recognition to employees of the Group who have contributed to its success and to motivate them to greater dedication, loyalty and higher standard of performance. The participants are not required to pay for the grant of Awards or for the shares allocated pursuant to the Awards.

From the commencement of the Plan to 31 March 2015, awards comprising an aggregate of 5,314,562 shares have been granted.

As at 31 March 2015, details of performance shares awarded under the Plan are set out as below:

| Date of grant | Share Awards granted since commencement of Plan to end of financial year under review | Share Awards vested since commencement of Plan to end of financial year under review | Share Awards cancelled since commencement of Plan to end of financial year under review | Share Awards outstanding as at end of financial year under review |
|----------------------|--|---|--|--|
| 23 August 2007 | 476,000 | (476,000) | Nil | Nil |
| 1 September 2008 | 970,000 | (864,500) | (105,500) | Nil |
| 27 July 2009 | 189,000 | (189,000) | Nil | Nil |
| 22 February 2010 | 1,346,912 | (1,307,282) | (39,630) | Nil |
| 31 March 2011 | 1,069,200 | (937,180) | (132,020) | Nil |
| 30 March 2012 | 1,263,450 | (1,167,260) | (96,190) | Nil |

The Group and the Company recognized total expenses of S\$53,000 (2014: S\$139,000) related to the transactions for this Plan during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

26. Treasury shares

| | Group and Company | | | |
|---------------------------------------|--------------------------|---------|--------------------------|---------|
| | 2015 | | 2014 | |
| | No. of shares '000 | S\$'000 | No. of shares '000 | S\$'000 |
| At beginning of financial year | 827 | 146 | 33 | 7 |
| Repurchased during the financial year | – | – | 794 | 139 |
| Transferred during the financial year | (302) | (53) | – | – |
| At end of financial year | 525 | 93 | 827 | 146 |

Treasury shares relate to ordinary shares of the Company that is held by the Company.

During the financial year ended 31 March 2015, the Company has released 301,395 (2014: Nil) shares pursuant to the vesting of 301,395 (2014: Nil) out of the 5,314,562 (2014: 5,314,562) performance shares awarded by transferring of treasury shares to the eligible participants.

During the financial year ended 31 March 2015, the Company did not acquire (2014: 794,000) its own shares through purchase on the SGX-ST during the financial year. The total amount paid to acquire the share was S\$Nil (2014: S\$139,000) and this was presented as a component within shareholders' equity.

27. Other reserves

Capital reserve

| | Group | |
|--|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Shanghai FengChuang Enterprise Management Consultant Co., Ltd ⁽ⁱ⁾ | 69 | 69 |
| Liten Logistics Services Pte Ltd ⁽ⁱⁱ⁾ | 1,298 | 1,298 |
| Global Technology Synergy Pte Ltd ⁽ⁱⁱ⁾ | 72 | 72 |
| Amber Digital Solutions (Beijing) Pte Ltd ⁽ⁱⁱⁱ⁾ | 409 | 409 |
| | 1,848 | 1,848 |

(i) Represents a contingent payment to the former owner of the acquired subsidiary.

(ii) Represents net gain on fair value changes arising from the net assets of subsidiaries acquired.

(iii) Represents fair value of consideration injected in an associate (Note 14).

Warrants reserve

| | Group and Company | |
|--|-------------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| At beginning of financial year | 866 | – |
| Issuance of warrants (net of issue expenses) | – | 866 |
| Warrants conversion to ordinary shares | (58) | – |
| Warrants issue expenses | (25) | – |
| At end of financial year | 783 | 866 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

27. Other reserves (Continued)

Warrants reserve (Continued)

On 21 March 2014, the Company issued 100,566,756 warrants, pursuant to Chasen Warrants Issue, at an issue price of S\$0.01 for each warrant, each warrant carrying the right to subscribe for one new ordinary share at the exercise price of S\$0.12 during the period commencing on and including the date of issue of the warrants and expiring on the date immediately preceding the third (3rd) anniversary of such date of issue.

During the financial year ended 31 March 2015, 6,987,886 (2014: Nil) warrants have been exercised.

Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Performance share plan reserve

Performance share plan reserve represents the conferred rights by the Company on shares to be issued or transferred ("Awards") to the employees whom are not required to pay for the grant of Awards or for the shares allocated pursuant to an Award. Refer to Note 25 to the financial statements.

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

28. Bank overdrafts and loans

| | Group | | Company | |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Bank overdrafts | 661 | 766 | – | – |
| Bank loans | 23,686 | 20,691 | 1,827 | 1,000 |
| | 24,347 | 21,457 | 1,827 | 1,000 |

Bank loans are repayable over a period of 2 weeks to 15 years, as follows:

| | Group | | Company | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Within one year | 18,855 | 17,152 | 365 | 1,000 |
| After one year but within five years | 4,744 | 3,407 | 1,462 | – |
| After five years | 87 | 132 | – | – |
| | 23,686 | 20,691 | 1,827 | 1,000 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

28. Bank overdrafts and loans (Continued)

The effective interest rates per annum are as follows:

| | Group | | Company | |
|-----------------|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Bank overdrafts | 5.00% to 7.50% | 4.25% to 8.35% | – | – |
| Bank loans | 1.68% to 8.00% | 1.68% to 8.50% | 3.51% to 5.65% | 3.11% to 3.24% |

The banking facilities are secured by the following:

- legal mortgage of the Group's investment property and leasehold buildings;
- corporate guarantee by the Company and its subsidiaries, Chasen Logistics Services Limited and Hup Lian Engineering Pte Ltd;
- pledge of fixed deposits amounting to about S\$3,896,000 (2014: S\$5,012,000) (Note 24);
- personal guarantee from directors of certain subsidiaries that are not wholly-owned by the Group; and
- assignment of contract proceeds from specific projects undertaken by a subsidiary.

The carrying amounts of the Group's and Company's bank overdrafts and loans approximate their fair values.

The Group's and Company's bank overdrafts and loans are denominated in the following currencies as at reporting date:

| | Group | | Company | |
|-----------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Singapore dollars | 20,256 | 15,894 | 1,827 | 1,000 |
| Chinese Renminbi | 3,507 | 3,848 | – | – |
| Malaysia Ringgit | 228 | 667 | – | – |
| United States dollars | 356 | 1,048 | – | – |
| | 24,347 | 21,457 | 1,827 | 1,000 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

29. Finance lease payables

The Group has finance leases for certain transportation equipment and tools and equipment. These leases do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

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

| | Group | | | |
|---|------------------------------|---|------------------------------|---|
| | 2015 S\$'000 | | 2014 S\$'000 | |
| | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments |
| Within one year | 1,746 | 1,587 | 2,016 | 1,865 |
| After one year but within five years | 2,419 | 2,271 | 2,051 | 1,905 |
| After five years | – | – | 8 | 7 |
| Total minimum lease payments | 4,165 | 3,858 | 4,075 | 3,777 |
| Less: Future finance charges | (307) | – | (298) | – |
| Present value of minimum lease payments | 3,858 | 3,858 | 3,777 | 3,777 |

The finance lease terms range from 1 to 9 years.

