



YOUR PARTNER IN
GROUND
ENGINEERING

POWERING THROUGH TOGETHER

ANNUAL
REPORT

20
20





The background of the slide is a photograph of a kayak in white water rapids. A blue paddle is visible, with its blade cutting through the churning water. The water is a mix of white foam and greenish-brown rapids. The overall scene conveys a sense of navigating through a dynamic and challenging environment.

NAVIGATING A DYNAMIC ENVIRONMENT

We believe that we are stronger when we work together. Internally, we continue to build on our collective strengths, which enable us to develop the right strategies to enhance resilience and navigate challenges effectively.

A person wearing a yellow helmet and a red life vest is in a red inflatable raft on a river. The background is filled with lush green trees and foliage. The water is turbulent, with white foam from the raft's wake visible. The overall scene conveys a sense of adventure and teamwork.

ACHIEVING SUSTAINABLE GROWTH

CSC Group values the power of partnership, creating mutually beneficial experiences to pave the way for greater growth. Sharing resources and expertise allows us to expand our capabilities and seize opportunities that arise in new markets or territories.





THE POWER TO PROGRESS

Forging strategic alliances enables our ability to diverse our strengths and manage risk. Particularly in time of change, it is important to optimise trusted partnerships – learning from one another to stay relevant, keep momentum going and ensure progress.



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CSC HOLDINGS LIMITED AT A GLANCE

CSC Holdings Limited Group of companies ("the Group") is Singapore's leading foundation and geotechnical engineering specialist and the region's leading ground engineering solutions provider for private and public sector works which include residential, commercial, industrial and infrastructure projects. Founded in 1975, it has been listed on the Main Board of the Singapore Exchange Limited since 1998.

The Group operates principally as foundation and geotechnical engineering specialists and offers a full range of capabilities in this field which includes the construction and installation of large diameter bored piles, diaphragm walls, ground improvement works, driven piles, jack-in piles, micro piles, soil investigation, pile testing and instrumentation services and automatic underground tunnel monitoring and engineering survey. With a total regional workforce of around 1,700 employees, the Group currently operates in Singapore, Malaysia and Vietnam.

Backed by strong fundamentals and an experienced management team, the Group's excellent reputation through the years has made professionalism, performance and good corporate governance a trademark of its business.



Foundation and Geotechnical Engineering Works

- Large Diameter Bored Piles
- Contiguous Bored Pile / Secant Piles
- Barrette Piles
- Diaphragm Walls
- Jack-In-Piles
- Driven Piles (Steel Piles, RC Piles and Spun Piles)
- Micro Piles (Bored and Driven)
- Pile caps and basement
- Pile load tests (Compression Load Tests, Tension Load Test and Lateral Load Test)



SCOPE OF SERVICES



Ground Engineering Works

- Jet Grouting / TAM Grouting / Fissure Grouting / Base Grouting
- Deep Cement Mixing
- Soil Nails / Ground Anchors
- Cofferdams / Steel Sheet Piles

Soil Investigation, Instrumentation and Specialised Surveying Works

- Land and Marine Soil Investigation
- Soil Laboratory Testing, Geotechnical Instrumentation and Monitoring
- Pile Load Test Instrumentation (Conventional Strain Gauge method and Strain Transducer method)
- Automated Structural and Tunnel Deformation Monitoring Survey
- Ground and Topographical Survey
- Geophysical / Resistivity Investigation / Mapping
- Bi-directional Load Testing, Dynamic Pile Testing and Pile Integrity Testing

Sale and Lease of Foundation Engineering Equipments and Accessories

- Sale and Leasing of hydraulic bored piling rigs, pile driving rigs, jack in piling rigs and other piling rigs
- Sale and Leasing of hydraulic vibrohammers and other foundation engineering equipment
- Sale of parts, accessories and consumables for the foundation engineering industry
- Leasing of steel plates

Dear Shareholders,

The construction industry enjoyed a broad-based recovery in activity for most of 2019 and the start of 2020, on the back of sustained public and private construction demand. CSC was able to ride this wave and maintain a healthy order book, and record a stronger performance for our financial year ended 31 March 2020 ("FY20"), compared to the preceding year ("FY19").

Benefiting from strong industry recovery and higher tender prices for most of the year, the Group was able to turn in a 6.1% revenue growth to \$342.8 million, compared to \$323.1 million in FY19. The favourable conditions, together with our disciplined approach towards cost management and operational efficiency, enabled us to enjoy increased profit margins, and deliver a net profit of \$7.3 million, compared to a net loss of \$18.0 million in FY19.

YEAR IN REVIEW

The robust growth of the Singapore construction sector was a bright spot in a generally subdued Singapore economy for most of 2019. Demand for construction services from both the private and public sectors increased year-on-year, in spite of the dampening effects of the US-China trade conflict and issues surrounding Brexit on other industry sectors.

The local construction sector enjoyed a boost from the Singapore government's emphasis on industrial transformation, which was aimed at deepening partnerships with industry stakeholders to raise productivity and innovation. The industrial transformation roadmap successfully attracted operational and human resource investments from local and multinational companies across various industries, which translated into facility expansions.

Leveraging our expertise and track record for handling large-scale projects, we secured several notable industrial projects in FY20, including foundation works for Exxon Mobil's multi-billion-dollar expansion of its integrated manufacturing complex on Jurong Island, Neste's expansion of its renewable diesel plant at Tuas, and Micron Technology's expanded wafer fabrication facility at North Coast Drive. Collectively, the value of projects from the industrial sector thus made up a greater proportion of the Group's contracts compared to the year before.

In addition to industrial projects, CSC also secured and delivered on a good mix of private and public residential, as well as public sector infrastructure and institutional projects, such as the Singapore Institute of Technology's 91,000m² campus at Punggol, during the year. In Malaysia, all of the Group's contracts secured were from the private sector.

The positive sentiment in the market also allowed the Group to dispose of some older equipment at favourable prices, and enabled us to book a gain on this disposal. At the same time, we have also invested in new equipment and machinery to prepare us to compete effectively in the years ahead.





“BENEFITING FROM STRONG INDUSTRY RECOVERY AND HIGHER TENDER PRICES FOR MOST OF THE YEAR, THE GROUP WAS ABLE TO TURN IN A 6.1% REVENUE GROWTH TO \$342.8 MILLION, COMPARED TO \$323.1 MILLION IN FY19. THE FAVOURABLE CONDITIONS, TOGETHER WITH OUR DISCIPLINED APPROACH TOWARDS COST MANAGEMENT AND OPERATIONAL EFFICIENCY, ENABLED US TO ENJOY INCREASED PROFIT MARGINS, AND DELIVER A NET PROFIT OF \$7.3 MILLION, COMPARED TO A NET LOSS OF \$18.0 MILLION IN FY19.”

EMERGING STRONGER THROUGH DOWNTURN

Our ability to emerge stronger through the construction downturn of prior years and take advantage of the industry's recovery at the start of FY20 is the result of our strict discipline in pursuing only contracts that offer higher returns for our effort, rather than trading our operating margins for volume. It is also a testament to our prudence in cost management and emphasis on innovation and ability to optimise the use of our resources. Nevertheless, all of these could not have prepared us for the unprecedented impact of the Covid-19 pandemic that has disrupted global supply chains around the world since the start of CSC's new financial year in April 2020.

The pandemic has rapidly led to a severe deterioration in the global economic environment. The global economic outlook is clouded by uncertainties over the severity and duration of the pandemic. This will have an effect on the near-term demand for construction services as projects are put on hold. Tenders for major transport infrastructure projects such as the Changi Airport Terminal 5 and new MRT stations on the upcoming Cross Island Line have already been delayed in view of the pandemic.

Many countries have implemented border closures, movement restrictions and stringent social distancing measures in a bid to contain the spread of the disease in their respective shores. For the construction industry in Singapore, some of key effects of the border closures are a disruption in the supply of construction material from the region and skilled labour from Malaysia. Within the country, the outbreak of the disease in dormitories housing foreign construction workers has led to greater challenges with the quarantine of workers and mandatory stoppage of all but essential construction activity for at least two months.

"WE WILL MAKE THE BEST OF THE SITUATION AND POWER THROUGH THE CHALLENGES. OUR STRATEGY SINCE THE EARLIER CONSTRUCTION DOWNTURN, AND OUR VALUES OF PRUDENCE AND DISCIPLINE, HAS BUILT UP OUR RESILIENCE AND WILL CONTINUE TO STAND US IN GOOD STEAD TO COUNTERACT THE CURRENT DIFFICULTIES."



Even as the Group prepares for the gradual resumption of construction activities at the time of writing, we anticipated operational challenges ahead. Among these is the shortage of manpower as the bulk of foreign workers remain under quarantine. In addition, the Group expects to incur higher expenses related to the pandemic. Such expenses include the cost of accommodating Malaysian workers who used to cross the Singapore-Johor border daily for work prior to the border closure but had opted to stay in Singapore since, as well as costs to comply with the social distancing regulations imposed on the industry.

As part of our cost-cutting initiatives, the Group has implemented a temporary salary reduction for the senior and middle management and a salary freeze for all employees for the current financial year. My fellow Directors and I have also agreed to accept a lower fee for this year, in solidarity with employees of the Group.

As part of our effort to strengthen our financial position and unlock the value of our resources, we have made the decision to jointly redevelop our former headquarters at Tanjong Penjuru Crescent in partnership with LOGOS, an Asia Pacific logistics company backed by ARA Asset Management. The redevelopment, which was announced in May 2020, is in line with our strategy to grow our property development, investment and management business. We also look forward to enjoying a much-improved facility when it is completed. Meanwhile, until the new facility is ready, we have temporarily relocated our head office to Pioneer Road.

POWERING THROUGH TOGETHER

We will make the best of the situation and power through the challenges. Our strategy since the earlier construction downturn, and our values of prudence and discipline, has built up our resilience and will continue to stand us in good stead to counteract the current difficulties.

ACKNOWLEDGEMENTS

Together with my fellow Board members, I would like to extend my sincerest appreciation to CSC's management and staff for their dedication and diligence towards the Group. It is to their credit that the Company has done well for FY20, and will be able to navigate through the challenges that lie ahead.

