ANNUAL REPORT **2017**

TAT HONG HOLDINGS LTD



CELEBRATING
60 ELEVATING
YEARS

1957-2017



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CELERBATING 60 ELEVATING YEARS

From humble beginnings in 1957, Tat Hong grew to become one of the largest crane rental companies in the Asia Pacific region. Its transformation into the Group we know today started in the 1970's when a visionary decision was made to expand into the supply of cranes and heavy equipment.

Growing together with Singapore, Tat Hong was an active participant in nation building. Our cranes were used in the construction of the island's infrastructure, industrial and institutional buildings as well as the many iconic landmarks that define the cityscape that is uniquely Singapore.

From our base in Singapore, we internationalised our business and today, with Singapore as our international headquarters, our footprint extends to Australia, China, Malaysia, Thailand, Hong Kong and Indonesia. Just as in Singapore, we have established a solid track record in the region as well.

As we celebrate our sixtieth year in business this year, we thank all our stakeholders who have journeyed together with us and look forward to our enduring partnership.



OUR EXTENSIVE FOOTPRINT

TAT HONG'S BUSINESS PRESENCE

▲ TAT HONG'S BUSINESS ACTIVITIES

● TAT HONG'S OFFICES

OUR MILESTONES

1957
Inception of Tat Hong Batteries Service

1967
Established Tat Hong Plant Leasing Pte Ltd

1978
Established of Tat Hong HeavyEquipment Pte Ltd

1989
Established Tat Hong Plant Hire Sdn Bhd

1991
Incorporation of Tat Hong Holdings Ltd

1992
Established Tat Hong HeavyEquipment (Hong Kong) Limited

1996
Acquired Tutt Bryant Industries Limited (now known as Tutt Bryant Group Limited)

1997
Listed Tat Hong Holdings Ltd on the Australian Securities Exchange (ASX)

Established Tat Hong (Thailand) Co., Ltd

2000
Secondary listing of Tat Hong Holdings Ltd on the SGX Mainboard

2002
Established PT Tatindo HeavyEquipment







2010

Privatisation and delisting of Tutt Bryant Group Limited from the ASX

2012

Established Tat Hong Crane Rental (Sarawak) Sdn Bhd

Acquisition of remaining 50% interest in PT World Wide Equipment which became a wholly-owned subsidiary







2005

Conversion of secondary listing to primary listing of Tat Hong Holdings Ltd on the SGX Mainboard

Delisted Tat Hong Holdings Ltd from the ASX

Listed Tutt Bryant Group Limited on the ASX

Established joint venture with Fushun Yongmao Construction Machinery Co., Ltd to enter the tower crane rental business in China

2007

Established Tat Hong HeavyEquipment (Macau) Limited

Incorporated Tat Hong Equipment (China) Pte Ltd as an investment holding company for the Group's subsidiaries in China

2013

Formation of 40% joint venture company, Tat Hong Intraco Pte Ltd to conduct the business of crane rental and the distribution of cranes and excavators in Myanmar

2014

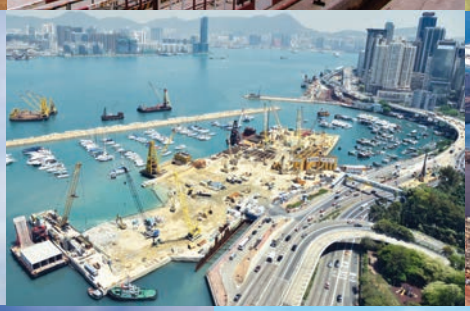
Incorporated Tat Hong Equipment Service Co., Ltd – as an investment holding company for the Group's key subsidiaries in China

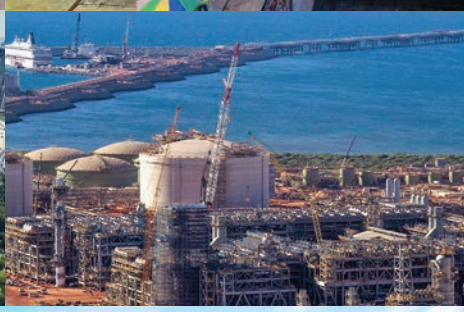





TAT HONG












TUTT BRYANT
HEAVY LIFT & SHIFT




RYANT

GROUP STRUCTURE

TAT HONG HOLDINGS LTD

SINGAPORE

Tat Hong Plant Leasing Pte Ltd
100%

Tat Hong HeavyEquipment (Pte.) Ltd
100%

Tat Hong Machinery Pte Ltd
100%

Tat Hong Offshore and Marine Services Pte Ltd
50%

THL Foundation Equipment Pte Ltd
45%

Yongmao Holdings Limited
24%

MALAYSIA

Tat Hong Plant Hire Sdn Bhd
100%

Tat Hong Crane Rental (Sarawak) Sdn Bhd
100%

Tat Hong Crane Logistics Sdn Bhd
100%

THAILAND

Tat Hong (Thailand) Co., Ltd
100%

HONG KONG

Tat Hong HeavyEquipment (Hong Kong) Limited
100%

Tat Hong HeavyEquipment (Macau) Limited
100%

INDONESIA

PT Tatindo HeavyEquipment
95%

PT World Wide Equipment South East Asia
100%

PT Tat Hong Batam
100%

MYANMAR

Tat Hong Intraco Heavy Equipment Co Ltd
40%

AUSTRALIA

Tutt Bryant Group Limited
100%

BT Equipment Pty Ltd
100%

Muswellbrook Crane Services Pty Ltd
100%

Office Cleaning Services Pty Ltd
100%

North Sheridan Pty Ltd
100%

Kingston Industries Pty Ltd
100%

CHINA

Tat Hong Equipment Service Co., Ltd
(incorporated in the Cayman Islands)
85%

Tat Hong Zhaomao Investment Co., Ltd
85%

China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd
85%

Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd
85%

Jiangsu Hengxingmao Financial Leasing Co., Ltd
85%

Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd
85%

Shanghai Tat Hong Equipment Rental Co., Ltd
85%

Distribution & Crane Rental
Subsidiaries
Associates
JV

General Equipment Rental

Tower Crane Rental

LETTER TO SHAREHOLDERS



DR LEONG HORN KEE
Chairman

Dear Shareholders

It has been another difficult year for the Group. Although global economic growth has regained some momentum in recent months, FY2017 was marked by sluggish global demand and weak international trade. In addition, weak commodity prices and the slowing growth in China in the past few years had posed a drag on the economies of Australia and South-east Asia. With increasingly competitive business environment and further weakening of demand especially in our key markets of Australia and Singapore, the Group's revenue declined 13% to S$458.3 million.

PERFORMANCE AFFECTED BY WEAK MARKET CONDITIONS

Whilst the tower crane rental business did well in FY2017, weak demand for our crane rental services in Australia and Singapore and equipment distribution business in Singapore and Southeast-Asia, together with the discontinuation of the specialised transport unit in Australia and the excavator sales business in Indonesia resulted in a 13% decline in Group revenue to S$458.3 million.

Compounding the negative impact of a lower total revenue, the Group recorded weaker gross margins in the crane rental and tower crane rental businesses, non-cash charges amounting to S$6.0 million for asset and investment impairments as well as S$3.6 million in foreign exchange losses. Whilst the Group's pre-tax and net attributable losses narrowed to S$30.5 million and S$38.0 million from S$37.9 million and S$39.3 million in FY2016 respectively, the FY2016 results had included substantial non-cash impairments of S$32.7 million and total foreign exchange losses of S$14.9 million. Thus on a comparable operational performance basis, our results in FY2017 has deteriorated and this was a reflection of the tough market conditions we faced.

Notwithstanding the losses, the Group's cash balance as at 31 March 2017 remained healthy at S$114.3 million, strengthened in part by cash flows from operations of S$85.2 million.

BUILDING RESILIENCE

The Group continued its ongoing efforts in managing costs and improving efficiency. In Australia, we closed the specialised transport unit under the crane rental business and undertook an intensive rationalisation programme for the general equipment rental business that involved the consolidation of several branches. Throughout our operations in Singapore and South-east Asia, we improved work processes for greater efficiency and cost savings. As a result, the Group trimmed its headcount by 188 from our Australian and South-east Asia operations and realised savings of S$10.9 million in the areas of employee remuneration, maintenance expenses and other selling and distribution costs.

In addition, management placed stringent group-wide restrictions on capital expenditures, limiting them to the replacement of assets where contracts have been secured for the rental of the assets to be purchased, in line with ongoing drive to streamline the fleet and to move towards a lighter asset base.

LETTER TO SHAREHOLDERS

As part of our overall balance sheet management, we concluded a renounceable underwritten rights issue in the fourth quarter of FY2017 to improve the Group's financial position and for greater financial flexibility. The rights issue raised S$41.0 million and was 155% subscribed. The board of directors and I would like to record our deep appreciation to our shareholders for their strong support.

A year of austerity and prudence brought about a deleveraged balance sheet with a net repayment of S$160.4 million in bank borrowings and other financial obligations. The Group's net gearing improved to 0.57 times from 0.71 times a year ago. Notwithstanding this improvement in our net gearing, the Group will continue with its costs restructuring and fleet rationalisation efforts.

Recognising the difficulties faced by the Group and to remain committed to our shareholders, all the Independent Directors have volunteered a reduction in directors' fees for FY2017, on top of the fee reduction previously taken in FY2016. Likewise, the Executive Directors and some senior management staff who had volunteered reductions in their basic salaries in FY2016, would see further basic salary cuts from June 2017. The general overall wage freeze for staff that has been put in place in Australia and Singapore since FY2016 will continue into FY2018.

Consistent with the prudent actions of the Group and in view of the net loss, the Board is not recommending the payment of any dividend in respect of FY2017.

CELEBRATING 60 ELEVATING YEARS

This year the Tat Hong Group celebrates the 60th year of its founding. From humble beginnings, Tat Hong grew to become the eight largest crane owner in the world and the second largest tower crane owner in China according to a survey by International Cranes magazine in 2016.

The journey to get to where we are today is not without its challenges and difficulties. Since our listing in 2000, we have experienced the outbreak of SARS, the Asian Financial Crisis and the Global Financial Crisis. Not only did the Group survive the regional and global economic impacts that followed each of these crises, we emerged tougher and more seasoned.

We would have preferred to celebrate the joyous occasion of the 60th year of Tat Hong's founding under brighter circumstances. Nevertheless, we remain steadfast in weathering today's challenges.

As a result of actions taken in the past two years, the Group is now much leaner and more focussed. Through our deep and cumulative experience in this industry, coupled with the skills and talents of our management and staff, I am quietly confident that we will overcome the current challenges.

ACKNOWLEDGEMENTS

As a Board renewal process and to complement the competencies of the Board, my fellow Board members and I extend a warm welcome to Mr Ng Chen Wei, Chief Executive Officer of the Australia group, who joined the Board as an Executive Director on 1 September 2016. Besides having gained very good exposure and appreciation of the Australian market garnered from helming the Tutt Bryant Group for the past five years, Chen Wei also brings to the Board his knowledge of the financial markets from his previous career in an international bank.

Mr Andy Tse Po Shing stepped down from the Board as Non-Executive Director on 28 February 2017 after serving for almost six and a half years. From his career and experience in investment management, Andy brought an added perspective to our Board discussions with his knowledge of the private equity and financial markets. My Board colleagues and I record our appreciation to Andy and wish him well in his future endeavours.

To my fellow Board members, I extend my most sincere thanks for the guidance and advice that you have so generously offered during the year.

On behalf of the Board, I would like to express our heartfelt thanks to the management and staff for their sacrifices as well as continuing commitment and perseverance during these trying times.

Last but not least, our thanks also go out to all our shareholders and stakeholders for your unstinting support and understanding.

LOOKING AHEAD

At the time of writing this letter, certain reports point towards an increasingly positive economic and trade outlook. Commodity prices have strengthened in past months. The Belt and Road Initiative (BRI) which involves the development of vast infrastructure projects has gained momentum, and the Group is beginning to see initial results of its earlier efforts to use its strong China presence to participate in the BRI projects in the region.

In addition, various road and infrastructure development and upgrades have been announced as part of Australia's annual federal budget. The general equipment rental business should see further improvement in its performance arising from the increase in infrastructure spending.

These recent developments give cause to cheer, but we remain watchful and cautious pending the global economic and trade growth revival. As downside risks remain, we brace ourselves for another year of difficult trading conditions in our key markets, at the same time we are ready to respond to any potential upswing in demand.



Dr Leong Horn Kee
Non-Executive and Independent Chairman
30 May 2017

DIALOGUE WITH THE GROUP CEO



NG SAN TIONG ROLAND
Managing Director & Group CEO

The Group's revenue has declined further in FY2017. What were the reasons for this?

The Group's revenue deteriorated in FY2017 due to persistently weak demand and difficult market conditions particularly in Australia and Singapore, coupled with the lack of revenue contribution from discontinued businesses in Australia, Indonesia and Singapore. As Singapore and Australia account for about 60% of Group revenue, weak performances in these two countries had contributed to a significant impact on the Group as a whole.

The Group's revenue declined 13% but the loss at PATMI level was significant. How did a 13% decline in revenue result in a S$38.0 million net loss despite lower operating expenses?

Due to our large revenue base, a 13% revenue decline translated to S$69.9 million. In addition to revenue decline, the weak demand and intense competition especially in Australia and Singapore had led to margin compression. In FY2017, whilst revenue declined 13%, our gross profit declined 20%. There was also S$6.0 million in non-cash impairment charges and S$3.6 million in foreign exchange losses which impacted our bottomline further. These were partially offset by the cost savings of S$10.9 million in employee remuneration, maintenance expenses and other selling and distribution costs arising from our cost containment efforts.

One major cost component addressed through our de-fleeting exercise was depreciation charges which in FY2017 stood at S$73.6 million, following a savings of S$7.3 million from the previous year.

Whilst the Group will continue with its cost containment and de-fleeting initiatives, we expect an improvement in underlying business to lift earnings.

Do you have a target on the number of properties, cranes and other equipment that could be disposed in FY2018?

We have substantially disposed properties previously earmarked for sale. As for our de-fleeting exercise, we do not have hard targets for the disposal of cranes and other equipment as the disposal process is dynamic and takes various factors into play, such as, market demand and supply forces, as well as our customers' needs across the different countries which we operate in.

In FY2017, we have reduced property, plant and equipment to S$738.0 million from S$802.4 million in FY2016. We would continue to lighten our asset base by balancing this with the need for a certain fleet size and equipment composition in order to meet customers' needs. We will work towards achieving an optimal asset base that would bring about reasonable returns.

There has been a lot of interest in the Belt and Road Initiative (BRI). Can you share more on what this means for the Group?

In our last year's annual report, I mentioned that we are well-placed to benefit from the BRI, as it is now known, due to our extensive footprint across South-east Asia, coupled with our contacts with the large Chinese state-owned construction companies.

This still holds true. In fact, we are beginning to see some initial results of leveraging our strong Chinese presence to participate in BRI projects, especially those related to infrastructure, power generation and rail transportation.

Why did the crane rental business turn in a weak performance in Singapore when the construction spending last year stood at $26.1 billion?

The construction industry faced severe headwinds last year and our crane rental business was not spared. The crane rental market in Singapore remained competitive with depressed rental rates. The weakness in the construction sector was brought about by subdued spending by the private sector and this could explain why the government has brought forward the commencement of some planned public sector projects.

Whilst S$26.1 billion was a significant sum, only a small fraction of this amount is spent on crane rental services. Besides our fleet of crawler and mobile cranes are more suited for infrastructure projects and civil engineering works. Therefore, we are not able to participate in the full spectrum of construction and building works in Singapore.

The Company announced on 15 August 2016 that it has ceased discussions with the counterparty that is assessing the Group for a possible transaction. Are there any other parties that the Group is engaged in discussions for any transactions?

In the normal course of conducting our business, there would be occasions where we encounter parties whose business model may be a good strategic fit to the Group. Should such opportunities arise, they will be explored. However, as at the date of this annual report, we have no update in respect of any potential transactions.

The Australian government has announced that it is increasing its infrastructure spending. How soon can we see the benefit of this fiscal stimulus to Tutt Bryant Group's (TBG) business?

The resources sector had sustained the Australian economy through the last decade when the rest of the world languished. However, with the collapse of commodity prices, the transition from a resources-based economy has been difficult for the country and TBG. The fiscal stimulus announced as part of Australia's federal budget is positive for TBG's equipment distribution and general equipment rental divisions. Though these two businesses in Australia saw flat growth in FY2017, in actuality, demand began firming in the second half of the financial year. Barring unforeseen circumstances, we are cautiously hopeful that these two businesses will see improved performance in FY2018.

However, there is less visibility for the crane rental division in Australia. Whilst the increase in infrastructure spending could spur demand for crane rental services, the landscape for this business remained competitive as various large LNG and resource-related projects that employed numerous cranes in the past few years have been completed and these cranes are now vying for jobs in the market.

The Chinese economy has been slowing in the past few years and this slow growth is expected to continue. Will this dampen the demand for the Group's tower crane business?

Our tower crane rental business in China has been growing at a steady rate in the last few years and we expect this to continue. Last year, the renminbi-denominated revenue from this business grew 11%, but this was moderated to 5% in S$ terms due to the depreciation of the renminbi.

Whilst the economic growth in China has slowed down in the past few years, infrastructure development in China continues unabated primarily due to the urbanisation of the population as the infrastructure gap still exists. In addition, there is also the BRI which should drive further infrastructure investments in other regions of China outside of the coastal region which has been the primary focus of development. Thus we expect projects like power generation plants, power stations, railways, bridges as well as large commercial buildings to continue being built. We therefore remain optimistic of the prospects for our tower crane rental business.

OPERATIONS AND FINANCIAL REVIEW

Impacted by weak demand, particularly in Australia and Singapore, and the discontinuation of non-core businesses, the Group posted a 13% decline in revenue to S$458.3 million in FY2017. With the exception of China, the Group's other regions comprising Singapore, South-east Asia (including Hong Kong) and Australia, all reported lower revenues. Revenue from Singapore declined 26% due to weak demand for cranes and crane rental services whilst the cessation of excavator sales business and lower activity levels in Indonesia were the primary causes of the 22% decline in revenue contribution from South-east Asia and Hong Kong. Lower crane utilisation and rental rates coupled with the closure of the specialised transport unit brought about a 12% decline in revenue contribution from Australia. The Group's tower crane rental business in China continued to perform well with a 5% increase in revenue. Had it not been for the depreciation of the renminbi against the Singapore dollar, revenue contribution from China would have risen 11%.

Higher gross profit margins from the general equipment rental and distribution businesses were eroded by lower margins from the crane rental and tower crane rental businesses resulting in an overall decline of 2.4 percentage points in the Group's gross profit margin to 27.8%. This translated to a gross profit of S$127.4 million in FY2017, a decline of 20% compared with the preceding year.

The Group's other income in FY2017 amounted to S$30.5 million comprising primarily of gains from the disposal of a property in Australia and under-utilised equipment in Australia and Singapore as part of the Group's on-going asset optimisation and de-fleeting programme. Compared with FY2016, the Group's other operating income recorded a decline of 28% as the income in FY2016 of S$42.5 million had included the disposal of a property each in Australia, Singapore and Malaysia.

The Group continued with its cost containment and asset optimisation programmes during the year under review. The closure of the specialised transport unit and the consolidation of several general equipment rental branches in Australia together with work process improvements in South-east Asia and Singapore resulted in a reduction of 188 headcounts and achieved cost savings of S$10.9 million in the areas of employee remuneration, maintenance expenses and other selling and distribution costs. Accordingly, the Group's operating expenses, which included S$3.6 million in net foreign exchange losses and S$6.0 million in non-cash impairment charges, fell 23% to S$166.2 million from S$215.1 million in FY2016. Excluding the non-cash impairment charges and foreign exchange losses aggregating to S$9.6 million in FY2017 and S$47.6 million in FY2016, operating costs on a comparable basis fell 7% to S$156.6 million in FY2017 from S$167.5 million in FY2016.

Prudent capital management enabled the repayment of S$160.4 million in bank borrowings and other financial obligations, as a result of which, finance expenses fell by S$1.6 million or 7% to S$23.0 million despite higher interest rates.

Better performance from associates and joint ventures contributed S$0.8 million as the Group's share of profits compared with a share of loss of S$0.1 million in FY2016.

Despite its rigorous cost containment efforts, difficult market conditions which impacted the Group's revenue and gross profits together with non-cash impairment charges and foreign exchange losses led to a pre-tax loss of S$30.5 million and a net loss attributable to shareholders of S$38.0 million in FY2017. Excluding the non-cash impairment charges, the Group would have recorded a net attributable loss of S$32.0 million.

SEGMENTAL REVIEW

Crane Rental

The Crane Rental division posted a 30% decline in revenue to S$132.5 million from S$188.5 million in FY2016. The fall in revenue was primarily attributable to lower utilisation and rental rates in Australia and Singapore, the closure of the specialised transport unit in Australia as well as lower activity levels in Indonesia. Whilst Hong Kong and Thailand turned in slightly weaker performances due to the completion of projects, these were compensated by improved revenue contribution from Malaysia from the commencement of projects in the second half of FY2017.

The division's gross profit margin fell 7.2 percentage points to 40.8% compared with 48.0% achieved in the previous year. The margin compression was attributable primarily to lower utilisation rates and pricing pressures in Australia and Singapore.

As at 31 March 2017, the Group's fleet comprised 581 crawler and mobile cranes compared with 627 at the end of FY2016. Utilisation rate recorded at year end was 56% compared with 54% a year ago.

Tower Crane Rental

The Tower Crane Rental division did well in FY2017 but its revenue growth was moderated to 5% to S$98.1 million from S$93.6 million in FY2016 due to the depreciation of the renminbi. Excluding the impact of a weaker renminbi, growth would have been 11%.

Revenue generated in first three quarters of the year under review was boosted by the commencement of new projects in the power generation, transport infrastructure and commercial construction sectors but this was dampened in the fourth quarter due to a delay in the commencement of new projects.

Gross profit margin for the Tower Crane Rental division declined 3.1 percentage points to 26.6% due to lower rental rates and additional costs incurred for the scheduled completion of projects.

As at 31 March 2017, the Group's fleet of tower cranes comprised 935 units compared with 910 a year earlier. The Group's tower crane fleet enjoyed a high utilisation rate of 76% at the end of FY2017, comparable to the utilisation rate achieved a year ago.

General Equipment Rental

A recovery in demand spurred by the commencement of new projects in the renewable energy and infrastructure sectors in the second half of FY2017 reversed lower revenue recorded earlier due to the consolidation of branches and completion of projects. As a result, the division ended the year with a 1% revenue improvement to S$44.8 million from S$44.4 million in FY2016.

The division undertook an intensive rationalisation programme which as a result, yielded savings in depreciation, rental expenses and operator costs. This lifted gross profit margin for the year to 47.1%, a 4.6 percentage point increase from 42.5% achieved in FY2016.

Distribution

Revenue generated from the Distribution division registered a 9% decline to S$182.9 million compared with S$201.8 million achieved a year earlier. The decline was attributable primarily to the cessation of the excavator distribution business in Indonesia as well as weaker sales in Singapore and to overseas markets such as Hong Kong and Middle East, partially compensated by higher sales to Malaysia, Thailand and Japan. Equipment and spare parts sales in Australia remained comparable to the previous year.

Better margins from Singapore and South-east Asia coupled with stable margin in Australia led to an improvement in the division's gross profit margin to 14.3% from 11.0% a year ago.

Improving asset usage and work processes

The Group continued to lighten its asset base in FY2017 with the disposal of a property in Australia as well as under-utilised equipment especially in Australia and Singapore. The disposal of these assets realised proceeds of S$60.6 million which were utilised for the repayment of borrowings.

Besides the disposal of assets, the Group also undertook various rationalisation exercises which resulted in the closure of the specialised transport unit and the consolidation of several general equipment rental branches in Australia. In Singapore and throughout South-east Asia, work processes were re-aligned and improved.

Besides unlocking cash, the continued asset optimisation and de-fleeting programme also resulted in a reduction in depreciation charges of S$7.3 million in FY2017 to S$73.6 million from S$80.9 million previously.

OPERATIONS AND FINANCIAL REVIEW

CASH FLOWS AND LIQUIDITY

Cash inflows from operations amounted to S$85.2 million and with the on-going curbs on capital expenditure, the Group generated free cash flow of S$73.8 million in FY2017.

The Group recorded net cash of S$41.9 million from investing activities in FY2017. Cash inflows comprised primarily proceeds from the disposal of assets and loan repayment by a subsidiary whilst cash outflows comprised primarily the acquisition of non-controlling interests in subsidiaries in China.

Net cash outflow of S$165.4 million from financing activities arose from the repayment of S$160.4 million in bank loans and other financial obligations, S$21.1 million in bank balance earmarked for certain banking facilities and interest payments of S$21.9 million, partially offset by proceeds of S$41.0 million from the rights issue.

Overall net cash outflows of S$16.4 million brought cash and cash equivalents (including bank balances earmarked for certain banking facilities) to S$114.3 million at 31 March 2017 compared with S$130.7 million a year ago.

FINANCIAL POSITION

Total assets declined by S$111.1 million to S$1.26 billion at the end of FY2017 primarily due to the disposal of property, plant and equipment, depreciation, lower trade and other receivables and the reduction in cash and cash equivalents.

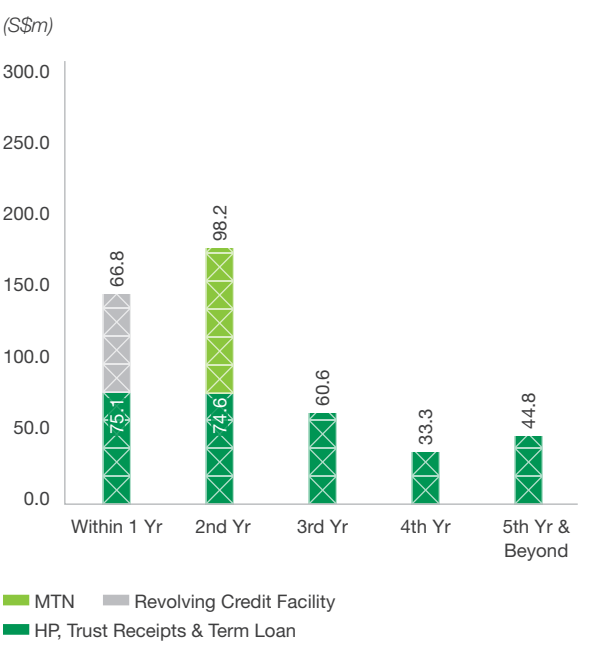
Total liabilities were S$103.3 million lower at S$638.1 million as at 31 March 2017 compared with S$741.4 million a year ago. The decline arose primarily from the repayment of financial liabilities as well as lower payables.

The increase in share capital from the rights issue, partially offset by a reduction in accumulated profits and capital reserves, brought shareholders' equity to S$$587.4 million from S$585.7 million previously.

As the result of its austerity programme and prudent capital management, the Group's balance sheet was significantly deleveraged with net gearing at 0.57 times as at 31 March 2017 compared with 0.71 times a year ago.

The Group utilises funds from diverse sources with varying tenors. These include bank loans, medium-term notes, revolving credit facilities as well as finance leases. Borrowings due to be repaid within one year comprised S$75.1 million in finance leases, trust receipts and term loans and revolving credit of S$66.8 million which can be re-financed when they become due. With its cash balance and expected future cash flows, the Group has sufficient means to repay its financial obligations when they become due in the next 12 months. Wherever possible, the Group will borrow in local currency to minimise its exposure to foreign exchange fluctuations. As a matter of prudence, the Group does not hedge its balance sheet.

Debt Maturity Profile



As at 31 March 2017

OUTLOOK

The Group anticipates that trading conditions will continue to be challenging in most of its key markets in FY2018.

The market weakness and competitive pricing pressures in the ASEAN countries and in Australia will continue to impact the Crane Rental Division.

The Tower Crane Rental Division in the People's Republic of China is expected to perform well on the back of a strong pipeline of committed projects in the building, infrastructure, transport and power generation sectors.

Australia's General Equipment Rental Division should see some improvement soon because of greater infrastructure spending.

Challenging trading conditions for the Distribution Division is expected to continue due to weak demand for heavy equipment in the ASEAN countries.

Notwithstanding that the net gearing ratio has improved markedly, the Group will continue its cost restructuring efforts and intensify its fleet rationalisation activities. The Group is also beginning to see initial results of its earlier efforts to use its strong China presence to participate in China's One Belt, One Road initiative.