The effective interest rates charged during the financial year range from 1.30% to 7.77% (2014: 1.30% to 7.57%) per annum. As at the end of the financial year, the fair values of the Group's finance lease obligations approximate their carrying amounts.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's finance lease payables are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

The Group's finance lease payables are denominated in the following currencies as at reporting date:

| | Group | |
|-----------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Singapore dollars | 1,745 | 2,188 |
| Chinese Renminbi | 545 | 326 |
| Malaysian Ringgit | 1,494 | 1,002 |
| United States dollars | 74 | 261 |
| | 3,858 | 3,777 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

30. Deferred tax

| | Group | |
|--------------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Deferred tax assets | 1,416 | – |
| Deferred tax liabilities | (902) | (881) |

The movements in deferred tax position for the financial year are as follows:

Deferred tax assets

| | Group | |
|--------------------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| At beginning of financial year | – | – |
| Credited to profit or loss | 1,416 | – |
| At end of financial year | 1,416 | – |

Deferred tax assets are recognized to the extent that realisation of the related tax benefits through future taxable profits is probable.

Unrecognized deferred income tax assets

The following deferred income tax assets are not recognized in the statements of financial position as it is presently uncertain the extent timing and quantum of future taxable profit that will be available against which the Group can utilize the benefits as follows:

| | Group | |
|------------------------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Unabsorbed tax losses | 4,961 | 5,456 |
| Unutilized capital allowances | 593 | 215 |
| | 5,554 | 5,671 |
| Unrecognized deferred tax benefits | 944 | 964 |

Tax losses do not expire under current legislation and are available for set-off against future taxable profits subject to meeting certain statutory requirements by those companies with unrecognized tax losses in their respective country of incorporation. No deferred tax asset has been recognized due to the unpredictability of future profit streams of certain subsidiaries. These losses may be carried indefinitely subject to the conditions imposed by law.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

30. Deferred tax (Continued)

Deferred tax liabilities

| | Group | |
|---|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| At beginning of financial year | (881) | (1,386) |
| (Charged)/Credited to profit or loss | 6 | 484 |
| Over-provision in prior financial years | 33 | 60 |
| Exchange translation differences | (60) | (39) |
| At end of financial year | (902) | (881) |

Deferred tax liabilities principally arise as a result of excess of carrying amount over tax written down value of property, plant and equipment.

31. Trade payables

| | Group | |
|---------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Third parties | 11,370 | 13,000 |

Trade payables are non-interest bearing and the average credit period on purchases of goods is 30 (2014: 30) days according to the terms agreed with the suppliers.

The Group's trade payables are denominated in the following currencies as at reporting date:

| | Group | |
|-----------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Singapore dollars | 3,405 | 6,654 |
| Chinese Renminbi | 6,417 | 5,031 |
| Malaysian Ringgit | 1,468 | 1,170 |
| Thai Baht | 42 | 14 |
| United States dollars | 21 | 69 |
| Vietnamese Dong | 17 | 62 |
| | 11,370 | 13,000 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

32. Other payables and accruals

| | Group | | Company | |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Amounts due to directors | 486 | 363 | – | 100 |
| Deposits received | 237 | 187 | – | – |
| Accruals | 5,339 | 3,785 | 1,049 | 577 |
| Other payables | 1,900 | 1,928 | 56 | 152 |
| | 7,962 | 6,263 | 1,105 | 829 |

Amounts due to directors are unsecured, interest-free, and are repayable on demand.

Accruals mainly consist of accrued operating expenses. Other payables consist of insignificant items individually.

The Group's and Company's other payables and accruals are denominated in the following currencies as at reporting date:

| | Group | | Company | |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Singapore dollars | 4,753 | 4,321 | 1,105 | 829 |
| Chinese Renminbi | 1,950 | 903 | – | – |
| Malaysian Ringgit | 1,086 | 838 | – | – |
| Vietnamese Dong | 173 | 201 | – | – |
| | 7,962 | 6,263 | 1,105 | 829 |

33. Operating lease commitments

The Group as lessee

At the end of the reporting date, the Group has commitments for future minimum lease payments under non-cancellable operating leases in respect of the leasehold buildings, warehouses and office equipment as follows:

| | Group | |
|--|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Future minimum lease payments payable: | | |
| Within one year | 4,128 | 4,567 |
| After one year but within five years | 6,670 | 8,401 |
| After five years | 5,241 | 3,841 |
| | 16,039 | 16,809 |

The leases have its tenure from 1 year to 40 years, with an option to renew the lease for another 1 to 30 years subject to certain conditions being met. Lease payments are increased upon renewal to reflect market rentals. There are no restrictions placed upon the Company by entering into these leases. The lease expenditure charged to profit or loss during the financial year is disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

33. Operating lease commitments (Continued)

The Group as lessor

The Group has entered into commercial property leases on its investment property and warehouses. These non-cancellable leases have remaining lease terms from 1 to 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

At the end of the financial year, future minimum rental receivables under non-cancellable operating leases are as follows:

| | Group | |
|---|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Future minimum lease payments receivable: | | |
| Within one year | 1,597 | 1,052 |
| After one year but within five years | 288 | 560 |
| | <u>1,885</u> | <u>1,612</u> |

34. Capital commitments

| | Group | |
|---|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Capital commitments contracted but not provided for: | | |
| - Plant and equipment | 279 | 297 |
| - Building under construction (aggregate investment on plant, machinery, building and civil work) | 2,954 | – |
| | <u>2,954</u> | <u>–</u> |

35. Contingencies

Financial guarantees

As at 31 March 2015, the Company has given corporate guarantees amounting to S\$69,480,000 (2014: S\$59,609,000) to certain banks and financial institutions in respect of banking facilities granted to the subsidiaries.

The Company has evaluated the fair value of the corporate guarantee. Consequently, the Company is of the view that the fair value of the guarantees to the banks and financial institutions with regard to the subsidiaries is not significant. The Company has not recognized any liability in respect of the guarantees given to the banks for banking facilities granted to the subsidiaries as the Company's directors have assessed that the likelihood of the subsidiaries defaulting on repayment is remote.

Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

As at the end of the financial year, the Company had also given undertakings to certain subsidiaries (Note 13) to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

36. Significant related party transactions

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Company entered into the following transactions with related parties:

| | Company | |
|-----------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Subsidiaries | | |
| Dividend income | 1,800 | – |
| Management fee income | 2,210 | 2,027 |
| Interest income | 131 | 94 |
| Loan to subsidiaries | 1,527 | 1,692 |

Key management personnel remuneration

| | Group | |
|---|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Salaries and bonuses | 1,458 | 1,670 |
| Employers' contribution defined contribution plan | 90 | 97 |
| Share-based payment | 262 | – |
| Other allowances | 72 | 70 |
| | 1,882 | 1,837 |

Comprise amounts paid to:

| | | |
|--------------------------------|-------|-------|
| Directors of the Company | 766 | 614 |
| Other key management personnel | 1,116 | 1,223 |
| | 1,882 | 1,837 |

Directors' fees

| | | |
|--------------------------|-----|-----|
| Directors of the Company | 400 | 374 |
|--------------------------|-----|-----|

The key management personnel comprise directors of the Company and its subsidiaries, senior management of the Company such as Chief Financial Officer, General Managers and others, and their compensation is disclosed as above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

37. Segment information

The Group is organized into business units based on their products and services, and has three reportable segments as follows:

- (a) Specialist Relocation services – being the provision of machinery and equipment moving services through projects or maintenance contracts;
- (b) Third Party Logistics services – being the provision of packing services and the supply of packaging and crating materials, the provision of warehousing of customers' new or replaced machinery and equipment in our premises or open yard prior to installation in the customers' premises or shipping out of the country and land transportation services using specialized conveyance vehicles and material handling equipment; and
- (c) Technical & Engineering services – being the provision of turnkey facilities and engineering solutions, repair and maintenance services to customers in the high tech electronic industries, construction projects of customers in the marine, property development, oil and gas industries and contract manufacturing services in the electronic, telecommunications and other high technology industries.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The Group's reportable segments are strategic business units that are organized based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance expenses) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment revenue and expense are the operating revenue and expense reported in the Group's consolidated statement of comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets consist principally of property, plant and equipment and trade receivables that are directly attributable to a segment.

Unallocated items comprise property, plant and equipment, other receivables, deposits and prepayments, fixed deposits, cash and cash equivalents, bank loans and overdrafts, trade payables, other payables and accruals, deferred tax liabilities, income tax payable, finance lease payables, other operating income and expenses.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.24.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

37. Segment information (Continued)

Analysis by business segment

| | Specialist Relocation services | | Thirty Party Logistics services | | Technical & Engineering services | | Total | |
|---|--------------------------------|-----------------|---------------------------------|-----------------|----------------------------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Revenue: | | | | | | | | |
| External sales | 39,789 | 33,319 | 25,931 | 28,152 | 33,080 | 40,008 | 98,800 | 101,479 |
| Results: | | | | | | | | |
| Gross profit | 13,321 | 11,190 | 6,796 | 5,731 | 575 | 5,535 | 20,692 | 22,456 |
| Unallocated other operating income | | | | | | | 3,064 | 2,215 |
| Unallocated expenses | | | | | | | (14,406) | (12,544) |
| Allowance for doubtful receivables, net | | | | | | | (99) | (1,230) |
| Bad debts written off | | | | | | | (55) | (612) |
| Interest income | | | | | | | 82 | 75 |
| Interest expense | | | | | | | (1,246) | (886) |
| Depreciation and amortization | | | | | | | (5,885) | (5,826) |
| Net fair value gains on investment property | | | | | | | 542 | - |
| Share of results of an associate | | | | | | | (361) | - |
| Profit before income tax | | | | | | | 2,328 | 3,648 |
| Segment assets: | | | | | | | | |
| Trade receivables | 16,313 | 11,942 | 10,632 | 10,091 | 13,661 | 13,564 | 40,606 | 35,597 |
| Property, plant and equipment | 13,684 | 10,994 | 8,403 | 6,192 | 5,992 | 6,638 | 28,079 | 23,824 |
| Unallocated assets | | | | | | | 51,374 | 47,821 |
| Total assets | | | | | | | 120,059 | 107,242 |
| Segment liabilities: | | | | | | | | |
| Trade payables | 2,291 | 1,753 | 993 | 1,228 | 8,086 | 10,019 | 11,370 | 13,000 |
| Bank loans | 12,582 | 10,100 | 4,310 | 4,908 | 4,967 | 4,683 | 21,859 | 19,691 |
| Unallocated liabilities | | | | | | | 16,510 | 13,088 |
| Total liabilities | | | | | | | 49,739 | 45,779 |
| Other material non-cash items: | | | | | | | | |
| Depreciation and amortization | 3,250 | 2,955 | 753 | 782 | 1,819 | 1,982 | 5,822 | 5,719 |
| Unallocated depreciation and amortization | | | | | | | 63 | 107 |
| | | | | | | | 5,885 | 5,826 |
| Capital expenditure | 4,379 | 4,155 | 4,462 | 1,971 | 1,214 | 1,579 | 10,055 | 7,705 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

37. Segment information (Continued)

Analysis by geographical segment

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

| | Revenue | | Non-current assets | | Capital expenditure | |
|----------------------------|---------|---------|--------------------|---------|---------------------|---------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Singapore | 47,847 | 60,503 | 31,815 | 26,527 | 7,483 | 2,951 |
| People's Republic of China | 32,710 | 25,513 | 9,195 | 9,632 | 1,279 | 3,672 |
| Malaysia | 15,804 | 13,327 | 2,072 | 1,624 | 1,230 | 950 |
| Vietnam | 2,439 | 2,136 | 292 | 286 | 63 | 132 |
| | 98,800 | 101,479 | 43,374 | 38,069 | 10,055 | 7,705 |

Information about a major customer

Revenue from one major customer amounted to S\$5,979,579 (2014: S\$6,615,856) arising from sales in the Specialist Relocation services business segment (2014: Specialist Relocation services business segment).

38. Fair value of assets and liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, non-current and current bank loans (secured) at floating rate (Note 28), non-current and current finance lease payables at prevailing market rate (Note 29), approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of applicable assets and liabilities are determined and categorized using a fair value hierarchy as follows:

- (a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- (b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.
- (c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

38. Fair value of assets and liabilities (Continued)

The Group holds its financial assets carried at fair value or at valuation (Level 1) as follows:

| | Group | |
|---|---------|---------|
| | 2015 | 2014 |
| | S\$'000 | S\$'000 |
| <i>Financial assets:</i> | | |
| Available-for-sale financial assets (Note 18) | 243 | 1,055 |

Valuation policies and techniques

The management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regards, the management reports to the Group's Audit Committee.

It is the Group's policy that where assessed necessary by the management, the Group would engage experts to perform significant financial reporting valuations. The management is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 *Fair Value Measurement* guidance.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. The management also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

The analysis and results of the external valuations are then reported to the Audit Committee for the latter's comments before presenting the results to the Board of Directors for approval.

During the financial year, there is no change in the applicable valuation techniques.

39. Financial instruments and financial risks

The Group's activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks and equity price risks) and liquidity risks. The Group's overall risk management strategy seeks to minimize adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

39. Financial instruments and financial risks

Credit risks

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and generally do not require a collateral. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group's and Company's major classes of financial assets are bank deposits and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies. Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good collection track record with the Group.

The age analysis of trade receivables is as follows:

| | Group | |
|----------------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Not past due | 10,962 | 14,285 |
| Past due 0 – 30 days | 9,516 | 8,409 |
| Past due 31 – 60 days | 4,115 | 3,201 |
| Past due 61 – 90 days | 3,467 | 1,946 |
| Past due more than 90 days | 12,546 | 7,756 |
| Total | 40,606 | 35,597 |

The movements in the allowance for impairment in respect of trade receivables during the financial year are disclosed in Note 21 to the financial statements.