I would also like to thank my fellow Directors who have helped to guide the Company with their invaluable counsel and advice. Finally, my gratitude goes to all our shareholders, customers, business partners and associates for unwaveringly standing by us.

Please stay safe.

DR LEONG HORN KEE

Independent Non-Executive Chairman

尊敬的股东：

在公共和私人领域稳健建筑需求的带动下，建筑活动在2019年第二季至2020年初期间普遍全面回升。集团也乘着这股回温的浪潮在截至2020年3月31日的财政年度（“2020财年”）里取得了可观的合约量和更好的业绩表现。

集团在2020财年里凭借建筑业复苏和投标价格的上扬取得6.1%的营业额增长，达3亿4280万元，前一财政年度（“2019财年”）为3亿2310万元。在这对集团有利的营运环境，以及集团实行成本控制和营运效率管理的情况下，集团获得了更高的利润率，在2020财年里转亏为盈报730万元的净利润，2019财年为1800万元净亏损。

年度回顾

建筑业的强劲增长在总体疲软的新加坡经济环境下成为亮点。尽管中美贸易纠纷以及英国脱欧对其他行业带来负面影响，建筑活动在公共和私人领域的需求仍取得增长。

新加坡政府对工业转型的重视促进了本地建筑业的发展，其目的在于加深与业内利益相关者的合作关系，以提高生产力和创新能力。工业转型计划成功吸引了来自各个行业的本地和跨国公司扩建设施并且提高在本地的运营和人力资源投资。

凭借集团承建大型项目的经验、能力和施工记录，我们在2020财年里成功取得多项规模相当的工业项目的基础工程合同。这包括位于裕廊岛的埃克森美孚价值数亿的综合制造基地扩建项目，位于大士的纳斯特石油公司的可再生柴油扩建项目，以及位于北岸通道的美光半导体的扩建晶圆制造厂项目。与2019财年相比下，工业项目合同价值在2020财年占集团订单量更大的比例。

除了工业项目之外，我们在本地也获得了数项私人及公共住宅项目，以及公共基础工程和机构项目，例如位于樟鹅占地9万1千平方米的新加坡理工大学的新校舍。在马来西亚，我们取得的合同项目均来自私人领域。

建筑市场回温也让集团能够以较合适的价格脱售一些陈旧的设备并从中获得收益。我们也因此能够投资购买新机械设备，这有助加强集团未来竞争力。

走出阴霾 顺势而起

集团能够成功走出近几年建筑业低迷的阴霾，凭借2020财年初的行业复苏让集团的业绩转亏为盈，这可归功于集团遵守严谨的投标策略，争取回报率高的合同而并没有为了要获得更多合同量而选择低营运利润的合同，这也可归功于集团长期以来对成本严格管理，对创新和优化资源管理的重视。然而突如其来的2019冠状病毒疫情让集团于四月开始的新财年因全球供应链被疫情严重影响而遭受波及。

新冠疫情迅速造成全球经济环境严重恶化。因疫情所造成的严峻程度和持续时间未知的情况下，全球经济前景因而持续不明朗。这预计将导致许多发展项目的延迟，从而影响市场短期内对建筑服务的需求。大型交通基础设施项目如樟宜机场第五搭客大厦和未来跨岛地铁线的新地铁站的招标也已因疫情影响而被推迟。

许多国家关闭边境并实施严格的社交隔离措施限制人员流动，以遏制新冠疫情的蔓延。于新加坡建筑业而言，关闭边境影响了区域建筑材料的供应运输以及来自马来西亚熟练劳工的供应。本地的外来建筑客工宿舍内爆发疫情导致客工需接受隔离检疫，造成除了基本建筑活动外所有建筑活动全面停工至少两个月，这些加剧了建筑业所面临的挑战。

集团正为逐步恢复建筑活动做准备，但我们预计接下来将会面临诸多营运挑战。其中之一是人力短缺，因为大部分客工仍处于检疫状态。此外，疫情相关的成本开支也将提高，这包括了为原本每天往返新马但受新马两国边境关闭影响而选择留在新加坡的马来西亚员工安排住宿，以及为遵守社交距离条例而采取相关措施所涉及的开支。

作为削减成本的措施之一，集团在2021财政年里对高级和中层管理人员实行了临时减薪，所有员工均不获得加薪。我和董事会成员也同意减少董事费，以示与集团员工站在同一阵线。

为了巩固财务状况并实现资产价值，我们决定与亚腾资产管理公司旗下的亚太地区物流公司 LOGOS合作，共同重建位于丹戎本荣鲁弯的集团总部。这项于2020年5月宣布的重建计划符合我们发展房地产开发，投资和管理业务的策略。我们也期待在新设施落成后能享受新设施所带来的便利。在新设施完工前，集团总部将暂时搬迁至先驱路。

共同努力 克服困境

我们有信心能靠自身能力来掌控局势并克服困境。我坚信，我们在建筑业低迷早期制定的妥善策略，加上集团自身谨慎和纪律，让集团建立了顽强韧性，足以让我们应对眼前的挑战。

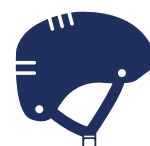
致谢

我谨代表董事成员，向管理团队和员工表达万分谢意。因为他们的勤奋努力和极力奉献，集团才能在2020财年里呈交好成绩，并且在未来也能做好准备克服挑战。

我非常感谢董事会成员无私的指导与建议。我也感谢股东、客户、商业和合作伙伴们长期以来对集团坚定不移的支持。

祝一切安康。

梁汉基博士
独立非执行主席



Provision of Foundation Engineering Services in Malaysia, Thailand, Vietnam and Laos.

CURRENT YEAR

Residential projects

Malaysia

- Alix Residence

Industrial projects

Malaysia

- Head-Quarters for Kossan Rubber Industries Sdn Bhd

Institutional projects

Malaysia

- Sunway Healthcare Medical Center
- Sunway International School

PREVIOUS YEARS

Infrastructure projects

Malaysia

- Bukit Ria Mass Rapid Transit (MRT) Station and Klang Valley MRT (KVMRT) – Intervention Shaft at KL Sentral

Vietnam

- Bac Hung Hai Bridge in Hanoi

Thailand

- Sections of Srirat Expressway, Bangkok

Residential projects

Malaysia

- Vista Harmoni Apartment at Sentul, Kuala Lumpur
- Service Apartments in Kuala Lumpur such as The Pano
- Mixed Developments at Selangor such as Equine Residence
- Condominiums in Johor such as Bora Residences @ Tropicana Danga Bay, Molek Regency Condominium and Horizon Hills
- I-Santorini Condo at Tanjung Tokong, Penang

Vietnam

- Palm Heights for Palm City in District 2, Ho Chi Minh City

Thailand

- Condominiums at Bangkok such as The LPN Rattanathibet Condominium, Villa Arcadia at Srinakarin, U-Delight Condominium, Parque Condominium and LPN Condo at Nawamin Soi 38

Industrial projects

Malaysia

- Polyvinyl Butyral (PVB) Resin Plant and 2nd Crystex Plant, Kuantan, Pahang
- Petronas Rapid Project in Pengerang

Vietnam

- Industrial Complex in Long An Province

Thailand

- New factory for ROHM Semiconductors, Pathum Thani
- Bangpoo SPP Power Plant in Bangkok

- TTCL Power Plant in Klong Luang Pathumthani
- Power Plants at Ayutthaya such as Siam Pure Rice Power Plant and NNEG Cogeneration Power Plant
- Jotun –Amata Factory in Chonburi

Commercial project

Malaysia

- Mixed Development at Kuala Lumpur such as Cerrado – Southville City @ KL South, Fera Residence @ The Quartz and Trion @ Sungei Besi
- Condominium in Selangor such as Emerald 9 @ Cheras
- IKEA Tebrau in Johor Bahru

Thailand

- Lumpini Night Bazaar at Ratchadapisek in Bangkok
- Don Mueang International Airport, Bangkok

Laos

- Vientiane International Airport Terminal Building

Institutional projects

Malaysia

- Educational Institutions such as University Institute Teknologi MARA Campus in Seremban, Malaysia Multimedia University at Cyberjaya, Selangor, UiTM Campus at Puncak Alam, Selangor and International School in Kuala Lumpur

Thailand

- Royal Thai Navy Hospital
- Educational Institutions such as Singapore International Schools in Bangkok and Chiangmai, Concordia International School
- New Thai Parliament House



Major foundation and geotechnical engineering works awarded to CSC group (Singapore projects)

CURRENT YEAR

Infrastructure projects

- LTA North South Corridor (Contract N110)
- JTC Pipe Bridge / Pipe Support Structures at Jurong Island

Residential projects

- Public Residential Projects at Tengah Garden Walk/Plantation Crescent/Tengah Drive, Tengah Plantation and other townships in Singapore
- Condominium Developments at How Sun Drive, Makeway Avenue Road, Silat Avenue, Holland Road, Handy Road and Serangoon North Ave 1

Industrial projects

- NTUC Fairprice Co-operative's fresh Food Distribution Centre at Sunview Road
- Micron FAB 10A at North Coast Drive
- F&N Food's warehouse at Tuas Link 2/3/4
- ExxonMobil's Chemical and Refining Integrated Singapore Project (CRISP) Oil Movement and Storage (OM&S) Tank Farm, PAC Refinery, and Package 1 & 2
- Integrated Construction and Prefabricated Hub at Pulau Punggol Barat
- Expansion of Chevron Oronite's existing Manufacturing Plant at Jurong Island
- Arkema's Bio-sourced Polyamide production site on Jurong Island
- ASM Front-End Manufacturing Singapore's new facility factory at Woodland Height
- Amgen Manufacturing Singapore's Waste Water Treatment Plant at Tuas View Drive

Institutional projects

- Singapore Institute of Technology Campus at Punggol North (Plot 2)
- Urban Training Facility at Old Choa Chu Kang Road
- Ministry of Home Affairs Home Team Tactical Centre Phase 2A