BOARD OF DIRECTORS



DR LEONG HORN KEE

Independent Chairman

Dr Leong Horn Kee first joined the Board on 19 January 2001 and was appointed Chairman of the Board on 14 August 2015. He was last re-appointed as an Independent Director on 28 July 2016. Dr Leong is the Chairman of CapitalCorp Partners Pte Ltd, a boutique financial advisory firm.

Dr Leong has experience in both the public sector in economic planning, trade and investments, and in the private sector in corporate finance, venture capital, merchant banking, hotels, property development and management. He served as a Member of Parliament for 22 years from 1984 to 2006. Currently, he serves as Singapore's Non-Resident High Commissioner to Cyprus.

Dr Leong holds a degree (Honours) in Production Engineering from Loughborough University, UK; a degree (Honours) in Economics from the University of London, UK, a degree in Chinese Language and Literature from Beijing Normal University, a Master of Business Administration degree from INSEAD, France as well as a Master in Business Research and a Doctorate in Business Administration from University of Western Australian.

Current directorships in other listed companies: IGG Inc.

Directorships in management companies of listed REITs: SPH REIT Management Pte Ltd, Viva Industrial Trust Management Pte Ltd, Viva Asset Management Pte Ltd.



MR NG SAN TIONG ROLAND

Managing Director

Mr Roland Ng joined the Group in 1979 and has been its Managing Director since 25 October 1991. He was last re-appointed as a Director on 28 July 2016. With more than 35 years of experience in the heavy equipment and plant hiring business, Mr Ng has overall responsibility for the Group including strategy formulation, the development of new businesses and potential acquisitions in the region.

Mr Ng sits on the board of several SGX-listed companies and is also the President of the Singapore Chinese Chamber of Commerce & Industry (SCCCI), a member of the Board of Directors of Business China and a member of the Board of Trustees of the Chinese Development and Assistance Council (CDAC).

Mr Ng holds a Bachelor of Science (Honours) degree from Loughborough University, United Kingdom. He was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 2002 and the Bintang Bakti Masyarakat (Public Service Star) in 2010 by the President of the Republic of Singapore. In September 2015, Mr Ng was appointed Justice of the Peace by the President of the Republic of Singapore.

Current directorships in other listed companies: INTRACO Limited, Yongmao Holdings Limited.



MR LOW SEOW JUAN

Independent Director

Mr Low Seow Juan was appointed to the Board as an Independent Director on 25 January 2006 and was last re-appointed on 29 July 2015. He is the Chairman of Pinetree Capital Partners Pte Ltd, a Singapore venture capital fund company.

Mr Low started his working career with the Singapore Public Works Department, Morgan Grenfell (Asia) Limited and the Singapore Economic Development Board heading the Aerospace, Medical Optical Division.

Mr Low holds a Master of Business Administration from the National University of Singapore, a Bachelor of Law degree from the University of London and a Bachelor Degree in Electrical Engineering from Monash University.

Current directorships in other listed companies: Nil.



MR MAK LYE MUN

Independent Director

Mr Mak Lye Mun was appointed as an Independent Director on 1 June 2005 and was last re-appointed on 25 July 2014. He is the Country Head and Chief Executive Officer of CIMB Bank Singapore. In addition to these roles, he was appointed the Chief Executive Officer of CIMB Group Wholesale Banking, effective 1 April 2016.

Mr Mak also sits on the boards of CIMB Securities Pte Ltd and Boardroom Limited where he is the Non-Executive Director. In 2015, he was appointed as a member of the Inaugural SGX Listings and Advisory Committee.

Mr Mak holds a Bachelor of Civil Engineering (First Class Honours) degree from the University of Malaya in Malaysia and a Master of Business Administration degree from the University of Texas at Austin, USA. He is also a qualified Chartered Financial Analyst.

Current directorships in other listed companies: Boardroom Limited



MR ONG TIEW SIAM

Independent Director

Mr Ong Tiew Siam was appointed as an Independent Director on 1 September 1999 and was last re-appointed on 29 July 2015. He has more than 37 years of experience in finance, accounting and administration in various industries. Mr Ong also sits on the board of several SGX-listed companies.

Mr Ong holds a Bachelor of Commerce (Accountancy) (Honours) degree from the former Nanyang University. He is also a fellow member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

Current directorships in other listed companies: Design Studio Group Ltd and Valuetronics Holdings Ltd.

BOARD OF DIRECTORS



MR NG SANG KUEY, MICHAEL

Executive Director

Mr Michael Ng was appointed as an Executive Director on 1 October 1996, and was last re-appointed on 25 July 2014. In his current role as the Chief Executive Officer, ASEAN, he is responsible for the Group's operational and financial performance in the ASEAN region and Hong Kong as well as formulating business strategies for all the entities under his charge. He is also responsible for charting the strategic direction, exploring and identifying new opportunities for the rental and distribution business in the ASEAN region.

Mr Ng has some 40 years of experience in the crane rental industry, having worked with the Group since 1977. He has built up a strong and diverse market network and fostered strong relationships with major suppliers and crane manufacturers.

Current directorships in other listed companies: Nil



MR NG CHEN WEI

Executive Director

Mr Ng Chen Wei was appointed as an Executive Director on 1 September 2016. He is currently the Managing Director of Tutt Bryant Group Limited ("TBG") and Chief Executive Officer, Australia where he has overall responsibility for TBG's operational and financial performance as well as strategy formulation.

Mr Ng joined TBG as an Executive Director in 2009 when it was still listed on the Australian Stock Exchange. Prior to joining the Group, Mr Ng had extensive experience in the finance industry where he last held the position of Director of Structured Finance with ABN AMRO.

Mr Ng holds a Bachelor of Commerce (Honours) degree from the University of Western Australia, and is a CFA charterholder as well as a graduate of the Australian Institute of Company Directors.

Current directorships in other listed companies: Nil

KEY MANAGEMENT

MR NG SAN TIONG ROLAND

Group Chief Executive Officer

Mr Roland Ng graduated from Loughborough University, United Kingdom, with a Bachelor of Science degree in 1976 and started his career with the Jurong Town Corporation as a Civil Engineer in the same year. He later joined Tat Hong in 1979 and was appointed Group Chief Executive Officer in 1991. Under his stewardship, the Group grew into one of the largest crane rental companies in the world.

With more than 35 years of experience in the heavy equipment and plant hiring business, Mr Ng bears overall responsibility for the Group as well as strategy formulation, corporate planning, business development and strategic acquisitions. He also oversees the Group's business operations in Australia, the tower crane rental business in China as well as the Group's investments.

Mr Ng is the President of the Singapore Chinese Chamber of Commerce & Industry (SCCCI), a member of the Board of Directors of Business China and a member of the Board of Trustees of the Chinese Development Assistance Council (CDAC). He also serves on the boards on several listed companies.

Mr Ng has been actively involved in various charity work in the past 10 years. In 2002, he was awarded the Pingkat Bakti Masyarakat (Public Service Medal) and in 2010, the Bintang Bakti Masyarakat (Public Service Star) by the President of the Republic of Singapore.

Mr Ng was appointed Justice of the Peace in September 2015.

MS JENNIE HONG CHOK HANE

Group Chief Financial Officer, Joint Company Secretary And Head Of Corporate

Ms Jennie Hong, a Chartered Accountant, is the Group Chief Financial Officer, Joint Company Secretary and Head of Corporate. She has overall responsibility for the Group's financial and other corporate functions including corporate finance, financial reporting, strategic corporate planning, treasury management, taxation, risk management, compliance, corporate secretarial matters, investor relations and management information systems.

Ms Hong has more than 20 years' experience in corporate finance, treasury management, tax and risk management in listed, non-listed entities and business infrastructure trust in diverse businesses including a Singapore Government investment arm, a Government-linked company in gas and utilities, property investment and development, equipment distribution and manufacturing in Singapore and ASEAN countries.

Ms Hong holds an Accountancy degree from The Chartered Association of Certified Accountants (UK) and attained a certificate for MBA (Finance) from the Manchester Business School. Ms Hong is a Member and Fellow of The Chartered Association of Certified Accountants, The Institute of Singapore Chartered Accountants, The American Academy of Financial Management as well as a member of the Singapore Institute of Directors.

KEY MANAGEMENT

MR NG SANG KUEY MICHAEL
Chief Executive Officer, ASEAN

Mr. Michael Ng heads the Group's crane rental and distribution business in the ASEAN region and Hong Kong. His responsibilities include charting the business strategy for the ASEAN region, leading the Tat Hong ASEAN group in delivering business performance and driving organisational excellence to support the overall Group strategy.

Mr. Ng has been with the Group since 1977, and has held various key positions since its inception, playing a key role in the growth of the Group's business operations. Over the years, Mr. Ng has built up a strong market network and maintains close relationships with the Group's major suppliers and crane manufacturers.

MR NG CHEN WEI
Managing Director, Tutt Bryant Group Limited
Chief Executive Officer, Australia

As the Managing Director of Tutt Bryant Group Limited ("TBG"), Mr Ng Chen Wei helms the Group's operations in Australia where he is responsible for the strategic direction and performance of all of TBG's business activities which span the areas of heavylift and shift, general equipment rental and equipment distribution.

Mr Ng joined TBG in 2009 as executive director responsible for driving business development, M&As, business planning and implementing strategies across TBG's existing operations. Prior to joining TBG, Mr Ng had worked for over seven years with ABN AMRO where he last held the position of Director, Structured Finance. During his tenure with ABN AMRO he was involved in a variety of project finance and advisory transactions across a range of industries including infrastructure, power and utilities, and natural resources.

Mr Ng holds a Bachelor of Commerce (Honours) degree from the University of Western Australia, and is a CFA charterholder as well as a graduate of the Australian Institute of Company Directors.

MR YAU KOK SAN SEAN
Chief Executive Officer, China

Mr Sean Yau is the CEO, China and is responsible for the operations and financial performance of the Group's tower crane rental business in China.

Mr Yau has more than 10 years' experience in the areas of corporate finance and venture capitalism in China. He began his career in 1987 as an engineer with Singapore Technologies and moved on to Vertex, the venture capital arm of Singapore Technologies, as an investment manager. Thereafter, he was the Finance Director in a technology start-up company. Prior to joining the Group, Mr Yau was a Consultant providing corporate finance advisory to Chinese companies.

Mr Yau holds a Master of Business Administration from the National University of Singapore and a First Class Honours degree in Engineering from Nanyang Technological University (Singapore).

CORPORATE INFORMATION

BOARD OF DIRECTORS
Dr Leong Horn Kee (Chairman)
Mr Ng San Tiong Roland
Mr Ng Sang Kuey Michael
Mr Low Seow Juan
Mr Ong Tiew Siam
Mr Mak Lye Mun
Mr Ng Chen Wei

AUDIT COMMITTEE
Mr Ong Tiew Siam (Chairman)
Dr Leong Horn Kee
Mr Low Seow Juan

REMUNERATION COMMITTEE
Mr Low Seow Juan (Chairman)
Dr Leong Horn Kee
Mr Ong Tiew Siam
Mr Mak Lye Mun

NOMINATING COMMITTEE
Dr Leong Horn Kee (Chairman)
Mr Ng San Tiong Roland
Mr Low Seow Juan

THE SHARE OPTION/PERFORMANCE SHARES PLAN COMMITTEE
Mr Mak Lye Mun (Chairman)
Mr Ng San Tiong Roland
Mr Ong Tiew Siam

RISK MANAGEMENT COMMITTEE
Mr Mak Lye Mun (Chairman)
Mr Ong Tiew Siam
Mr Ng Chen Wei

COMPANY SECRETARIES
Ms Jennie Hong Chok Hane
Mr Lim Kok Meng
(Joint Company Secretaries)

SINGAPORE REGISTERED OFFICE
82 Ubi Avenue 4 #05-01
Edward Boustead Centre
Singapore 408832

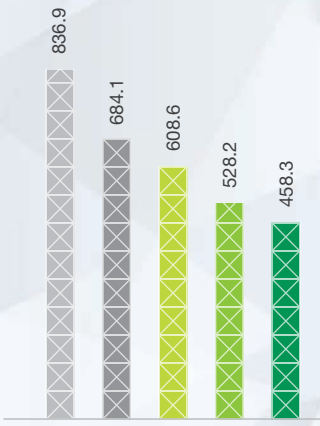
SINGAPORE SHARE REGISTRAR & SHARE TRANSFER OFFICE
M&C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902
Tel (65) 6227 6660

AUDITOR
KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

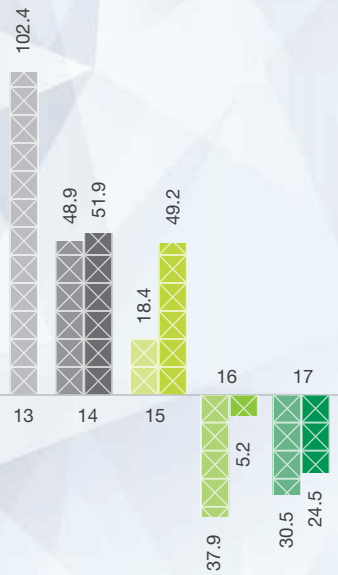
Partner-in-Charge:
Mr Lucas Tran
(Appointed in FY2015)

FINANCIAL HIGHLIGHTS

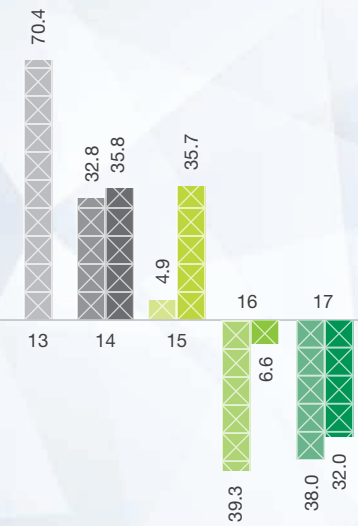
Turnover
(S$m)



Profit/Loss Before Taxation
(S$m)

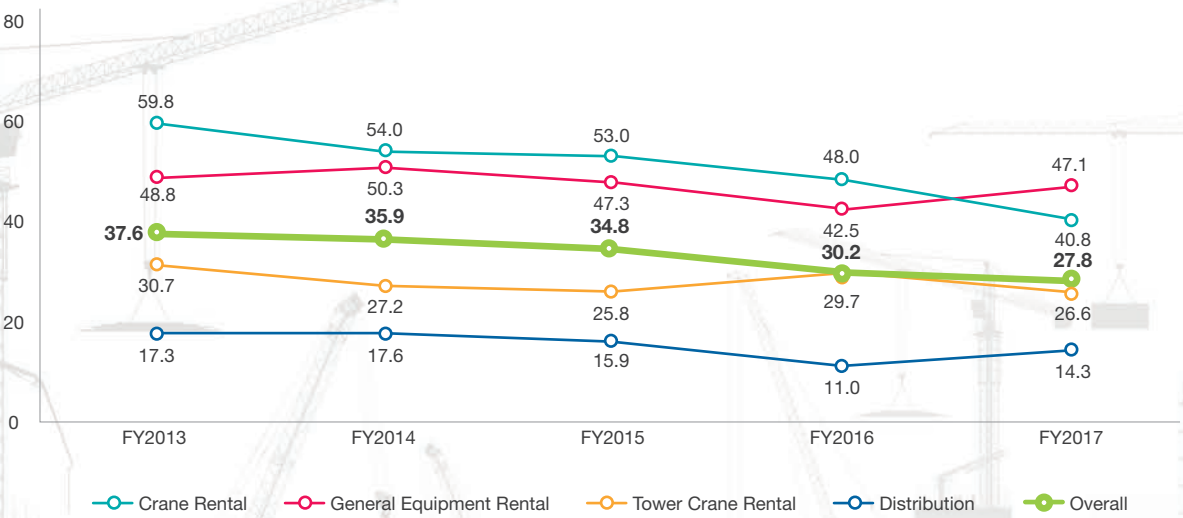


Net Profit/Loss Attributable to Shareholders
(S$m)

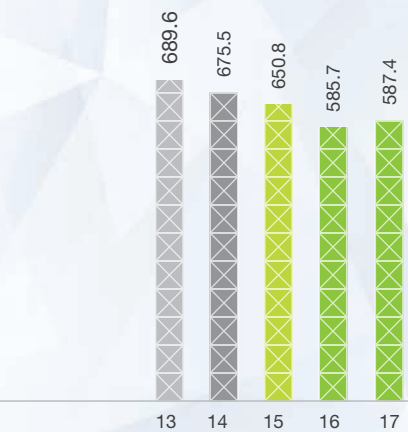


14 Excluding investment impairment of S$3.0 million
15 Excluding asset and goodwill impairments of S$30.8 million
16 Excluding asset, goodwill and investment impairments of S$32.7 million
17 Excluding asset and investment impairments of S$6.0 million

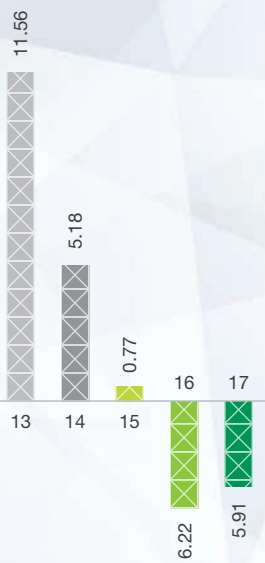
Gross Profit Margin Trend
(%)



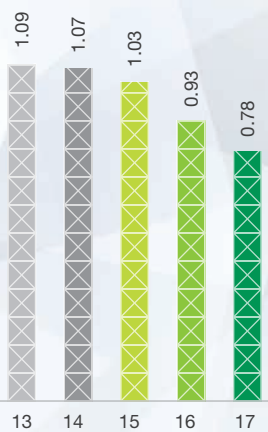
Shareholders' Equity
(S$m)



Earnings/Loss Per Share
(Singapore cents)



NAV Per Share
(S$)



The number of ordinary shares used in the computation of EPS and NAV per share for FY2014 has been adjusted retrospectively to account for the redemption of 11,700,000 convertible redeemable preference shares in FY2015

The number of ordinary shares used in the computation of EPS and NAV per share for FY2013 to FY2016 has been adjusted retrospectively to account for the rights issue of 125,521,284 shares in FY2017

Revenue By Business Activity



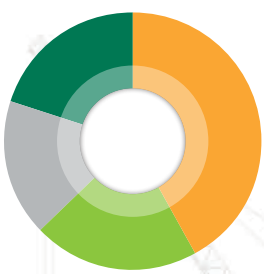
Crane Rental	**29%**
Tower Crane Rental	**21%**
General Equipment Rental	**10%**
Distribution	**40%**

Revenue By Regions



Singapore	**16%**
South-east Asia + Hong Kong	**17%**
Australia	**46%**
China	**21%**

Gross Profit By Business Activity



Crane Rental	**42%**
Tower Crane Rental	**21%**
General Equipment Rental	**17%**
Distribution	**20%**

5-YEAR FINANCIAL SUMMARY

	FY2017	FY2016	FY2015	FY2014	FY2013
FINANCIAL HIGHLIGHTS (S$M)					
Revenue	**458.3**	528.2	608.6	684.1	836.9
Gross profit	**127.4**	159.5	212.1	245.7	314.9
Profit/(loss) before tax	**(30.5)**	(37.9)	18.4	48.9	102.4
Profit/(loss) before tax (excluding one-off impairments)	**(24.5)**	(5.2)	49.2	51.9	102.4
Net profit/(loss) attributable to shareholders	**(38.0)**	(39.3)	4.9	32.8	70.4
Net profit/(loss) attributable to shareholders (excluding one-off impairments)	**(32.0)**	(6.6)	35.7	35.8	70.4
BALANCE SHEET (S$M)					
Property, plant and equipment	**738.0**	802.4	919.3	975.4	905.4
Inventories	**145.0**	147.0	186.5	186.3	193.7
Cash and cash equivalents	**114.3**	130.7	93.3	58.6	68.8
Trade and other receivables	**193.1**	222.9	204.7	230.8	250.0
Shareholders' equity	**587.4**	585.7	650.8	675.5	689.6
FINANCIAL RATIOS					
Earnings/(loss) per share (Singapore cents)	**(5.91)**	(6.22)	0.77	5.18	11.56
Net asset value per share (S$)	**0.78**	0.93	1.03	1.07	1.09
Return on equity (%)	**NM**	NM	0.7	4.9	10.2
Net gearing (times)	**0.57**	0.71	0.77	0.87	0.71
Interest cover (times)	**2.9**	2.8	5.0	5.7	8.3

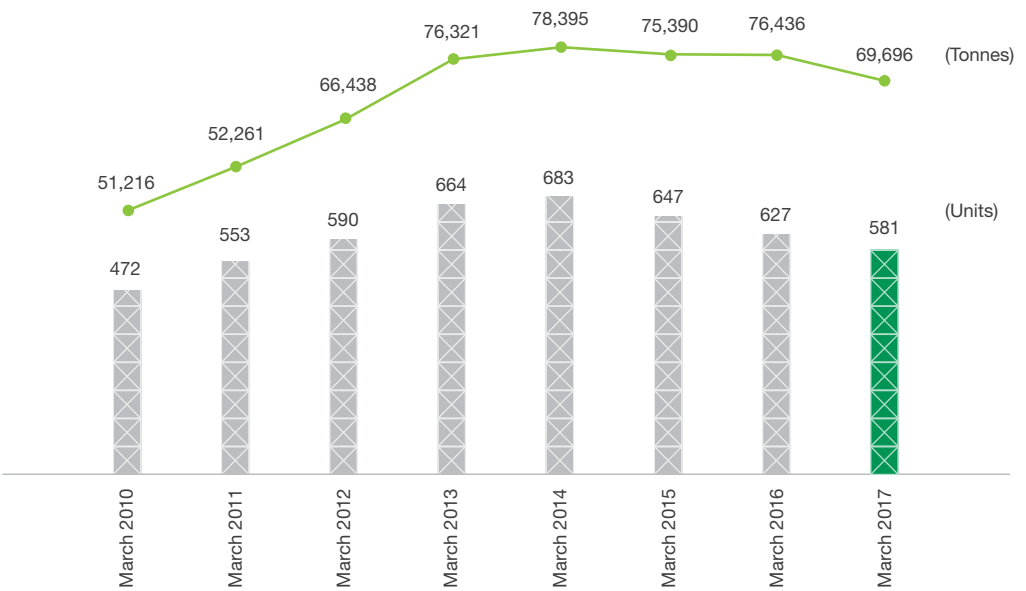
Non-cash impairments – FY2014: S$3.0 million, FY2015: S$30.8 million, FY2016: S$32.7 million, FY2017: S$6.0 million

The number of ordinary shares used in the computation of EPS and NAV per share for FY2014 has been adjusted retrospectively to account for the redemption of 11,700,000 convertible redeemable preference shares in FY2015

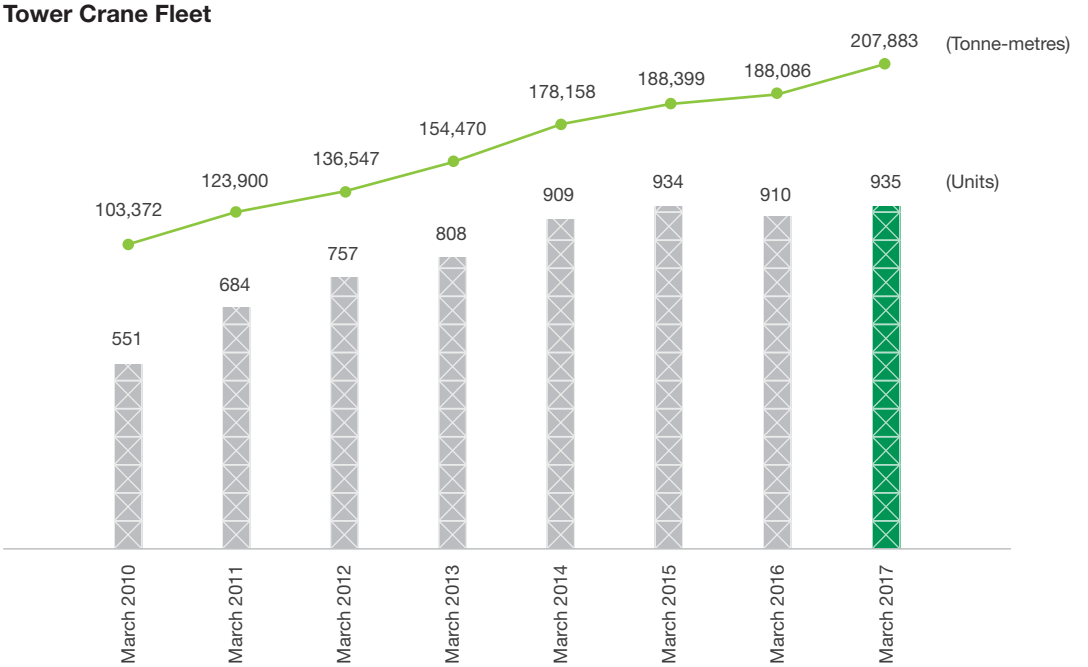
The number of ordinary shares used in the computation of EPS and NAV per share for FY2013 to FY2016 has been adjusted retrospectively to account for the rights issue of 125,521,284 shares in FY2017

CRANE FLEETS

Crawler/Mobile Crane Fleet



Tower Crane Fleet



Includes tower cranes rented from third parties

INVESTOR RELATIONS

Tat Hong Holdings' investor relations practices are grounded on the basic tenets of fairness and timeliness. In this spirit, we are fully committed to ensuring that important, balanced and relevant information on the Group is disseminated in a fair and timely manner via the SGXNET so as to enable the investing community make informed decisions regarding their investment in the Company.

COMMUNICATION WITH INVESTORS

The Company employs a variety of channels to communicate with shareholders and the investing community. These include one-on-one meetings, conference calls, briefings, presentations and postings on SGXNET and our website.

All material information is released timely via the SGXNET and these announcements are also made available on the Investor Relations ("IR") webpage of the Company's website at: www.tathong.com/th_investor. Our website also contains comprehensive description of the Group's business and links to related information.

The Company has regular communications with analysts, fund managers shareholders and potential investors through meetings, conference calls or emails.

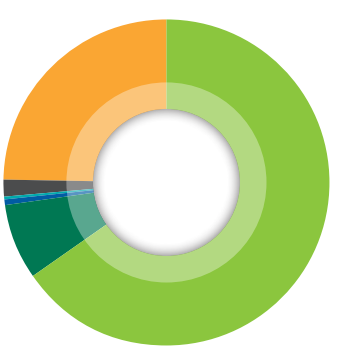
During shareholder meetings, ample time is set aside for shareholders to ask questions or seek clarification from the management or the Board.

The Company maintains a dedicated IR microsite within its website where the investing community can access the latest news and financial information on the Group. The email address and telephone contact number of the Company's investor relations staff are also available on the IR site.

SHAREHOLDER RETURNS

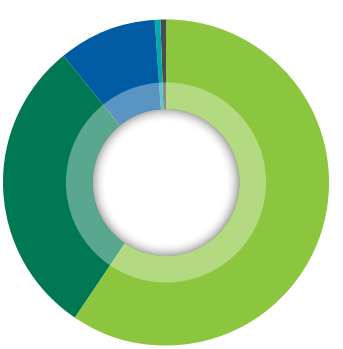
We strive to offer shareholders a fair return on their investment in Tat Hong. However, given the difficult operating conditions faced by the Group, the Board of Directors has proposed that no dividend be paid in respect of FY2017. The Company remains committed to offering shareholders a fair return on their investment and dividend payouts will resume as soon as the Group's performance is able to support such payouts.