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Based on past experience, except for certain trade receivables balances that impaired, the Group believes that no impairment allowance is necessary in respect of the remaining trade receivables due to the good payment track record of its customers.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

39. Financial instruments and financial risks (Continued)

Credit risks (Continued)

Credit risk concentration profile (Continued)

| | Group | |
|------------------------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| <i>By country:</i> | | |
| Singapore | 17,830 | 18,979 |
| People's Republic of China | 16,650 | 12,770 |
| Malaysia | 5,860 | 3,527 |
| Vietnam | 266 | 321 |
| | 40,606 | 35,597 |
| <i>By industry sectors:</i> | | |
| Specialist Relocation services | 16,328 | 12,095 |
| Third Party Logistics services | 10,642 | 10,091 |
| Technical & Engineering services | 13,636 | 13,411 |
| | 40,606 | 35,597 |

At the end of the reporting date, approximately:

- 49% (2014: 43%) of the Group's trade receivables were due from 9 (2014: 9) major customers who are providing Technical & Engineering services located in Singapore and China.
- 52% (2014: 54%) of the Group's trade and other receivables were due from related parties while almost all of the Company's receivables were balances with related parties.

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risks

The Group transacts business in various foreign currencies, including, Australian dollar, Chinese Renminbi, Euro, Japanese Yen, Malaysian Ringgit, United States dollar and Vietnamese Dong, other than the respective functional currencies of the Group, and hence is exposed to foreign currency risks. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

39. Financial instruments and financial risks (Continued)

Market risks (Continued)

Foreign currency risks (Continued)

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

| | Group | | Company | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Monetary assets | | | | |
| Singapore dollar | 151 | 563 | – | – |
| Chinese Renminbi | 2,172 | 2,004 | – | – |
| Euro | 29 | 33 | – | – |
| Japanese Yen | 11 | 12 | – | – |
| Thai Baht | 4 | – | – | – |
| Malaysian Ringgit | 76 | 83 | – | – |
| United States dollar | 3,758 | 3,679 | 126 | 24 |
| Monetary liabilities | | | | |
| Singapore dollar | 4 | – | – | – |
| Malaysian Ringgit | 23 | 61 | – | – |
| Thai Baht | 42 | 14 | – | – |
| United States dollar | 323 | 1,378 | – | – |

The Company has a number of investments in foreign operations, whose net assets are exposed to foreign exchange translation risk.

Foreign currency sensitivity analysis

The Group is mainly exposed to Australian dollar, Chinese Renminbi ("RMB"), Euro, Japanese Yen, Malaysian Ringgit ("MYR"), United States dollar and Vietnamese Dong ("VND").

The following table details the Group's sensitivity to a 10% change in various foreign currencies against the respective functional currencies of the Group entities. The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from the end of the financial year, with all variables held constant.

| | Increase/(Decrease) in Equity | |
|--|----------------------------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Group | | |
| Strengthens/weakens against SGD | | |
| Chinese Renminbi | 2,400 | 2,010 |
| Malaysian Ringgit | 420 | 430 |
| Vietnamese Dong | 153 | 70 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

39. Financial instruments and financial risks (Continued)

Market risks (Continued)

Foreign currency risks (Continued)

Foreign currency sensitivity analysis (Continued)

| | Increase/(Decrease) in Profit or Loss | |
|--|--|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Group | | |
| Strengthens/weakens against SGD | | |
| Chinese Renminbi | 217 | 200 |
| Japanese Yen | 1 | 1 |
| Malaysian Ringgit | 5 | 2 |
| United States dollar | 218 | 207 |
| Strengthens/weakens against RMB | | |
| Euro | 3 | 3 |
| United States dollar | 120 | 6 |
| Strengthens/weakens against MYR | | |
| Singapore dollar | 16 | 56 |
| Thai Baht | 4 | - |
| United States dollar | 3 | 14 |
| Strengthens/weakens against VND | | |
| United States dollar | 2 | 2 |
| Company | | |
| Strengthens/weakens against SGD | | |
| United States dollar | 13 | 2 |

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Group's interest rate risks relate to interest-bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

The Group's interest rate risks arise primarily from the floating rate borrowings with financial institutions.

The Group's and Company's exposure to interest rate risks are disclosed in the Note 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

39. Financial instruments and financial risks (Continued)

Market risks (Continued)

Interest rate risks (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for both derivatives and non-derivative instruments at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 1% change in the interest rates from the end of the financial year, with all variables held constant.

| | Increase/(Decrease) in Profit or Loss | | | |
|-----------------|---------------------------------------|---------|---------|---------|
| | Group | | Company | |
| | 2015 | 2014 | 2015 | 2014 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Bank overdrafts | 4 | 6 | - | - |
| Bank loans | 99 | 119 | - | 10 |

Equity price risks

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade in available-for-sale investments.

Further details of these equity investments can be found in Note 18 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the financial year.

The sensitivity analysis assumes an instantaneous 10% change in the equity prices from the balance sheet date, with all variables held constant.

| Group and Company | Increase/(Decrease) in Profit or Loss / Equity | |
|-------------------------------------|---|---------|
| | 2015 | 2014 |
| | S\$'000 | S\$'000 |
| Available-for-sale financial assets | 24 | 106 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

39. Financial instruments and financial risks (Continued)

Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle. 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 and the Company monitor their liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. 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.

The Group's operations are financed mainly through equity, retained profits and borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the finance lease payables, bank loans and overdrafts are disclosed in Notes 28 and 29 to these financial statements respectively.

The Group has access to credit facilities as follows:

| | Group | |
|-------------------------------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Unutilized credit facilities | | |
| Bank overdraft facilities | 1,560 | 1,723 |
| Trade facilities | 22,254 | 33,651 |

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

| Group | | | | Total S\$'000 |
|--|---------------------------|-------------------------|-------------------------|------------------|
| | 1 year or less S\$'000 | 1 to 5 years S\$'000 | Over 5 years S\$'000 | |
| 2015 | | | | |
| <i>Financial assets:</i> | | | | |
| Trade and other receivables | 46,345 | – | – | 46,345 |
| Cash and cash equivalents | 13,130 | – | – | 13,130 |
| | 59,475 | – | – | 59,475 |
| <i>Financial liabilities:</i> | | | | |
| Bank overdrafts | 661 | – | – | 661 |
| Bank loans | 19,604 | 5,287 | 90 | 24,981 |
| Finance lease payables | 1,746 | 2,419 | – | 4,165 |
| Trade and other payables | 19,332 | – | – | 19,332 |
| | 41,343 | 7,706 | 90 | 49,139 |
| Total net undiscounted financial assets/(liabilities) | 18,132 | (7,706) | (90) | 10,336 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