PREVIOUS YEARS

Infrastructure projects

- Mass Rapid Transit (MRT) Stations of Keppel, Tanjong Katong, Sungei Bedok, Bayshore MRT Stations and tunnels along Thomson East Coast Line
- Kim Chuan Depot Extension
- Construction of service tunnel, access shafts and ancillary works on Jurong Island
- Design and Construction of Sewer Tunnel for DTSS Phase 2 Contract T11

Residential projects

- Public Housing Developments at Punggol East, Woodlands, and other townships in Singapore
- Condominium developments at Juniper Hill and Braddell Road Condominium
- Stirling Residences

Industrial projects

- TimMac@Kranji for Metal, Machinery and Timber (MMT) high rise hub for SMEs
- Neste Singapore Expansion Project
- Siltronic Factory at Tampines Industrial Avenue 5

Commercial projects

- New Bird Park at Mandai Lake Road
- Claymore Road Hotel

Institutional projects

- Polyclinic at Chin Cheng Ave
- Nursing Home at Potong Pasir

PROPERTIES OF THE GROUPS

AS AT 31 MARCH 2020

No.	Particulars	Tenure	Site Area (Sq m)	Approx Build-up area (Sq M)
1	Leasehold industrial land and building on Lots A1283900 & A1283901 at No. 2 Tanjong Penjuru Crescent, Singapore 608968.	72 years w.e.f 1 July 1978 (Note 1)	18,264.9	11,660.4
2	Leasehold land on Lot 04812A Mukim 7 at 15 Tuas South Street 6, Singapore 636913.	20 years 9 months w.e.f 17 Feb 2015	4,700.0	3,178.5
3	Leasehold industrial building on Lots MK7-672K at No. 13, Pioneer Sector 2, Singapore 628374.	28 years w.e.f 1 Sep 1997	3,037.1	694.1
4	Freehold agriculture land held under individual title GM 4789, Lot 808, Tempat Sungei Liam, Mukim Ulu Yam, Daerah Hulu Selangor	Freehold	21,549.0	21,549.0

Note:

1 Further leasehold term of 12 years from 1 July 2038 to 30 June 2050 for this property has been obtained from JTC Corporation on 15 May 2020.

BOARD OF DIRECTORS

Non-Executive

Dr Leong Horn Kee
(Chairman, Independent Director)

Ong Tiew Siam
(Independent Director)

Tan Hup Foi @ Tan Hup Hoi
(Independent Director)

Teo Beng Teck

Executive

See Yen Tarn
(Group Chief Executive Officer)

AUDIT COMMITTEE

Ong Tiew Siam (Chairman)
Dr Leong Horn Kee
Tan Hup Foi @ Tan Hup Hoi
Teo Beng Teck

NOMINATING COMMITTEE

Tan Hup Foi @ Tan Hup Hoi
(Chairman)
Dr Leong Horn Kee
See Yen Tarn

REMUNERATION COMMITTEE

Tan Hup Foi @ Tan Hup Hoi
(Chairman)
Dr Leong Horn Kee
Ong Tiew Siam
Teo Beng Teck

RISK MANAGEMENT

Ong Tiew Siam (Chairman)
Teo Beng Teck
See Yen Tarn

EXECUTIVE COMMITTEE

See Yen Tarn
Koo Chung Chong
Lee Quang Loong

COMPANY SECRETARY

Lee Quang Loong

REGISTERED OFFICE

120 Pioneer Road, #04-01
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W : <http://www.cschl.com.sg>

SHARE REGISTRAR & SHARE TRANSFER OFFICE

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AUDITORS

KPMG LLP

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

Audit Partner-in-Charge

Karen Lee Shu Pei
Appointed since financial year ended
31 March 2020

PRINCIPAL BANKERS

United Overseas Banking Limited
Oversea-Chinese Banking
Corporation Limited
DBS Bank Ltd
Malayan Banking Berhad



1975

Founding of Ching Soon Engineering Pte Ltd.

1981

Incorporation of CS Construction & Geotechnic Pte Ltd.

1996

- Incorporation of CS Bored Pile System Pte Ltd.
- Incorporation of CS Geotechnic Pte Ltd.

1997

Incorporation of CSC Holdings Limited.

1998

- Listing of CSC Holdings Limited on the main board of the Singapore Exchange Limited.
- Incorporation of CS Industrial Land Pte Ltd.

1999

Joint venture with Santarli Construction Pte Ltd to form Excel Precast Pte Ltd.

2000

Incorporation of Kolette Pte Ltd.

2002

Acquisition of THL Engineering Pte Ltd.

2004

Joint Venture with Tat Hong Group's subsidiary, Tat Hong HeavyEquipment Pte Ltd to form THL Foundation Equipment Pte Ltd.

2006

- Incorporation of CS India Pte Ltd.
- Acquisition of L&M Foundation Specialist Pte Ltd.
- Incorporation of L&M Ground Engineering Sdn Bhd.

2007

- Acquisition of G-Pile Sistem Sdn Bhd.
- Acquisition of Soil Investigation Pte Limited.

2008

- Incorporation of CSC Ground Engineering Sdn Bhd.
- Acquisition of 70% equity stake in Wisescan Engineering Services Pte Ltd.
- Incorporation of L&M Foundation Specialist (Vietnam) Limited Company.
- Incorporation of L&M Foundation Specialist (Middle East) Limited Liability Company.

2009

- Acquisition of 70% equity stake in Spectest Sdn Bhd.
- Incorporation of GPSS Geotechnic Sdn Bhd.

2010

- Acquisition of 30% stake in DW Foundation Pte Ltd.
- Joint Venture with Pathumthani (PACO) to form Siam CSC Engineering Co., Ltd.

2011

- Acquisition of 70% stake in ICE Far East Pte Ltd.
- Acquisition of additional 40% stake in DW Foundation Pte Ltd.
- Sale of Excel Precast Pte Ltd.

2012

- Incorporation of ICE Far East (Thailand) Co., Ltd.
- Acquisition of remaining 30% stake in CSC Ground Engineering Sdn Bhd.
- Acquisition of remaining 30% stake in DW Foundation Pte Ltd.
- Sale of Spectest Group.

2013

- Incorporation of CS Ground Engineering (International) Pte Ltd.
- Incorporation of ICE Far East Offshore Pte Ltd.
- Investment of 5% in Joint Venture Company, THAB Development Sdn Bhd.

2014

- Completion of voluntary liquidation (via strike-off) of CS India Pte Ltd.
- Signing of the Framework Investment Agreement with New Hope Singapore Pte Ltd in connection with the acquisition and development of leasehold industrial land at Tuas South Street 9.

2015

- Incorporation of CS Industrial Properties Pte Ltd, a wholly owned subsidiary of the Company, as the investment holding company for the joint venture with New Hope Singapore Pte Ltd.
- Acquisition of additional 15% stake in ICE Far East Pte Ltd, making it an 85% owned subsidiary of THL Foundation Equipment Pte Ltd.
- Investment of 49% in NHCS Investment Pte Ltd in relation to the joint venture with New Hope Group for the acquisition and development of leasehold industrial land at Tuas South Street 9.
- Obtained shareholders' approval in the Extraordinary General Meeting for the diversification of business of the Group to include the property business.
- Completion of renounceable non-underwritten rights cum warrants issue – (1) 1 rights issue share for 3 existing shares at 3 cents per rights share; (2) 5 free warrants for 1 rights share, exercise price at 1 cent per warrant share.
- Incorporation of IMT-THL India Private Limited, a wholly owned subsidiary of THL Foundation Equipment Pte Ltd.
- Completion of voluntary liquidation (via strike-off) of CS Industrial Land Pte Ltd.

2016

- Sale of L&M Philippines, Inc.
- Incorporation of CS Real Estate Investments Pte Ltd.
- Acquisition of remaining 35% stake in GPSS Geotechnic Sdn Bhd, making it a wholly owned subsidiary of the Group.
- Incorporation of THL Foundation Equipment (Philippines) Inc, a wholly owned subsidiary of THL Foundation Equipment Pte Ltd.
- Investment of 40% in Top3 Development Sdn Bhd in connection with a proposed commercial development in Seremban, Negeri Sembilan, Malaysia.
- Investment in a property development in Hertford via a 21% investment in Coriolis Hertford Limited ("CHL"), a company incorporated in Hong Kong. CHL has a 40% stake in Railway Street Hertford Limited, the property development company which will carry out the development in Hertford.
- Incorporation of THL Foundation Equipment (Myanmar) Company Limited, a 90% owned subsidiary of THL Foundation Equipment Pte Ltd.

2017

- Sale of Siam CSC Engineering Company Limited.
- Dilution of equity interest in WB Top3 Development Sdn Bhd ("WB Top3") (formerly known as Top3 Development Sdn Bhd) from 40% to 19% resulting from the introduction of WB Land Sdn Bhd as a new joint venture partner in WB Top3.

2018

- Incorporation of Coldhams Alliance Pte Ltd, 2TPC Pte Ltd and 2TPC Investments Pte Ltd.

2019

- Striking off of Kolette Pte Ltd.
- Incorporation of Changsha THL Foundation EquipmentCo. Ltd.

2020

- Dilution of equity interest in 2TPC Investments Pte Ltd ("2TPC Inv") from 100% to 51% resulting from the introduction of LSLV 5 Project 6 Pte Ltd and LSLV 2 General Partner as joint venture partners in 2TPC Inv to jointly redevelop 2 Tanjong Penjuru Crescent, Singapore 608968, an existing four-storey industrial property into a modern six-storey ramp up warehouse.

"OUR EXPERIENCE WITH LARGE-SCALE PROJECTS PLACED US IN GOOD STEAD AND, LEVERAGING OUR TRACK RECORD AND CAPABILITIES, WE WERE ABLE TO BUILD UP A HEALTHY ORDER BOOK FROM SINGAPORE AND MALAYSIA. INDUSTRIAL AND INSTITUTIONAL PROJECTS CONSTITUTED OUR BREAD AND BUTTER IN FY20. IN ADDITION TO THESE, WE ALSO SUCCESSFULLY SECURED SEVERAL CONTRACTS FROM THE COMMERCIAL AND RESIDENTIAL SECTORS."