Ownership Distribution by Geography
As at 31 March 2017



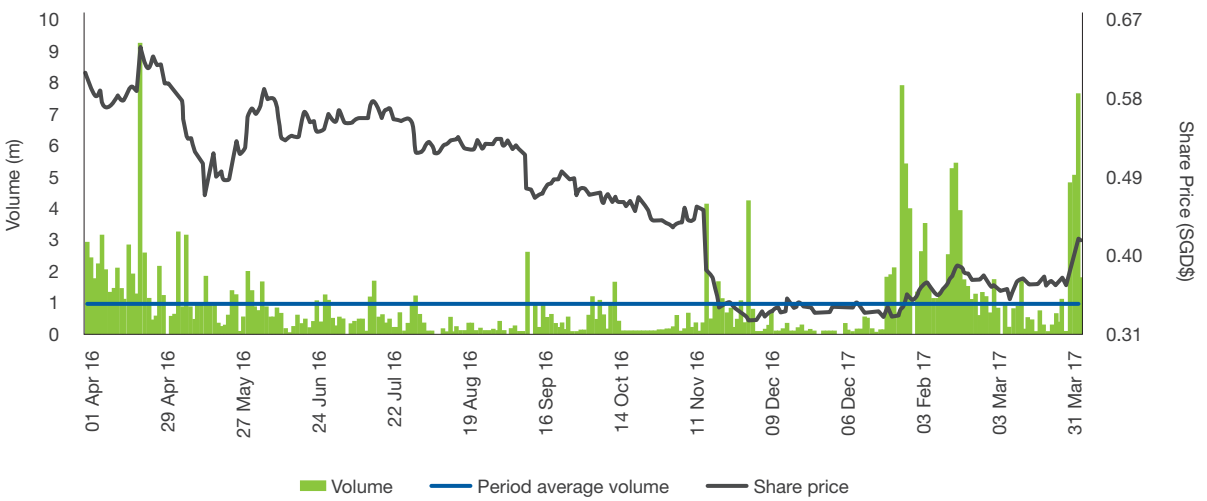
Singapore	**65.5%**
Asia (excluding Singapore)	**7.5 %**
UK& Europe	**0.5%**
North America	**0.1%**
Rest of World	**1.5 %**
Unidentified	**24.9%**

Distribution of Holdings by Types of Investors
As at 31 March 2017



Chwee Cheng & Sons Pte Ltd and related parties	**59.5%**
Private stakeholders	**29.7%**
Institutions	**9.8%**
Treasury shares	**0.5%**
Corporate stakeholders	**0.5%**

Price and Volume



Tat Hong's shares were traded between S$0.33 and S$0.64 during the period 1 April 2016 to 31 March 2017 with an average daily trading volume of 0.93 million shares.

Tat Hong's market capitalisation, based on its closing share price on 31 March 2017 of S$0.42, was S$316.3 million.

CORPORATE RESPONSIBILITY

As a responsible corporate citizen, the Group is committed to conducting its business with integrity and in a sustainable manner that is also responsive to the changing economic, social, governance and environmental conditions.

In conducting our business, we are committed to:

1) Providing safe and high quality products and services to our customers
2) Being a fair employer
3) Minimising the negative impact of our operations on the environment
4) Caring for the wider community

The Group has physical presence and operations in Singapore, Australia, China, Malaysia, Thailand, Indonesia, and Hong Kong. It also has a 50% joint venture in Papua New Guinea and a 40% joint venture in Myanmar.

The Group's operations are at different levels of maturity across markets that are at different stages of economic development. Some operations are currently not of a material size. The focus of this report is therefore on the Group's main operating subsidiaries in Singapore* and its wholly-owned subsidiary group in Australia, the Tutt Bryant Group (TBG), which together account for about 60% of the Group's total revenue in FY2017. All subsidiaries abide with Group policies and comply with the laws of their respective jurisdictions.

EMPLOYEES

The Group has a strict policy against the hiring of child or forced labour and its HR practices, in particular the philosophy of fair employment and compliance with local labour laws, are practiced across all the geographical locations where the Group operates.

As an equal opportunity employer, the Group employs staff based on education, knowledge, skills, experience and competence. It does not discriminate against gender, race or religion.

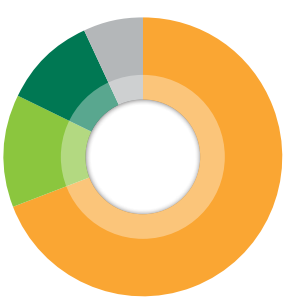
Despite its fair hiring practices, the Group tends to be male-dominated with the ratio a 86% males to 14% females in the Group's workforce. This is attributable to the fact that due to the nature of its business, the Group employs a large number of engineers, crane operators, riggers and other technical and operations personnel who are involved in physically-demanding jobs. In addition, the harsh working environments at worksites and in workshops do not appeal to the female gender.

The Group enjoys fairly low employee turnover rate of about 3% and has 1,731 permanent and contract staff across all its operations and 2,503 free-lance crane operators in China as at 31 March 2017.

People Development

The Group places strong emphasis not only in recruiting people with the right skills and experience but also in the continuous development of its human resources so as to constantly improve the quality of solutions and services that are provided to our customers. The Group values the experience and capability of each and every staff member, on whom it depends for the timely delivery of complex lifting solutions and heavy equipment, and is committed to equipping and upgrading the skills

Distribution of Employees by Geography



China	**69%**
South-east Asia + Hong Kong	**13%**
Australia	**11%**
Singapore	**7%**

* The main operating subsidiaries refer to Tat Hong HeavyEquipment Pte Ltd and Tat Hong Plant Leasing Pte Ltd.

and knowledge of its employees to enable them to continuously improve their performance and to prepare them for future career growth and advancement. Training is provided on-the-job by superiors and managers or through third party training providers.

Our employees undergo various types of training. For the employees engaged in crane operations training is focused on safety and the acquisition of technical, vocational and supervisory skills through on-the-job training and or training courses conducted by third party service providers. Executives and managerial staff attended training courses related to their jobs as well as leadership and management skills.

In Singapore, a total of 220 training places were made available in FY2017 and these provided an average of 5.6 training hours per employee. Total training costs for the year amounted to approximately S$35,000. Training courses attended by the employees included those relating to occupational health and safety, work at height, crane operations, safety orientation courses among others.

The training and development expenses incurred in Australia in FY2017 totalled approximately A$248,000. Staff were sent to various training courses including workshop and technical courses as well as those related to professional and executive development.

In China RMB370,000 were spent on various training courses especially those related to safety and skills upgrading.

Staff Welfare

In addition to fair wages, our employees also enjoy medical and other benefits that are in line with market practices in the country of operation. In Singapore, staff welfare is also promoted through the significantly subsidised Recreation Club which is run by employee representatives. During the 12-month reporting period, the Recreation Club organised a series of activities for the staff including a bowling tournament, a visit to the Gardens by the Bay, lunch-time talks on health and wellness and a staff get-together evening.

In Australia, TBG employees are provided with benefits including income protection insurance, employee assistance programme, employee discount scheme, well as free flu vaccination. Social clubs across TBG also organised activities for their respective employees.

Diverse activities were organised across the Group's operations in the area of staff welfare including promotion of healthy lifestyle, sports events, family days, staff dinners and celebration of staff birthdays and local festivals.



CORPORATE RESPONSIBILITY

Employee Communication

The Group employs a wide spectrum of tools and channels in its constant communication with its employees. Letters, flyers, posters, emails, the intranet, seminars and staff meetings are used to communicate general messages such as policy changes, announcements, safety messages as well as social and recreational information. In addition to the above, specific communication for target groups such as safety reviews and changes in work procedures are communicated at toolbox or staff meetings.

QUALITY, HEALTH AND SAFETY

The Group believes that the best way it can serve its customers and create value for stakeholders is through the provision of quality products and services with a particular emphasis on safety.

Whilst activities and practices across the Group's operations in different countries may vary depending on the business culture and operating constraints, the commitment to quality and safety remains unchanged. Due to their dominance with regard to their contribution to the Group's performance, many of the parameters in this report refer to the practices in Singapore and Australia.

Health & Safety

Our main operating subsidiaries in Singapore which are involved in the distribution of cranes and heavy equipment and the provision of crane rental services – Tat Hong HeavyEquipment (Pte) Ltd (THHE) and Tat Hong Plant Leasing Pte Ltd (THPL) - are both certified to ISO9001 and ISO18001. In addition, THPL is also certified to ISO14001. Two of our Australian subsidiaries, Tutt Bryant Equipment Pty Ltd (TBE) and North Sheridan Pty Ltd (NS) are certified to ISO9001. THHE and THPL have also been awarded the bizSAFE Star award by Workplace Health and Safety Council in Singapore for achieving the highest level in meeting required safety and health standards.

Whilst TBG's operations have not been externally certified (except for subsidiaries which are certified to ISO9001), it has in place a Work Health and Safety(WHS) Management System that is consistent with the requirements of OHSAS 18001:2007. Regular internal audits are conducted to:

- assess the compliance of the TBG WHS Management System with the requirements of AS/NZS 4801:2001;
- assess the extent of implementation of the WHS Management System in the TBG's operations and activities; and
- verify the effectiveness of TBG's WHS policies and procedures.

TBG's has implemented a comprehensive Safety, Risk and Claims Management system which captures WHSE data and ensures timely provision of essential information and incident notification to TBG management thereby allowing for effective management of WHSE issues whilst at the same time, assisting in compliance with legislative requirements.

Certification

NAME OF SUBSIDIARY	ISO9001	ISO14001	ISO18001	OTHER CERTIFICATION
Tat Hong HeavyEquipment (Pte) Ltd (THHE)	√	N.A	√	bizSAFE Star
Tat Hong Plant Leasing Pte Ltd (THPL)	√	√	√	bizSAFE Star
Tutt Bryant Equipment Pty Ltd	√			
North Sheridan Pty Ltd	√			

Notes:
1. ISO 14001 is not applicable to Tat Hong HeavyEquipment (Pte) Ltd as its principal business activities is the trading of new and used cranes and other heavy equipment.
2. bizSAFE Star awarded by the Workplace Health and Safety Council in Singapore for companies which have been certified by recognized auditors for meeting required safety and health standards

In Singapore and Australia, employees who are exposed to paints and solvents undergo regular test for contact dermatitis. As all activities are subject to safety analysis, exposures to skin irritants, if any, are minor in nature. There were no reported cases of skin irritation or dermatitis in either country during the year under review.

Our workers in Singapore and Australia are generally not exposed to excessive noise levels in the course of their work and those who may be exposed to loud noises are issued ear plugs and ear muffs as part of the personal protection equipment. As part of the Group's comprehensive workplace safety programmes, safety training is conducted on a regular basis including training on noise and hearing conservation and workplace noise management. There was one reported case of early noise induced hearing loss in Singapore whilst no cases were reported case in Australia. The affected employee in Singapore underwent necessary tests and received the necessary medical attention all of which were paid for by the Group and his exposure to loud noises has been minimised.

No major accidents or incidents have been reported in our operations in the past 12 months. There were however, occurrences of minor injuries. In Singapore 125 man days were lost to incidents whilst in Australia, 388 man days were lost. All incidents have been investigated, work procedures reviews and measures implemented to prevent recurrence. Improvements to work procedures have also been communicated during toolbox meetings. Regular audits and inspections were conducted throughout the year to ensure that there were no safety lapses and that proper work protocols were followed.

In recognition of their commitment and attention to workplace safety, two of our employees in Singapore were commended by Exxonmobil for the Singapore Butyl and Adhesion project and Mitsui Engineering and Shipbuilding Asia Pte Ltd for the MESA Aurora EOS project.

Safety Statistics

	SINGAPORE	AUSTRALIA
Accident rate per million man hours worked	6.3	12.98
Total man days lost to accidents	125	388
Man day lost to accidents as a percentage of total man days worked	0.13%	0.35%



CORPORATE RESPONSIBILITY

ENVIRONMENT

The Group is committed to managing its operations with the objective of minimising its impact on the environment and has put in place comprehensive system for the prevention of environmental pollution. One possible source of environmental pollution is carbon dioxide emission from the operation of our crawler and mobile cranes and our general equipment as well as the transportation of our cranes and equipment to and from the worksites.

The Group complies with existing regulations governing emission control with regard to the operations of our cranes in the countries where we operate. For example, in Singapore, all mobile and crawler cranes imported after 1 July 2012 for use in the country complies with US Tier II, EU Stage II or Japan Tier II emission standards. In Australia, all equipment meets or exceeds current emission standards.

In Singapore, our crane rental operations conducted under THPL are certified to ISO14001. TBG's operations in Australia are not subject to any particular or significant environment regulation under the Commonwealth or State legislation. However, to meet the general environmental obligations, TBG has in place a detailed environmental management system that is consistent with the requirements of the AS/NZS 14001.

There is potential for small spillage of fuel during refilling at our various depots or from plant and equipment that are being serviced in our workshops or customers' worksite. Oil traps have been installed in our yards, operating procedures have been put in place and workers have been trained in the prevention of spills as well as the proper clean-up process.

Additional initiatives taken to preserve the environment include the recycling of paper, the recycling of waste oils, photocopying on both sides of the paper and water conservation.

No environmental breaches have been cited by the relevant government agencies in Singapore and Australia in FY2017.

COMMUNITY

The Group has a long-standing tradition of caring for the community. Our philanthropic efforts support a variety of causes to benefit wide-ranging members of the community who need assistance.

In Singapore, the Group made donations to various non-profit organisations and continued its mainstay "Tat Hong Cares - Free Groceries" programme. This project, which began in FY2014, provided free groceries to disadvantaged families residing in rental flats in Toa Payoh Central.

In FY2017, the Free Groceries project was held on 26 June 2016. About 300 families living in rental flats at Block 170 of Toa Payoh Central were invited to participate in the event where the residents were able to take home free groceries of their own choice such as rice, noodles, sugar, canned food, etc. More than 30 staff members volunteered their time on a Sunday morning for the event.

Our overseas subsidiaries also played their part in contributing to the community in which they operate. TBG supported wide ranging causes in Australia through sponsorships and donations to causes such as spinal cord injury research and children's charities. Its employees also volunteered their time with various non-profit organisations such as local bush fire brigades and state emergency services. In China, donations of RM64,000 were made to assist poor children.



CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors (the "Board") of Tat Hong Holdings Ltd (the "Company" and together with its subsidiaries, (the "Group") is committed to a high standard of corporate governance and has always recognised the importance of good governance to enhance corporate performance, accountability, and protection of stakeholders' interests. This report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2012 (the "Code"), pursuant to Rule 710 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Board is pleased to advise that it has complied with all material aspects of the Code and deviations, if any, are explained in this report.

BOARD MATTERS

Board's Conduct of its Affairs

The Board's primary role is to protect and enhance long-term shareholder value. The Board meets at least once every quarter to oversee the affairs of the Company and provide strategic direction for sustainable growth. The Board also ensures that necessary financial and human resources are in place for the Company to meet its objectives.

In discharging its duties and responsibilities, the Board:

- Reviews and approves the financial objectives and strategies to be implemented by Management, including significant acquisitions and divestments;
- Reviews and approves the release of quarterly and full year financial results;
- Reviews Management's performance and sets major policies;
- Establishes a framework of prudent and effective controls which enables the identification, assessment and management of risks to safeguard shareholders' interests and the Company's assets;
- Establishes controls over capital expenditure, investments and divestments, funding and bank borrowings;
- Sets the Company's values and standards (including ethical standards) and ensures that obligations to shareholders and other stakeholders are understood and met; and
- Provides guidance on sustainability issues as part of the Company's overall strategy formulation.

Board meetings are scheduled in advance on a yearly basis. This enables the Board to meet on a regular basis without interfering with the Company's operations. The Board may request for further clarification and information from Management on all matters within its purview. Ad-hoc meetings are convened as and when circumstances require.

The Group has adopted a set of internal controls, guidelines and an authority matrix that set out various types of material transactions which require Board approval. The authority matrix sets out the delegation of authority from the Board with respect to financial threshold limits for transactions including *inter alia*, capital and operating expenses, extension of credit or waiver of bad debts, bank borrowings, acquisitions and disposals, foreign exchange hedging and changes in capital structure.

To assist the Board in the execution of its responsibilities, five main Board Committees, namely Audit, Nominating, Remuneration, Risk Management and Share Option/Performance Shares Plan Committees, have been established and delegated certain functions. Other ad-hoc committees may be formed from time to time. All Board Committees are chaired by Independent Directors and all Board Committees have written terms of references which are reviewed from time to time.

CORPORATE GOVERNANCE

The Company's Constitution provides for meetings of the Board to be conducted by way of telephone conference or video conference or other methods of simultaneous communication by electronic means.

Directors' Training

Management conducts briefings and orientation programmes to familiarise newly appointed Directors with the various businesses, operations and processes of the Group. The Board is also updated regularly on any changes in policies, laws and regulations that are relevant and apply to the Group and its businesses. Relevant courses for Directors conducted by various professional institutions are attended by Directors when possible as part of their continuous training. The Company also organises seminars in-house on various topics such as corporate governance and relevant legislations conducted by legal and other professionals for Directors and Management.

In the financial year ended 31 March 2017 ("FY2017"), the Board received various briefings and updates including:

- Developments and changes in accounting and governance standards;
- Sustainability reporting requirements; and
- Changes to the Companies Act (Cap. 50) of Singapore and other regulations.

Board Composition and Guidance

The composition and size of the Board are reviewed from time to time by the Nominating Committee to ensure that the Board has an appropriate number of independent directors and a balance of expertise, skills and core competencies in areas including finance, legal, business and management.

The independence of each non-executive director is assessed annually. Factors that are considered in evaluating a director's independence include his relationship with the Company or Group, with any shareholder with a 10% or more interest in the Company or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the interest of the Company.

As at 30 May 2017, the Board comprises four Independent Directors and three Executive Directors as follows:

Board Member	Position Held on the Board	Date of first appointment to the board	Date of last re-election/ re-appointment as director	Nature of Appointment
Leong Horn Kee	Chairman	19 January 2001	28 July 2016	Non-Executive/Independent
Ng San Tiong Roland	Managing Director	25 October 1991	28 July 2016	Executive
Ong Tiew Siam	Director	1 September 1999	29 July 2015	Non-Executive/Independent
Mak Lye Mun[1]	Director	1 June 2005	25 July 2014	Non-Executive/Independent
Low Seow Juan	Director	25 January 2006	29 July 2015	Non-Executive/Independent
Ng Sang Kuey Michael[1]	Director	1 October 1996	25 July 2014	Executive
Ng Chen Wei[2]	Director	1 September 2016	NA	Executive

1 Up for re-election at the forthcoming AGM 2017
2 Up for re-appointment at the forthcoming AGM 2017

CORPORATE GOVERNANCE

The Board believes that there is a strong and independent element on the Board, with a majority of Independent Directors, which allows the Board to exercise its objective and independent judgement on all affairs. No individual or small group of individuals dominates the Board's decision-making process. The Directors collectively consider that the Board is of an appropriate size and possesses the right mix of skills and experience. This composition of the Board enables Management to benefit from its diverse and objective perspective on issues brought before the Board.

The Company's Constitution requires one third of the Directors to retire from office by rotation and submit themselves for re-election by shareholders at every Annual General Meeting ("AGM"). The Managing Director ("MD") and Group Chief Executive Officer ("CEO") is also subject to the one third rotation rule as this separates his board and executive roles. Further, a new director appointed to the Board is required to retire and submit himself for re-appointment at the AGM immediately following his appointment.

Accordingly, Messrs Mak Lye Mun and Ng Sang Kuey Michael will retire and submit themselves for re-election at the forthcoming AGM. Mr Ng Chen Wei who was appointed to the Board on 1 September 2016 will also retire and submit himself for re-appointment at the forthcoming AGM.

As at 31 March 2017, the following Independent Directors have held office on the Board for more than nine years:

Dr Leong Horn Kee
Mr Ong Tiew Siam
Mr Mak Lye Mun
Mr Low Seow Juan

The Board has assessed the independence of the above Directors and has determined that despite serving on the Board for more than nine years, Messrs Leong, Ong, Mak and Low have continued to demonstrate their independence through their active participation and objective questioning of all matters discussed during Board meetings. In addition, all the above Directors do not have any financial dealings with the Group.

Each of the above Directors has abstained from evaluating his own independence.

The Chairman and the Group Chief Executive Officer (Group CEO)

The Chairman and the Group CEO are not related. There is a clear separation of roles and responsibilities of the Chairman and Group CEO. The Chairman is an Independent Director who leads the Board and is responsible for the Board's workings and proceedings. The Chairman, together with the other Independent Directors, ensures that the Board engages in constructive debate with Management on various matters, including strategic issues and business plans. The Chairman also ensures that a high standard of corporate governance is upheld. The Group CEO is responsible for implementing the Group's strategies and policies, and for conducting the Group's businesses.

CORPORATE GOVERNANCE

The following table shows the composition of Board Committees as at 30 May 2017:

Board Member	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee	Share Option/ Performance Shares Plan Committee
Leong Horn Kee	Member	Chairman	Member		
Ng San Tiong Roland		Member			Member
Ong Tiew Siam	Chairman		Member	Member	Member
Mak Lye Mun			Member	Chairman	Chairman
Low Seow Juan	Member	Member	Chairman		
Ng Chen Wei				Member	

The following table shows the Directors' attendance at Board and Board Committee Meetings in FY2017:

Board Member	Board Meeting	Audit Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting	Risk Management Committee Meeting	Share Option/ Performance Shares Plan Committee Meeting
Leong Horn Kee	4/4	4/4	2/2	1/1	–	–
Ng San Tiong Roland	4/4	–	2/2	–	–	–
Ong Tiew Siam	4/4	4/4	–	1/1	2/2	–
Mak Lye Mun	4/4	–	–	1/1	2/2	–
Low Seow Juan	4/4	4/4	2/2	1/1	–	–
Tse Po Shing Andy[1]	2/3	2/3	–	–	1/1	–
Ng San Kuey Michael	4/4	–	–	–	–	–
Ng Chen Wei	3/3	–	–	–	1/1	–

1 Mr Tse Po Shing Andy resigned from the Board on 28 February 2017.

Board Membership and Performance

The Nominating Committee (the "NC") comprises three members of whom two are Independent Directors as follows:

Dr Leong Horn Kee (Chairman)
Mr Ng San Tiong Roland
Mr Low Seow Juan

The NC is responsible for:

- Assessing Board composition and the necessary competencies of Board members;
- Reviewing Board succession plans and recommending the appointment, re-appointment and/or removal of Directors;
- Evaluating the Board's performance and effectiveness as a whole;
- Reviewing the independence of Directors in accordance with the Code's definition of "Independent Director"; and
- Identifying, reviewing and recommending candidates for senior management positions in the Group.

The Chairman of NC is not associated with the substantial shareholder.

The NC applies the following principles in making recommendations to the Board:

- Ensuring a formal and transparent procedure for the appointment and re-appointment of Directors to the Board and of senior management positions or, if in the case of a new Director or senior manager, consider the recommendations of the Board members as well as candidates from external search consultants;
- Ensuring that multiple board representations held by any Board member does not impede that Director's performance in carrying out his duties to the Company; and
- Ensuring that the Board comprises Directors who, as a group, have the necessary range of expertise, skills and core competencies.

The NC adopts a formal board evaluation process, including using evaluation questionnaires covering areas which include Board composition, information management, Board processes, CEO performance and succession planning, standards of conduct in assessing the effectiveness of the Board as a whole as well as the contribution of each Director to the effectiveness of the Board. The results of such appraisals are presented to the Board with recommendations for improvement to the overall standard of governance.

The NC has considered the multiple board representations held by some Directors and has satisfied itself that they do not impede such Director's performance in carrying out his duties to the Company. The Board noted that none of the Directors holds more than four directorships in listed companies.

The NC has reviewed the independence of each Independent Director in accordance with the Code's definition of independence and has also considered the independence in character and judgement of each Director.

Access to information

All Directors are provided with complete, adequate and timely information prior to meetings and upon request to enable them to fulfil their responsibilities properly. Management provides financial reports and other relevant and material information with adequate explanations to all Directors on a regular and monthly basis outside the specific requirements for Board and Board Committee meetings.

In exercising their duties, the Directors have access to the advice of Senior Management and the Company Secretaries who are responsible to the Board for ensuring that Board procedures are followed and that applicable laws and regulations are complied with. If necessary, the Directors can seek professional advice and services in areas which they deem necessary, at the expense of the Company. All Board members have separate and independent access to the Company Secretaries at all times.

CORPORATE GOVERNANCE

REMUNERATION MATTERS

Procedures for developing remuneration policies

The policies on remuneration – salaries, benefits and incentives – of the Group's Executive Directors and Senior Management are reviewed and set by the Remuneration Committee (the "RC"). The RC comprises four Independent Directors as follows:

Mr Low Seow Juan (Chairman)
Dr Leong Horn Kee
Mr Ong Tiew Siam
Mr Mak Lye Mun

The RC meets at least once a year to:

- Review and approve recommendations on remuneration policies and the remuneration of the Group's Senior Management;
- Approve the annual increment and bonuses of key executives as recommended by Management;
- Review all matters concerning Non-Executive Directors' fees to ascertain that such fee commensurate with the contribution and responsibility of the Director; and
- Review and approve the remuneration of any executives related to the controlling shareholders whose remuneration is above S$150,000 per annum.

The RC ensures that none of the Directors is involved in deciding his own remuneration. Each member of the RC refrains from voting on any resolution in respect of the assessment of his remuneration.

In setting the remuneration packages of the Executive Directors and senior managers, the Company makes a comparative study of the compensation packages of executives in comparable industries or companies of a similar market size and takes into account the performance of the Company. The RC also ensures that the terms of the contracts of services of Executive Directors and Senior Management, including termination clauses, are in line with market practices and are not overly generous.

There are no service agreements with any Non-Executive Directors whose terms of appointment are in accordance with the Constitution of the Company.

Where the need arises, the RC engages external professional human resource consultants for advice on matters relating to remuneration.

The Share Option/ Performance Shares Plan Committee

The Share Option/Performance Shares Plan Committee (the "SOC") comprises three Directors of whom two are Independent Directors as follows:–

Mr Mak Lye Mun (Chairman)
Mr Ng San Tiong Roland
Mr Ong Tiew Siam

The SOC is responsible for and has absolute discretion for the administration of share-based incentive schemes as part of the Company's total long-term incentive plans to attract and retain key management staff.

The responsibilities of the SOC include:

- Considering and reviewing share-based incentive plans from Management to ensure that they are effective in rewarding deserving employees and are aligned with the Company's business objectives;
- Determining the eligibility of employees to participate in the share-based incentives; and
- Offers and grants share-based incentives in accordance with the provisions of share-based incentive schemes approved by shareholders as well as considering and approving changes to share awards that may be affected by corporate actions taken by the Company.

Following the rights issue undertaken by the Company in FY2017, the SOC recommended and the Board accepted the recommendation that no adjustments be made to the outstanding share options previously granted and the number of performance shares previously granted but not yet vested for the following reasons:

a) even if the option price and number of share options were to be adjusted, the share options will still be significantly out of monies; and
b) all the awardees of the performance shares that are yet to be vested had agreed to no adjustments being made to their respective awards.

The Company's Share Option Scheme 2006 and Performance Shares Plan expired on 5 December 2016. In view of the headwinds facing the Group's operations and efforts at containing cost, the Company has no plans, for the time being, to institute any share-based incentive schemes.

No share options or performance shares were granted whilst 77,500 performance shares granted earlier were vested during the year under review.

Level and mix of remuneration

The Board ensures that transparent procedures are in place for the determination of the remuneration of the Directors. The compensation of Non-Executive Directors is based on a framework comprising a basic retainer fee, fee for chairmanship of the Board or a Board Committee and service on a Board Committee. Executive Directors do not receive any Directors' fees from the Company.

Key management staff are remunerated taking into consideration factors such as the level and scope of responsibility, the performance of the Company/Group and various key performance indicators (KPIs). The compensation and benefits of management staff are benchmarked against the market and comprise fixed basic salaries, variable performance-based bonuses, share-based incentives and other benefits. Where necessary, the Company will engage external consultants to study and recommend compensation and benefit plans for its key management staff to ensure that such compensation packages are fair but not overly generous and that Management compensation is aligned with the long-term objectives of the Company.

CORPORATE GOVERNANCE

Disclosure on Remuneration

The details of the remuneration paid to or accrued to the Directors of the Company for FY2017 are set out in the table below. Save as disclosed below, the Directors do not receive any other benefits such as retirement or termination benefits.

The Company has decided to disclose the remuneration of its Executive Directors in salary bands after taking into consideration the competitive environment, the nature of the industry and the confidentiality of such information, all of which may adversely affect the Company's ability to attract and retain talent. As required by the Code, the remuneration of the Directors and key management personnel are provided on a named basis with a breakdown in percentage terms of the remuneration received as shown below.