39. Financial instruments and financial risks (Continued)

Liquidity risks (Continued)

| Group | 1 year or less | 1 to 5 years | Over 5 years | Total |
|---|----------------|--------------|--------------|---------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 2014 | | | | |
| <i>Financial assets:</i> | | | | |
| Trade and other receivables | 40,235 | – | – | 40,235 |
| Cash and cash equivalents | 14,747 | – | – | 14,747 |
| | 54,982 | – | – | 54,982 |
| <i>Financial liabilities:</i> | | | | |
| Bank overdrafts | 766 | – | – | 766 |
| Bank loans | 17,307 | 3,531 | 154 | 20,992 |
| Finance lease payables | 2,016 | 2,051 | 8 | 4,075 |
| Trade and other payables | 19,263 | – | – | 19,263 |
| | 39,352 | 5,582 | 162 | 45,096 |
| Total net undiscounted financial assets/(liabilities) | 15,630 | (5,582) | (162) | 9,886 |

| Company | On demand and within 1 year | |
|---|-----------------------------|---------|
| | 2015 | 2014 |
| | S\$'000 | S\$'000 |
| <i>Financial assets:</i> | | |
| Other receivables | 102 | 314 |
| Amounts due from subsidiaries | 39,920 | 30,857 |
| Cash and cash equivalents | 530 | 1,672 |
| | 40,552 | 32,843 |
| <i>Financial liabilities:</i> | | |
| Bank loans | 1,995 | 1,000 |
| Other payables and accruals | 1,105 | 829 |
| | 3,100 | 1,829 |
| Total net undiscounted financial assets | 37,452 | 31,014 |

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 18 to the financial statements, except for the following:

| | Group | | Company | |
|---|---------|---------|---------|---------|
| | 2015 | 2014 | 2015 | 2014 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Loan and receivables | 59,475 | 54,982 | 40,552 | 32,843 |
| Financial liabilities at amortized cost | 47,537 | 44,497 | 2,932 | 1,829 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

40. Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through optimization of debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 28 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in Notes 25, 26, 27.

The Group's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends to shareholders, return capital to shareholders or issue new shares and share buy-backs. The Group's overall strategy remains unchanged from 31 March 2014.

Management monitors capital based on a gearing ratio of less than one. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (excluding bank overdrafts, income tax payable and deferred tax liabilities as shown in the statements of financial position), less cash and cash equivalents (net of bank overdrafts and fixed deposits pledged). Total capital is calculated as total equity as shown in the statements of financial position, plus net debt.

| | Group | | Company | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| Total borrowings | 46,876 | 43,731 | 2,932 | 1,829 |
| Less: Cash and cash equivalents | (8,573) | (8,969) | (530) | (1,672) |
| Net debt | 38,303 | 34,762 | 2,402 | 157 |
| Total equity | 70,320 | 61,463 | 76,400 | 70,588 |
| Total capital | 108,623 | 96,225 | 78,802 | 70,745 |
| Gearing ratio | 0.35 | 0.36 | 0.03 | 0.01 |

The Group and the Company are not subject to any externally imposed capital requirements during the financial years ended 31 March 2015 and 2014.

41. Dividends

| | Group and Company | |
|---|-------------------|-----------------|
| | 2015 S\$'000 | 2014 S\$'000 |
| Declared and paid during the financial year | | |
| Dividend on ordinary shares: | | |
| Final exempt (one-tier) dividend for 2014: S\$0.001 (2013: S\$0.002) per share | 340 | 493 |

STATISTICS OF SHAREHOLDINGS

AS AT 23 JUNE 2015

SHAREHOLDERS' INFORMATION

| Class of equity securities | Number of equity securities | Voting Rights |
|----------------------------|-----------------------------|--|
| Ordinary Shares | 291,979,296* | One vote per share (excluding treasury shares) |
| Treasury Shares | 525,107 | Nil |

* Excludes non-voting treasury shares

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholding | Number of Shareholders | % | Number of Shares | % |
|----------------------|------------------------|--------|------------------|--------|
| 1 – 99 | 608 | 10.90 | 11,900 | 0.00 |
| 100 – 1,000 | 1,985 | 35.59 | 1,021,054 | 0.35 |
| 1,001 – 10,000 | 2,018 | 36.19 | 8,558,519 | 2.93 |
| 10,001 – 1,000,000 | 942 | 16.89 | 65,009,337 | 22.27 |
| 1,000,001 and above | 24 | 0.43 | 217,378,486 | 74.45 |
| | 5,577 | 100.00 | 291,979,296 | 100.00 |

TWENTY LARGEST SHAREHOLDERS

| No. | Name of Shareholders | Number of Shares | % |
|-----|---|------------------|-------|
| 1. | Low Weng Fatt | 50,883,708 | 17.43 |
| 2. | Yap Koon Bee @ Louis Yap | 35,002,583 | 11.99 |
| 3. | Yeo Seck Cheong | 15,186,165 | 5.20 |
| 4. | Lim Chin Hock | 14,479,565 | 4.96 |
| 5. | United Overseas Bank Nominees (Private) Limited | 13,647,416 | 4.67 |
| 6. | Hong Leong Finance Nominees Pte Ltd | 12,353,667 | 4.23 |
| 7. | OCBC Securities Private Limited | 11,426,415 | 3.91 |
| 8. | Siah Boon Hock | 10,824,901 | 3.71 |
| 9. | Lim Jit Sing, Jackson (Lin Risheng, Jackson) | 9,746,816 | 3.34 |
| 10. | Cheong Tuck Nang (Zhang Deneng) | 7,945,912 | 2.72 |
| 11. | Lim Wui Liat | 5,321,037 | 1.82 |
| 12. | DBS Nominees (Private) Limited | 4,720,509 | 1.62 |
| 13. | Ng Aik Cheng | 4,183,000 | 1.43 |
| 14. | Maybank Kim Eng Securities Pte. Ltd. | 4,019,680 | 1.38 |
| 15. | CIMB Securities (Singapore) Pte. Ltd. | 2,585,170 | 0.89 |
| 16. | Poon Wai Ling | 2,318,345 | 0.79 |
| 17. | Phillip Securities Pte Ltd | 2,202,957 | 0.75 |
| 18. | Maybank Nominees (Singapore) Private Limited | 1,939,000 | 0.66 |
| 19. | UOB Kay Hian Private Limited | 1,857,150 | 0.64 |
| 20. | Poh Yong Heng | 1,566,000 | 0.54 |
| | Total: | 212,209,996 | 72.68 |

STATISTICS OF SHAREHOLDINGS

AS AT 23 JUNE 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

| | Direct Interest | % | Deemed Interest | % |
|------------------------------|-----------------|-------|-----------------|------|
| Low Weng Fatt ⁽¹⁾ | 50,883,708 | 17.43 | 265,000 | 0.09 |
| Yap Koon Bee @ Louis Yap | 35,002,583 | 11.99 | – | – |
| Yeo Seck Cheong | 15,186,165 | 5.20 | – | – |

Note:

(1) Mr Low Weng Fatt is deemed to be interested in the 265,000 shares held by his spouse.

The percentage of shareholding above is computed based on the total issued and paid-up ordinary share capital of 291,979,296 Shares (excluding 525,107 treasury shares).