Dear Shareholders,

After several years of decline, the turnaround in operating conditions for most of 2019 through early 2020 was a welcome change for the construction industry. For CSC, our focus on building our resilience through difficult seasons enabled us to emerge from FY20 with notable improvements in both our top and bottom lines.

The 6.1% growth in revenue from \$323.1 million in FY19 to \$342.8 million was underpinned by a recovery in tender prices as demand for our services enjoyed healthy growth for most of the financial year.

Our discipline in maintaining a lean but nimble workforce yielded cost and productivity improvements. This, together with the higher tender prices and business activity, helped to lift our gross profit and gross profit margin to \$44.2 million and 12.9% respectively, compared to respective gross profit and gross profit margin of \$15.0 million and 4.6% in FY19.

Other income rose 16.4% to \$2.2 million, mainly due to a \$1.3 million gain from the disposal of older equipment and assets held for sale, along with a profit distribution of \$0.2 million from our 5% owned mixed-use property development project in Iskandar, Malaysia. Our operating expenses were 8.3% higher at \$34.2 million, in view of impairment losses recognised on trade and other receivables and contract assets. Net finance expenses increased

79.9% to \$3.5 million, on the back of higher interest expenses following the draw-down of additional short-term borrowings for working capital purposes during the year.

Taking the above into account, we recorded a net profit after tax of \$7.3 million in FY20, versus a net loss of \$18.0 million in FY19.

As at the close of March 2020, our cash and cash equivalents stood at \$14.3 million, compared to \$7.2 million a year ago. Net asset value per share amounted to 5.8 cents, compared to 6.1 cents as at end FY19, on account of an enlarged share capital. We repaid some of our borrowings during the year, resulting in a reduction in total borrowings to \$88.0 million as at the close of FY20, compared to \$102.7 million as at 31 March 2019. Consequently, our debt-to-equity ratio improved by 19.6% to 0.58, compared to 0.72 as at end FY19.

OPERATIONS REVIEW

While the Singapore economy was relatively subdued due to turbulent geopolitical forces such as the US-China trade conflict and Brexit, the government's efforts to transform the industrial sector and encourage local and multinational companies to increase their investments in the country were instrumental in driving the needed demand for construction services. Our experience with large-scale projects placed us in good stead and, by leveraging our track record

and capabilities, we were able to build up a healthy order book from Singapore and Malaysia. Industrial and institutional projects constituted our bread and butter in FY20. In addition to these, we also successfully secured several contracts from the commercial and residential sectors. Some of our notable projects included:

Industrial projects

- NTUC Fairprice Co-operative's fresh food distribution centre at Sunview Road
- Micron Semiconductor Asia's Fab 10A expanded facility at North Coast Drive
- F&N Food's warehouse at Tuas Link
- ExxonMobil's Chemical and Refining Integrated Singapore Project (CRISP) involving the Oil Movement and Storage (OM&S) Tank Farm, PAC Refinery on Jurong Island
- Integrated Construction and Prefabrication Hub for HL-Sunway JV Pte Ltd at Pulau Punggol Barat
- Expansion of Neste Singapore's renewable diesel plant at Tuas South Lane
- Expansion of Chevron Oronite's existing manufacturing plant on Jurong Island
- Arkema's Bio-sourced Polyamide production site on Jurong Island
- ASM Front-End Manufacturing Singapore's new facility at Woodlands Height



- Amgen Manufacturing Singapore's Waste Water Treatment Plant at Tuas View Drive
- Headquarters of Kossan Rubber Industries Sdn Bhd, in Selangor, Malaysia

Infrastructure projects

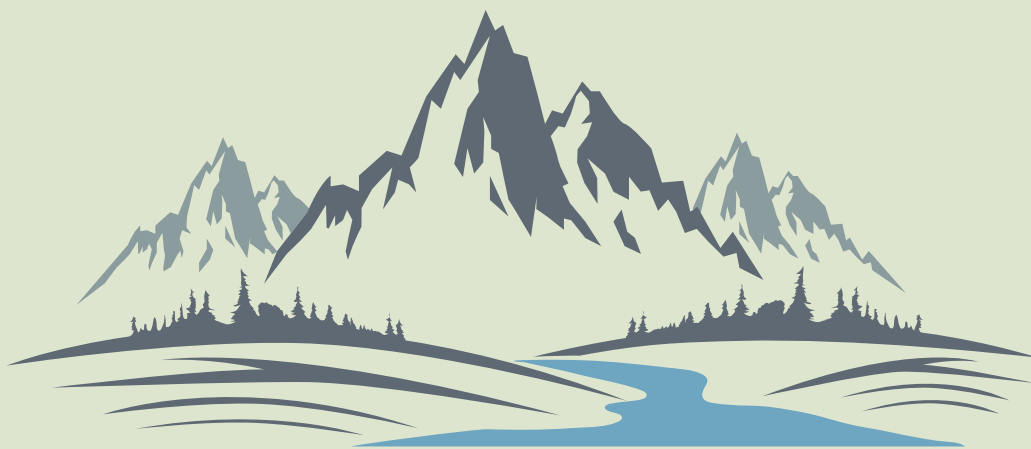
- Land Transport Authority's North-South Corridor project - Contract N110: between Ang Mo Kio Ave 3 and Ang Mo Kio Ave 9
- Pipe bridge and pipe support structures for JTC Corporation on Jurong Island

Institutional projects

- Singapore Institute of Technology campus at Punggol North (Plot 2)
- Defence Science and Technology Agency's Urban Training Facility at Old Choa Chu Kang Road
- Ministry of Home Affairs Home Team Tactical Centre Phase 2A
- Expansion of Sunway Healthcare Medical Centre in Selangor, Malaysia
- New campus for Sunway International School in Selangor, Malaysia

Residential projects

- Public residential projects at Tengah Garden Walk, Plantation Crescent Tengah Drive, Tengah Plantation and other townships
- Private residential projects including The Gazania at How Sun Drive; Kopar at Newton at 6 and 8 Makeway Avenue; Avenue South Residences at Silat Avenue; One Holland Village mixed development at Holland Road; Haus on Handy at Handy Road; and Affinity at Serangoon North Ave 1
- Alix Residence, a luxury condominium development in Kuala Lumpur, Malaysia



Our equipment sale and leasing business segment turned in higher revenue in FY20, in tandem with the increase in construction activities. Along with this, our property investments overseas are progressively reaping returns. In the United Kingdom, Railway Street Hertford Limited, in which we hold an effective 8.4% stake, has fully sold the residential-cum-commercial development in Hertford, Hertfordshire that comprises 28 residential units and one commercial space. Construction is also completed at the residential development project in Cambridge, in which we have an effective 23.75% stake, and sale of the 13 landed units there has commenced. In Malaysia, we received our share of income from our 5% owned, mixed-use development, project in Iskandar.

POSITIONING FOR THE LONG TERM

The Covid-19 outbreak in the region at the start of 2020, and the extent of its impact, was an unwelcomed surprise, with the multitude of health, economic and social challenges worldwide that it has wrought.

The construction sector in Singapore and Malaysia have been hard-hit as work in both countries – our projects included – quickly slowed to a standstill following preventative measures taken by governments in both countries to contain the pandemic. The foreign construction workforce in Singapore has also borne the brunt of the pandemic amid an outbreak in the community that saw the entire workforce being quarantined.

The crisis is still evolving, with much still unknown about the magnitude of its effects. We expect that the industry will struggle to return to the pace it was moving at prior to the outbreak. Even as construction activities have been allowed to gradually resume at the time of writing, manpower constraints will be a challenge as the majority of the foreign workforce remain under quarantine. For CSC, our workforce also consists of a significant number of skilled workers from Malaysia, many of whom would cross the Singapore-Malaysia border daily for work. Following the border closures by both countries, the workers who had opted to return to Malaysia have not yet been allowed to return to work in Singapore. Until the borders are reopened, we expect to experience a shortage of such skilled manpower. We are also mindful of additional costs to be incurred in compliance with social distancing and safety regulations to prevent any further exacerbation of the pandemic.

The crisis has highlighted the need for a strong, flexible financial position. To that end, we have implemented Group-wide cost control initiatives. Our senior and middle management employees received a temporary salary reduction of between 10% and 20%, and increment of wages for all employees will be frozen for the current financial year. Employees are also required to consume at least half of their annual leave during the months when work has ground to a halt.

In May 2020, we entered into a partnership with LOGOS group, a vertically integrated logistics property specialist with operations across the Asia Pacific, to develop our headquarters at Tanjong Penjuru Crescent for an estimated redevelopment cost of \$108 million. The joint venture will redevelop our existing four-storey headquarters into a 46,000 square-metre modern six-storey ramp-up logistics facility, along with office space, cafeteria and rooftop parking. It will also include a built-to-suit high-specification workshop for our ground engineering equipment fleet. CSC holds 51% of the enlarged ordinary shareholding and 20% of the enlarged preference shareholding of the joint venture.

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The redevelopment is in line with our strategy to grow our property development, investment and management business. It will not only allow us to unlock the value of this Tanjong Penjuru asset, but also gain rental revenue from the leasing of the rest of the property not used by us. In the meantime, we have relocated our headquarters to Pioneer Road until the new complex is completed and ready for occupation.

In the year ahead, we expect future demand to be supported by public infrastructure projects from the Singapore government but are cognisant that public tenders for such projects have been delayed in view of the crisis. We will draw strength from our resilience and the robust strategy that has tided us through the previous construction downturns. We will remain vigilant and continue to exercise prudence in managing our costs and cash flow, while upholding strict discipline in our operations and resource allocation.

ACKNOWLEDGEMENTS

Our performance in FY20 was achieved through the collective effort and hard work of my fellow management team members and employees, and I want to place on record my gratitude to them. I would also like to thank our Board members for their guidance, and our shareholders, customers and business partners for their support over the years. I look forward to a continued and fruitful partnership with you as we work hard to overcome the hurdles ahead of us.

Please keep safe.