Name of Director	Fees	Salary	Bonus	Share-based incentive	Benefits in kind
Below S$100,000					
Leong Horn Kee[1]	100%	0%	0%	0%	0%
Ong Tiew Siam[2]	100%	0%	0%	0%	0%
Mak Lye Mun[3]	100%	0%	0%	0%	0%
Low Seow Juan[4]	100%	0%	0%	0%	0%
Tse Po Shing Andy[5]	100%	0%	0%	0%	0%
S$300,001 – S$400,000					
Ng Chen Wei[#]	0%	100%	0%	0%	0%
S$500,001 – S$600,000					
Ng Sang Kuey Michael[@]	0%	80%	20%	0%	0%
S$600,001 – S$700,000					
Ng San Tiong Roland	0%	93%	7%	0%	0%

1 The remuneration of Dr Leong Horn Kee for FY2017 will be S$81,000.
2 The remuneration of Mr Ong Tiew Siam for FY2017 will be S$68,850.
3 The remuneration of Mr Mak Lye Mun for FY2017 will be S$64,800.
4 The remuneration of Mr Low Seow Juan for FY2017 will be S$60,750.
5 Mr Tse Po Shing Andy resigned from the Board on 28 February 2017. The remuneration of Mr Tse for FY2017 will be S$48,263.

The Directors' fees in respect of FY2017 amounting to S$323,663 (FY2016: S$383,733) will be proposed for shareholders' approval at the forthcoming AGM 2017.

The computation for each of the Independent Directors' fee is based on the Remuneration Framework in the following paragraph.

The Board had, in FY2016, taken a 10% reduction in Directors' fees, and a further 10% reduction in fees has been proposed in respect to Directors' fee for FY2017. The following framework is used to determine the remuneration of each Independent Director (the "Remuneration Framework"):

S$	FY2015	FY2016	FY2017
Basic Fee	55,000	49,500	44,550
Chairman of the Board	25,000	22,500	20,250
Chairman, AC	15,000	13,500	12,150
Chairman of other board committee	10,000	9,000	8,100
Member of any board committee	5,000	4,500	4,050

As the Directors' remuneration is fully disclosed in this section, the Company will not be issuing a separate report to shareholders on this subject matter.

Details of the remuneration of the top five key executives of the Group for FY2017 are set out below. Save as disclosed below, the key management staff have not received any other benefits such as termination, retirement or post-employment benefits.

	Remuneration Band (S$'000)	Fees	Salary	Bonus	Share-based Incentive	Benefits in Kind
Yau Kok San Sean	251 – 500	0%	79%	21%	0%	0%
Jennie Hong Chok Hane	251 – 500	0%	82%	13%	5%	0%
Lin Han Wei Henry	251 – 500	0%	81%	19%	0%	0%
Lau Chuan Chai Danny	251 – 500	0%	70%	30%	0%	0%
Yen Sze Hwa*	251 – 500	0%	93%	7%	0%	0%

The aggregate remuneration of the top five key personnel for FY2017 was S$1,667,000.

* Mr Yen Sze Hwa resigned as President Director of PT Tat Hong HeavyEquipment on 31 March 2017.

Details of the remuneration of employees who are immediate family members of the Group CEO, are set out below:

	Remuneration Band (S$'000)	Fees	Salary	Bonus	Share-based Incentive	Benefits in Kind
Ng Sun Ho Tony@	351 – 400	0%	93%	7%	0%	0%
Ng Sun Hoe Patrick@	301 – 351	0%	88%	12%	0%	0%
Ng San Guan William@	201 – 250	0%	94%	6%	0%	0%
Ng San Wee David@	201 – 250	0%	94%	6%	0%	0%
Ng Sun Oh Lewis@^	101- 150	0%	100%	0%	0%	0%

@ Messrs Ng Sun Ho Tony, Ng Sang Kuey Michael, Ng San Wee David, Ng Sun Hoe Patrick, Ng San Guan William and Ng Sun Oh Lewis are the brothers of Mr Ng San Tiong Roland, Managing Director & Group CEO
# Mr Ng Chen Wei is the son of Mr Ng San Tiong Roland, Managing Director & Group CEO
^ Mr Ng Sun Oh Lewis resigned from the Group on 29 July 2016

Notes:
Fees include Directors' Fees
Salaries also include Central Provident Fund contributions, transport allowance, Super Annuation Fund, long service leave and transport allowance
Bonus include incentives, ex-gratia payments and profit sharing
Share-based incentives include performance shares awarded
Benefits-in-kind include vehicle and housing benefits

ACCOUNTABILITY AND AUDIT

Accountability

It is the Board's aim to present the Company's stakeholders with fair, balanced and clear assessments of the Company's financial performance, position and prospects. To facilitate the Board's regular oversight of the Group, Management provides the Board with appropriate detailed management accounts and reports of the Group's financial performance and position on a monthly basis.

The Board reviews and approves all the quarterly and full year financial results and announcements of major transactions prior to their release via the Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST ("SGXNET") to ensure that detailed and balanced information on the Group's performance is disseminated on a timely and fair basis to the stakeholders.

Risk Management and Internal Controls

The Board acknowledges that it is responsible for the overall internal control framework adopted by the Group but also notes that no cost-effective system of internal controls can preclude and provide absolute assurance against errors, irregularities or loss as such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Group maintains a sound internal control system to safeguard its assets.

Risk Management

The Board has overall responsibility for the oversight of material risks in the Group's business. The Board is assisted by the Risk Management Committee (the "RMC") which comprises three Directors, two of whom are Independent Directors:

Mr Mak Lye Mun (Chairman)
Mr Ong Tiew Siam
Mr Ng Chen Wei

The RMC identifies and reviews significant risks to the Group, and oversees the Group risk management practices and procedures to ensure the overall effectiveness of risk identification, management, monitoring, and compliance with internal guidelines and/or external requirements. The RMC met twice in FY2017, and will meet as it deems necessary in discharging its duties and carrying out its functions of:

- Overseeing the development and improvement of the Group-wide risk management processes and approving risk policies and the Enterprise Risk Management framework which includes the Group's sustainability programmes and compliance with sustainability reporting requirements;
- Reviewing at a high level the major types of risks faced by the Group and the current and future strategies necessary to manage them. The various matters and high-level enterprise risk that the RMC would review from time to time include *inter alia*, capital allocation risks, key business, project management and operational risks including risks relating to inventory, loss of key customers and suppliers, key staff, reputation, health and safety issues, country risks as well as financial risks including interest rates, foreign exchange, liquidity, tax and market risks; and
- Monitoring a portfolio view of risks and the adequacy of management's responses for managing risks, including mitigating actions being taken to reduce key risks.

Management regularly reviews the Group's businesses and operational activities to identify the areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

The Directors have also considered the various financial risks which the Group may face, the details of which can be found from page 134 to page 141 of this Annual Report.

CORPORATE GOVERNANCE

Internal Controls

The Audit Committee, through the assistance of the internal auditors and external auditors, reviews and reports to the Board on the adequacy of the Group's system of internal controls, including financial, operational and compliance controls. In assessing the effectiveness of internal controls, the Audit Committee ensures that the key objectives are met, material assets are safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable laws, regulations and internal policies.

For the year under review, the Board has received assurance from the Group CEO and Group Chief Financial Officer ("CFO") that:

a) 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
b) The Group's risk management and internal control systems are effective.

The Board is satisfied that the Company's framework on internal controls is adequate to provide reasonable assurance on the effectiveness of the internal control system put in place by management.

The Board, with the concurrence of the Audit Committee, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems put in place by Management is adequate and effective to address financial, operational and compliance risks of the Group.

Audit Committee and Internal Audit

The Audit Committee (the "AC") comprises three Independent Directors as follows:

Mr Ong Tiew Siam (Chairman)
Dr Leong Horn Kee
Mr Low Seow Juan

The AC meets at least four times a year and is responsible for:

- Assessing the performance and independence of, and evaluate recommendations for the appointment or removal of external auditors;
- Assessing the performance and objectivity of the internal audit function;
- Reviewing the reports on internal audit undertaken by third party audit practitioners and in-house audit staff;
- Reviewing the Company's quarterly financial statements and audited annual financial statements and related notes, and external auditors' report as well as the formal announcements relating thereto, and recommend the same for the approval of the Board;
- Reviewing material interested person transactions;
- Reviewing the adequacy of the Company's and Group's internal financial controls as well as operational and compliance controls and systems;

- Considering any whistle-blower reports; and
- Reviewing and approving the annual internal audit plan.

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

The AC has full access to Management and also full discretion to invite any Director or key management staff to attend meetings of the AC, and has been given reasonable resources to discharge its functions. The AC meets with the external and internal auditors, without the presence of Management at least once a year, and has obtained assurances that Management has cooperated fully in providing the auditors with such information as they required in the conduct of their audits.

Where the Group's internal audit functions are outsourced to third party internal audit firms, such firms must meet the standards of the Professional Practice of Internal Auditing as adopted by the Institute of the Internal Auditors. The internal auditor reports directly to the Chairman of the AC and administratively to the Group CFO.

Key Audit Matters

The AC discussed with the external auditors about the identified key audit matters (refer to pages 57 to 59 of this Annual Report) and how those key audit matters have been addressed by the external auditors. Having considered the approach taken by the external auditors and their findings, the AC is satisfied with the basis and estimates adopted by the Group.

Whistle-Blowing Policy

The Group has a Whistle-Blowing Policy, endorsed by the AC, and has established procedures where employees of the Group may, in confidence and without fear of reprisals, raise concerns about suspected fraud, dishonest practices, improprieties and other misdemeanours in the conduct of the Company's business. Arrangements are in place for the independent investigations of such matters by the AC and for appropriate follow-up action.

The Group has communicated the Whistle-Blowing Policy to all employees through the staff Intranet and Employee Handbook and the whistle-blower may submit his/her concerns via email to the Chairman of the Board or the AC Chairman.

External Auditors

The Board is responsible for the initial appointment of the external auditors and shareholders subsequently approve the appointment at the AGM. The Audit Committee evaluates the external auditors' performance, quality of their audit, and their independence and recommends their appointment to the Board. The Company's external auditor is KPMG LLP and the Company complies with Rules 712 and 715 of the Listing Manual of the SGX-ST. To enhance the independence of the audit, audit engagement partners are rotated by KPMG LLP on a regular basis. The current audit engagement partner was appointed in the financial year ended 31 March 2015.

The amount of fees for audit services for FY2017 provided by KPMG LLP and its overseas member firms totalled approximately S$711,000 whilst fees for non-audit services amounted to approximately S$247,000. The AC has satisfied itself with the independence and objectivity of the external auditors in carrying out their audit of the financial statements for FY2017 and has received written confirmation of its independence from KPMG LLP. The AC has also reviewed the volume of non-audit service provided by the external auditors.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

The Company recognises its responsibilities to its shareholders, ensures that all shareholders are treated fairly and equitably and facilitates the exercising of shareholders' rights. The Company also welcomes shareholders' views and encourages the participation of shareholders at general meetings.

Shareholder Rights and Conduct of Shareholder Meetings

The Company does not practice selective disclosure and ensures that full and fair disclosure about the Company's business or any development that may materially affect the share price of the Company is released in a timely manner via the SGXNET.

All shareholders are informed of the convening of general meetings through circulars or reports and through notices published in the newspapers, on the SGXNET and on the Company's website.

The Company's Constitution allows shareholders who are unable to attend shareholder meetings the right to appoint up to two proxies to attend the meeting and vote on their behalf.

The Chairman, Managing Director and Group CEO, Chairmen of the respective Board Committees, Group CFO and Company Secretaries are required to attend shareholder meetings. The external auditor is also in attendance during AGMs to assist in addressing queries from shareholders relating to the audit and preparation of the financial statements.

At the start of a general meeting, the Chairman of the Board or his designate will brief the shareholders on the proceedings including a short explanation of the matter which is brought up for shareholders' approval.

Every matter requiring approval at a general meeting is proposed as a separate resolution and shareholders are given ample time to ask questions of the Board on issues related to proposed resolution before the resolution is voted on.

The Company conducts voting by poll for all resolutions and announces the detailed results, giving the total number of votes cast for and against each resolution as well as the respective percentages to all shareholders at the general meetings. An announcement of the detailed results is also made via SGXNET.

The Company records the minutes of all shareholder meetings and these are available to shareholders upon request.

CORPORATE GOVERNANCE

Communication with Shareholders

The Company is committed to a high standard of disclosure as it believes that this promotes governance and greater investor confidence. All material information is disclosed in a timely and comprehensive manner first via the SGXNET and through the Company's website thus ensuring that all shareholders have the same access to information.

The Company does not practice selective disclosure and should a price sensitive matter be inadvertently disclosed, the Company will release the same information to the general public via the SGXNET.

The Company employs various platforms to communicate with shareholders including postings on the Company's website, investor meetings, roadshows and shareholder meetings. The Company maintains a dedicated investor relations section on the company website where shareholders, analysts and the investing community can easily access information relating to the Company's financial performance, announcements, financial ratios, stock fundamentals, etc. Shareholders can also contact the Company through a dedicated email address: ir@tathong.com.sg.

Management also solicits feedback and the views of the investing community at meetings with shareholders, analysts and institutional investors.

Dividend Policy

The Company is committed to enhancing value for its shareholders and strives to achieve an efficient capital structure that balances the returns to shareholders with the Company's capital needs for investment and growth.

The quantum and frequency of the dividend payout may vary depending on the Group's financial performance, its capital requirements for expansion or equipment replacement, financial covenants imposed by its loan facilities and other factors which the Board may deem appropriate. Although the Company's dividend policy has been set between 30% and 40% of the Group's total net profit after tax and minority interests, this will be curbed in FY2017 and the financial year ending 31 March 2018 as stipulated in the recent refinancing arrangement in connection to the refinancing and terming out of the Company's existing syndicated loan and uncommitted short term revolving credit facilities as part of the Group's risk management effort.

DEALINGS IN SECURITIES

The Group has adopted an internal code of conduct on dealings in securities whereby Directors of the Company, Management and employees who are in possession of price-sensitive information ("Affected Persons") are prohibited from dealing in the securities of the Company during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year and during the period commencing a month before the announcement of the financial statements for the financial year, and ending on the date of the announcement of the relevant results.

The Company's internal compliance code also requires that Affected Persons not deal in the Company's securities on short term considerations and are expected to abide by prevailing insider trading laws at all times.

This internal code of conduct has been disseminated to Directors, Management and affected employees. A copy of the internal code of conduct is also issued to new affected employees when they join the Company.

POLICY ON INTERESTED PERSONS TRANSACTIONS

The Company has adopted a policy in respect of transactions with interested persons and has procedures established for the review and approval of the Company's interested person transactions to ensure that they are carried out on normal commercial terms or entered into on an arm's length basis.

The Company also adopts the materiality thresholds imposed under Chapter 9 of the Listing Manual of SGX-ST to announce such transactions, or to announce and convene separate general meetings as and when potential transactions with the interested persons arise, to seek shareholders' prior approval for these transactions.

Save as disclosed below, there are no other interested person transactions between the Company or its subsidiaries and any of its interested persons during the financial year under review.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	Group 12 months ended		Group 12 months ended	
	31 March 2017 S$'000	31 March 2016 S$'000	31 March 2017 S$'000	31 March 2016 S$'000
(A) Sale				
CS Construction & Geotechnic Pte Ltd	–	–	620	–
L&M Foundation Specialist Pte Ltd	–	–	390	1,844
THL Foundation Equipment Pte Ltd	–	–	1,315	400
CS Bored Pile System Pte Ltd	–	–	559	–
DW Foundation Pte Ltd	–	–	114	–
ICE Far East Sdn Bhd	–	–	–	586
THT Academy	–	–	185	–
Chwee Cheng & Sons Pte Ltd	–	–	120	–
Ng Sun Ho	410	–	–	–
(B) Purchase				
CMC Construction Pte Ltd	–	–	771	264
CS Bored Pile System Pte Ltd	–	–	–	175
ICE Far East Pte Ltd	–	–	720	400
Chwee Cheng & Sons Pte Ltd	–	–	373	383
BP-Ubi Industrial Pte Ltd	–	–	615	603

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	Group 12 months ended		Group 12 months ended	
	31 March 2017 S$'000	31 March 2016 S$'000	31 March 2017 S$'000	31 March 2016 S$'000
(C) Others				
Corporate guarantee granted by Chwee Cheng & Sons Pte Ltd relating to trade receivables owing by two unrelated third parties to a subsidiary of the Group	6,477	–	–	–

USE OF PROCEEDS

The Company has, pursuant to the renounceable underwritten rights issue ("Rights Issue") announced on 14 November 2016 ("Announcement"), issued and allotted 125,521,284 new ordinary shares in the capital of the Company at $0.33 each and raised net proceeds of approximately S$41.0 million.

As at the date of this Annual Report, the net proceeds of approximately S$41.0 million from the Rights Issue have been utilised as follows:

Application of Rights Issue net proceeds	Amount (S$ million)
Net proceeds	41.0
Debt repayment	16.4
Balance as at the date of this report	**24.6**

The abovementioned use of the net proceeds from the Rights Issue is in accordance with the intended use as stated in the Announcement and the Offer Information Statement dated 17 January 2017 issued by the Company in relation to the Rights Issue. The Company will make further announcements as and when the balance of the net proceeds from the Rights Issue is materially disbursed.

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DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2017.

In our opinion:

(a) the financial statements set out on pages 71 to 164 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

DIRECTORS

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

Leong Horn Kee
Ng San Tiong Roland
Ng Sang Kuey Michael
Ong Tiew Siam
Mak Lye Mun
Low Seow Juan
Ng Chen Wei (Appointed on 1 September 2016)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, share options and warrants in the Company and related corporations are as follows:

Name of director and corporation in which interests are held	Number of shares held at beginning of the year/date of appointment	Number of shares held at end of the year
Leong Horn Kee		
The Company		
– ordinary shares		
– interests held	700,000	840,000

DIRECTORS' INTERESTS (CONT'D)

Name of director and corporation in which interests are held	Number of shares held at beginning of the year/date of appointment	Number of shares held at end of the year
Ng San Tiong Roland		
The Company		
– ordinary shares		
– interests held	10,540,345	12,648,414
– deemed interests	256,739,160	308,086,992
Chwee Cheng & Sons Pte Ltd *		
– ordinary shares		
– interests held	1,583,022	1,583,022
– deemed interests	5,994,580	5,994,580
Ng Sang Kuey Michael		
The Company		
– ordinary shares		
– interests held	4,908,350	6,154,020
Chwee Cheng & Sons Pte Ltd *		
– ordinary shares		
– interests held	911,863	911,863
Ong Tiew Siam		
The Company		
– ordinary shares		
– interests held	2,817,000	2,817,000
Low Seow Juan		
The Company		
– ordinary shares		
– interests held	40,000	48,000
Ng Chen Wei		
The Company		
– ordinary shares		
– interests held	7,500	7,500

* Immediate and ultimate holding company

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 April 2017.

DIRECTORS' INTERESTS (CONT'D)

Except as disclosed in the "Share Options" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangements whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate. In the normal course of business, the Company and its related corporations entered into transactions with companies in which directors have substantial interests as disclosed in note 31 to the financial statements. However, the directors have neither received nor become entitled to receive any benefit arising out of these transactions other than those to which they are ordinarily entitled to as shareholders of these companies.

Except as disclosed above and in notes 22 and 31 to the financial statements, since the end of the last financial year, no director 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 he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

Tat Hong Employee Share Option Scheme 2006 and Performance Share Plan

The Tat Hong Employee Share Option Scheme 2006 ("ESOS 2006") and Performance Share Plan ("PSP") (collectively the "Scheme") were approved by the Company at its Extraordinary General Meeting on 8 December 2006. The Scheme is administered by the Share Options/Performance Shares Plan Committee, comprising three directors, Mak Lye Mun (Chairman), Ng San Tiong Roland and Ong Tiew Siam.

Other information regarding the Scheme is set out as follows:

– the Board of the Company may specify the vesting conditions which must be satisfied or waived by the Board before options and awards allocated under the Scheme may be dealt with;

– the exercise price for each share in respect of which an option is exercisable shall be a price equal to the market price;

– the options can be exercised 1 year after the grant; and

– the options granted expire after 5 years for non-executive directors and 10 years for the employees of the Company and its subsidiaries.

SHARE OPTIONS (CONT'D)

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share	Options outstanding as at 1 April 2016	Options cancelled	Options exercised	Options outstanding as at 31 March 2017	Number of option holders as at 31 March 2017	Exercise period
30 September 2009	1.08	1,418,000	(315,000)	–	1,103,000	26	1 October 2010 – 30 September 2019

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Options granted for financial year ended 31 March 2017	Aggregate options granted since commencement of Scheme to 31 March 2017	Aggregate options exercised since commencement of Scheme to 31 March 2017	Aggregate options outstanding as at 31 March 2017
Leong Horn Kee	–	100,000	–	–
Ong Tiew Siam	–	200,000	(200,000)	–
Mak Lye Mun	–	100,000	–	–
Low Seow Juan	–	100,000	–	–

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any rights to participate in any share issue of any other company.

During the financial year ended 31 March 2017, 77,500 (2016: 173,500) shares were vested under the PSP and satisfied by treasury shares (see note 15).

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this statement are as follows:

- Ong Tiew Siam (Chairman)
- Leong Horn Kee
- Low Seow Juan

The Audit Committee performs the functions specified by section 201B of the Companies Act, Chapter 50, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings during the year. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, and the results of their examination and evaluation of the Company's system of internal accounting controls.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and of the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings.

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

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

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

AUDITORS

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

On behalf of the Board of Directors

Leong Horn Kee
Chairman

Ng San Tiong
Director

30 May 2017

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tat Hong Holdings Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tat Hong Holdings Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 71 to 164.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tat Hong Holdings Ltd

Valuation of non-financial assets
(Refer to notes 4, 6, 7 and 10 to the financial statements)

The key audit matter

As at 31 March 2017, the Group's net asset value exceeded its market capitalisation by $307.7 million, which is an indication that the Group's non-financial assets may be impaired. The carrying value of the Group's non-financial assets amounted to $791.8 million as at 31 March 2017, comprising mainly property, plant and equipment, investments in associates and joint ventures, and goodwill.

The recoverable amounts of the Group's non-financial assets were estimated based on either value-in-use calculations (i.e. discounted future cashflows) or fair value less costs to sell (FVLCTS).

Value-in-use calculations are applied in estimating the recoverable amounts of goodwill for the Group's Australian operations and investments in associates. Management exercised judgement in estimating the future cashflows from these operations based on key assumptions relating to revenue growth rates, profit margins and discount rates.

For property, plant and equipment, where FVLCTS method is used, management engaged external independent valuers to determine the fair values of the property, plant and equipment. The fair values are dependent on the valuation methodology and assumptions used by the valuers.

Inappropriate assumptions used in the above calculations could have a material impact on the carrying amounts of the Group's non-financial assets.

How the matter was addressed in our audit

Our response

We evaluated the governance over the budgeting process from which the discounted cashflow forecasts for value-in-use calculations were derived.

We assessed management's estimates and the discount rates applied in the value-in-use models based on our knowledge of the Group's operations and compared against historical performance, publicly available information, industry and economic reports. This included making enquiries with management to understand their planned strategies around business growth and profit margin sustainability.

We evaluated the qualifications and competence of the external valuers. We read the terms of engagement of the external valuers to determine if there are any matters that may affect their objectivity or limit their scope of work.

We compared the valuation methodologies and key assumptions used by the valuers in their fair values to generally accepted market practices and financial information.

Our findings

We found the impairment assessment methodologies and key assumptions applied in the value-in-use calculations to be balanced.

We have no concern over the objectivity and competency of the external valuers and their valuation methodologies and assumptions are in line with generally accepted market practices.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tat Hong Holdings Ltd

Valuation of inventories
(Refer to note 12 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
Inventories of $145.0 million at 31 March 2017 (31 March 2016: $147.0 million) are a material balance for the Group. Inventories comprise cranes and spares, amounted to $104.4 million and $40.6 million respectively. There is a risk that inventory items could not be sold above their carrying values. Management reviews inventories to ascertain if a provision is required for cranes aged more than 1 year. Management obtains a valuation report from external valuers in order to assess the realisable value of the cranes. The cranes are recorded based on the lower of cost and net realisable value. Significant judgement is required to determine the net realisable value of inventories.	**Our response** We enquired and reviewed the management's process for assessment of inventories net realisable value. This includes making enquiries with management to understand their plan with regard to future sales and to ascertain if there are any inventories which are no longer in use. We have selected significant and/or old inventory items for checking to past sales and sales subsequent to year end. For inventories that were subject to independent valuations by external valuers, we evaluated the qualifications and competence of the external valuers. We read the terms of engagement of the external valuers to determine if there are any matters that may affect their objectivity or limit their scope of work. We compared the valuation methodologies and key assumptions used by the valuers in their fair values to generally accepted market practices and financial information. **Our findings** We observed management has a structured process for determining the net realisable value of inventories and found management's estimate of the provision for inventory to be balanced. We have no concern over the objectivity and competency of the external valuers.

Recognition of deferred tax assets
(Refer to note 9 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
The Group has significant deferred tax assets amounting to $10.8 million as at 31 March 2017. There is inherent uncertainty involved in forecasting future taxable profits, which determines the extent to which deferred tax assets are or are not recognised.	**Our response** Our audit procedures included using our work on the Group's cash flow forecasts described in our response to the valuation of non-financial assets key audit matter above. The cash flow forecasts were used to derive the estimated future taxable profits. We enquired with management to understand their future tax plan to ascertain if there will be adequate taxable profits in the future to utilise the deferred tax assets, taking into account the group's tax position, the timing of forecast taxable profits, and our knowledge and experience of the relevant tax legislations. We also assessed the group's disclosures about the sensitivity of the recognition of deferred tax assets to changes in key assumptions underlying the future cash flow forecasts. **Our findings** We found the assumptions used by management in estimating the future taxable profits to be balanced, and the related disclosures to be appropriate.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tat Hong Holdings Ltd

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement which we obtained prior to the date of this auditor's report, and the Group Structure, Chairman's message, Dialogue with the Group CEO, Operations and Financial Review, Board of Directors, Key Management, Financial Highlights, 5-year Financial Summary, Crane Fleet Size, Investor Relations, Corporate Responsibility, Key Milestones, Corporate Information and Corporate Governance (the Reports), which are expected to be made available to us after that date.