STATISTICS OF WARRANTHOLDINGS

AS AT 23 JUNE 2015

DISTRIBUTION OF WARRANTHOLDINGS

| Size of Warrantholding | Number of Warrantholders | % | Number of Warrants | % |
|------------------------|--------------------------|--------|--------------------|--------|
| 1 – 99 | 2 | 0.23 | 62 | 0.00 |
| 100 – 1,000 | 63 | 7.19 | 44,236 | 0.05 |
| 1,001 – 10,000 | 431 | 49.26 | 2,043,753 | 2.18 |
| 10,001 – 1,000,000 | 354 | 40.46 | 29,229,390 | 31.24 |
| 1,000,001 and above | 25 | 2.86 | 62,261,429 | 66.53 |
| | 875 | 100.00 | 93,578,870 | 100.00 |

TWENTY LARGEST WARRANTHOLDERS

| No. | Name of Warrantholders | Number of Warrants | % |
|-----|---|--------------------|-------|
| 1. | Cho Kim Seng | 5,500,000 | 5.88 |
| 2. | Low Weng Fatt | 5,263,883 | 5.63 |
| 3. | Lim Shao-Lin | 4,621,000 | 4.94 |
| 4. | United Overseas Bank Nominees (Private) Limited | 4,510,818 | 4.82 |
| 5. | OCBC Securities Private Limited | 3,965,000 | 4.24 |
| 6. | Zhou JinShou | 3,859,000 | 4.12 |
| 7. | Tan Eng Chua Edwin | 3,163,000 | 3.38 |
| 8. | Ang Soon Guan Francis | 3,134,633 | 3.35 |
| 9. | Cheng Wa Sing | 2,817,100 | 3.01 |
| 10. | Lim Kah Yim | 2,610,000 | 2.79 |
| 11. | Lim Chin Hock | 2,173,876 | 2.32 |
| 12. | Phillip Securities Pte Ltd | 2,058,500 | 2.20 |
| 13. | Eio Hock Chuar | 2,031,000 | 2.17 |
| 14. | Siah Boon Hock | 2,000,000 | 2.14 |
| 15. | Karuppiah Palaniappan | 1,840,000 | 1.97 |
| 16. | DBS Nominees (Private) Limited | 1,726,000 | 1.84 |
| 17. | Tan Eng Hong | 1,503,000 | 1.61 |
| 18. | Thiam Kok Yong | 1,400,000 | 1.50 |
| 19. | Maybank Nominees (Singapore) Private Limited | 1,323,000 | 1.41 |
| 20. | Lim Wui Liat | 1,250,319 | 1.34 |
| | Total: | 56,750,129 | 60.66 |

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 23 June 2015, approximately 58.57% of the Company's total number of issued shares excluding treasury shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **CHASEN HOLDINGS LIMITED** (the “**Company**”) will be held at Raffles Lounge (Level 2), Raffles Country Club, 450 Jalan Ahmad Ibrahim, Singapore 639932, on the 29th day of July 2015 at 10.00 a.m. for the purpose of considering and if thought fit, passing the following resolutions as Ordinary Resolutions, with or without any modifications:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Financial Statements of the Company and of the Group for the financial year ended 31 March 2015 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final tax exempt (one-tier) dividend of \$0.001 per share for the financial year ended 31 March 2015. (2014: \$0.001 per share). **(Resolution 2)**
3. To re-elect Mr Siah Boon Hock, a Director of the Company retiring pursuant to Article 110 of the Articles of Association of the Company.
[See Explanatory Note (i)] **(Resolution 3)**
4. To re-appoint Mr Yap Koon Bee @ Louis Yap, a Non-Executive Director of the Company retiring under Section 153(6) of the Companies Act, Chapter 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.
[See Explanatory Note (ii)] **(Resolution 4)**
5. To approve the payment of Directors’ fees of \$400,000 for the financial year ended 31 March 2015. (2014: \$400,000). **(Resolution 5)**
6. To re-appoint Messrs Mazars LLP as the Auditors of the Company and to authorize the Directors of the Company to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”)**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the SGX-ST, 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 and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

NOTICE OF ANNUAL GENERAL MEETING

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

(the “**Share Issue Mandate**”)

Provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution 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 (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the number of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
- (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting (“**AGM**”) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.
- [See Explanatory Note (iii)] **(Resolution 7)**

9. **Renewal of Share Buyback Mandate**

That:-

- (a) for the purposes of the Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) on-market purchases, transacted on the SGX-ST or through one or more duly licensed stockbrokers appointed by the Company for the purpose (“**Market Purchase**”); and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Rules ("**Off-Market Purchase**").

(the "**Share Buyback Mandate**")

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next AGM is held or required by law to be held;
- (ii) the date on which the share buybacks are carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

- (c) In this Resolution:

"Prescribed Limit" means 10% of the total number of ordinary shares in the Company (excluding any treasury shares) as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"Relevant Period" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase : 105% of the Average Closing Price;
- (ii) in the case of an Off-Market Purchase : 120% of the Highest Last Dealt Price, where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) The Directors of the Company be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (iv)]

(Resolution 8)

10. That the proposed grant to Low Weng Fatt, an Executive Director and a Controlling Shareholder (as defined in the Listing Manual of the SGX-ST), of an award up to a maximum of 200,000 shares for the year ending 31 March 2016, in the share capital of the Company, in accordance with the Chasen Performance Share Plan (the "**Plan**") be and is hereby approved.

[see Explanatory Notes (vii), (viii), (xi) and (xii)]

(Resolution 9)

11. That the proposed grant to Yap Koon Bee @ Louis Yap, a Non-Executive Director and a Controlling Shareholder (as defined in the Listing Manual of the SGX-ST), of an award up to a maximum of 50,000 shares for the year ending 31 March 2016, in the share capital of the Company, in accordance with the Plan be and is hereby approved.

[see Explanatory Notes (vii), (ix), (xi) and (xii)]

(Resolution 10)

12. That the proposed grant to Yap Beng Geok Dorothy, an Associate of a Controlling Shareholder (as defined in the Listing Manual of the SGX-ST), of an award up to a maximum of 50,000 shares for the year ending 31 March 2016, in the share capital of the Company, in accordance with the Plan be and is hereby approved.

[See Explanatory Notes (vii), (x), (xi) and (xii)]

(Resolution 11)