SEE YEN TARN

Chief Executive Officer



“凭借我们承建大规模项目的经验,卓越的施工记录和工程能力,集团在新加坡和马来西亚取得了可观的订单量。集团在2020财年里的收入来源主要来自工业和机构项目,并且成功取得了数项商业和住宅项目的合同。”

尊敬的股东:

新加坡建筑业在经历了连续几年的低迷后,终于从2019年第二季至2020年初期间触底回弹。就集团而言,我们在低迷期间建立了顽强的韧性让集团成功抵御危机,并让我们在2020财年取得不俗的营收表现。

随着投标价格的回稳和建筑服务的需求增长,集团的营业额从2019财年的3亿2310万元上涨6.1%至2020财年的3亿4280万元。

集团有纪律地维持精干且灵活的工作团队让我们在成本和生产效率方面取得显著改善,加上投标价格上扬以及建筑活动回升,整体提高了集团2020财年的毛利和毛利率,分别从2019财年的1500万元和4.6%,上升至2020财年的4420万元和12.9%。

其他收入上升16.4%至220万元,这主要归因于集团脱售较旧设备和持作出售的资产后所获得的130万元收益,以及一项集团持有5%有效股权、位于马来西亚依斯干达的商住两用开发项目所贡献的20万元收益。营运开支在2020财年上升8.3%至3420万元,这包含了针对贸易及其他应收款项和合同资产而作出的减值亏损。净财务支出增加79.9%达350万元,这主要归因于集团在2020财年里提高了短期贷款的借入以作营运资金用途。

有鉴于以上因素,2020财年的税后净利润达730万元,2019财年则为1800万元亏损。

截至2020年3月31日,集团的现金及现金等价物同比2019财年的720万元上升至2020财年的1430万元。由于股本扩大,集团每普通股净资产值达5.8分,前一财年则为6.1分。我们在2020财年里偿还了部分贷款,以致总贷款从前一财年的1亿270万元减少至880万元。负债权益比率从前一财年的0.72改善19.6%达到2020财年的0.58。

业务回顾

尽管新加坡经济在中美贸易纠纷和英国脱欧等地缘政治压力下受挫,政府对工业转型的重视吸引了来自本地和跨国公司的投资,刺激建筑服务的需求增长。凭借我们承建大规模项目的经验,卓越的施工记录和工程能力,集团在新加坡和马来西亚取得了可观的订单量。集团在2020财年里的收入来源主要来自工业和机构项目,并且成功取得了数项商业和住宅项目的合同。我们囊获得的一些主要项目包括:

工业项目

- 新加坡职工总会平价合作社位于日景路的生鲜食品批发中心
- 美光半导体亚洲公司位于北海岸通道的晶圆制造厂的扩展项目
- F&N FOODS位于大士连路的仓库
- 埃克森美孚位于裕廊岛包含PAC炼油厂的储油罐(OM&S)的化工和炼油综合新加坡项目(CRISP)
- HL-SUNWAY JV有限公司位于棒鹅西岛的综合建设预制中心
- 纳斯特石油公司位于大士南巷的可再生柴油扩展项目
- 雪佛龙奥伦耐公司位于裕廊岛的制造工厂扩展项目
- 阿科玛位于裕廊岛的生物来源的聚酰胺生产基地

- ASM前端制造新加坡公司位于兀兰岭的新设施
- 安进公司位于大士景道的污水处理厂
- 位于雪兰莪的高产泥品工业总部(马来西亚)

基础设施项目

- 陆路交通管理局介于宏茂桥3道和宏茂桥9道之间的南北交通廊道N110合同
- 裕廊集团位于裕廊岛的管桥和管支撑结构施工项目

机构项目

- 位于棒鹅北的新加坡理工大学校舍(第二地段)
- 位于旧蔡厝港路的新加坡国防科技局城市训练设施
- 新加坡内政部的内政团队战术中心2A期
- 位于雪兰莪的双威医学中心的扩展项目(马来西亚)
- 位于雪兰莪的双威国际学校新校舍(马来西亚)

住宅项目

- 位于登加绿苑径、登加田园弯、登加通道和登加田园等市镇的公共住宅项目
- 位于禾山通道的迎昕园(THE GAZANIA), 麦克威道6和8号的纽顿铜源(KOPAR AT NEWTON), 石叻道的南风雅苑公寓(AVENUE SOUTH RESIDENCES), 荷兰路的ONE HOLLAND VILLAGE商住两用项目, 汉地路的HAUS ON HANDY和实龙岗北1道的AFFINITY AT SERANGOON等私人住宅
- 位于吉隆坡的ALIX RESIDENCE豪华公寓(马来西亚)



随着建筑活动的回升，集团的设备销售和租赁业务也在2020财年里取得了更高的营业额。除此之外，集团在海外房地产投资的项目也正逐步取得回报。我们持有位于英国赫特福德郡的RAILWAY STREET HERTFORD LIMITED (“RSHL”) 8.4%的有效股权。RSHL所发展的位于该郡的赫特福德镇的28个住宅单位和一个商用空间的商住两用项目已经售罄。另外，我们位于英国剑桥的一项住宅项目也已经落成，该项目的13个住宅单位目前正在进行销售中。集团在这项剑桥项目中的有效股权为23.75%。集团也从在马来西亚依斯干达一项持有5%有效股权的混合开发项目中获得了分占收益。

长期策略性发展

2020年初在亚太地区爆发的2019冠状病毒疫情及其影响程度对全世界各国的公共卫生，经济和社会造成严重影响。

新加坡和马来西亚两国政府为遏制冠病疫情扩散采取了严格的防疫措施，然而这些措施沉重打击两国建筑业，导致包含集团项目在内的所有建筑工程被迫停工。随着疫情在本地社区的蔓延，居住在宿舍的建筑业外劳客工首当其冲，成为最大的感染群体，并且必须全体接受隔离检疫。

新冠疫情持续演变中，疫情的最终影响规模还是个未知数。我们认为建筑业要回归疫情之前的发展速度将会相当困难。尽管建筑活动目前正逐渐重启，但由于大部分客工仍处于隔离检疫状态，人力短缺将会是业内挑战之一。就集团而言，我们的劳动力包括大量来自马来西亚的熟练劳工，其中许多劳工在疫情前每天往返两地工作。两国边境关闭后，选择返回马来西亚的劳工目前尚未能够返回新加坡工作。在重新开放边境之前，我们预计将面对熟练劳工的短缺。此外，为防止疫情恶化而设定的社交距离和安全条例将会为集团带来更高的成本开支。

这场疫情危机凸显了财政充裕且灵活的必要性。为此，我们在集团全面实施了成本控制计划。集团高级和中层管理人员减薪10%至20%，全体员工也将在2021财年内不获得加薪。员工也必须在停工期间消耗至少一半的年假份额。

集团于2020年5月与在亚太地区拥有业务的垂直整合物流产业地产专家LOGOS集团合作，共同开发我们位于丹戎本茱鲁湾的总部，重建成本估计为1亿800万元。我们将合作把现有四层楼高的总部重新发展为一个占地46,000平方米的现代化六层楼高的坡道式物流设施，新设施包含办公空间，员工餐厅和屋顶停车场，以及一个为了地面工程设备机队制定的高规格车间。集团持有有关合资公司经扩大普通股股本的51%和经扩大优先股股本的20%。

总部重建计划符合我们发展房地产开发，投资和管理业务的策略。总部的开发不仅能为集团实现资产价值，还能通过出租没使用的设施范围获取租金收入。在新设施的落成之前，我们总部将暂时搬迁至先驱路。

未来一年里，本地建筑需求预计将主要来自于新加坡政府推出的公共基础设施项目，但我们也清楚政府已经因疫情而推迟这些项目的公开招标活动。集团会从在建筑业低迷时期建立了灵活的应变能力以及稳健的策略里汲取力量面对未来的挑战。我们亦将保持警惕并继续谨慎管理成本和现金流，同时坚持严格、有纪律地管理业务和资源分配。

致谢

集团在2020财年优异的表现归功于集团管理团队和员工的共同努力和辛勤付出，我在此向他们表示万分感谢。

我谨感谢董事成员们的悉心指导，以及股东、客户、商业和合作伙伴们多年来给予的不懈支持。我期待继续与大家携手努力克服面前的困难。

祝一切平安。

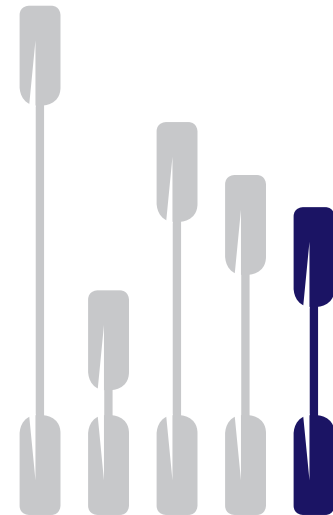
薛献凡
集团总裁

FIVE YEARS FINANCIAL SUMMARY

	FY16	FY17	FY18	FY19	FY20
Group Profit & Loss (\$\$'m)					
Revenue	382.3	252.4	338.8	323.1	342.8
Gross Profit	24.3	8.2	11.2	15.0	44.2
(Loss)/Profit After Tax	(5.5)	(24.7)	(13.5)	(18.0)	7.3
EBITDA	24.4	8.2	14.8	9.4	40.8
Group Balance Sheet (\$\$'m)					
Property, Plant & Equipment	167.9	164.9	156.2	137.1	132.5
Other Non-Current Assets	10.4	14.8	17.0	20.7	29.1
Total Current Assets	221.9	171.8	161.8	195.6	203.0
Total Assets	400.2	351.5	335.0	353.4	364.6
Total Equity	185.3	171.0	159.4	142.4	151.6
Total Non-Current Liabilities	29.6	23.4	23.1	19.5	18.0
Total Current Liabilities	185.3	157.1	152.5	191.5	195.0
Total Equity & Liabilities	400.2	351.5	335.0	353.4	364.6
Per Share Data (Cents)					
(Loss)/Earnings After Tax (Basic)	(0.48)	(1.16)	(0.65)	(0.86)	0.23
Net Asset Value	8.50	7.80	7.20	6.10	5.84
Financial Ratios					
Return on Equity	-4.4%	-16.6%	-10.3%	-15.6%	4.7%
Gross Profit Margin	6.4%	3.3%	3.3%	4.6%	12.9%
Debt/Equity Ratio	53.1%	50.1%	50.4%	72.1%	58.0%
Current Ratio	1.20	1.09	1.06	1.02	1.04