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tat Hong Holdings Ltd

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tat Hong Holdings Ltd

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Lucas Tran.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 May 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2017

	Note	Group		Company	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000
Assets					
Property, plant and equipment	4	738,009	802,445	1,057	1,349
Subsidiaries	5	–	–	372,435	368,980
Associates	6	40,791	44,075	12,466	12,647
Joint ventures	7	3,806	3,882	4,716	4,439
Other financial assets	8	1,033	1,128	949	1,044
Deferred tax assets	9	10,757	8,830	–	–
Intangible assets	10	9,243	4,491	–	–
Trade and other receivables	13	62	797	–	–
Non-current assets		803,701	865,648	391,623	388,459
Assets held for sale	11	4,065	5,660	–	–
Inventories	12	145,013	146,981	–	–
Trade and other receivables	13	193,065	222,099	225,322	229,581
Cash and cash equivalents	14	114,284	130,702	26,065	5,007
Current assets		456,427	505,442	251,387	234,588
Total assets		1,260,128	1,371,090	643,010	623,047
Equity					
Share capital	15	366,879	325,849	366,879	325,849
Reserves	16	220,484	259,852	36,368	42,152
Equity attributable to owners of the Company		587,363	585,701	403,247	368,001
Non-controlling interests	30	34,628	43,982	–	–
Total equity		621,991	629,683	403,247	368,001
Liabilities					
Trade and other payables	17	2,590	2,340	121	–
Financial liabilities	18	308,118	300,089	185,619	170,051
Deferred tax liabilities	9	28,326	22,994	–	–
Non-current liabilities		339,034	325,423	185,740	170,051
Trade and other payables	17	157,159	168,298	37,482	65,287
Financial liabilities	18	141,779	245,061	16,519	19,688
Current tax payable		165	2,625	22	20
Current liabilities		299,103	415,984	54,023	84,995
Total liabilities		638,137	741,407	239,763	255,046
Total equity and liabilities		1,260,128	1,371,090	643,010	623,047

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2017

	Note	2017 $'000	2016 $'000
Revenue	20	458,293	528,228
Cost of sales		(330,876)	(368,743)
Gross profit		127,417	159,485
Other operating income	22	30,454	42,463
Distribution expenses		(38,355)	(38,772)
Administrative expenses		(118,872)	(126,958)
Other operating expenses		(8,962)	(49,343)
Results from operating activities		(8,318)	(13,125)
Finance expense	21	(23,012)	(24,626)
		(31,330)	(37,751)
Share of results of associates (net of tax)		996	389
Share of results of joint ventures (net of tax)		(148)	(537)
Loss before income tax	22	(30,482)	(37,899)
Income tax expense	23	(6,446)	(2,018)
Loss for the year		(36,928)	(39,917)
Attributable to:			
Owners of the Company		(38,009)	(39,312)
Non-controlling interests		1,081	(605)
Loss for the year		(36,928)	(39,917)
Earnings per share			
Basic earnings per share (cents)	24(a)	(5.91)	(6.22)*
Diluted earnings per share (cents)	24(b)	(5.91)	(6.22)*

* Restated to comply with FRS 33 earnings per share for the effect of the rights issue

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

	2017 $'000	2016 $'000
Loss for the year	(36,928)	(39,917)
Other comprehensive income for the year, net of income tax		
Items that are or may be reclassified subsequently to profit or loss:		
Net loss on translation of net investment in foreign entities	(4,531)	(24,123)
Effective portion of changes in fair value of cash flow hedges	(407)	(383)
Termination of cash flow hedges	407	–
Net change in fair value of available-for-sale financial assets	788	284
Foreign currency translation reclassified to profit or loss on liquidation of an associate	–	45
Other comprehensive income for the year, net of income tax	(3,743)	(24,177)
Total comprehensive income for the year	(40,671)	(64,094)
Attributable to:		
Owners of the Company	(37,697)	(61,043)
Non-controlling interests	(2,974)	(3,051)
Total comprehensive income for the year	(40,671)	(64,094)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Share capital $'000	Reserve for own shares $'000	Share-based payment reserve $'000	Capital reserves $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 April 2015	325,849	(1,766)	779	26,258	273	(22,234)	321,670	650,829	50,571	701,400
Total comprehensive income for the year										
Loss for the year	–	–	–	–	–	–	(39,312)	(39,312)	(605)	(39,917)
Other comprehensive income										
Net loss on translation of net investment in foreign entities	–	–	–	(456)	–	(21,221)	–	(21,677)	(2,446)	(24,123)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(383)	–	–	(383)	–	(383)
Net change in fair value of available-for-sale financial assets	–	–	–	–	284		–	284		284
Foreign currency translation reclassified to profit or loss on liquidation of an associate	–	–	–	–	–	45	–	45		45
Total other comprehensive income	–	–	–	(456)	(99)	(21,176)	–	(21,731)	(2,446)	(24,177)
Total comprehensive income for the year	–	–	–	(456)	(99)	(21,176)	(39,312)	(61,043)	(3,051)	(64,094)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 March 2017

	Note	Share capital $'000	Reserve for own shares $'000	Share-based payment reserve $'000	Capital reserves $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 April 2015											
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Cancellation of share options		–	–	(191)	–	–	–	191	–	–	–
Value of employee services received for issue of performance shares		–	–	93		–	–	–	93	–	93
Performance shares awarded using treasury shares		–	151	(164)	13	–	–	–	–	–	–
Dividends declared	26	–	–	–	–	–	–	(6,298)	(6,298)	(360)	(6,658)
Purchase of treasury shares		–	(1,058)	–	–	–	–	–	(1,058)	–	(1,058)
Total contributions by and distributions to owners		–	(907)	(262)	13	–	–	(6,107)	(7,263)	(360)	(7,623)
Changes in ownership interests in subsidiaries											
Changes in ownership interests in subsidiaries with no change in control	25	–	–	–	3,178	–	–	–	3,178	(3,178)	–
Total changes in ownership interests in subsidiaries		–	–	–	3,178	–	–	–	3,178	(3,178)	–
Total transactions with owners		–	(907)	(262)	3,191	–	–	(6,107)	(4,085)	(3,538)	(7,623)
Transfer from accumulated profits to statutory reserve funds		–	–	–	571	–	–	(571)	–	–	–
At 31 March 2016		325,849	(2,673)	517	29,564	174	(43,410)	275,680	585,701	43,982	629,683

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 March 2017

	Share capital $'000	Reserve for own shares $'000	Share-based payment reserve $'000	Capital reserves $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 April 2016	325,849	(2,673)	517	29,564	174	(43,410)	275,680	585,701	43,982	629,683
Total comprehensive income for the year										
Loss for the year	–	–	–	–	–	–	(38,009)	(38,009)	1,081	(36,928)
Other comprehensive income										
Net loss on translation of net investment in foreign entities	–	–	–	(133)	–	(343)	–	(476)	(4,055)	(4,531)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(407)	–	–	(407)	–	(407)
Termination of cash flow hedges	–	–	–	–	407		–	407		407
Net change in fair value of available-for-sale financial assets	–	–	–	–	788		–	788		788
Total other comprehensive income	–	–	–	(133)	788	(343)		312	(4,055)	(3,743)
Total comprehensive income for the year	–	–	–	(133)	788	(343)	(38,009)	(37,697)	(2,974)	(40,671)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 March 2017

	Note	Share capital $'000	Reserve for own shares $'000	Share-based payment reserve $'000	Capital reserves $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 April 2016											
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of shares		41,030	–	–	–	–	–	–	41,030	–	41,030
Cancellation of share options		–	–	(96)	–	–	–	96	–	–	–
Value of employee services received for issue of performance shares		–	–	34		–	–	–	34	–	34
Performance shares awarded using treasury shares		–	51	(63)	12	–	–	–	–	–	–
Dividends declared		–	–	–	–	–	–	–	–	(2,260)	(2,260)
Total contributions by and distributions to owners		41,030	51	(125)	12		–	96	41,064	(2,260)	38,804
Changes in ownership interests in subsidiaries											
Acquisition of non-controlling interest	25	–	–	–	(1,705)	–	–	–	(1,705)	(4,120)	(5,825)
Total changes in ownership interests in subsidiaries		–	–	–	(1,705)	–	–	–	(1,705)	(4,120)	(5,825)
Total transactions with owners		41,030	51	(125)	(1,693)	–	–	96	39,359	(6,380)	32,979
Transfer from accumulated profits to statutory reserve funds		–	–	–	900	–	–	(900)	–	–	–
At 31 March 2017		366,879	(2,622)	392	28,638	962	(43,753)	236,867	587,363	34,628	621,991

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	2017 $'000	2016 $'000
Cash flows from operating activities		
Loss for the year	(36,928)	(39,917)
Adjustments for:		
Depreciation of property, plant and equipment	73,597	80,865
Gain on disposal of property, plant and equipment	(14,270)	(33,054)
Impairment loss on property, plant and equipment recognised	1,148	5,502
Impairment loss on remeasurement of assets held for sale	1,337	885
Impairment loss on intangible assets	–	16,337
Property, plant and equipment written off	151	40
Impairment loss on investment in associates, net	3,500	10,000
Amortisation of intangible assets	1,097	661
Cost of long service and annual leave	3,278	5,274
Loss/(gain) on disposal of subsidiaries, net	148	(222)
Dividend income from other financial assets	(136)	(306)
Share of results of associates	(996)	(389)
Share of results of joint ventures	148	537
(Gain)/loss on fair value adjustment on derivatives	(505)	680
Provisions made	280	1,160
Share-based payment expenses	34	93
Finance income	(921)	(759)
Finance expense	23,012	24,626
Income tax expense	6,446	2,018
Operating profit before working capital changes	60,420	74,031
Changes in working capital:		
Inventories	26,888	26,872
Trade and other receivables	21,593	2,439
Trade and other payables	(13,255)	(8,070)
Cash generated from operations	95,646	95,272
Payment for warranties	(213)	–
Income taxes paid	(6,717)	(7,144)
Payment for long service and annual leave and others	(3,539)	(5,954)
Net cash from operating activities	85,177	82,174

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 31 March 2017

	Note	2017 $'000	2016 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(13,441)	(29,052)
Purchase of intangible assets		(4,722)	(1,114)
Proceeds from disposal of property, plant and equipment		60,637	73,536
Return of investment/(investment made) in other financial assets		767	(87)
Loans repaid by/(made to) associates		3,386	(3,800)
Disposal of a subsidiary	25	9	–
Proceeds from disposal/liquidation of associates		–	321
Acquisition of non-controlling interests	25	(5,825)	–
Interest received		921	759
Dividends received from other financial assets		136	306
Dividends received from associates		–	2,590
Net cash from investing activities		41,868	43,459
Cash flows from financing activities			
Purchase of treasury shares		–	(1,058)
Purchase of notes payable		–	(1,500)
Net repayment of trust receipts		(4,147)	(32,373)
Proceeds from bank loans		232,600	153,651
Repayment of bank loans		(304,639)	(110,230)
Proceeds from rights issue, net		41,030	–
Proceeds from finance lease obligations		14,362	11,523
Repayment of finance lease obligations		(98,526)	(75,899)
Interest paid		(21,935)	(23,795)
Dividends paid		–	(6,298)
Dividends paid to non-controlling interests		(3,070)	(1,039)
Change in bank balances earmarked for certain banking facilities		(21,116)	399
Net cash used in financing activities		(165,441)	(86,619)
Net (decrease)/increase in cash and cash equivalents		(38,396)	39,014
Cash and cash equivalents at 1 April		130,072	92,237
Effect of exchange rate fluctuations on cash held		862	(1,179)
Cash and cash equivalents at 31 March	14	92,538	130,072

During the year ended 31 March 2017, the Group acquired property, plant and equipment with an aggregate cost of $67,208,000 (2016: $49,175,000) of which $53,767,000 (2016: $20,123,000) was acquired by means of finance leases. In addition, property, plant and equipment of $14,884,000 (2016: $18,900,000) was reclassified from inventories during the financial year, of which $14,362,000 (2016: $10,611,000) was financed by means of finance leases.

Property, plant and equipment with carrying amount amounting to S$24,900,000 (2016: S$6,252,000) was transferred to inventories due to change in the use of assets.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 May 2017.

1 DOMICILE AND ACTIVITIES

Tat Hong Holdings Ltd (the "Company") is incorporated in Singapore and has its registered office at 82 Ubi Avenue 4, #05-01, Edward Boustead Centre, Singapore 408832.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are set out in note 5.

The immediate and ultimate holding company is Chwee Cheng & Sons Pte Ltd, a company incorporated in Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity-accounted investees.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRSs).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 5 – consolidation: whether the Group has de facto control over an investee.
- Note 6 and Note 7 – classification of associates and joint arrangement;
- Note 29 – lease classification

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 4 – useful lives, residual values and impairment of property, plant and equipment;
- Note 5 – assumptions of recoverable amounts relating to investment in subsidiaries;
- Note 6 – assumptions of recoverable amounts relating to investment in associates;
- Note 10 – assumptions of recoverable amounts relating to goodwill impairment;
- Note 12 – assessment of allowance for inventory obsolescence;
- Note 13 – assessment of the recoverability of trade receivables;
- Note 23 – income taxes; and
- Note 27 – valuation of financial instruments.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 19 – share-based payment; and
- Note 27 – financial instruments.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus

if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

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

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

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date at fair value or, when applicable, on the basis specified in another FRS.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in the other comprehensive income arising on the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 April 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 April 2005, the exchange rates at the date of acquisition were used.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (currency translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off, such that control, significant influence or joint control is lost, the cumulative amount in the currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the currency translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables, including finance lease receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Finance lease receivables

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. For those financial assets where there is no active market and where fair value cannot be measured reliably, they are measured at cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3.7) and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise financial liabilities and trade and other payables.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When the financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Convertible redeemable preference shares

Convertible redeemable preference shares are classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Convertible redeemable preference shares are classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Distribution of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is re-measured at each reporting date and at the settlement dates with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transactions, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Compound financial instruments

Compound financial instruments issued by the Group comprise convertible redeemable preference shares denominated in Singapore dollars that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

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

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Derivative financial instruments, including hedge accounting (cont'd)

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

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

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

Depreciation (cont'd)

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

• Freehold properties	50 years
• Leasehold properties	Over the terms of the leases between 25 to 43 years
• Plant and machinery	10 to 20 years
• Furniture, fittings, office and workshop equipment	3 to 5 years
• Motor vehicles	5 years
• Vessels	12 years

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1 – *Business combinations*.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (cont'd)

Research and development (cont'd)

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Computer software 3 years
- Capitalised development costs 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Inventories

Inventories held for resale are stated at the lower of cost (principally specific identification and weighted average cost method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

Cost of machinery and equipment is determined on specific identification cost basis. Cost of spare parts is calculated using weighted average cost basis.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers on the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

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

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised then the previously recognised impairment loss is reversed through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

Available-for-sale financial assets

Impairment losses on available-for-sale equity financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.7 (ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

Non-financial assets (cont'd)

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.8 Non-current assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Plant and equipment once classified as held for sale are not amortised or depreciated.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Employee benefits (cont'd)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Long service leave

The liability for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employee's services provided up to the reporting date.

In determining the provision for long service leave, consideration has been given to future increases in wage and salary rates, expired settlement dates and experience with staff departures. Related on-costs, as described above, have also been included in the liability.

Provision for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attached to certain government securities at the reporting date, which most closely match the terms of maturity of the related liabilities.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is re-measured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised as employee benefits expense in profit or loss.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Employee benefits (cont'd)

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense.

Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Reinstatement costs for leased property

A provision for reinstatement costs for leased property is recognised when an underlying make good obligation clause exists in property lease contracts.

The provision is the best estimate of the present value of the expenditure required to settle the make good obligation at the reporting date, based on current legal requirements and technology. Future make good costs are reviewed annually and any changes are reflected in the present value of the make good provision at the end of the reporting period.

The unwinding of the discount is recognised as finance expense.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Revenue

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Sale of equipment, machinery and spare parts

Revenue from sale of equipment, machinery and spare parts are recognised upon the delivery to the customer which is taken to be the point in time when the significant risks and rewards of ownership have been transferred to the customer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.12 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3.13 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Lease payments (cont'd)

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.14 Finance income and finance expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance expense comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss.

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

3.15 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Income tax expense (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group will be able to control the timing of the reversal of the temporary difference and that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary and convertible redeemable preference shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary and convertible redeemable preference shareholders of the Company by the weighted average number of ordinary and convertible redeemable preference shares outstanding during the year, adjusted for its own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary and convertible redeemable preference shareholders and weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants issued and share options granted to employees.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

3.18 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements. The Group and the Company do not plan to adopt these standards early.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 April 2018. In addition, FRS 116 *Leases* is effective for annual periods beginning on or after 1 April 2019.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

- FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

As FRS 115, FRS 109 and FRS 116, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue, financial instruments and leases, these standards are expected to be relevant to the Group and the Company.

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 March 2019 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

The Group has set up a team to assess the transition options and potential impact of these new standards on its financial statements, and to implement them. The team will provide regular updates to the Board on the status and progress of their assessment and implementation of these new standards.

4 PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings, office and workshop equipment $'000	Motor vehicles $'000	Vessels $'000	Assets under construction $'000	Total $'000
Cost										
At 1 April 2015		28,090	20,071	71,619	1,037,997	19,625	57,946	58,694	10,833	1,304,875
Additions		–	46	1,796	36,243	1,574	749	49	8,718	49,175
Disposals/Write offs		(1,304)	(3,288)	(19,647)	(85,919)	(2,068)	(3,986)	(8,675)	–	(124,887)
Reclassification		(63)	63	11,573	(824)	1,134	(310)	–	(11,573)	–
Reclassification to assets held for sale	11	–	–	–	(5,530)	–	–	(6,655)	–	(12,185)
Transferred from inventories		–	–	–	18,900	–	–	–	–	18,900
Transferred to inventories		–	–	–	(17,807)	–	–	–	–	(17,807)
Translation difference on consolidation		(1,106)	(779)	(730)	(36,134)	(452)	(1,426)	(87)	(61)	(40,775)
At 31 March 2016		25,617	16,113	64,611	946,926	19,813	52,973	43,326	7,917	1,177,296
Additions		94	79	469	56,736	1,757	526	76	7,471	67,208
Disposals/Write offs		(1,266)	(2,468)	(149)	(64,921)	(2,541)	(13,439)	(3,625)	(1,160)	(89,569)
Reclassification		–	–	–	1,068	(1)	–	–	(1,067)	–
Reclassification to assets held for sale	11	–	–	–	(2,959)	–	(12,473)	(2,974)	–	(18,406)
Transferred from inventories		–	–	–	14,856	10	18	–	–	14,884
Transferred to inventories		–	–	–	(41,271)	–	–	–	(853)	(42,124)
Transferred to intangible assets		–	–	–	–	–	–	–	(1,169)	(1,169)
Translation difference on consolidation		85	(33)	581	(2,895)	178	863	161	(354)	(1,414)
At 31 March 2017		24,530	13,691	65,512	907,540	19,216	28,468	36,964	10,785	1,106,706

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Note	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings, office and workshop equipment $'000	Motor vehicles $'000	Vessels $'000	Assets under construction $'000	Total $'000
Accumulated depreciation and impairment losses										
At 1 April 2015		–	3,756	14,208	302,220	12,812	35,685	16,884	–	385,565
Depreciation charge for the year		–	391	2,874	67,879	2,282	3,698	3,741	–	80,865
Disposals/Write offs		–	(2,022)	(8,304)	(49,000)	(1,839)	(3,530)	(4,329)	–	(69,024)
Reclassification		–	–	–	(76)	324	(248)	–	–	–
Transferred to inventories		–	–	–	(11,555)	–	–	–	–	(11,555)
Reclassification to assets held for sale	11	–	–	–	(2,611)	–	–	(3,029)	–	(5,640)
Impairment losses		–	–	–	539	–	4,240	723	–	5,502
Translation difference on consolidation		–	(115)	(133)	(9,441)	(306)	(800)	(67)	–	(10,862)
At 31 March 2016		–	2,010	8,645	297,955	13,273	39,045	13,923	–	374,851
Depreciation charge for the year		–	379	3,342	62,089	2,277	2,127	3,383	–	73,597
Disposals/Write offs		–	(1,411)	(142)	(38,104)	(2,300)	(10,484)	(1,805)	–	(54,246)
Transferred to inventories		–	–	–	(17,224)	–	–	–	–	(17,224)
Reclassification to assets held for sale	11	–	–	–	(2,414)	–	(9,055)	(793)	–	(12,262)
Impairment losses		–	–	–	466	–	–	682	–	1,148
Translation difference on consolidation		–	24	51	1,775	196	665	122	–	2,833
At 31 March 2017		–	1,002	11,896	304,543	13,446	22,298	15,512	–	368,697
Carrying amounts										
At 1 April 2015		28,090	16,315	57,411	735,777	6,813	22,261	41,810	10,833	919,310
At 31 March 2016		25,617	14,103	55,966	648,971	6,540	13,928	29,403	7,917	802,445
At 31 March 2017		24,530	12,689	53,616	602,997	5,770	6,170	21,452	10,785	738,009

Property, plant and equipment with carrying amount of $225,401,000 (2016: $356,977,000) were acquired under finance lease arrangements.

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture, fittings, office and workshop equipment $'000
Cost	
At 1 April 2015	2,112
Additions	3
Disposals/Write offs	(8)
At 31 March 2016	2,107
Additions	10
At 31 March 2017	2,117
Accumulated depreciation	
At 1 April 2015	462
Depreciation charge for the year	304
Disposals/Write offs	(8)
At 31 March 2016	758
Depreciation charge for the year	302
At 31 March 2017	1,060
Carrying amounts	
At 1 April 2015	1,650
At 31 March 2016	1,349
At 31 March 2017	1,057

Impairment losses

Impairment loss is recognised when events and circumstances indicate that the property, plant and equipment may be impaired and the carrying amounts of the property, plant and equipment exceed their recoverable amounts.

As a result of the industry slowdown, an impairment assessment on the property, plant and equipment was performed by management. The recoverable amount of the affected property, plant and equipment was determined based on fair value less costs to sell. The fair value less costs to sell has been determined through a combination of in house market knowledge and comparable sales transactions, having due regard to the Group's track record of property, plant and equipment disposals. Based on the assessment, management determined that the impairment loss on those property, plant and equipment was $1,148,000 (2016: $5,502,000). The impairment loss was recognised in other operating expenses.

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Estimates of useful lives

The carrying amount of the property, plant and equipment is depreciated on a straight-line basis over the remaining useful life of each property, plant and equipment. The management reviews and revises the estimates of the remaining useful life and residual values of the property, plant and equipment at the end of each financial year based on their age and condition at that time. Changes in the way the property, plant and equipment are used and other factors (such as market or technological factors) could impact the useful life and residual values of the property, plant and equipment, therefore future depreciation charges could be revised. Any changes in the useful life and residual values of the property, plant and equipment would impact the depreciation charges and consequently affect the Group's and the Company's results.

5 SUBSIDIARIES – COMPANY

	2017 $'000	2016 $'000
Unquoted shares in subsidiaries, at cost	154,490	151,035
Loans to subsidiaries	220,000	220,000
	374,490	371,035
Less: Impairment loss	(2,055)	(2,055)
	372,435	368,980

Loans to subsidiaries which form part of the Company's net investments in subsidiaries, are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investment in subsidiaries, they are stated at cost less impairment losses.

The Company recognises impairment losses at a level considered adequate to provide for potential non-recoverability of investment in subsidiaries. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the performance, activities and financial position of the entities and market factors.

The Company reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgement or utilised different estimates. An increase in the Company's impairment losses would increase the Company's recorded other operating expenses and decrease the carrying value of investment in subsidiaries.

5 SUBSIDIARIES – COMPANY (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2017 %	2016 %
Tat Hong HeavyEquipment (Pte.) Ltd.[1] and its subsidiaries:	Trading, reconditioning, repairing and supply of heavy machinery and equipment	Singapore	100	100
Tat Hong Machinery Pte Ltd[1]	Supply of spare parts	Singapore	100	100
Load Controls Systems Pte Ltd[1]	Supply of scientific and precision equipment	Singapore	70	70
Tat Hong Crane Logistics Sdn Bhd[7]	Reprocessing, reconditioning, repair and trading of heavy machinery and equipment	Malaysia	100	100
Tat Hong (Thailand) Co., Ltd[2]	Rental of construction equipment and provision of parts and related services	Thailand	100	100
Tat Hong Plant Leasing Pte Ltd[1] and its subsidiaries:	Rental of heavy machinery and equipment and holding of investments	Singapore	100	100
Tat Hong United Logistics Pte Ltd[1#]	Provision of transportation and logistics services	Singapore	–	100
Tat Hong Heavylift Pte Ltd[1]	Crane rental, heavy lifting, haulage and erection service	Singapore	100	100
Peng Koon Heavy Machinery Pte Ltd[1]	Supply of heavy machinery and equipment, motor trucks and motor lorries	Singapore	70	70
Tat Hong Offshore and Marine Services Pte Ltd[1]	Provision of offshore and marine services	Singapore	50*	50*
PT Tat Hong Batam[4]	Rental of property	Indonesia	100	100
PT World Wide Equipment South East Asia[4]	Repair and maintenance services of machinery and heavy equipment	Indonesia	100	100

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2017 %	2016 %
Tat Hong Training Services Pte Ltd[1]	Provision of training courses and management consultancy work	Singapore	–	100
Leadpoint Pte Ltd[1]	Investment holding	Singapore	70	70
Tat Hong International Pte Ltd[1] and its subsidiaries:	Investment holding	Singapore	100	100
Tat Hong Plant Hire Sdn Bhd[5]	Rental of heavy machinery, industrial equipment and cranes	Malaysia	100	100
Tat Hong Crane Rental (Sarawak) Sdn Bhd[7]	Rental of cranes and heavy equipment	Malaysia	100	100
KP Equipment Services Inc.[3]	In the process of voluntary liquidation	Philippines	100	100
PT Tatindo HeavyEquipment[6]	Distribution of heavy equipment and spare parts	Indonesia	95	95
PT Tat Hong Heavy Equipment Indonesia[6]	Distribution and wholesale of machinery, equipment and supplies	Indonesia	100	100
Tat Hong Equipment Co. Ltd[8]	Import, export, trade and lease industrial and construction machinery and equipment; repair and maintain industrial machine and equipment of construction and lease warehouses	Vietnam	100	100
Tat Hong HeavyEquipment (Hong Kong) Limited[9] and its subsidiary:	Rental of heavy equipment and related services	Hong Kong	100	100
Tat Hong HeavyEquipment (Macau) Limited[9]	Rental of heavy equipment and related services	Macau	100	100
Tat Hong (V.N.) Pte Ltd[1] and its subsidiary:	Investment holding	Singapore	70	70

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2017 %	2016 %
Tat Hong Vietnam Co., Ltd[10]	Rental of heavy equipment and machineries and provision of related services	Vietnam	70	70
Tutt Bryant Group Limited[16] and its subsidiaries:	Provision of crane rental, specialised heavy lift and shift, transport and related services	Australia	100	100
Tat Hong Equipment Finance Pty Ltd[16]	Dormant	Australia	100	100
BT Equipment Pty Ltd[16]	Distribution of construction equipment and related parts and services	Australia	100	100
EQR Investments Pty Ltd[16] and its subsidiaries:	Investment holding	Australia	100	100
Office Cleaning Services Pty Ltd[16]	Rental of equipment	Australia	100	100
North Sheridan Pty Ltd[16]	Rental of equipment	Australia	100	100
Kingston Industries Pty Ltd[16] and its subsidiaries:	Rental of equipment	Australia	100	100
Kingston Industries (WA) Pty Ltd[16]	Dormant	Australia	100	100
Relsok Pty Ltd[16]	Dormant	Australia	100	100
Falconer Administration Trust[16]	Dormant	Australia	100	100
Muswellbrook Crane Services Pty Ltd[16]	Provision of crane rental, transport and related services	Australia	100	100
Tat Hong Equipment (China) Pte. Ltd.[1] and its subsidiaries:	Investment holding	Singapore	88	88
TH Straits 2015 Pte. Ltd.[1]	Investment holding	Singapore	88	88

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2017 %	2016 %
Beijing Tat Hong Zhaomao Equipment Rental Co. Ltd[14]	Rental of construction machinery and heavy lifting equipment, installation and related engineering services & supplies	People's Republic of China	88	88
Si Chuan Tat Hong Yuanzheng Machinery Construction Co., Ltd.[15]	Rental of construction machinery and heavy lifting equipment, installation and related engineering services and supplies	People's Republic of China	62	62
Tat Hong Zhiyuan (Jiangsu) Equipment Rental Co. Ltd[15,]	Rental of construction machinery and heavy lifting equipment, installation and related engineering services and supplies	People's Republic of China	88	88
Tat Hong Equipment Service Co., Ltd. [18] and its subsidiaries:	Investment holding	Cayman Islands	85	82
Shanghai Tat Hong Equipment Rental Co., Ltd.[11,17]	Rental of tower cranes and other construction machineries	People's Republic of China	85	82
Tat Hong Zhaomao Investment Co., Ltd[11,17]	Investment holding	People's Republic of China	85	82
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd[12,17]	Rental of construction machinery and heavy lifting equipment, installation and related engineering services and supplies	People's Republic of China	85	82
Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd [13,17]	Rental, maintenance and repair of construction machines and equipment, sale of construction equipment and, technology consultancy and related technical services	People's Republic of China	85	82

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2017 %	2016 %
Jiangsu Hengxingmao Financial Leasing Co., Ltd.[11,17]	Rental of tower cranes and other construction machineries	People's Republic of China	85	82
Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd[14, 17]	Rental, maintenance and repair of construction machines and equipment, sale of construction equipment and, technology consultancy and related technical services	People's Republic of China	85	82

* Although the Group owns 50% or less of the voting power, the subsidiary is controlled by the Group as the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.
\# Strike off during the year ended 31 March 2017.
1 Audited by KPMG Singapore.
2 Audited by KPMG Bangkok.
3 Not required to be audited as the company is in the process of voluntary liquidation.
4 Audited by Jamaluddin, Ardi, Sukimto & Rekan Registered Public Accountants.
5 Audited by KPMG Petaling Jaya.
6 Audited by Yuwono, H & Rekan Registered Public Accountant.
7 Audited by MS Wong & Co.
8 Audited by DNP Auditing-Financial Consulting Co. Ltd.
9 Audited by Baker Tilly Hong Kong.
10 Audited by AASC Audit Company Limited
11 Audited by 上海宏大东亚会计师事务所有限公司 for local statutory reporting purpose.
12 Audited by 扬州新扬会计师事务所有限公司 for local statutory reporting purpose.
13 Audited by 北京恒介会计师事务所 for local statutory reporting purpose.
14 Audited by 北京东审会计师事务所 (普通合伙) for local statutory reporting purpose.
15 Audited by 广州明通会计师事务所有限公司 for local statutory reporting purpose.
16 Audited by KPMG Sydney.
17 Audited by PricewaterhouseCoopers, Taiwan for group consolidation purpose.
18 Audited by PricewaterhouseCoopers, Taiwan for local statutory reporting purpose.
19 Not required to be audited as the company was dormant during the financial year.