By Order of the Board

CHEW KOK LIANG

Company Secretary
Singapore, 14 July 2015

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 18 Jalan Besut, Singapore 619571, not less than forty-eight (48) hours before the time appointed for holding of the AGM.
3. The proxy form must be signed by the appointor or his attorney duly authorized in writing.
4. In case of joint shareholders, all holders must sign the proxy form.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The effect of Resolution 3 is to re-elect Mr Siah Boon Hock as a Director of the Company. Mr Siah Boon Hock will, upon re-election as a Director of the Company, remain as an Executive Director of the Company and will be considered non-independent.
- (ii) The effect of Resolution 4 is to re-appoint Mr Yap Koon Bee @ Louis Yap as a Director of the Company who is over 70 years of age. Mr Yap Koon Bee @ Louis Yap will, upon re-appointment as a Non-Executive Director of the Company, remain as a member of the Audit and Remuneration Committees and will be considered non-independent.
- (iii) Resolution 7, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iv) Resolution 8, if passed, will empower the Directors of the Company from the date of the above Meeting until the earliest of (i) the date on which the next AGM of the Company or the date by which the next AGM of the Company is held or required by law to be held; (ii) the date on which the share buybacks are carried out to the full extent mandated, or (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Company in general meeting, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company as at the date of the AGM at which this Ordinary Resolution is passed. The rationale for, the authority and limitation on, the sources of the funds to be used for the purchase or acquisition, including the amount of financing and financial effects of the purchase or acquisition of the ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 March 2014 are set out in greater detail in the Letter to Shareholders dated 14 July 2015 attached to this Annual Report.
- (v) The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions expressed or reports contained in Resolutions 9, 10 and 11 of this Notice of AGM.
- (vi) The Directors collectively and individually accept full responsibility for the accuracy of the information given in Resolutions 9, 10 and 11 of this Notice of AGM and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, Resolutions 9, 10 and 11 in this Notice of AGM constitutes full and true disclosure of all material facts about matters pursuant to the proposed grants, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in Resolutions 9, 10 and 11 misleading. Where information in Resolutions 9, 10 and 11 have been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Notice of AGM in its proper form and context.
- (vii) All Directors are interested in the Plan by virtue of their eligibility to participate in the Plan. They have accordingly abstained from making any recommendation on Ordinary Resolutions 9, 10 and 11 for the proposed grants.

Each Director and their associates shall also decline to accept appointment as proxies for any Shareholder to vote in respect of Ordinary Resolutions 9, 10 and 11 unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which the votes are to be casted in respect of the said Ordinary Resolutions 9, 10 and 11.

- (viii) Resolution 9, if passed, will empower the Directors to grant to Mr Low Weng Fatt, who is an Executive Director and a Controlling Shareholder (as defined in the Listing Manual of the SGX-ST), an award up to a maximum of 200,000 shares in the share capital of the Company. Mr Low Weng Fatt is the Managing Director and CEO of the Company and is responsible for the overall management and strategic growth direction of the Group.

Mr Low took over the helm of the Company's subsidiary, Chasen Logistics Services Limited, in 2001. He has been with the Company since 1996 when it operated as a partnership and has played a pivotal role in steering the growth of Company since he became its Managing Director. He has ably led the Group with his extensive experience in the logistics industry by exploiting its first mover advantage in meeting the growing specialist relocation needs of manufacturers and other businesses which use sophisticated and expensive machines and equipment in their operations locally and in this region and building up a good track record and reputation for the Group.

He has in-depth knowledge of the needs of the business as it evolved over the years. His ability to anticipate business trend and demand has enabled the Group to offer the right type of skills, equipment and value added services to meet the total relocation needs of customers. The development of this comprehensive range of services to meet the customers' relocation logistics needs also enabled the Group to replicate our services capabilities overseas in particular the People's Republic of China, Vietnam and Malaysia.

NOTICE OF ANNUAL GENERAL MEETING

Since the Company was listed on SGX in February 2007, Mr Low continues to play an instrumental role in charting the Group's business development, growth and expansion into the region. The Directors are of the view that the remuneration package of Mr Low which includes awards under the Plan, is fair given his contributions to the Group. The extension of the Plan to Mr Low is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. Although Mr Low already has a shareholding interest in the Company, the extension of the Plan to him will ensure that he is equally entitled, with the other employees who are not Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing his long term commitment to the Group.

During the year in review Mr Low successfully implemented the strategy to extend the scope of the Group's capability and to diversify its revenue base to other high growth industries such as solar energy, marine and construction in Singapore. He identified the new businesses and led in the negotiation to acquire them.

The participation of Mr Low Weng Fatt under the Plan has been approved by shareholders when they approved the Plan at the Extraordinary General Meeting held on 16 May 2007. This resolution seeks for the above-stated reasons, shareholders' approval for the Directors decision to grant an award up to a maximum of 200,000 shares to Mr Low Weng Fatt in accordance with the Plan.

Assuming the proposed grant of awards to Mr Low Weng Fatt is approved, he would have received 840,000 shares since the commencement of the Plan, amounting to 1.92%, being less than 10% of the shares available under the Plan.

- (ix) Resolution 10, if passed, will empower the Directors to grant to Mr Yap Koon Bee @ Louis Yap, who is a Non-Executive Director and a Controlling Shareholder, an award up to a maximum of 50,000 shares in the share capital of the Company.

Mr Yap Koon Bee @ Louis Yap is a Non-Executive Director of our Company and has been a Director of the Company's subsidiary, Chasen Logistics Services Limited since its incorporation in 1999.

Mr Yap is the founder of the Company, which started its business in 1995 as a partnership to supply labour for the stuffing and unstuffing of containers, packing and warehousing. He managed the Chasen Logistics Services Limited's business until 2001 when he retired from the day-to-day management. Although he is a Non-Executive Director, Mr Yap possesses substantial experience in the business of labour supply as well as transport and warehousing as he has been in this line since the 1960s. Mr Yap still maintains an advisory role in the Company and the Company is of the view that he will be able to provide business networks and market contacts to the Company and its subsidiaries which will be invaluable in assisting the Company in its objective of achieving a higher level of performance.

The extension of the Plan to Mr Yap is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. Although Mr Yap already has a shareholding interest in the Company, the extension of the Plan to him will ensure that he is equally entitled, with the other employees who are not Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing his continued commitment to the Group.

The participation of Mr Yap Koon Bee @ Louis Yap under the Plan has been approved by shareholders when they approved the Plan at the Extraordinary General Meeting held on 16 May 2007. For the above-stated reasons, the Directors propose to grant an award up to a maximum of 50,000 shares, as the case may be, to Mr Yap Koon Bee @ Louis Yap in accordance with the Plan.

Assuming the proposed grant of awards to Mr Yap Koon Bee @ Louis Yap is approved, he would have received 210,000 shares since the commencement of the Plan, amounting to 0.48%, being less than 10% of the shares available under the Plan.

- (x) Resolution 11 above, if passed, will empower the Directors to grant to Ms Yap Beng Geok Dorothy, who is an Associate of a Controlling Shareholder, an award up to a maximum of 50,000 shares in the share capital of the Company.

Ms Yap Beng Geok Dorothy is the daughter of our Non-Executive Director and Controlling Shareholder of the Company, Mr Yap Koon Bee @ Louis Yap. Ms Yap is the Group General Administration Manager and is responsible for the day-to-day administrative workflow at the Company, human resource policy and other general administrative matters of the Group, including coordinating with professional service providers in corporate activities of the Company as a public listed company.

Having been with the Group since 1995, Ms Yap has acquired in-depth knowledge of many aspects of the Group's business, including its operation and administration.

The Directors are of the view that the remuneration package of Ms Yap which includes awards under the Plan is fair given her contributions to the Group. The extension of the Plan to Ms Yap is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. As the Plan serves as a recognition of the past contributions of those eligible to participate in the Plan, as well as to secure future contributions for the Company and the Group from them, the Directors consider it important that Ms Yap should not be excluded from the Plan on account of her being an associate of a substantial shareholder. The Directors consider it crucial that the Company compensates its employees on the merit of their work performance regardless of their relationship with shareholders.