Bored Piles / Diaphragm Walls

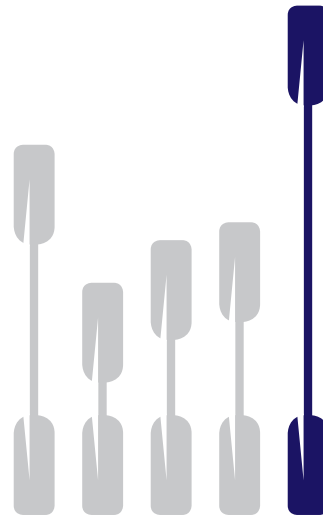
240.5 105.5 184.0 159.3 **145.0**



FY16 FY17 FY18 FY19 **FY20**

Driven Piles / Jack – in Piles

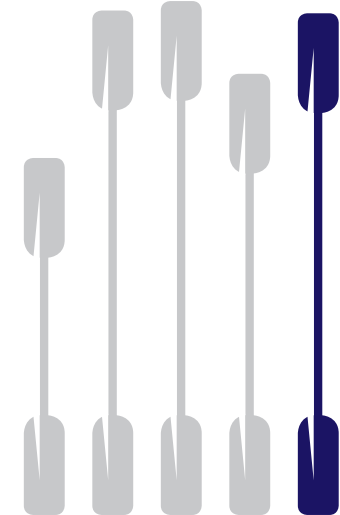
46.1 29.0 34.3 36.2 **63.8**



FY16 FY17 FY18 FY19 **FY20**

Micro Piles / Other Foundation – Related Activities

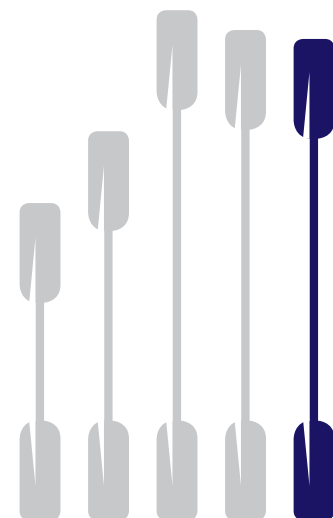
32.6 46.8 47.3 40.7 **46.6**



FY16 FY17 FY18 FY19 **FY20**

Soil Investigation & Instrumentation Works

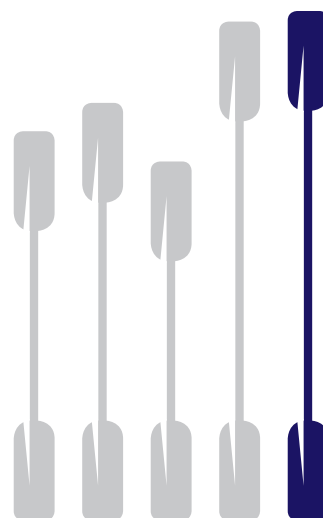
21.6 26.6 34.7 33.4 **32.9**



FY16 FY17 FY18 FY19 **FY20**

Sale & Lease of Foundation Engineering Equipment & Accessories

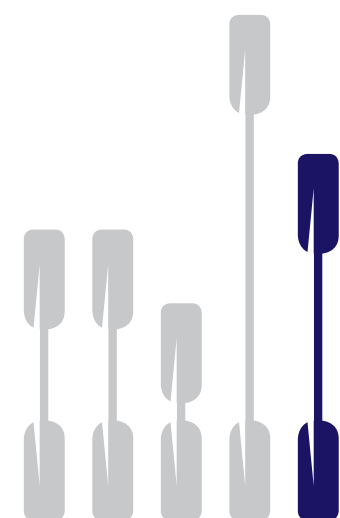
41.1 44.1 38.2 52.8 **54.0**



FY16 FY17 FY18 FY19 **FY20**

Others

0.4 0.4 0.3 0.7 **0.5**



FY16 FY17 FY18 FY19 **FY20**

CSC HOLDINGS LIMITED

FOUNDATION AND GEOTECHNICAL
ENGINEERING WORKS

SUBSIDIARIES

Singapore

- CS Bored Pile System Pte Ltd
- CS Construction & Geotechnic Pte Ltd
- L&M Foundation Specialist Pte Ltd
- DW Foundation Pte Ltd
- CS Geotechnic Pte Ltd
- THL Engineering Pte Ltd

Malaysia

- Borneo Geotechnic Sdn Bhd
- G-Pile Sistem Sdn Bhd
- GPSS Geotechnic Sdn Bhd
- CS Geo (Malaysia) Sdn Bhd
- L&M Ground Engineering Sdn Bhd
- CSC Ground Engineering Sdn Bhd

Vietnam

- L&M Foundation Specialist (Vietnam) Limited Company

SOIL INVESTIGATION,
INSTRUMENTATION AND
SPECIALISED SURVEYING WORKS

SUBSIDIARIES

Singapore

- Soil Investigation Pte Limited
- Wisecan Engineering Services Pte Ltd



SALES AND LEASE OF FOUNDATION ENGINEERING EQUIPMENTS AND ACCESSORIES

SUBSIDIARIES

Singapore

- THL Foundation Equipment Pte Ltd
- ICE Far East Pte Ltd
- ICE Far East Offshore Pte Ltd

Malaysia

- ICE Far East Sdn Bhd

Hong Kong

- ICE Far East (HK) Limited

Thailand

- ICE Far East (Thailand) Co., Ltd

India

- IMT – THL India Private Limited

Philippines

- THL Foundation Equipment (Philippines) Inc

Myanmar

- THL Foundation Equipment (Myanmar) Company Limited

OTHERS

SUBSIDIARIES

Singapore

- CS Industrial Properties Pte Ltd
- CS Real Estate Investments Pte Ltd
- CS Ground Engineering (International) Pte Ltd

JOINT OPERATIONS

Singapore

- NHCS Investment Pte Ltd
- NH Singapore Biotechnology Pte Ltd

ASSOCIATE

Singapore

- Coldhams Alliance Pte Ltd
- 2TPC Investments Pte Ltd
- 2TPC Pte Ltd

Malaysia

- WB Top3 Development Sdn Bhd

Hong Kong

- Coriolis Hertford Limited

UK

- Hemingford (Coldhams Lane) Limited
- Cambridge (Coldham's Lane) Limited
- Railway Street Hertford Ltd
- Allunite Limited

OTHER INVESTMENT

Malaysia

- THAB Development Sdn Bhd
- THAB PTP Sdn Bhd

BOARD OF DIRECTORS

CSC
HOLDINGS
LIMITED

Seated from left

DR LEONG HORN KEE

ONG TIEW SIAM

Standing from left

TAN HUP FOI @ TAN HUP HOI

SEE YEN TARN

TEO BENG TECK



DR LEONG HORN KEE

Independent Non-Executive Chairman

Dr Leong joined the Board as an Independent Non-Executive Chairman in July 2018. He is a member of the Audit, Remuneration and Nominating Committees. He 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 Australia.

SEE YEN TARN

Executive Director / Group Chief Executive Officer

Mr See joined the Board as an Independent Director in November 2005 and was appointed Group Chief Executive Officer in August 2006. Mr See sits on the Nominating and Risk Management Committees.

He holds a Bachelor degree in Accountancy from the National University of Singapore. He is also a qualified Chartered Accountant (England and Wales) in London.

Mr See has more than 30 years of working experience at senior management level in various industries and has held such positions as Chief Financial Officer, Executive Director and Deputy Group Managing Director for both listed and non-listed entities in Singapore, Indonesia, Hong Kong, People's Republic of China and Australia.

ONG TIEW SIAM

Independent Director

Mr Ong joined the Board as an Independent Director in July 2018. He chairs the Audit and Risk Management Committees and is also a member of the Remuneration Committee. Mr Ong has over 40 years of experience in finance, accounting and administration. Mr Ong also sits on the board of other SGX-listed companies.

Mr Ong holds a Bachelor of Commerce (Accountancy) (Honours) degree in 1975 from the former Nanyang University, Singapore. He is also a fellow member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

TAN HUP FOI @ TAN HUP HOI

Independent Director

Mr Tan joined the Board as an Independent Director in April 2006. He is the Chairman of the Nominating Committee and the Remuneration Committee and is a member of the Audit Committee. He is the Honorary Vice-President of the International Association of Public Transport (UITP) and Honorary Chairman of UITP Asia-Pacific Division. Mr Tan has over 30 years experience in the transport industry. He was the Chief Executive of

Trans-Island Bus Services Ltd from 1994 to 2005 and also the Deputy President of SMRT Corporation Ltd from 2003 to 2005. A Colombo Plan scholar, Mr Tan graduated from Monash University in Australia with a First Class Honours degree in Mechanical Engineering in 1974 and he obtained a Master of Science (Industrial Engineering) degree from University of Singapore in 1979. Mr Tan was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 1996 and Bintang Bakti Masyarakat (Public Service Star) in 2008 by the President of Republic of Singapore.

TEO BENG TECK

Non-Executive Director

Mr Teo joined the Group as a Non-Executive Director in November 2003 and was appointed as an Executive Director on 15 January 2007. Mr Teo had relinquished his role as an executive director on 1 April 2011 and now serves the Company as a non-executive director. Mr Teo is currently a member of the Audit, Remuneration and Risk Management Committees. He has more than 40 years of experience in engineering and construction in both public and private sectors. He holds a Bachelor of Engineering and a Master of Science in Construction Engineering from The University of Singapore. Mr Teo is also a Chartered Secretary and holds memberships with several professional bodies relating to management and logistic services.