6 ASSOCIATES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Investments in associates	61,179	60,963	19,354	19,535
Less: Impairment loss	(20,388)	(16,888)	(6,888)	(6,888)
	40,791	44,075	12,466	12,647

6 ASSOCIATES (CONT'D)

Movement in allowance for impairment losses is as follow:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At 1 April	16,888	6,888	6,888	6,888
Allowance made during the year, net	3,500	10,000	–	–
At 31 March	20,388	16,888	6,888	6,888

Details of associates are as follows:

Name of associates	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest held by the Group	
			2017 %	2016 %
THL Foundation Equipment Pte Ltd and its subsidiaries	Trading and rental of construction equipment and related parts	Singapore	45	45
Yongmao Holdings Limited and its subsidiaries	Manufacture and sale of tower cranes	Singapore	24	24
R&D Holdings Pte Ltd and its subsidiary	Precision engineering and mould making	Singapore	21	21
Global Heavyequipment Sdn Bhd	Dormant	Malaysia	49	49
EMC Cranes (KL) Sdn. Bhd.	Dormant	Malaysia	22	22

All associates are equity accounted. The fair value of ownership interest in the listed associate is as follows:

	Group and Company	
	2017 $'000	2016 $'000
Yongmao Holdings Limited*	15,940	8,501

* Based on the quoted market price at 31 March (Level 1 in the fair value hierarchy).

6 ASSOCIATES (CONT'D)

Impairment losses are recognised to the extent considered adequate to provide for potential non-recoverability of investments in associates. The level of allowance is evaluated on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities and market factors. The Group reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's impairment losses would increase the Group's recorded other operating expenses and decrease the carrying value of investments in associates.

The recoverable amount for an associate was determined based on value-in-use calculation using the discounted cash flow projection based on estimated earnings of the listed associate. The pre-tax discount rate is 18.6% (2016: 16.7%). Based on management's assessment for the financial year ended 31 March 2017, an impairment loss of $2,000,000 was reversed as the recoverable amount of the investment was determined to be higher than its carrying amount. During the financial year ended 31 March 2016, an impairment loss of $10,000,000 was recognised as the recoverable amount of the investment was determined to be lower than its carrying amount.

The recoverable amount of another associate was determined based on fair value less cost to sell. Based on management's assessment, an impairment loss of $5,399,000 was recognised to write down the carrying amount of investment during the financial year ended 31 March 2017.

The impairment (reversal)/loss was recognised in other operating expenses.

6 ASSOCIATES (CONT'D)

The summarised financial information of the associates, not adjusted for the percentage ownership held by the Group is as follows:

	R&D Holdings $'000	THL Group $'000	Yongmao Holdings $'000	Immaterial associates $'000	Total $'000
2017					
Revenue	3,027	47,297	117,599		
(Loss)/Profit from continuing operations	(5,829)	(676)	7,228		
Other comprehensive income	(888)	(55)	2,521		
Total comprehensive income	(6,717)	(731)	9,749		
Attributable to investee's NCI	–	88	1,688		
Attributable to investee's shareholders	(6,717)	(819)	8,061		
Non-current assets	19,112	47,758	115,145		
Current assets	3,476	42,353	172,455		
Non-current liabilities	–	(5,359)	(11,648)		
Current liabilities	(10,005)	(34,197)	(141,629)		
Net assets	12,583	50,555	134,323		
Attributable to investee's NCI	–	3,209	12,729		
Attributable to investee's shareholders	12,583	47,346	121,594		
Group's interest in net assets of investee at beginning of the year	5,790	21,269	16,689	327	44,075
Group's share of:					
– (Loss)/profit from continuing operations	–	(521)	1,517	–	996
– Other comprehensive income	(391)	–	(420)	35	(776)
– Total comprehensive income	(391)	(521)	1,097	35	220
Elimination of unrealised profit on downstream sales	–	(4)	–	–	(4)
Impairment allowance made during the year	(5,399)	–	2,000	(101)	(3,500)
Carrying amount of interest in investee at end of the year	–	20,744	19,786	261	40,791

6 ASSOCIATES (CONT'D)

	R&D Holdings $'000	THL Group $'000	Yongmao Holdings $'000	Immaterial associates $'000	Total $'000
2016					
Revenue	1,246	49,713	110,676		
(Loss)/Profit from continuing operations	(1,708)	1,630	1,153		
Other comprehensive income	(1,963)	–	430		
Total comprehensive income	(3,671)	1,630	1,583		
Attributable to investee's NCI	–	(87)	725		
Attributable to investee's shareholders	(3,671)	1,717	858		
Non-current assets	21,586	52,175	116,660		
Current assets	11,252	46,634	166,250		
Non-current liabilities	(2,310)	(10,523)	(13,154)		
Current liabilities	(11,228)	(36,573)	(141,280)		
Net assets	19,300	51,713	128,476		
Attributable to investee's NCI	–	3,131	11,400		
Attributable to investee's shareholders	19,300	48,582	117,076		
Group's interest in net assets of investee at beginning of the year	8,631	20,701	29,046	487	58,865
Group's share of:					
– Profit from continuing operations	(512)	773	128	–	389
– Other comprehensive income	(589)	–	(1,635)	(50)	(2,274)
– Total comprehensive income	(1,101)	773	(1,507)	(50)	(1,885)
Dividends received during the year	(1,740)	–	(850)	–	(2,590)
Elimination of unrealised profit on downstream sales	–	(205)	–	–	(205)
Impairment allowance made during the year	–	–	(10,000)	–	(10,000)
Carrying amount of interest in investee disposed	–	–	–	(110)	(110)
Carrying amount of interest in investee at end of the year	5,790	21,269	16,689	327	44,075

The Group's share of the contingent liabilities of the associates is $Nil (2016: $15,853,000).

7 JOINT VENTURES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Investments in joint ventures	3,806	3,882	6,010	5,733
Less: Impairment losses	–	–	(1,294)	(1,294)
	3,806	3,882	4,716	4,439

7 JOINT VENTURES (CONT'D)

Movement in allowance for impairment losses is as follows:

	Company	
	2017 $'000	2016 $'000
At 1 April/31 March	1,294	1,294

Impairment losses are recognised to the extent considered adequate to provide for potential non-recoverability of investments in joint ventures. The level of allowance is evaluated on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities and market factors. The Group reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's impairment losses would increase the Group's recorded other operating expenses and decrease the carrying value of investments in joint ventures.

Details of the joint ventures are as follows:

Name of company	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2017 %	2016 %
Tat Hong Intraco Pte Ltd and its subsidiary:	Rental and distribution of heavy machinery	Singapore	40	40
Tat Hong Intraco Heavy Equipment Co Ltd	Crane rental services	Myanmar	40	40
Tat Hong Energy Pte Ltd and its subsidiary:	Dormant	Singapore	50	50
PT Tat Hong Energy Indonesia	In the process of voluntary liquidation	Indonesia	50	50
T.B.F. Oceania Pty Ltd	Provide lifting, logistics and transport service	Australia	50	50
Tat Hong (PNG) Limited	Crane hire, general plant and equipment hire, and wholesale of machinery, equipment and suppliers	Papua New Guinea	50	50
THAB Development Sdn Bhd and its subsidiary:	Property development	Malaysia	25	25
THAB PTP Sdn Bhd	Dormant	Malaysia	25	25

7 JOINT VENTURES (CONT'D)

The joint ventures are individually immaterial to the Group and are equity accounted. The Group's share of the joint ventures' results, assets and liabilities is as follows:

	2017 $'000	2016 $'000
Revenue	815	1,993
Expenses	(965)	(2,518)
Loss before tax	(150)	(525)
Tax expense	2	(12)
Loss after tax	(148)	(537)
Other comprehensive income	72	(142)
Total comprehensive income	(76)	(679)
Non-current assets	1,884	1,976
Current assets	11,125	10,775
Current liabilities	(7,174)	(8,288)
	3,951	2,487
Non-current liabilities	(2,029)	(581)
Net assets	3,806	3,882
Carrying amount of interest in investee at beginning of the year	3,882	4,564
Share of total comprehensive income	(76)	(679)
Elimination of unrealised profit on downstream sales	–	(3)
Carrying amount of interest in investee at end of the year	3,806	3,882

The Group's share of the capital commitments and contingent liabilities of the joint ventures is $Nil (2016: $Nil) respectively.

8 OTHER FINANCIAL ASSETS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Available-for-sale financial assets:				
Unquoted equity securities				
– at cost	84	84	–	–
– at fair value	949	1,044	949	1,044
	1,033	1,128	949	1,044

9 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Group				
Property, plant and equipment	115	1	(31,764)	(26,858)
Unabsorbed wear and tear allowances and unutilised tax losses	5,742	5,726	–	–
Provisions	4,022	3,872	–	–
Other items	4,316	3,095	–	–
Deferred tax assets/(liabilities)	14,195	12,694	(31,764)	(26,858)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are included in the statement of financial position as follows:

	2017 $'000	2016 $'000
Deferred tax assets	10,757	8,830
Deferred tax liabilities	(28,326)	(22,994)
	(17,569)	(14,164)

Movements in temporary differences during the year

	At 1 April 2015 $'000	Recognised in profit or loss (note 23) $'000	Translation difference on consolidation $'000	At 31 March 2016 $'000	Recognised in profit or loss (note 23) $'000	Translation difference on consolidation $'000	At 31 March 2017 $'000
Group							
Property, plant and equipment	(24,821)	(3,730)	911	(27,640)	(2,680)	(1,329)	(31,649)
Unabsorbed wear and tear allowances and unutilised tax losses	2,312	1,683	(74)	3,921	1,876	(55)	5,742
Provisions	4,299	1,454	(76)	5,677	(1,783)	128	4,022
Other items	430	3,586	(138)	3,878	280	158	4,316
	(17,780)	2,993	623	(14,164)	(2,307)	(1,098)	(17,569)

9 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Unrecognised deferred tax assets – Group

Deferred tax assets of $14,755,000 (2016: $9,461,000) have not been recognised in respect of the following items:

	2017 $'000	2016 $'000
Deductible temporary differences	1,383	1,425
Unutilised tax losses and capital allowances	52,463	34,734

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Tax losses of the Group amounting to $52,463,000 (2016: $34,734,000) will expire between 2018 and 2022 (2016: 2017 and 2020). The remaining tax losses and the deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

10 INTANGIBLE ASSETS – GROUP

	Goodwill $'000	Computer software $'000	Capitalised development costs $'000	Total $'000
Group				
Cost				
At 1 April 2015	45,648	5,733	–	51,381
Additions	–	1,114	–	1,114
Translation difference on consolidation	(1,066)	(153)	–	(1,219)
At 31 March 2016	44,582	6,694	–	51,276
At 1 April 2016	44,582	6,694	–	51,276
Additions	–	481	4,241	4,722
Transfer from property, plant and equipment	–	–	1,169	1,169
Disposals	–	(1)	–	(1)
Translation difference on consolidation	(249)	141	(19)	(127)
At 31 March 2017	44,333	7,315	5,391	57,039

10 INTANGIBLE ASSETS – GROUP (CONT'D)

	Goodwill $'000	Computer software $'000	Capitalised development costs $'000	Total $'000
Accumulated amortisation and impairment losses				
At 1 April 2015	27,431	2,798	–	30,229
Amortisation charge for the year	–	661	–	661
Impairment losses	16,337	–	–	16,337
Translation difference on consolidation	(371)	(71)	–	(442)
At 31 March 2016	43,397	3,388	–	46,785
At 1 April 2016	43,397	3,388	–	46,785
Amortisation charge for the year	–	1,013	84	1,097
Disposals	–	(1)	–	(1)
Translation difference on consolidation	(215)	125	5	(85)
At 31 March 2017	43,182	4,525	89	47,796
Carrying amounts				
At 1 April 2015	18,217	2,935	–	21,152
At 31 March 2016	1,185	3,306	–	4,491
At 31 March 2017	1,151	2,790	5,302	9,243

The amortisation charge and impairment loss is recognised in administrative expenses and other operating expenses respectively in profit or loss.

Impairment test

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions or cash-generating units ("CGU"), which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not higher than the Group's operating segments as reported in note 28.

The carrying amounts of goodwill are allocated as follows:

	Group	
	2017 $'000	2016 $'000
Multiple units with insignificant goodwill	1,151	1,185

Based on the impairment assessment performed by management in 2016, the carrying amount of the General Hire and Crane Rental CGUs in Tutt Bryant Group (TBG) were determined to be higher than their respective recoverable amounts. Consequently, the related goodwill of $16,337,000 was fully impaired and was recognised in profit or loss.

11 ASSETS HELD FOR SALE – GROUP

During the financial year ended 31 March 2017, management committed to a plan to sell transport vehicles within the Crane Rental segment. Accordingly, the transport vehicles were presented as assets held for sale. The non-recurring fair value measurement for these assets held for sale of $4,065,000 has been categorised as a level 2 fair value based on observable market sales data (see note 2.4).

In 2016, the assets held for sale related to two vessels and thirteen cranes within the Crane Rental segment. Impairment losses of $1,337,000 (2016: $885,000) for the write-down of the lower of carrying amount and its fair value less cost to sell have been included in "other operating expenses" (see note 22). The non-recurring fair value measurement for these assets held for sale of $5,660,000 has been categorised as a level 2 fair value based on observable market sales data (see note 2.4). These assets were sold in 2017 for a cash consideration of $4,463,000.

12 INVENTORIES – GROUP

	2017 $'000	2016 $'000
Inventories for resale	131,576	141,882
Inventories in transit	13,894	5,714
Work-in-progress	1,463	1,098
	146,933	148,694
Allowance for inventory:		
At 1 April	1,713	2,838
Allowance made during the year	4,133	1,110
Inventories written off against allowance	(3,895)	(2,158)
Translation difference on consolidation	(31)	(77)
At 31 March	1,920	1,713
	145,013	146,981

During the year, inventories recognised as cost of sales amounted to $159,271,000 (2016: $171,762,000). The allowance recognised during the year of $4,133,000 (2016: $1,110,000) was included in cost of sales.

A review is made periodically of inventory for excess inventory, obsolescence and decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such decline. The review requires management to estimate future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the valuation of inventory.

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables due from:				
– third parties	154,774	166,323	114	–
– related corporations	5,036	5,427	–	–
– associates	2,840	2,912	–	–
– a joint venture	3,670	3,388	–	–
	166,320	178,050	114	–
Allowance for receivables	(21,867)	(12,612)	–	–
	144,453	165,438	114	–
Finance lease receivables	1,718	1,786	–	–
Non-trade receivables	26,345	29,045	–	16
Deposits:				
– for purchase of property, plant and equipment	26	382	–	–
– others	1,800	1,860	190	156
Staff loans and advances	51	82	–	–
Recoverable expenses	2,201	1,837	16	5
Non-trade amounts due from:				
– subsidiaries	–	–	224,494	228,589
– related corporations	295	210	33	–
– associates	2,906	6,292	–	–
– a joint venture	2,450	2,665	–	–
Loans and receivables	182,245	209,597	224,847	228,766
Advance payments	2,654	2,715	–	–
Derivative financial instruments	414	–	–	–
Prepayments	5,210	8,316	475	815
Tax recoverable	2,604	2,268	–	–
	193,127	222,896	225,322	229,581
Classified as :				
Current	193,065	222,099	225,322	229,581
Non-current	62	797	–	–
	193,127	222,896	225,322	229,581

Included in trade receivables as at 31 March 2017 are the following items:

- an amount of $5,551,000 (2016: $2,659,000) relating to bills receivable which are interest-free; and
- an amount of $6,249,000 (US$4,480,000) (2016: $12,125,000 (US$8,960,000)) which is guaranteed by the immediate and ultimate holding company.

Included in non-trade receivables are amounts of $9,922,000 (2016: $17,574,000) and $16,423,000 (2016: $11,471,000) arising from the disposal of property, plant and equipment, which are unsecured, interest-free and repayable within 12 months, respectively.

13 TRADE AND OTHER RECEIVABLES (CONT'D)

The non-trade amounts due from subsidiaries, related corporations and an associate are unsecured, interest-free and repayable on demand. The non-trade amount due from a joint venture is unsecured, bears interest at Kuala Lumpur Interbank Offer Rate + 0.5% (2016: Kuala Lumpur Interbank Offer Rate + 0.5%) per annum and is repayable on demand. The interest rate reprices within six months.

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of manufacturing, construction and distribution activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances.

Impairment

The ageing of trade receivables at the reporting date was:

	Gross 2017 $'000	Impairment losses 2017 $'000	Gross 2016 $'000	Impairment losses 2016 $'000
Group				
Not past due	99,131	–	98,892	–
Past due 0 – 90 days	22,382	(3)	27,874	(4)
Past due 91 – 180 days	7,245	(47)	10,662	(180)
Past due 181 – 365 days	5,781	(114)	19,485	(545)
Past due more than one year	31,781	(21,703)	21,137	(11,883)
	166,320	(21,867)	178,050	(12,612)

The change in impairment loss in respect of trade receivables balances during the year is as follows:

	Group	
	2017 $'000	2016 $'000
At 1 April	12,612	8,548
Impairment loss recognised	9,411	6,044
Amount utilised	(288)	(1,814)
Translation difference	132	(166)
At 31 March	21,867	12,612

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of the unimpaired trade receivables. These receivables are mainly arising by customers that have good payment records with the Group.

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs could be higher than estimated.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash at banks and in hand	81,759	101,071	15,065	1,007
Fixed deposits with banks	32,525	29,631	11,000	4,000
	114,284	130,702	26,065	5,007
Bank balances earmarked for certain banking facilities	(21,746)	(630)		
Cash and cash equivalents in the consolidated statement of cash flows	92,538	130,072		

The effective interest rates relating to cash and cash equivalents, excluding bank overdrafts, at the reporting date for the Group ranged between 0.1% to 1.6% (2016: between 1.4% to 6.3%) per annum. Interest rates reprice within one year.

Cash and cash equivalents totalling the equivalent of $12,892,000 (2016: $9,940,000) are held in countries which operate foreign exchange controls.

15 SHARE CAPITAL – COMPANY

	Ordinary shares	
	2017	2016
	No. of shares	
	'000	'000
Issued and fully-paid with no par value:		
At 1 April	631,593	631,593
Issued for cash	125,521	–
At 31 March, including treasury shares	757,114	631,593
Less: Treasury shares	(3,986)	(4,064)
At 31 March, excluding treasury shares	753,128	627,529

Ordinary shares

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

Issue of ordinary shares

In February 2017, the Company issued 125,521,284 ordinary shares for cash pursuant to a renounceable underwritten rights issue on the basis of 1 rights share for every 5 existing shares in the capital of the Company.

15 SHARE CAPITAL – COMPANY (CONT'D)

Treasury shares

Movements in the Company's treasury shares were as follows:

	2017 No. of shares '000	2016 No. of shares '000
At 1 April	4,064	2,030
Treasury shares transferred pursuant to performance share plan	(78)	(174)
Purchase of treasury shares	–	2,208
At 31 March	3,986	4,064

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issues new shares.

From time to time, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily, the shares purchased are intended to be used for issuing shares under the Group's share option programme and performance share plan. Buy and sell decisions are made on a specific transaction basis by the Board; the Group does not have a defined share buy-back plan.

There were no changes in the Group's approach to capital management during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, financial liabilities and trust receipts, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company.

	Group	
	2017 $'000	2016 $'000
Trust receipts	–	4,147
Financial liabilities	449,897	545,150
Less: Cash and cash equivalents	(114,284)	(130,702)
Net debt	335,613	418,595
Total equity attributable to the owners of the Company	587,363	585,701
Gearing ratio	57%	71%

16 RESERVES

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Reserve for own shares	(2,622)	(2,673)	(2,622)	(2,673)
Share-based payment reserve	392	517	392	517
Capital reserves	28,638	29,564	(1,926)	(1,938)
Fair value reserve	962	174	808	134
Currency translation reserve	(43,753)	(43,410)	–	–
Accumulated profits	236,867	275,680	39,716	46,112
	220,484	259,852	36,368	42,152

Reserve for own shares

Reserve for own shares comprises the cost of the Company's 3,986,000 (2016: 4,064,000) ordinary shares held by the Company.

Share-based payment reserve

The share-based payment reserve comprises the cumulative value of employee services rendered for the issue of share options and performance shares.

Fair value reserve

The fair value reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges, as well as the net change in the fair value of available-for-sale financial assets.

Capital reserves

Capital reserves represent the amount capitalised from accumulated profits upon bonus issue by subsidiaries and effects arising from changes in ownership interest in subsidiaries without loss of control.

Capital reserves include statutory reserve funds of $5,174,000 (2016: $4,414,000) as at 31 March 2017. These related to the subsidiaries in the People's Republic of China ("PRC") which follow the accounting principles and relevant financial regulations of the PRC ("PRC GAAP") relating to the appropriation of profit to a statutory reserve fund. Statutory reserve fund is not distributable.

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities as well as the translation of loans which form part of the Company's net investment in subsidiaries, associates and joint ventures.

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables	84,030	96,266	–	45
Non-trade payables	14,999	8,108	99	22
Interest payable	1,012	912	131	–
Deposits received	4,119	4,259	2	2
Unclaimed dividends	79	78	79	78
Dividend payable	–	810	–	–
Accrued operating expenses	18,962	22,707	1,527	2,059
Amounts due to:				
– immediate and ultimate holding company	397	436	10	9
– subsidiary	–	–	34,526	61,786
– related corporations	470	771	59	–
– associates	17,010	15,729	–	–
– a shareholder of a subsidiary	90	2,959	–	–
– a joint venture	1,829	1,351	750	750
Classified as other financial liabilities	142,997	154,386	37,183	64,751
Derivative financial instruments	494	790	278	124
Liability for long service and annual leave	11,435	11,392	140	410
Provisions	1,938	1,842	–	–
Advance billings and advance receipts	2,885	2,228	2	2
	159,749	170,638	37,603	65,287
Classified as:				
Current	157,159	168,298	37,482	65,287
Non-current	2,590	2,340	121	–
	159,749	170,638	37,603	65,287

The Group and the Company's exposures to currency and liquidity risks related to trade and other payables are disclosed in note 27.

The amounts due to immediate and ultimate holding company, a subsidiary, related corporations, associates, a shareholder of a subsidiary and a joint venture are non-trade in nature, unsecured, interest-free and repayable on demand.

Trade payables of the Group included trust receipts of certain subsidiaries amounting to $Nil (2016: $4,147,000) which are guaranteed by the Company. The following table indicates the effective interest rates at the reporting date and the period in which they reprice:

	Effective interest rate %	Total $'000	Fixed interest rates maturing within 1 year $'000
2016			
Trust receipts	1.14 – 2.37	4,147	4,147

There were no trust receipts outstanding as at 31 March 2017.

17 TRADE AND OTHER PAYABLES (CONT'D)

Movements in liability for long service and annual leave are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At 1 April	11,392	12,350	410	200
Provision (reversed)/made during the year	3,278	5,274	(220)	250
Payments made during the year	(3,539)	(5,903)	(50)	(40)
Disposal of subsidiaries	(25)	–	–	–
Translation difference on consolidation	329	(329)	–	–
At 31 March	11,435	11,392	140	410

18 FINANCIAL LIABILITIES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current liabilities				
Secured bank loans	54,628	59,392	–	–
Unsecured bank loans	91,510	76,869	85,033	69,754
Notes payable	98,235	98,041	98,235	98,041
Finance lease liabilities	63,745	65,787	–	–
Intra-group financial guarantees	–	–	2,351	2,256
	308,118	300,089	185,619	170,051
Current liabilities				
Secured bank loans	46,847	38,099	–	–
Unsecured bank loans	66,779	162,366	16,519	19,688
Finance lease liabilities	28,153	44,596	–	–
	141,779	245,061	16,519	19,688
	449,897	545,150	202,138	189,739
Total loans and borrowings	449,897	545,150	199,787	187,483
Intra-group financial guarantees	–	–	2,351	2,256
Total financial liabilities	449,897	545,150	202,138	189,739

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 27.

On 19 June 2013, the Company established the $500 million Multicurrency Medium Term Note Programme. On 26 October 2015 and 14 March 2016, the company has repurchased the Notes of $500,000 and $1,000,000 respectively. Notes outstanding as at 31 March 2017 comprise $98,500,000 (2016: $98,500,000) 5-year unsecured fixed rate notes due on 31 July 2018. The balance of $98,235,000 (2016: $98,041,000) as at the financial year end represents the notes payable measured at amortised cost. Interest rate at 4.5% per annum is payable semi-annually in arrears. The notes payable are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

18 FINANCIAL LIABILITIES (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	2017 Face value $'000	2017 Carrying amount $'000	2016 Face value $'000	2016 Carrying amount $'000
Group							
Fixed rate loans	SGD	5.05%	2018 – 2019	4,163	4,163	8,089	8,089
Floating rate loans	SGD	SIBOR/SOR/COF + 1.10% to 3.40%	2018 – 2022	187,387	184,178	302,873	293,405
Fixed rate loans	AUD	4.00% to 4.47%	2018 – 2020	2,976	2,976	624	624
Floating rate loans	AUD	#BBR + 1.75%	2018	2,137	2,137	2,068	2,068
Floating rate loans	RMB	*PBOC + 1.15% to 1.25%	2018 – 2022	46,686	46,686	18,288	18,288
Fixed rate loans	RMB	5.85%	2018 – 2020	10,125	9,879	–	–
Floating rate loans	MYR	^KLIBOR + 2.00%	2018 – 2019	1,801	1,801	2,925	2,925
Floating rate loans	MYR	COF + 1.75%	2018 – 2023	2,700	2,700	3,304	3,304
Floating rate loans	USD	COF + 2.0%	2018 – 2020	3,262	3,262	3,976	3,976
Floating rate loans	THB	COF + 1.75%	2018	1,982	1,982	4,047	4,047
Notes payable	SGD	4.50%	2018 – 2019	98,500	98,235	98,500	98,041
Finance lease liabilities – floating rate	HKD	Prime lending rate – 2.00% to 2.30%	2018-2021	4,156	4,156	4,458	4,458
Finance lease liabilities – fixed rate	RMB	3.30%	2018-2020	11,454	11,454	–	–
Finance lease liabilities – fixed rate	SGD	1.10% to 4.41%%	2018 – 2020	24,606	24,606	15,638	15,638
Finance lease liabilities – fixed rate	MYR	2.85% to 3.25%	2018 – 2022	9,150	9,150	10,949	10,949
Finance lease liabilities – fixed rate	THB	2.50% to 3.70%	2018 – 2021	2,466	2,466	24	24
Finance lease liabilities – fixed rate	HKD	1.56% to 2.50%	2018 – 2021	5,082	5,082	4,472	4,472
Finance lease liabilities – fixed rate	AUD	4.39% to 8.093%	2018 – 2022	34,984	34,984	74,842	74,842
				453,617	449,897	555,077	545,150
Company							
Notes payable	SGD	4.50%	2018 – 2019	98,500	98,235	98,500	98,041
Floating rate loans	SGD	SOR +2.00% to 3.10%	2018 – 2022	103,991	101,552	90,000	89,442
				202,491	199,787	188,500	187,483

* PBOC denotes People's Bank of China interest rates
^ KLIBOR denotes Kuala Lumpur Interbank Offer Rate
# BBR denotes bank buying rate

Finance lease liabilities and $88,201,000 (2016: $97,491,000) of the secured bank loans are secured on property, plant and equipment with a carrying amount of $365,801,000 (2016: $388,992,000). The remainder of the secured bank loans amounting to $13,274,000 (2016: $Nil) are secured on amounts owing by certain customers to the Group's subsidiaries.