The participation of Ms Yap Beng Geok Dorothy under the Plan has been approved by shareholders when they approved the Plan at the Extraordinary General Meeting held on 16 May 2007. For the above-stated reasons, the Directors propose to grant an award up to a maximum of 50,000 shares, to Ms Yap Beng Geok Dorothy in accordance with the Plan.

Assuming the proposed grant of awards to Ms Yap Beng Geok Dorothy is approved, she would have received 210,000 shares since the commencement of the Plan, amounting to 0.48%, being less than 10% of the shares available under the Plan.

NOTICE OF ANNUAL GENERAL MEETING

- (xi) Low Weng Fatt, Yap Koon Bee @ Louis Yap and Yap Beng Geok Dorothy and their Associates shall abstain from voting on Ordinary Resolutions 9, 10 and 11 to be proposed at the AGM, and shall decline appointment as proxies for any Shareholder to vote in respect of each of the said Ordinary Resolutions 9, 10 and 11 unless specific instructions have been given in the proxy instrument by the independent Shareholders appointing them on how they wish their votes to be cast for each of the Ordinary Resolutions.
- (xii) Resolutions 9, 10 and 11 above, if passed, will empower the Directors to grant awards pursuant to the Plan adopted by shareholders in the Extraordinary General Meeting held on 16 May 2007, provided that Rule 845 of the Listing Manual is complied with. The relevant information of the Plan had been disclosed in pages 11 and 15 of the Circular dated 23 April 2007.

The aggregate number of the Company's shares available under the Plan is 43,796,894, which is 15% of the total issued share capital of the Company of 291,979,296 (excluding 525,107 treasury shares). Assuming the proposed grant of awards is approved and all issued and outstanding awards are released as at the date of the AGM, the aggregate number of awards convertible into shares will be 5,614,562, being 1.92%, which is less than 15% of the total issued number of shares.

Assuming the proposed grant of awards is approved and all awards granted to Mr Low, Mr Yap and Ms Yap are released, they would have received 1,260,000 shares since the commencement of the Plan, being 2.88%, which is less than 10,949,223 being 25% of the shares available under the Plan.

The options and awards are only granted to Directors and all confirmed full-time managers and those listed above them in the organisation charts of the Group, who are not less than 21 years old.

The relevant information of the Plan had been disclosed in pages 15 and 16 of the Circular dated 23 April 2007 which had been approved and adopted by shareholders in the Extraordinary General Meeting held on 16 May 2007.

Please note that transport arrangement from Lakeside MRT station (taxi stand) to the AGM venue is available upon request. Kindly contact the Company at Tel: 6266 5978 for the necessary arrangement.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

BRIEF INFORMATION ON THE CHASEN PERFORMANCE SHARE PLAN

The Plan contemplates the award of fully paid shares, free of any payment by the awardee, when and after predetermined performance or service-conditions are accomplished and/or due recognition has been given to any good work performance and/or contribution to the Company.

The aggregate number of new Shares over which the Committee may grant awards on any date, when added to the number of new Shares issued and issuable in respect of all Shares granted under this Plan and any other existing share schemes or share option schemes implemented or to be implemented by the Company, shall not exceed fifteen (15) per cent of the issued share capital (excluding treasury shares) of the Company on the day preceding that date ("**Plan Limit**").

The total number of Shares to be offered to Controlling Shareholders and their associates shall not during the entire operation of the Plan exceed 25 per cent of the Plan Limit and the total number of Shares to be offered to a Participant who is a Controlling Shareholder or his associate shall not during the entire operation of the Plan exceed ten (10) per cent of the Plan Limit.

The eligibility of employees to participate in the Plan and the number of Shares which are the subject of each award at each date of grant to a participant in accordance with the Plan shall be determined at the absolute discretion of the Remuneration Committee which shall take into account the performance of the participant and such other general criteria as the Remuneration Committee may consider appropriate, subject to the following limits as well as other limitations set forth under the rules of the Listing Manual of the SGX-ST and these Rules:

- (a) Managing Director – up to 200,000 shares per year;
- (b) Executive Directors (other than the Managing Director) – up to 150,000 shares each per year;
- (c) Non-Executive Directors – up to 50,000 shares each per year;
- (d) General Managers/Senior Managers – up to 100,000 shares each per year; and
- (e) Managers – up to 50,000 shares each per year.

Subject to the Plan, the awards shall be released, in accordance with any conditions that the Remuneration Committee may, in its absolute discretion specify in the letter of offer granting the share awards subject to the following proportions and Vesting Periods:

- (a) After the first anniversary of Date of Grant: maximum of 40% of share awards granted;
- (b) After the second anniversary of Date of Grant: maximum of 70% of share awards granted; and
- (c) After the third anniversary of Date of Grant: 100% of share awards granted.

The Company is unable to give an estimate cost of the grant of awards because it will be subject to computation on a global basis taking into consideration several factors, e.g. price of shares buyback.

More detailed information on the Plan can be referred to in the Circular dated 23 April 2007, a copy of which can be inspected at the registered office at 18 Jalan Besut, Singapore 619571.

CHASEN HOLDINGS LIMITED

(Company Registration No. 199906814G)
(Incorporated In the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy CHASEN HOLDINGS LIMITED's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, _____

of _____

being a member/members of **CHASEN HOLDINGS LIMITED** (the "Company"), hereby appoint:

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---------|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

and/or (delete as appropriate)

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---------|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Raffles Lounge (Level 2), Raffles Country Club, 450 Jalan Ahmad Ibrahim, Singapore 639932 on 29th day of July 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

| No. | Resolutions relating to: | For | Against |
|-----|--|-----|---------|
| 1. | Directors' Report and Audited Financial Statements for the financial year ended 31 March 2015 | | |
| 2. | Payment of proposed first and final tax exempt (one-tier) dividend of \$0.001 per share for financial year ended 31 March 2015 | | |
| 3. | Re-election of Mr Siah Boon Hock as a Director | | |
| 4. | Re-appointment of Mr Yap Koon Bee @ Louis Yap as a Director | | |
| 5. | Approval of Directors' fees for financial year ended 31 March 2015 | | |
| 6. | Re-appointment of Messrs Mazars LLP as Auditors | | |
| 7. | Authority to issue additional shares pursuant to Section 161 of the Companies Act, Chapter 50 | | |
| 8. | Renewal of Share Buyback Mandate | | |
| 9. | Approval of grant of awards made pursuant to Chasen Performance Share Plan to Low Weng Fatt | | |
| 10. | Approval of grant of awards made pursuant to Chasen Performance Share Plan to Yap Koon Bee @ Louis Yap | | |
| 11. | Approval of grant of awards made pursuant to Chasen Performance Share Plan to Yap Beng Geok Dorothy | | |

Dated this _____ day of _____ 2015

| Total number of Shares in: | No. of Shares |
|----------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

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



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 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If the proportion of shareholding is not indicated, the second proxy will be deemed as alternate.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 18 Jalan Besut, Singapore 619571 not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 July 2015.

CHASEN™

CHASEN HOLDINGS LIMITED

18 Jalan Besut

Singapore 619571

Tel.: (65) 6266 5978

Fax: (65) 6262 4286

www.chasen.com.sg

creb
Tel: (65) 63278398