**SEE YEN TARN****KOO CHUNG CHONG****LEE QUANG LOONG****WONG WAI LIN, EILEEN****WAN BAO YUAN, MAX****HENNY MARIANE SUTEDJO****TAN YONG BENG****CHUA KENG GUAN****LAWRENCE CHONG
JONG AN**



LIM YEOW BENG



GWEE BOON HONG



GOH SWEE LENG



LIM KOH SENG



KELVIN CHUE MUN WAI



LOH BOON CHONG



LIM YONG KENG DANNY (LIN
YONGQING)



PHOON SOO HIN



HAH HEN KHEAN



KAAN CHI LOONG



LIM LEONG KOO



YEE LIP CHEE

EXECUTIVE COMMITTEE (EXCO) MEMBER OF CSC GROUP

SEE YEN TARN

Executive Director / Group Chief
Executive Officer/EXCO Member of
CSC Group

Mr See is also the Executive Director of the Board of Directors of the Company. Please refer to page 23 of the Annual Report for his profile under the Board of Directors' section.

KOO CHUNG CHONG

Group Chief Operating Officer/EXCO
Member of CSC Group

Mr Koo has been with the Group since 1996. He joined the Group as Senior Project Engineer and rose through the ranks of the Group. In 2010, he became an EXCO Member of the Group and in June 2016, he was promoted to the position of Group Chief Operating Officer.

Mr Koo has been with the Group for more than 20 years. His experience includes foundation engineering, property and management in both local and overseas markets. He was a former Council Member of Singapore Contractor Association (SCAL). Mr Koo holds a Diploma in Civil Engineering from the Singapore Polytechnic and a Bachelor degree (Hons) in Engineering (Civil & Structural) from the University of Sheffield, England.

LEE QUANG LOONG

Chief Financial Officer and Company
Secretary/EXCO Member of CSC
Group

Mr Lee joined the Group as Manager to the Chief Executive Officer's Office in December 2006 where he was responsible for the corporate finance activities of the Group. He was subsequently promoted to the position of Deputy Financial Controller in April 2007 and then Chief Financial Officer in February 2010. In April 2015, he was appointed as an EXCO Member of CSC Group.

Mr Lee has more than 20 years of working experience in the field of finance, tax and audit. Mr Lee obtained his professional accountancy qualification from The Association of Chartered Certified Accountants (ACCA) in 1997 and is currently a member of the Institute of Singapore Chartered Accountants.

CENTRALISED SUPPORT

LIM YEOW BENG

Director, Contracts

Mr Lim joined the Group as General Manager, Contracts & Legal in January 2003. In April 2017, he was appointed as Director, Contracts, overseeing the management of Contract Department as well as advising all legal, insurance and contract related matters of the Group. He has more than 30 years experience in this field.

GWEE BOON HONG

Director, Technical

Mr Gwee joined the Group when the Group acquired L&M Foundation Specialist Pte Ltd in November 2006. He was promoted to Director, Technical in April 2017 overseeing the management and operation of Technical Department.

He holds a Bachelor degree in Engineering (Civil) and a Master degree in Engineering from the National University of Singapore in addition to a Certified Diploma in Accountancy and Finance from ACCA. He is currently a registered Professional Engineer (Civil & Geotechnical) in Singapore. He has more than 20 years of design and construction experience in geotechnical engineering works in Singapore as well as in the South East Asia region.

GOH SWEE LENG

General Manager, Marketing/Tender

Mr Goh joined the Group as Marketing Manager in Jun 2008 and was promoted to Senior Manager, Group Marketing/Tender in April 2014. In April 2019, he was promoted to General Manager, Marketing / Tender.

Mr Goh has more than 20 years of experience in Foundation, Geotechnical, Civil and Marine Construction in Singapore. He holds a Bachelor of Science in Civil Engineering from National Taiwan University, Taiwan in 1986.

LIM KOH SENG

Head, Group Human Resource & Administration

Mr Lim joined the Group in January 2012 as Head, Group Human Resource and Administration.

He has more than 25 years of Human Resource experience in both the private sector and the public sector. Mr Lim obtained his Bachelor degree in Business Administration from the National University of Singapore and subsequently a post graduate degree in Master of Science in Human Resource Management from the National University of Ireland.

WONG WAI LIN, EILEEN

Senior Purchasing Manager

Ms Eileen Wong has been with the Group since 2007 as a Senior Manager in Purchasing Department. She heads the Group's Purchasing Department and supports purchasing processes for all subsidiaries. She has more than 20 years of managerial experiences in procurement field for various industries which include construction.

She obtained her Master Degree in Business Administration with University of Dubuque, IOWA USA in 1994.

WAN BAO YUAN, MAX

Head, Plant & Workshop (Singapore Foundation Engineering Group)

Mr Max Wan joined CS Construction & Geotechnic Pte Ltd as Manager, Plant & Machinery in December 2007 and was promoted to Senior Manager, Plant & Machinery in April 2013. His role has been further expanded with his appointment as Head, Plant & Workshop of Singapore Foundation Engineering Group in April 2019.

Mr Max has more than 30 years of experience in the mechanical field designing, making Hydraulic Winches, Power Packs and Rotators for the Building Industry. He holds a Diploma in Mechanical Engineering from Ngee Ann Polytechnic.

HENNY MARIANE SUTEDJO

Senior IT Manager

Ms Henny Sutedjo joined CSC in September 2019 as Senior IT Manager. She is responsible for the delivery of all strategic business IT and digital transformation initiatives. Her team's mission is to drive business value by delivering solutions, capabilities, support and operational excellence.

Ms Henny has more than 15 years of IT Operations managing projects, ERP, business critical applications and infrastructure experience in Asia Pacific. She received her Master Science in Information Studies from Nanyang Technological University in 2007 and is a PMP-certified Project Manager since 2010.

OPERATION**SINGAPORE****BORED PILES DIVISION****KELVIN CHUE MUN WAI**

General Manager of CS Bored Pile System Pte Ltd ("CSBP") and DW Foundation Pte Ltd ("DWF")

Mr Chue joined the Group in January 2012 as Senior Project Manager of DWF. He was subsequently appointed the Deputy General Manager of CSBP and DWF in March 2017. In April 2018, he was appointed as General Manager of CSBP and DWF.

Mr Chue has more than 18 years of experience in the field of geotechnical, foundation and civil engineering / infrastructure works. He holds a Bachelor Degree in Engineering (Civil) from Nanyang Technological University, Singapore.

DIAPHRAGM WALLS AND SOIL IMPROVEMENT DIVISIONS**LOH BOON CHONG**

Director of L&M Foundation Specialist Pte Ltd ("LMFS")

Mr Loh joined the Group as Deputy General Manager in May 2010. In April 2011, he was promoted as General Manager of CS Construction & Geotechnic Pte Ltd. In January 2016, he was appointed a Director of LMFS to manage LMFS and all its related business.

Mr Loh has more than 20 years of experience in the field of geotechnical, foundation and civil engineering works. He holds a Bachelor Degree in Engineering (Civil) from Nanyang Technological University, Singapore.

DRIVEN PILES / JACK-IN PILES / MICRO PILES

LIM YONG KENG DANNY (LIN YONGQING)

Director of CS Construction &
Geotechnic Pte Ltd ("CSCG")

Mr Danny Lim has been with the Group since 1996 when he was a Site Engineer. He was promoted as the General Manager of CSCG on April 2016. In April 2017, he was appointed as Director of CSCG overseeing general management and operations matters of CSCG.

He has more than 20 years of geotechnical and foundation experience and is currently managing the business operations of Driven Piles, Jack-in Piles and Micro Piles.

He obtained his Diploma in Civil Engineering from the Singapore Polytechnic, and holds a Bachelor of Engineering (Hons) Degree in Civil Engineering from the University of Glasgow, Scotland UK.

SOIL INVESTIGATION, INSTRUMENTATION AND SPECIALISED SURVEYING WORKS

PHOON SOO HIN

Director of Soil Investigation Pte Ltd ("SIPL")

Mr Phoon joined the Group in May 2008 as a Senior Project Manager of CS Construction & Geotechnic Pte Ltd. He was subsequently appointed the Managing Director of Siam CSC Engineering Co Ltd ("SCE") in March 2011 where he was responsible for the foundation engineering works, business development and management of SCE in Thailand.

In January 2017, he was appointed as Director, Regional Business where he was responsible for identifying new business opportunities in the regional market and overseeing the development of new overseas businesses and projects. In July 2018, he was appointed as Director of SIPL where he was responsible for overall management of SIPL.

Mr Phoon has more than 30 years of working experience, mainly in geotechnical and foundation engineering works. He was also involved in the operation of bored piling, diaphragm wall, and micro piling works in various countries such as Malaysia, Indonesia and Vietnam for several years before joining the Group. He holds a Bachelor of Science in Civil Engineering from National Cheng Kung University, Taiwan.

TAN YONG BENG

General Manager of Soil Investigation Pte Ltd ("SIPL")

Mr Tan joined the Group in December 2012 as a Pile Instrumentation Manager and was subsequently promoted to Senior Manager in May 2016, in which he oversees the operations and development of the various departments. In July 2018, he was appointed as the General Manager of SIPL overseeing the general management and operations matters.

Mr Tan graduated with a Bachelor Degree in Civil and Environmental Engineering from Nanyang Technological University in 2003. He has 10 years' experience in soil investigation and geotechnical engineering. He has accumulated extensive overseas working experience on iconic projects during his career formative years, specializing in deep foundation testing. He later honed his skills in a government statutory board and subsequently took up a business development role with a local property developer before joining SIPL.

CHUA KENG GUAN

Managing Director of Wisescan Engineering Services Pte Ltd ("WES")

Mr Chua joined the Group as the Managing Director of WES when the Group acquired WES in April 2008.

Mr Chua has over 40 years of experience in the field of Geomatic Engineering. He is the founder of WES and is currently a qualified Registered Surveyor in Singapore, a Fellow member of the Institution of Civil Engineering Surveyors, UK and a Fellow member of the Singapore Institute of Surveyors and Valuers.

SALES AND LEASE OF FOUNDATION ENGINEERING EQUIPMENTS AND ACCESSORIES

LAWRENCE CHONG JONG AN

Managing Director of THL Foundation Equipment Pte Ltd ("THLFE")

Mr Chong was the co-founder and the Managing Director of THLFE since July 1994 where he was in charge of the overall business operations and management of THLFE. He joined the Group when the Group acquired THLFE in June 2002.