18 FINANCIAL LIABILITIES (CONT'D)

The following indicates the effective interest rates at the reporting date and the period in which they reprice:

	Currency	Effective interest rate	Total $'000	Floating interest rate $'000	Fixed interest rates maturing within 1 year $'000	Fixed interest rates maturing within 1 to 5 years $'000
Group						
2017						
Secured loans						
– Floating rate	SGD	1.74% to 3.31%	44,526	44,526	–	–
– Fixed rate	SGD	5.05%	4,163	–	3,452	711
– Floating rate	RMB	4.79% to 5.87%	40,206	40,206	–	–
– Fixed rate	RMB	5.85%	9,879	–	–	9,879
– Floating rate	MYR	5.31%	2,700	2,700	–	–
Unsecured loans						
– Floating rate	AUD	3.80%	2,137	2,137	–	–
– Fixed rate	AUD	4.00% to 4.47%	2,976	–	304	2,672
– Floating rate	USD	8.50%	3,262	3,262	–	–
– Floating rate	RMB	5.22% to 5.40%	6,480	6,480	–	–
– Floating rate	THB	4.13%	1,982	1,982	–	–
– Floating rate	MYR	5.59%	1,801	1,801	–	–
– Floating rate	SGD	2.49% to 4.28%	139,652	139,652	–	–
Finance lease liabilities	SGD	1.80% to 4.41%	24,606	–	7,260	17,346
Finance lease liabilities	MYR	4.83% to 6.39%	9,150	–	3,315	5,835
Finance lease liabilities	HKD	1.56% to 3.25%	9,238	4,156	1,589	3,493
Finance lease liabilities	THB	2.50% to 3.70%	2,466	–	590	1,876
Finance lease liabilities	AUD	4.80% to 5.68%	34,984		9,238	25,746
Finance lease liabilities	RMB	0.37% to 4.84%	11,454	–	4,081	7,373
Notes payable	SGD	4.50%	98,235	–	–	98,235
			449,897	246,902	29,829	173,166
2016						
Secured loans						
– Floating rate	SGD	1.74% to 3.31%	84,214	84,214	–	–
– Fixed rate	SGD	4.05% to 5.05%	8,089	–	3,833	4,256
– Floating rate	RMB	5.94% to 7.36%	1,260	1,260	–	–
– Floating rate	MYR	5.46%	3,304	3,304	–	–
– Fixed rate	AUD	5.81%	624	–	624	–
Unsecured loans						
– Fixed rate	AUD	4.15%	2,068	2,068	–	–
– Floating rate	USD	8.50%	3,976	3,976	–	–
– Floating rate	RMB	4.35% to 6.21%	17,028	17,028	–	–
– Floating rate	THB	4.10% to 4.13%	4,047	4,047	–	–
– Floating rate	MYR	5.64%	2,925	2,925	–	–
– Floating rate	SGD	1.41% to 5.87%	209,191	209,191	–	–
Finance lease liabilities	SGD	1.50% to 3.54%	15,638	–	4,537	11,101
Finance lease liabilities	MYR	4.84% to 6.19%	10,949	–	4,482	6,467
Finance lease liabilities	HKD	1.56% to 3.75%	8,930	4,458	1,281	3,191
Finance lease liabilities	THB	2.50% to 2.90%	24	–	15	9
Finance lease liabilities	AUD	4.48% to 6.30%	74,842	–	31,456	43,386
Notes payable	SGD	4.50%	98,041	–	–	98,041
			545,150	332,471	46,228	166,451

18 FINANCIAL LIABILITIES (CONT'D)

	Currency	Effective interest rate	Total $'000	Floating interest rate $'000	Fixed interest rates maturing within 1 year $'000	Fixed interest rates maturing within 1 to 5 years $'000
Company						
2017						
Financial liabilities						
Unsecured loans						
– Floating rate	SGD	3.80% to 4.28%	101,552	101,552	–	–
Notes payable	SGD	4.50%	98,235	–	–	98,235
			199,787	101,552	–	98,235
2016						
Financial liabilities						
Unsecured loans						
– Floating rate	SGD	2.80% to 3.44%	89,442	89,442	–	–
Notes payable	SGD	4.50%	98,041	–	–	98,041
			187,483	89,442	–	98,041

Finance lease liabilities that are payable as follows:

	Future minimum lease payments 2017 $'000	Interest 2017 $'000	Present value of minimum lease payments 2017 $'000	Future minimum lease payments 2016 $'000	Interest 2016 $'000	Present value of minimum lease payments 2016 $'000
Repayable:						
Within 1 year	32,073	(3,920)	28,153	48,674	(4,078)	44,596
Between 1 year and 5 years	66,389	(2,644)	63,745	69,469	(3,682)	65,787
Total	98,462	(6,564)	91,898	118,143	(7,760)	110,383

Under the terms of the finance lease arrangements, no contingent rents are payable.

Intra-group guarantees

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to $174,346,000 (2016: $198,492,000). The periods in which the financial guarantees expire are as follows:

	Company 2017 $'000	Company 2016 $'000
Less than 1 year	99,509	144,564
Between 1 and 5 years	74,837	53,928
	174,346	198,492

19 SHARE-BASED PAYMENT

Equity compensation benefits

Tat Hong Employee Share Option Scheme 2006 and Performance Share Plan

The Tat Hong Employee Share Option Scheme 2006 ("ESOS 2006") and Performance Share Plan ("PSP") (collective the "Scheme") were approved by the Company at its Extraordinary General Meeting on 8 December 2006. The Scheme is administered by the Option Shares/Performance Shares Plan Committee, comprising three directors, Mak Lye Mun (Chairman), Ng San Tiong Roland and Ong Tiew Siam.

Other information regarding the Scheme is set out as follows:

– the Board of the Company may specify the vesting conditions which must be satisfied or waived by the Board before options and awards allocated under the Scheme may be dealt with;

– the exercise price for each share in respect of which an option is exercisable shall be a price equal to the market price;

– the options can be exercised 1 year after the grant; and

– the options granted expire after 5 years for non-executive directors and 10 years for executive directors and the employees of the Company and its subsidiaries.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding as at 1 April 2016	Options cancelled	Options exercised	Options outstanding as at 31 March 2017	Number of option holders as at 31 March 2017	Exercise period
30 September 2009	1.08	1,418,000	(315,000)	–	1,103,000	26	1 October 2010 – 30 September 2019

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

19 SHARE-BASED PAYMENT (CONT'D)

Disclosure of the Scheme

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2017 $	Number of options 2017 '000	Weighted average exercise price 2016 $	Number of options 2016 '000
Outstanding at 1 April	1.08	1,418	1.08	1,634
Cancelled during the year	1.08	(315)	1.08	(216)
Outstanding at 31 March	1.08	1,103	1.08	1,418
Exercisable at 31 March	1.08	1,103	1.08	1,418

The options outstanding at 31 March 2017 have an exercise price of $1.08 (2016: $1.08) and a contractual life of 5 years for non-executive directors and 10 years for executive directors and employees from the date of grant respectively, in accordance with the terms of the Scheme.

Inputs for measurement of grant date fair values

The grant date fair value of the rights granted through the employee share option plan was measured based on Trinomial Option Model Pricing ("TOPM"). Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following:

Fair value of share options and assumptions	As at 30 September 2009
Fair value at grant date	$0.313
Share price at grant date	$1.05
Exercise price	$1.08
Expected volatility (weighted average volatility)	50%
Option life (expected weighted average life)	3 years
Expected dividends	$0.01 – $0.015
Risk-free interest rate (based on government bonds)	0.7%

20 REVENUE – GROUP

Revenue comprises income from rental of equipment and machinery, material and related labour charges to customers and invoiced trading sales (refer to note 28 for detailed analysis of revenue).

All inter-company transactions have been eliminated in arriving at the Group's revenue.

21 FINANCE EXPENSE – GROUP

	2017 $'000	2016 $'000
Interest paid and payable to:		
– banks	15,966	15,994
– finance lease creditors	5,379	6,426
Cost of borrowing	1,273	2,093
Gain on fair value adjustment on derivatives	394	113
Finance expense	23,012	24,626

22 LOSS BEFORE INCOME TAX – GROUP

The following items have been included in arriving at loss for the year:

	2017 $'000	2016 $'000
Other operating income		
Gain on disposal of property, plant and equipment	14,270	33,054
(Loss)/gain on liquidation/disposal of subsidiaries, net	(148)	222
Interest income	921	759
Dividend income from other financial assets	136	306
Rental income	2,833	2,707
Trade receivable recovered	1	34
Government grants	463	3,482
Disbursement received in respect of guaranteed trade receivables from immediate and ultimate holding company	6,477	–
Others	5,501	1,899
	30,454	42,463
Staff costs		
Wages and salaries	118,144	120,923
Contributions to defined contribution plans	8,914	9,954
Cost of long service leave and annual leave	3,278	4,223
Value of employee services received for issue of performance shares	34	93
Termination benefits	274	1,051
	130,644	136,244
Key management personnel compensation:		
Compensation payable to key management personnel comprises:		
Short-term employee benefits	7,876	9,496
Post employment benefits	155	153
Value of employee services received for issue of performance shares	21	63
	8,052	9,712

22 LOSS BEFORE INCOME TAX – GROUP (CONT'D)

	Note	2017 $'000	2016 $'000
Other expenses			
Allowance recognised for inventories	12	4,133	1,110
Allowance recognised for trade receivables	13	9,411	6,044
Amortisation of intangible assets	10	1,097	661
Audit fees paid to:			
– auditors of the Company		342	399
– other auditors		823	943
Trade receivables written off		8	840
Depreciation of property, plant and equipment	4	73,597	80,865
Directors' fees:			
– directors of the Company:			
– payable by the Company		338	405
– directors of the subsidiaries		220	395
Realised foreign exchange loss/(gain)		2,104	(630)
Unrealised foreign exchange loss		1,499	15,493
(Gain)/loss on fair value adjustment on derivatives, net (included in unrealised foreign exchange loss)		(505)	680
Impairment loss on property, plant and equipment	4	1,148	5,502
Impairment loss on investment in associates, net	6	3,500	10,000
Impairment loss on intangible assets	10	–	16,337
Impairment loss on remeasurement of assets held for sale	11	1,337	885
Non-audit fees paid to:			
– auditors of the Company		95	81
– auditors of subsidiaries		196	140
Operating lease expenses		41,434	46,207
Property, plant and equipment written off		151	40
Provisions made (net)		280	1,160

23 INCOME TAX EXPENSE – GROUP

Income tax recognised in profit or loss	2017 $'000	2016 $'000
Current tax expense		
Current year	2,124	5,085
Under/(over) provision in respect of prior years	1,344	(1,980)
Foreign taxes suffered	671	1,906
	4,139	5,011
Deferred tax expense		
Movement in temporary differences	1,622	(2,968)
Under/(over) provision in respect of prior years	685	(25)
	2,307	(2,993)
Income tax expense	6,446	2,018

23 INCOME TAX EXPENSE – GROUP

Reconciliation of effective tax rate

	2017 $'000	2016 $'000
Loss before income tax	(30,482)	(37,899)
Tax using the Singapore tax rate of 17% (2016: 17%)	(5,182)	(6,443)
Effect of tax rates in foreign jurisdictions	(1,906)	(3,548)
Effect of utilisation of capital allowances and tax losses previously not recognised	(138)	(146)
Effect of concessionary tax rate	(1,026)	(997)
Foreign taxes suffered	671	1,906
Non-deductible expenses	12,105	17,200
Non-taxable income	(5,539)	(3,969)
Under/(over) provision in respect of prior years	2,029	(2,005)
Unrecognised deferred tax assets during the year	5,432	20
	6,446	2,018

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions during the ordinary course of business and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In addition, certain subsidiaries of the Group have potential tax benefits arising from unutilised tax losses, unabsorbed wear and tear allowances and other temporary differences, which are available for set-off against future taxable profits. Significant judgement is involved in determining the availability of future taxable profits against which the Group can utilise the tax benefits therefrom. The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision and recognised deferred tax assets relating to the potential tax benefits in the period in which such determination is made.

24 EARNINGS PER SHARE – GROUP

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended at 31 March 2017 was based on the loss attributable to ordinary shareholders of $38,009,000 (2016: loss of $39,312,000), and a weighted-average number of ordinary shares outstanding of 643,376,000 (2016: 631,600,000), calculated as follows:

Loss attributable to ordinary shareholders

	2017 $'000	2016 $'000
Loss attributable to ordinary shareholders	(38,009)	(39,312)

Weighted-average number of ordinary shares

	Number of shares	
	2017 '000	2016 '000
		(restated)*
Issued ordinary shares at 1 April	631,593	631,593
Effect of treasury shares held	(4,064)	(2,030)
Effect of treasury shares transferred during the year	71	159
Issue of treasury shares during the year	–	(1,264)
Effect of rights issue	15,776	3,142
Weighted average number of shares	643,376	631,600

* To comply with FRS 33 earnings per share, the comparative figures for financial year ended 31 March 2016 were restated for the effect of the rights issue.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended at 31 March 2017 was based on loss attributable to ordinary shareholders of $38,009,000 (2016: loss of $39,312,000), and a weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 643,376,000 (2016: 631,600,000), calculated as follows:

Loss attributable to ordinary shareholders (diluted)

	2017 $'000	2016 $'000
Loss attributable to ordinary shareholders (basic)	(38,009)	(39,312)

24 EARNINGS PER SHARE – GROUP (CONT'D)

(b) Diluted earnings per share (cont'd)

Weighted-average number of ordinary shares (diluted)

	Number of shares	
	2017 '000	2016 '000 *(restated*)*
Weighted average number of shares used in the calculation of basic earnings per share	643,376	631,600
Adjustment for potential dilutive shares under Tat Hong Employee Share Option Scheme 2006	–	–
	643,376	631,600

* To comply with FRS 33 earnings per share, the comparative figures for financial year ended 31 March 2016 were restated for the effect of the rights issue.

As at 31 March 2017, there were 1,103,000 (2016: 1,418,000) share options which were issued on 30 September 2009 and are available for conversion to ordinary shares. The share options are deemed to be anti-dilutive (2016: anti-dilutive) and are not included in the weighted-average number of ordinary shares for the purpose of computing diluted earnings per share.

25 ACQUISITION AND DISPOSAL OF INTEREST IN SUBSIDIARIES AND ASSOCIATE

(i) Acquisition of non-controlling interest

In February 2017, the Group acquired an additional 3% interest in Tat Hong Equipment Service Co., Ltd for $5,825,000 in cash, increasing its effective ownership from 82% to 85%. The carrying amount of Tat Hong Equipment Service Co., Ltd's net assets in the group's financial statement on the date of the acquisition was $135,520,000.

	2017 $'000
Carrying amount of NCI acquired	4,120
Consideration paid to NCI	5,825
Decrease in equity attributable to owner of the group	(1,705)

25 ACQUISITION AND DISPOSAL OF INTEREST IN SUBSIDIARIES AND ASSOCIATE (CONT'D)

(ii) Disposal of subsidiaries

Tat Hong Training Services Pte Ltd

During the financial year ended 31 March 2017, the Group disposed its entire equity interest in Tat Hong Training Services Pte Ltd for a cash consideration of $410,000. The effect of the disposal was as follows:

	2017 $'000 Carrying amounts
Property, plant and equipment	238
Cash and cash equivalents	401
Trade and other receivables	153
Current and non-current liabilities	(234)
Net identifiable assets disposed of	558
Loss on disposal	(148)
Sale consideration	410
Less: Cash and cash equivalents disposed	(401)
Net cash inflow	9

26 DIVIDENDS

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	2017 $'000	2016 $'000
Final dividend paid of Nil cents (2016: 1.0 cents) per ordinary share	–	6,298

27 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a Risk Management Committee, which oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The committee reports to the Board of Directors on the outcome of its review and discussions and makes recommendations from time to time on matters arising and requiring the attention of the Board.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the Group as and when it falls due. Credit risk is managed and monitored through the application of credit approvals, performing credit evaluations and setting credit limits. For trade receivables, the Group adopts the policy of dealing only with customers with appropriate credit history to mitigate credit risk. The Group also monitors the collectability on an on-going basis.

The Group establishes an allowance for impairment that represents its estimates of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

27 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Investments and bank transactions are allowed with counter-parties that meet the appropriate credit criteria and are of high credit standing. As such, management does not expect any counter-party to fail to meet its obligations. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries, as well as associates and joint ventures based on its proportionate interest.

The maximum exposure of the Company in respect of the intra-group financial guarantee (see note 18). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity management is to ensure that the Group has sufficient funds to meet its contractual and financial obligations as and when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group focuses on ensuring matching maturities of the Group's assets and liabilities. A sufficient amount of credit facilities from financial institutions have been secured and an adequate level of funding is maintained. The Group will also maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

27 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

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

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 1 to 5 years $'000
Group				
2017				
Non-derivative financial liabilities				
Variable interest rate loans	242,746	(263,735)	(117,420)	(146,315)
Fixed interest rate loans	17,018	(19,276)	(4,793)	(14,483)
Finance lease liabilities	91,898	(98,462)	(32,073)	(66,389)
Notes payable	98,235	(106,732)	(4,500)	(102,232)
Trade and other payables	142,997	(142,997)	(142,997)	–
	592,894	(631,202)	(301,783)	(329,419)
Other derivative financial assets				
Forward contracts	414			
– inflow		5,948	5,948	–
– outflow		(5,534)	(5,534)	–
	414	414	414	–
Other derivative financial liabilities				
Interest rate swaps	278	(278)	(278)	–
Forward contracts	216			
– inflow		20,908	20,908	–
– outflow		(21,124)	(21,124)	–
	494	(494)	(494)	–
2016				
Non-derivative financial liabilities				
Variable interest rate loans	328,013	(340,941)	(202,925)	(138,016)
Fixed interest rate loans	8,713	(9,174)	(4,800)	(4,374)
Finance lease liabilities	110,383	(118,142)	(48,674)	(69,468)
Notes payable	98,041	(111,232)	(4,500)	(106,732)
Trade and other payables	154,386	(154,386)	(154,386)	–
	699,536	(733,875)	(415,285)	(318,590)
Derivative financial liabilities designated as cash flow hedges				
Interest rate swaps	124	(147)	55	(202)
Other derivative financial liabilities				
Forward contracts	666			
– inflow		42,729	42,729	–
– outflow		(43,395)	(43,395)	–
	666	(666)	(666)	–

27 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 1 to 5 years $'000
Company				
2017				
Non-derivative financial liabilities				
Variable interest rate loans	101,552	(115,467)	(20,075)	(95,392)
Notes payable	98,235	(106,732)	(4,500)	(102,232)
Trade and other payables	37,183	(37,183)	(37,183)	–
Financial guarantee	–	(174,346)	(99,509)	(74,837)
	236,970	(433,728)	(161,267)	(272,461)
Other derivative financial liabilities				
Interest rate swap	278	(278)	(278)	–
2016				
Non-derivative financial liabilities				
Variable interest rate loans	89,442	(95,574)	(22,339)	(73,235)
Notes payable	98,041	(111,232)	(4,500)	(106,732)
Trade and other payables	64,751	(64,751)	(64,751)	–
Financial guarantee	–	(198,492)	(198,492)	–
	252,234	(470,049)	(290,082)	(179,967)
Derivative financial assets designated as cash flow hedges				
Interest rate swaps	124	(147)	55	(202)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of the holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation or trading. It is not in the interest of the Group to speculate or trade in treasury instruments. The purpose of engaging in treasury transactions is solely for hedging.

The Group has establishments in countries other than Singapore. These establishments are exposed to changes in government regulations and unfavourable political developments, which may limit the realisation of business opportunities and investments in these countries. In addition, the Group's business operations are exposed to economic uncertainties that continue to affect the global economy and international capital market. Although these circumstances may be beyond its control, the Board and the management consistently keep themselves up-to-date on the changes in political and industry regulations so as to be able to anticipate or respond to any adverse changes in market conditions in an efficient and timely manner.

27 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

The foreign currency risk of the Group arises from sales and purchases that are denominated in a currency other than Singapore dollars. The currencies giving rise to this risk are primarily Japanese Yen, United States dollars, Euro, Thai Baht, Malaysian Ringgit, Vietnam Dong, Hong Kong dollars and the Australian dollars. Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is at an acceptable level.

The Group aims to reduce the exposures of the net position in each currency by using foreign currency borrowings in the respective foreign subsidiaries, and use external forward contracts with financial institution where appropriate. With the exception of Tutt Bryant Group Limited which has their own Board-approved policies and procedures to manage their foreign currency risks, all treasury transactions are approved and/or executed by Group Treasury, whereby only authorised staff can transact with the banks on behalf of the Group.

The Group has established guidelines and procedures to manage its foreign currencies hedging policies. It continuously monitors the exchange rates of the currencies concerned and enters into hedging contracts with banks from time to time to reduce the adverse impact on the Group's profitability.

The Group's and the Company's exposure to foreign currencies and the sensitivity to a 10% strengthening of the respective functional currencies of the Group's entities against the foreign currencies, are shown below. A 10% strengthening of the respective functional currencies of the Group's entities against the foreign currencies at the reporting date would increase/(decrease) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Singapore dollars $'000	US dollars $'000	Malaysian Ringgit $'000	Japanese Yen $'000	Euro $'000	Australian dollars $'000	Vietnam Dong $'000	Hong Kong dollars $'000	Others $'000	Total $'000
Group										
2017										
Trade and other receivables	961	1,766	438	2	2	–	943	36	3,611	7,759
Cash and cash equivalents	1,078	10,526	1,510	4,615	1,423	102	1,148	–	773	21,175
Trade and other payables	(222)	(1,960)	(36)	(33,573)	(7,778)	(407)	(134)	(8)	(3,222)	(47,340)
Financial liabilities	(43,101)	–	–	–	–	–	–	–	–	(43,101)
Forward exchange contracts held	–	233	–	16,827	7,066	–	–	–	–	24,126
Loans to joint ventures	–	–	2,431	–	–	–	–	–	–	2,431
	(41,284)	10,565	4,343	(12,129)	713	(305)	1,957	28	1,162	(34,950)
Sensitivity analysis – income statement	4,128	(1,057)	(191)	1,213	(71)	31	(196)	(3)	(116)	3,738
Sensitivity analysis – equity	–	–	(243)	–	–	–	–	–	–	(243)

27 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

	Singapore dollars $'000	US dollars $'000	Malaysian Ringgit $'000	Japanese Yen $'000	Euro $'000	Australian dollars $'000	Thai Baht $'000	Vietnam Dong $'000	Hong Kong dollars $'000	Others $'000	Total $'000
Group											
2016											
Trade and other receivables	11,283	43,222	5,750	20	5	23,460	5,433	1,432	14,223	12,862	117,690
Cash and cash equivalents	1,825	12,644	434	3,229	114	109	–	998	–	1,525	20,878
Trade and other payables	(34,434)	(3,467)	(110)	(48,821)	(3,740)	(624)	–	(1,581)	(1,204)	(9,307)	(103,288)
Financial liabilities	(105,038)		–	–	–	–	–	–	–	–	(105,038)
Forward exchange contracts held	–	2,377	–	36,553	4,464	–	–	–	–	–	43,394
Loans to joint ventures	–	–	2,646	–	–	–	–	–	–	–	2,646
	(126,364)	54,776	8,720	(9,019)	843	22,945	5,433	849	13,019	5,080	(23,718)
Sensitivity analysis – income statement	12,636	(5,478)	(607)	902	(84)	(2,295)	(543)	(85)	(1,302)	(508)	2,636
Sensitivity analysis – equity	–	–	(265)	–	–	–	–	–	–	–	(265)

	2017			2016		
	US dollars $'000	Australian dollars $'000	Total $'000	US dollars $'000	Australian dollars $'000	Total $'000
Company						
Cash and cash equivalents	54	–	54	4	–	4
Sensitivity analysis	(5)	–	(5)	*	–	*

* Less than $1,000

27 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Sensitivity analysis

A 10% weakening of Singapore dollars against the above currencies at 31 March would have increased/ (decreased) equity and profit or loss by the amounts shown above. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

Recognised assets and liabilities

The net fair value of forward exchange contracts used as economic hedges of monetary assets and liabilities in foreign currencies as at 31 March 2017 is $198,000 (2016: $666,000), of which $414,000 (2016: $Nil) and $216,000 (2016: $666,000) have been recognised as fair value derivative assets and liabilities respectively.

Interest rate risk

Risk management policy

The Group's interest rate risk is managed on an on-going basis with the objective to limit the extent to which the Group's results could be affected by an adverse movement in interest rate. The Group's cash balances are placed with reputable banks. For financing obtained through borrowings and finance lease arrangements, the Group's policy is to obtain the most favourable interest rates available. Where necessary, the Group will use derivative financial instruments to hedge the interest rate risks or to convert borrowings from floating rates to fixed rates.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's and Company's interest-bearing financial instruments as reported to the management, was as follows:

	Group Carrying amount		Company Carrying amount	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Variable rate instruments				
Fixed deposits	32,525	29,631	11,000	4,000
Financial liabilities	(246,902)	(332,471)	(101,552)	(89,442)
	(214,377)	(302,840)	(90,552)	(85,442)

27 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Fair value sensitivity analysis for variable rate instruments

A change of 100 bp in interest rate at the reporting date would have (decreased)/increased equity and profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax	
	100 bp increase $'000	100 bp decrease $'000
Group		
2017		
Variable rate instruments	(2,143)	2,143
2016		
Variable rate instruments	(3,028)	3,028
Company		
2017		
Variable rate instruments	(905)	905
2016		
Variable rate instruments	(854)	854

Recognised assets and liabilities

The fair value of interest rate swaps designated as hedging instruments in cash flow hedges as at 31 March 2017 is $Nil (2016: $124,000) which has been recognised as fair value derivative liabilities (2016: derivative liabilities).

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount						Fair value			
	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Hedging instruments $'000	Financial assets/ (liabilities) at fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 March 2017										
Financial asset measured at fair value										
Forward exchange contracts	–	–	–	–	414	414		414		414
Available-for-sale equity securities	–	949	–	–	–	949			949	949
	–	949	–	–	414	1,363				
Financial assets not measured at fair value										
Cash and cash equivalents	114,284	–	–	–	–	114,284				
Trade and other receivables	182,245	–	–	–	–	182,245				
Available-for-sale equity securities	–	84	–	–	–	84				
	296,529	84	–	–	–	296,613				
Financial liabilities measured at fair value										
Interest rate swaps	–	–	–	(278)	–	(278)		(278)		(278)
Forward exchange contracts	–	–	–	–	(216)	(216)		(216)		(216)
	–	–	–	(278)	(216)	(494)				
Financial liabilities not measured at fair value										
Secured bank loans	–	–	(101,474)	–	–	(101,474)				
Unsecured bank loans	–	–	(158,290)	–	–	(158,290)				
Finance lease liabilities	–	–	(91,898)	–	–	(91,898)				
Notes payable	–	–	(98,235)	–	–	(98,235)				
Trade and other payables	–	–	(142,997)	–	–	(142,997)				
	–	–	(592,894)	–	–	(592,894)				

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amount						Fair value			
	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Hedging instruments $'000	Financial assets/ (liabilities) at fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 March 2016										
Financial asset measured at fair value										
Available-for-sale equity securities	–	1,044	–	–	–	1,044			1,044	1,044
Financial assets not measured at fair value										
Cash and cash equivalents	130,702	–	–	–	–	130,702				
Trade and other receivables	209,597	–	–	–	–	209,597				
Available-for-sale equity securities	–	84	–	–	–	84				
	340,299	84	–	–	–	340,383				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	–	–	–	(124)	–	(124)		(124)		(124)
Other forward exchange contracts	–	–	–	–	(666)	(666)		(666)		(666)
	–	–	–	(124)	(666)	(790)				
Financial liabilities not measured at fair value										
Secured bank loans	–	–	(97,491)	–	–	(97,491)		(94,326)		(94,326)
Unsecured bank loans	–	–	(239,235)	–	–	(239,235)		(237,322)		(237,322)
Finance lease liabilities	–	–	(110,383)	–	–	(110,383)		(110,383)		(110,383)
Notes payable	–	–	(98,041)	–	–	(98,041)		(98,012)		(98,012)
Trade and other payables	–	–	(154,386)	–	–	(154,386)				
	–	–	(699,536)	–	–	(699,536)				

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amount						Fair value			
	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Hedging instruments $'000	Financial liabilities at fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company										
31 March 2017										
Financial asset measured at fair value										
Available-for-sale equity securities	–	949	–	–	–	949			949	949
Financial assets not measured at fair value										
Cash and cash equivalents	26,065	–	–	–	–	26,065				
Trade and other receivables	224,847	–	–	–	–	224,847				
	250,912	–	–	–	–	250,912				
Financial liabilities measured at fair value										
Interest rate swaps	–	–	–	(278)	–	(278)		(278)		(278)
Financial liabilities not measured at fair value										
Unsecured bank loans	–	–	(101,552)	–	–	(101,552)				
Intra-group financial liabilities	–	–	(2,351)	–	–	(2,351)				
Notes payable	–	–	(98,235)	–	–	(98,235)				
Trade and other payables	–	–	(37,183)	–	–	(37,183)				
	–	–	(239,321)	–	–	(239,321)				

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amount						Fair value			
	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Hedging instruments $'000	Financial liabilities at fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company										
31 March 2016										
Financial asset measured at fair value										
Available-for-sale equity securities	–	1,044	–	–	–	1,044			1,044	1,044
Financial assets not measured at fair value										
Cash and cash equivalents	5,007	–	–	–	–	5,007				
Trade and other receivables	228,766	–	–	–	–	228,766				
	233,773	–	–	–	–	233,773				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	–	–	–	(124)	–	(124)		(124)		(124)
Financial liabilities not measured at fair value										
Unsecured bank loans	–	–	(89,442)	–	–	(89,442)		(87,550)		(87,550)
Intra-group financial liabilities	–	–	(2,256)	–	–	(2,256)		(2,256)		(2,256)
Notes payable	–	–	(98,041)	–	–	(98,041)		(98,012)		(98,012)
Trade and other payables	–	–	(64,751)	–	–	(64,751)				
	–	–	(254,490)	–	–	(254,490)				

27 FINANCIAL INSTRUMENTS (CONT'D)

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Foreign exchange contracts and interest rate swaps	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable
Available-for-sale equity securities	Valuation provided by fund managers based on non-observable data.	Not applicable	Not applicable

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Financial liabilities*	Discounted cash flows.	Not applicable.

* Financial liabilities include secured and unsecured bank loans and finance lease liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

28 OPERATING SEGMENTS

(a) Business segments

The Group has four reportable segments as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they are located in different geographical areas and require different marketing strategies. For each of the strategic business unit, the Group's chief operating decision maker reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Crane rental:	The rental income of cranes.
Tower crane rental:	The rental income of tower cranes.
General equipment rental:	The rental income of other construction equipment.
Distribution:	The sale of cranes and other construction equipment, spare parts, and provision of other ancillary services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment (loss)/profit before income tax, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment (loss)/profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Crane rental $'000	Tower crane rental $'000	General equipment rental $'000	Distribution $'000	Total $'000
2017					
Revenue and expenses					
Total revenue from external customers	132,489	98,098	44,808	182,898	458,293
Inter-segment revenue	13,640	8,224	–	29,807	51,671
Total revenue	146,129	106,322	44,808	212,705	509,964
Results					
Interest income	366	60	155	169	750
Depreciation expense	(41,140)	(18,516)	(12,636)	(1,003)	(73,295)
Amortisation expense	(147)	(161)	(373)	(416)	(1,097)
Reportable segment (loss)/profit	(17,069)	14,416	(3,319)	2,996	(2,976)
Finance expense	(5,502)	(5,578)	(1,186)	(2,330)	(14,596)
Share of results of associates (net of tax)	(521)	–	–	1,517	996
Share of results of joint ventures (net of tax)	(8)	–	–	(140)	(148)

28 OPERATING SEGMENTS (CONT'D)

(a) Business segments (cont'd)

	Crane rental $'000	Tower crane rental $'000	General equipment rental $'000	Distribution $'000	Total $'000
2017					
Other material non-cash items:					
– Allowance made for receivables	(15,248)	(12)	(115)	5,964	(9,411)
– Allowance made for inventories	–	–	–	(4,133)	(4,133)
– Impairment loss on property, plant and equipment	(1,149)	–	–	–	(1,149)
– Impairment loss on remeasurement of assets held for sale	(1,337)	–	–	–	(1,337)
– Gain on disposal of property, plant and equipment	5,244	310	4,065	4,651	14,270
Other segment information					
Reportable segment assets	552,411	325,533	84,524	227,345	1,189,813
Investment in associates	21,006	–	–	19,785	40,791
Investment in joint ventures	1,704	–	–	2,102	3,806
	22,710	–	–	21,887	44,597
Capital expenditure	10,857	51,058	9,851	164	71,930
Reportable segment liabilities	132,594	27,309	80,293	35,434	275,630
2016					
Revenue and expenses					
Total revenue from external customers	188,456	93,605	44,409	201,758	528,228
Inter-segment revenue	16,400	9,277	–	44,716	70,393
Total revenue	204,856	102,882	44,409	246,474	598,621
Results					
Interest income	335	53	44	147	579
Depreciation expense	(45,733)	(19,232)	(11,516)	(4,079)	(80,560)
Amortisation expense	(201)	(65)	(129)	(266)	(661)
Reportable segment (loss)/profit	872	6,722	(3,099)	(855)	3,640
Finance expense	(7,173)	(4,823)	(1,417)	(1,735)	(15,148)
Share of results of associates (net of tax)	773	–	–	(384)	389
Share of results of joint ventures (net of tax)	(394)	–	–	(143)	(537)

28 OPERATING SEGMENTS (CONT'D)

(a) Business segments (cont'd)

	Crane rental $'000	Tower crane rental $'000	General equipment rental $'000	Distribution $'000	Total $'000
2016					
Other material non-cash items:					
– Allowance made for receivables	(1,924)	(2,728)	(218)	(1,174)	(6,044)
– Allowance made for inventories	–	–	–	(1,110)	(1,110)
– Impairment loss on property, plant and equipment	(5,502)	–	–	–	(5,502)
– Impairment loss on remeasurement of assets held for sale	(885)	–	–	–	(885)
– Impairment loss on intangible assets	(9,735)	–	(6,602)	–	(16,337)
– Gain on disposal of property, plant and equipment	26,413	338	2,974	3,329	33,054
Other segment information					
Reportable segment assets	618,235	351,897	58,070	285,631	1,313,833
Investment in associates	21,596	–	–	22,479	44,075
Investment in joint ventures	1,710	–	–	2,172	3,882
	23,306	–	–	24,651	47,957
Capital expenditure	16,198	26,169	6,510	1,409	50,286
Reportable segment liabilities	54,925	33,296	6,958	72,531	167,710

28 OPERATING SEGMENTS (CONT'D)

(a) Business segments (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2017 $'000	2016 $'000
Revenues		
Total revenue for reportable segments	509,964	598,621
Elimination of inter-segment revenue	(51,671)	(70,393)
Consolidated revenue	458,293	528,228
Profit or loss		
Total profit or loss for reportable segment	(2,976)	3,640
Adjustment for inter-segment profits	4,570	2,701
Unallocated amounts:		
– Other corporate expenses	(32,924)	(44,092)
Share of results of associates (net of tax)	996	389
Share of results of joint ventures (net of tax)	(148)	(537)
Consolidated loss before income tax	(30,482)	(37,899)
Assets		
Total assets for reportable segment	1,189,813	1,313,833
Investment in associates	40,791	44,075
Investment in joint ventures	3,806	3,882
Other unallocated assets	25,718	9,300
Consolidated total assets	1,260,128	1,371,090
Liabilities		
Total liabilities for reportable segment	275,630	167,710
Other unallocated liabilities	362,507	573,697
Consolidated total liabilities	638,137	741,407

(b) Geographical information

	Singapore $'000	Australia $'000	People's Republic of China $'000	Other countries $'000	Consolidated $'000
2017					
Total revenue from external customers	70,613	210,261	98,098	79,321	458,293
Non-current assets*	236,447	175,456	231,824	149,217	792,944

28 OPERATING SEGMENTS (CONT'D)

(b) Geographical information

	Singapore $'000	Australia $'000	People's Republic of China $'000	Other countries $'000	Consolidated $'000
2016					
Total revenue from external customers	95,510	237,705	93,605	101,408	528,228
Non-current assets*	284,954	204,697	256,078	111,089	856,818

* Non-current assets exclude deferred tax assets.

(c) Major customers

There are no major customers who solely account for 10% or more of the Group's revenue.

29 COMMITMENTS – GROUP

Operating lease commitments

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2017 $'000	2016 $'000
Within 1 year	16,261	15,357
Between 1 and 5 years	33,939	28,845
More than 5 years	41,704	41,791
	91,904	85,993

The Group leases motor vehicles and a number of premises for production, warehouse and office purposes under operating leases. The leases typically run for an initial period of two to thirty-eight years, with options to renew the leases after that date. Lease payments are subject to increases annually to reflect market rentals. None of the leases includes contingent rentals.

29 COMMITMENTS – GROUP (CONT'D)

Operating lease commitments

Leases as lessor

The Group leases out its plant and machinery (refer to note 4). The future minimum lease payments under non-cancellable lease are as follows:

	2017 $'000	2016 $'000
Within 1 year	19,936	37,539
Between 1 and 5 years	2,920	2,634
More than 5 years	–	–
	22,856	40,173
Capital commitments		
Contracted for but not provided for	7,442	1,625

30 NON-CONTROLLING INTERESTS

The following summarises the financial information of each of the Group's subsidiaries with non-controlling interests (NCI).

Name of subsidiaries	Principal places of business/ Country of incorporation	Effective equity interest held by non-controlling interests 2017 %	2016 %
Load Controls Systems Pte Ltd	Singapore	30	30
Peng Koon Heavy Machinery Pte Ltd	Singapore	30	30
Tat Hong Offshore and Marine Services Pte Ltd	Singapore	50	50
Leadpoint Pte Ltd	Singapore	30	30
PT Tatindo HeavyEquipment	Indonesia	5	5

30 NON-CONTROLLING INTERESTS (CONT'D)

Name of subsidiaries	Principal places of business/ Country of incorporation	Effective equity interest held by non-controlling interests 2017 %	2016 %
Tat Hong (V.N.) Pte Ltd and its subsidiary:	Singapore	30	30
Tat Hong Vietnam Co., Ltd	Vietnam	30	30
Tat Hong Equipment (China) Pte. Ltd. and its subsidiaries:	Singapore	12	12
TH Straits 2015 Pte. Ltd.	Singapore	12	12
Beijing Tat Hong Zhaomao Equipment Rental Co. Ltd	People's Republic of China	12	12
Si Chuan Tat Hong Yuanzheng Machinery Construction Co., Ltd.	People's Republic of China	38	38
Tat Hong Zhiyuan (Jiangsu) Equipment Rental Co. Ltd	People's Republic of China	12	12
Tat Hong Equipment Service Co., Ltd.	Cayman Islands	15	18
Shanghai Tat Hong Equipment Rental Co., Ltd.	People's Republic of China	15	18
Tat Hong Zhaomao Investment Co., Ltd	People's Republic of China	15	18
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd	People's Republic of China	15	18
Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd	People's Republic of China	15	18
Jiangsu Hengxingmao Financial Leasing Co., Ltd.	People's Republic of China	15	18
Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd	People's Republic of China	15	18

30 NON-CONTROLLING INTERESTS (CONT'D)

The following summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective financial statements, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Tat Hong Offshore and Marine Services Pte Ltd $'000	Tat Hong Equipment China and its subsidiaries $'000	Other individually immaterial subsidiaries $'000	Total $'000
2017				
Revenue	16,033	98,098	8,363	122,494
Profit/(Loss)	3,760	5,403	(8,251)	912
Other comprehensive income	–	(4,713)	1	(4,712)
Total comprehensive income	3,760	690	(8,250)	(3,800)
Attributable to non-controlling interests:				
- Profit/(Loss)	1,880	1,170	(1,969)	1,081
- Other comprehensive income	–	(4,361)	306	(4,055)
- Total comprehensive income	1,880	(3,191)	(1,663)	(2,974)
Non-current assets	25,634	261,883	4,747	
Current assets	13,949	83,801	10,836	
Non-current liabilities	(4,025)	(65,582)	(322)	
Current liabilities	(8,666)	(112,302)	(24,993)	
Net assets	26,892	167,800	(9,732)	
Net assets attributable to non-controlling interests	13,279	21,503	(154)	34,628
Cash flows from operating activities	2,141	1,333	(702)	
Cash flows from/(used in) investing activities	3,170	(884)	690	
Cash flows used in financing activities	(5,830)	(272)	(2,013)	
Net increase/(decrease) in cash and cash equivalents	(519)	177	(2,025)	

30 NON-CONTROLLING INTERESTS (CONT'D)

	Tat Hong Offshore and Marine Services Pte Ltd $'000	Tat Hong Equipment China and its subsidiaries $'000	Other individually immaterial subsidiaries $'000	Total $'000
2016				
Revenue	13,562	93,622	14,996	
Profit/(Loss)	793	(1,155)	(9,115)	
Other comprehensive income	–	(9,852)	348	
Total comprehensive income	793	(11,007)	(8,767)	
Attributable to non-controlling interests:				
- Profit/(Loss)	397	(32)	(970)	(605)
- Other comprehensive income	–	(2,315)	(131)	(2,446)
- Total comprehensive income	397	(2,347)	(1,101)	(3,051)
Non-current assets	34,108	242,030	10,507	
Current assets	17,439	103,858	23,156	
Non-current liabilities	(6,593)	(52,727)	(536)	
Current liabilities	(17,472)	(120,366)	(27,891)	
Net assets	27,482	172,795	5,236	
Net assets attributable to non-controlling interests	13,574	26,781	3,627	43,982
Cash flows from operating activities	6,463	58,607	1,624	
Cash flows from/(used in) investing activities	7,827	(37,395)	8,377	
Cash flows used in financing activities	(5,958)	(39,519)	(2,808)	
Net increase/(decrease) in cash and cash equivalents	8,332	(18,307)	7,193	

31 SIGNIFICANT RELATED PARTY TRANSACTIONS – GROUP

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year as follows:

	2017 $'000	2016 $'000
Transactions with companies in which certain directors of the Company have substantial financial interests		
Rental income receivable	2,309	2,364
Sales	546	1,015
Purchases	1,586	594
Transactions with immediate and ultimate holding company		
Rental income receivable	120	118
Purchases	394	436
Transactions with associates of the Group		
Rental income receivable	1,054	1,006
Sales	406	1,163
Purchases	25,872	13,801
Hiring charges payable	12	293
Interest received	–	146
Transactions with joint ventures of the Group		
Rental income receivable	326	1,066
Sales	188	77
Purchases	393	26
Hiring charges payable	16	18
Interest received	104	115
Transactions with related parties		
Rental income receivable	6,880	6,643
Rental expense payable	615	603

32 CONTINGENT LIABILITY

Subsequent to 31 March 2017, a subsidiary has received a legal claim relating to a relative of an alleged former employee prior to the acquisition of that subsidiary by the Group.

At this stage, the ultimate liability, if any, cannot be determined due to the complexity of determining the claim value, the liability of other parties to the claim and the impact of any insurance cover.

ANALYSIS OF SHAREHOLDINGS

As of 15 June 2017

SHAREHOLDINGS STATISTICS

No of Issued Shares	:	757,114,107
No of Treasury Shares Held	:	3,908,900
No of Subsidiary Holdings Held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	On a poll : 1 vote for each ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	10	0.22	256	0.00
100 - 1,000	208	4.49	190,314	0.03
1,001 - 10,000	2,178	47.01	13,052,423	1.72
10,001 - 1,000,000	2,203	47.55	129,798,566	17.14
1,000,001 and above	34	0.73	614,072,548	81.11
TOTAL	4,633	100.00	757,114,107	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%*	Deemed Interest	%*
Chwee Cheng & Sons Pte Ltd	206,611,392	27.43	101,475,600	13.47
Ng San Tiong Roland[1]	–	–	320,735,406	42.58
Ng Sun Ho Tony[1]	1,006,130	0.13	313,219,492	41.58
Ng San Wee David[1]	–	–	311,910,492	41.41
Ng Sun Giam Roger[1]	951,000	0.13	308,086,992	40.90
Ng Chwee Cheng	132,000	0.02	102,851,094	13.66
AIF Capital Machinery Investment Limited	–	–	53,300,000	7.08
AIF Capital Asia III, L.P.[2]	–	–	53,300,000	7.08
AIF Capital Asia III GP Limited[2]	–	–	53,300,000	7.08
AIF Capital Partners Holdings, L.P.[2]	–	–	53,300,000	7.08
AIF Capital Partners, Ltd.[2]	–	–	53,300,000	7.08
Peter F. Amour[2]	–	–	53,300,000	7.08
Varina Group Limited[2]	–	–	53,300,000	7.08
Theresa Yuk Mui Chung[2]	–	–	53,300,000	7.08
Stephen Lee[2]	–	–	53,300,000	7.08

* The percentage of shareholdings is computed based on the share capital of 753,205,207 shares which excludes 3,908,900 treasury shares

NOTES :

1 Pursuant to the terms of a trust deed dated 29 July 1997 (as supplemented by a deed dated 12 October 1998) (the "Trust Deed"), Mr Ng San Tiong Roland and his brothers, Messrs Ng Sun Ho Tony, Ng San Wee David and Ng Sun Giam Roger are joint trustees of the Chwee Cheng Trust constituted under the Trust Deed and which owns approximately 43.56% of the issued share capital of Chwee Cheng & Sons Pte Ltd. Being Joint Trustees of the Chwee Cheng Trust, each of the Trustees, Messrs Ng San Tiong Roland, Ng Sun Ho Tony, Ng San Wee David and Ng Sun Giam Roger, is deemed to be interested in the 308,086,992 shares held by Chwee Cheng & Sons Pte Ltd.

2 AIF Capital Asia III, L.P. ("AIF LP") is the sole shareholder of AIF Capital Machinery Investment Limited ("AIFCMIL") and accordingly holds more than 50% of the voting rights in AIFCMIL. AIF Capital Asia III GP Limited ("AIF GP") is the general partner of AIF LP. AIF Capital Partners Holdings, L.P. ("AIF CPH LP") is the sole shareholder of AIF GP and accordingly holds more than 50% of the voting rights in AIF GP.

Accordingly, each of AIF LP, AIF GP and AIF CPH LP are deemed to have an interest in the shares held by AIFCMIL.

AIF Capital Partners, Ltd. ("AIF Ltd") is the general partner of AIF CPH LP. Peter F. Amour, Theresa Yuk Mui Chung and Stephen Lee each holds not less than 20% of the voting rights in AIF Ltd.

Varina Group Limited ("VGL") holds not less than 20% of the voting rights in AIF CPH LP. Asian Corporate Advisers Limited ("ACAL") is the sole shareholder of VGL and accordingly holds more than 50% of the voting rights in VGL. ACAL holds all the shares of VGL as bare trustee in trust for the benefit of Peter F. Amour.

Following from the above, each of VGL, Peter F. Amour, Theresa Yuk Mui Chung and Stephen Lee are deemed to have an interest in the shares held by AIFCMIL.

ANALYSIS OF SHAREHOLDINGS

As of 15 June 2017

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 15 June 2017, approximately 32.61% of the Company's shares listed on the Singapore Exchange Securities Trading Limited was held by public. Therefore the Company has complied with Rule 723 of the Listing Manual.

TOP 20 SHAREHOLDERS

S/No.	Name of Shareholder	No. of Shares	%*
1	Chwee Cheng & Sons Pte Ltd	206,611,392	27.43
2	Phillip Securities Pte Ltd	149,892,313	19.90
3	Citibank Nominees Singapore Pte Ltd	91,368,286	12.13
4	Raffles Nominees (Pte) Ltd	49,329,846	6.55
5	CIMB Securities (S) Pte Ltd	16,108,042	2.14
6	OCBC Securities Private Ltd	14,747,929	1.96
7	DBS Nominees Pte Ltd	12,576,040	1.67
8	Maybank Kim Eng Securities Pte Ltd	9,864,545	1.31
9	HSBC (Singapore) Nominees Pte Ltd	5,343,000	0.71
10	Ng Sang Kuey	4,278,420	0.57
11	UOB Kay Hian Pte Ltd	3,962,500	0.53
12	Ng Sun Eng	3,338,300	0.44
13	Morgan Stanley Asia (S) Securities Pte Ltd	3,038,040	0.40
14	Starich Investments Pte Ltd	2,807,000	0.37
15	Ong Tiew Siam	2,799,500	0.37
16	DBS Vickers Securities (S) Pte Ltd	2,728,800	0.36
17	Chua Beng Cheng	2,703,600	0.36
18	Ho Soo Min	2,500,000	0.33
19	United Overseas Bank Nominees Pte Ltd	2,379,800	0.32
20	Ng Sun Hoe	2,332,065	0.31
	TOTAL	588,709,418	78.16

* The percentage of shareholdings is computed based on the share capital of 753,205,207 shares which excludes 3,908,900 treasury shares

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Tat Hong Holdings Ltd (the "**Company**") will be held at 11 Eunos Road 8, Lifelong Learning Institute, Level 2 Event Hall 2-2, Singapore 408601 on Thursday, **27 July 2017** at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the year ended 31 March 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring by rotation pursuant to Article 113 of the Company's Constitution and who, being eligible, offer themselves for re-election, as Directors of the Company:
   Mr Mak Lye Mun **(Resolution 2)**
   Mr Ng Sang Kuey Michael **(Resolution 3)**
   [See Explanatory Note (i)]

3. To re-appoint Mr Ng Chen Wei retiring pursuant to Article 117 of the Company's Constitution and who, being eligible, offers himself for re-appointment as a Director of the Company.
   [See Explanatory Note (ii)] **(Resolution 4)**

4. To approve the payment of Directors' fees of S$323,663 for the year ended 31 March 2017 (previous year: S$383,733).
   [See Explanatory Note (iii)] **(Resolution 5)**

5. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. 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:

7. **Authority to issue shares in the capital of the Company (excluding treasury shares and subsidiary holdings) pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "Companies Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST")**

   That pursuant to Section 161 of the Companies Act of Singapore 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 capital of Company 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 in the capital of the Company,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided always 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 fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 the sub-paragraphs above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution; and

(iii) 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 Constitution 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 of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier 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 (iv)] **(Resolution 7)**

8. **Proposed Renewal of Shareholders' Mandate for Interested Person Transactions**

That:

(a) approval be and is hereby given for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST), or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions particulars of which are set out in the appendix to this Notice of Annual General Meeting to shareholders dated 3 July 2017 (the "**Appendix**"), with the Interested Persons as described in the Appendix, provided that such transactions are made on normal commercial terms in accordance with the guidelines and procedures for review and administration of Interested Person Transactions as described in the Appendix (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by SGX-ST from time to time; and

(d) the Directors of the Company be and are hereby authorised and empowered to complete and to do all such acts and things, and to approve, modify, ratify and execute such documents, acts and things as they may consider necessary, desirable or expedient to give effect to the IPT Mandate and this Resolution.
[See Explanatory Note (v)] **(Resolution 8)**

9. **Proposed Renewal of Share Buyback Mandate**

That:

(a) for the purposes of Section 76C and 76E of the Companies Act, and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereafter defined) at such price(s) as may be determined by the Directors in the Company from time to time to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST, and/or

(ii) off-market purchases ("**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 Manual of the SGX-ST,

(the "**Share Buyback Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held as treasury shares and dealt with in accordance with the Companies Act;

(c) 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 the expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required to be held;

(ii) the date on which the share purchases 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;

(d) In this Ordinary Resolution:

"**Maximum Limit**" means 10% of the total number of shares (excluding treasury shares) in the capital of the Company as at the date of the passing of this Resolution;

"**Maximum Price**" in relation to a share in the capital of the Company to be purchased, means a purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the shares in the capital of the Company; and

(ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a share in the capital of the Company over the last five Market Days, on which the transactions in the shares in the capital of the Company were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"**date of making of the offer**" means the day on which the Company announce its intention to make an offer for the purchases of shares in the capital of the Company from shareholders, stating the purchase price (which shall not be more than the Maximum Prices calculated on the foregoing basis) for each share in the capital of the Company and the relevant terms of the equal access scheme effecting the Off-Market Share Purchase; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Ordinary Resolution.
[See Explanatory Note (vi)] **(Resolution 9)**

By Order of the Board

Jennie Hong Chok Hane / Lim Kok Meng
Joint Company Secretaries

Singapore
3 July 2017

EXPLANATORY NOTES:

(i) Mr Mak Lye Mun will, upon re-election as a Director of the Company, remain as Chairman of the Share Option/ Performance Shares Plan Committee and Risk Management Committee, a member of the Remuneration Committee and will be considered independent. Mr Mak's personal profile can be found on page 17 of the Annual Report 2017.

Mr Ng Sang Kuey Michael will, upon re-election, remain as an Executive Director of the Company. Mr Ng's personal profile can be found on page 18 of the Annual Report 2017.

(ii) Mr Ng Chen Wei will, upon re-appointment, remain as an Executive Director of the Company and a member of the Risk Management Committee. Mr Ng Chen Wei's profile can be found on page 18 of the Annual Report 2017.

(iii) The Company will disregard any votes cast on this resolution by Non-Executive Directors who are eligible to be paid fees. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person who is entitled to vote, in accordance with the discretions on the proxy form to vote as the proxy decides provided that the person entitled to vote excludes any Non-Executive Director who is eligible to be paid fees.

Ordinary Resolutions 7 - 9, if passed will take effect from the 27 July 2017 until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier.

(iv) Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to such persons as the Directors of the Company may in their absolute discretion deem fit.

The calculation of the aggregate number of shares that may be issued shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Ordinary 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 Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(v) Ordinary Resolution 8, if passed, will allow the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of Interested Persons Transactions as defined in Chapter 9 of the Listing Manual of the SGX-ST. Please refer to the Appendix for details.

(vi) Ordinary Resolution 9, if passed, will authorise the Directors of the Company to acquire up to 10% of the total number of issued ordinary shares in the capital of the Company to be cancelled or held as treasury shares. Please refer to the Appendix for details.

NOTES:

1. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

2. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument of proxy must be executed under seal or the hand of its duly authorised officer or attorney.

5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 82 Ubi Avenue 4 #05-01, Edward Boustead Centre, Singapore 408832 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

6. A depositor shall not be regarded as a member of a Company entitled to attend, speak and vote at the Annual General Meeting unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) seventy-two (72) hours before the time fixed for the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL PRIVACY PROTECTION

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

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis of proxies and representatives appointed for the Annual General Meeting (including adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or services providers) 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 his proxy(ies) and/or representative(s) to the Company (or its agents or services providers), 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 or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

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

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TAT HONG HOLDINGS LTD

(Company Registration No. 199105392H)
(Incorporated in Singapore)

IMPORTANT

1. For investors who have used their Central Provident Fund ("CPF") monies to buy shares in the capital of Tat Hong Holdings Ltd, this Annual Report is forwarded to them at the request of their 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.

ANNUAL GENERAL MEETING

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We _____ (name)
of _____ (address) being a member/members of Tat Hong Holdings Ltd (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholding	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholding	
			No. of Shares	%

or failing him/her, the Chairperson of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the Annual General Meeting (the "**AGM**") of the Company to be held at 11 Eunos 8, Lifelong Learning Institute, Level 2 Event Hall 2-2, Singapore 408601 on Thursday, 27 July 2017 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Ordinary Resolution	For	Against
1.	Directors' Statement and Audited Financial Statements for the year ended 31 March 2017		
2.	Re-election of Mr Mak Lye Mun as a Director		
3.	Re-election of Mr Ng Sang Kuey Michael as a Director		
4.	Re-appointment of Mr Ng Chen Wei as a Director		
5.	Approval of Directors' fees amounting to S$323,663 for the financial year ended 31 March 2017		
6.	Re-appointment of Messrs KPMG LLP as Auditors		
7.	Authority to allot and issue new Shares		
8.	Renewal of Mandate for Interested Person Transactions		
9.	Renewal of Share Buyback Mandate		

Dated this _____ day of _____ 2017

Total number of Shares held:	
(a) Depository Register	
(b) Register of Shareholders	

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

*** IMPORTANT: PLEASE READ NOTES OVERLEAF**

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in 81SF of Securities and Futures Act (Chapter 289) of Singapore (the "SFA") or any statutory modification thereof, as the case may be), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert the number of Shares. If you have Shares registered in your name in the Depository 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 entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "**Relevant intermediary**" means:

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

   (b) a person holding a capital markets services licence to provide custodial services for securities under the SFA and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the AGM, if he is able to do so. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM 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 AGM.

6. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 82 Ubi Avenue 4, #05-01, Edward Boustead Centre, Singapore 408832, not less than forty-eight (48) hours before the time set for the AGM.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time set for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

11. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than seventy-two (72) hours before the time appointed for the holding of the AGM in order for him to be entitled to vote at the AGM.

PERSONAL PRIVACY PROTECTION

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

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis of proxies and representatives appointed for the Annual General Meeting (including adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or services providers) 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 his proxy(ies) and/or representative(s) to the Company (or its agents or services providers), 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 or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

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



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