He has with him more than 30 years of experience in the field of civil engineering, particularly in foundation and geotechnical engineering. Mr Chong holds a Bachelor of Science (Hons) degree in Civil Engineering from the Heriot-Watt University, United Kingdom.

HAH HEN KHEAN

Managing Director of ICE Far East Pte Ltd ("ICEFE")

Mr Hah joined ICEFE in January 1999. He joined the Group when ICEFE sold a majority stake to THL Foundation Equipment Pte Ltd in June 2011. Mr Hah has more than 30 years of experience in the civil and structural engineering field.

Mr Hah graduated from Nanyang Technological University with a Bachelor degree (Hons) in Civil and Structural Engineering and is also a member of the Institution of Engineers, Singapore.

He started his career with Housing & Development Board. He then joined international French contractor Dragages Singapore where he was involved in various projects in Singapore and Indonesia before joining ICEFE.

Mr Hah was promoted to his current position of Managing Director of the ICE Far East Group (with subsidiaries in Malaysia, Hong Kong and Thailand) in July 2014.

KAAN CHI LOONG

Director of THL Foundation Equipment Pte Ltd ("THLFE")

Mr Kaan joined THLFE as a sales engineer in June 1994. He was subsequently promoted to General Manager in July 2008. In June 2017, he was promoted to Director of THLFE overseeing general management and overseas expansion of THLFE.

Mr Kaan has more than 20 years of experience in the field of foundation and geotechnical engineering including foundation equipment sales. He holds a Bachelor of Engineering (Civil) from the National University of Singapore.

MALAYSIA

BORED PILES / DIAPHRAGM WALLS DIVISION

DRIVEN PILES, JACK-IN PILES & MICRO PILES DIVISION

LIM LEONG KOO

Managing Director of G-Pile Sistem Sdn Bhd ("G-Pile") and Borneo Geotechnic Sdn Bhd ("BG")

Mr Lim joined the Group in July 2006 as Senior Manager (International Business/Special Projects). He was subsequently appointed a Director of G-Pile. He was promoted to his current position as the Managing Director of G-Pile in February 2009. In March 2017, he was appointed as Managing Director of BG and is now in charge of the Group's Malaysian operations.

Mr Lim has more than 30 years of experience in the field of geotechnical and foundation engineering in Malaysia and Singapore. He holds a Bachelor Degree (Hons) in Civil Engineering from the Middlesex Polytechnic, UK.

VIETNAM

BORED PILES AND OTHER GEOTECHNICAL ENGINEERING SERVICES

YEE LIP CHEE

General Director of L&M Foundation Specialist (Vietnam) Limited Company ("LMVN")

Mr Yee joined the Group in 2008 as General Director of LMVN where he was responsible for the business operation and management of LMVN.

Mr Yee has more than 28 years of experience in the field of deep foundation works. He holds a Bachelor degree in Civil Engineering from the National Taiwan University.



1. 24 July 2019 | 2019 AGM
2. 8 August 2019 | 7th Month Prayer
3. 17 January 2020 | Shou Gong Dinner
4. 30 January 2020 | Kai Gong Ceremony

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PROXY FORM

CSC Holdings Limited (the “**Company**”) continues to nurture a high standard of corporate governance and confirms its commitment to comply with the principles and guidelines of the Code of Corporate Governance 2018 (the “**Code**”), with the aim to preserve and enhance shareholders’ value. This report describes the corporate governance framework and practices that the Company has adopted with reference to the Code. Unless otherwise stated, the Group has generally adhered to the principle and guidelines as set out in the Code during the financial year ended 31 March 2020 (“**FY2020**”).

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

The Board is primarily responsible for directing the affairs of the Company in order to achieve the goals set for the Group. The responsibility includes setting the strategic direction and long term goals, internal controls and risk management, corporate governance and financial performance of the Group.

The Board works closely with Management ensuring that their duties and responsibilities stipulated under the Companies Act and applicable rules and regulations are complied with and their obligations towards shareholders and other stakeholders are met. The Board will hold management accountable for performance.

The Board has adopted a policy where the Directors who are interested in any matter being considered, recuse themselves from discussion and decision-making involving the issue of conflict.

With assistance of the Company Secretaries, the Board and the Management are continually apprised of their compliance obligations and responsibilities arising from regulatory requirements and changes in the Listing Manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The Company also has in place a budget for the Directors’ training programmes on an annual basis and the Directors are encouraged to participate in industry conferences, seminars, courses or training programmes in connection with their duties and responsibilities as the Directors of the Board and Board Committees, in order to keep abreast of the latest rules, regulations and accounting standards in Singapore.

The Directors have been keeping themselves abreast with the latest rules, regulations and accounting standards applicable to the Group during the course of their principal commitments, in addition to the regular digest provided by the Company Secretaries and external auditors.

It is noted that there is no new director appointed to the Board of the Company in FY2020.

The Board comprises the following members:

Executive Director

Mr See Yen Tarn (Executive Director and Chief Executive Officer (“**CEO**”))

Non-Executive Directors

Dr Leong Horn Kee (Non-Executive Chairman & Independent Director)

Mr Ong Tiew Siam (Independent Director)

Tan Hup Foi @ Tan Hup Hoi (Independent Director)

Teo Beng Teck (Non-Executive Director)

The matters specifically reserved for the Board's decision include but are not limited to:

- (1) Approving the Group's goals, strategies and objectives;
- (2) Monitoring the performance of Management;
- (3) Overseeing the processes for evaluating the adequacy and effectiveness of internal controls, risk management systems, financial reporting and compliance of the Group;
- (4) Approving the appointment of Directors of the Company and Key Management Personnel of the Group;
- (5) Approving the announcement of unaudited half year financial results, unaudited full year financial results and audited financial statements;
- (6) Endorsing remuneration framework and key human resource matters of the Group;
- (7) Convening of general meetings;
- (8) Approving annual budgets, major funding proposals, major acquisition and major disposal of investments according to the Listing Manual of the SGX-ST; and
- (9) Assuming responsibility for corporate governance and compliance with the Companies Act, Chapter 50 and the rules and regulations applicable to a public listed company.

To facilitate effective management, certain functions have been delegated to various Board Committees i.e., Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Risk Management Committee ("**RMC**") and Remuneration Committee ("**RC**"), each of which has its own clear written terms of reference ("**TOR**"). The TORs are reviewed on a regular basis to ensure their continued relevance with the Code.

The Management together with the Board Committees support the Board in discharging its duties and responsibilities. The roles and powers of the Board Committees are set out separately in this Statement.

The Board meets at least quarterly and more frequently as and when required, to review and evaluate the Group's operations and performance and to address key policy matters of the Group, where necessary.

The Constitution of the Company allows Board and Board Committees meetings to be conducted by way of teleconferencing to facilitate Board participation.

In the absence of Board and Board Committees meetings, the Board and the Board Committees discuss, deliberate and approve the matters specially reserved to them by way of resolutions in writing in accordance with the Company's Constitution and Board Committees' term of references where applicable.

The number of Board and Board Committees meetings held in relation to FY2020 and the attendance of each Director, where relevant, is set out as follows:

Name of Directors	Board Meeting		Audit Committee		Remuneration Committee	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Dr Leong Horn Kee	6	6	4	4	2	2
See Yen Tarn	6	6	NA	NA	NA	NA
Teo Beng Teck	6	6	4	4	2	2
Ong Tiew Siam	6	6	4	4	2	2
Tan Hup Foi @ Tan Hup Hoi	6	6	4	4	2	2

Name of Directors	Nominating Committee		Risk Management Committee	
	No. of Meetings	Attendance	No. of Meetings	Attendance
Dr Leong Horn Kee	1	1	NA	NA
See Yen Tarn	1	1	4	4
Teo Beng Teck	NA	NA	4	4
Ong Tiew Siam	NA	NA	4	4
Tan Hup Foi @ Tan Hup Hoi	1	1	NA	NA

Directors with multiple board representation are to disclose such board representations and ensure that sufficient time and attention are given to the affairs of the Company.

Board papers for Board and Board Committee meetings are supplied to the Directors prior to meetings in order for the Directors to be adequately prepared for meetings, including all relevant documents, materials, background or explanatory information relating to matters to be brought before the Board and Board Committees.

The Board, the Board Committees and the Directors have separate and independent access to Management, the Company Secretary and external advisors (where necessary) at the Company's expense and are entitled to request from Management such information or clarification as required.

Professional advisors may be invited to advise the Board, or any of its members, if the Board or any individual member thereof needs independent professional advice.

The Company Secretary attends all Board and Board Committees meetings and is responsible for ensuring that Board procedures are followed and the minutes of all Board and Board Committees meetings are recorded and circulated to the Board and Board Committees.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The criterion for independence is based on the definition set out in the Code and Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 210(5)(d) of the Listing Manual of the SGX-ST. The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The NC conducted its annual review of the Directors' independence according to the Code and Rule 210(5)(d) of the Listing Manual of the SGX-ST. In its deliberation as to the independence of a Director, the NC takes into consideration whether a Director has any business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement in the best interest of the Company. The Independent Directors constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance.

As of the date of the Annual Report, the Company has not appointed any Alternate Director.

The Board is of the view that a strong element of independence is present in the Board with Non-Executive and Independent Directors making up majority of the Board. The Board exercises objective and independent judgement on the Group's corporate affairs. No individual or group of individuals dominates the Board's decision-making.

For FY2020, the Board has five Directors, one (1) Executive Director and four (4) Non-Executive Directors, three of them are independent. The Board complies with the Guideline by having majority of the Board made up of Non-Executive Independent Directors.

Members of the Board, have experience in accounting or finance, business management, legal or corporate governance, relevant industrial knowledge, strategic planning and customer-based experience or knowledge. Their profiles are set out on page 25 of the Annual Report.

The size and composition of the Board are reviewed annually by the NC, taking into account the scope and nature of operations of the Company, to ensure that the size of the Board is appropriate to facilitate effective decision-making, and that the Board has an appropriate balance of independent Directors. During FY2020, the NC conducted its annual review of the Directors' independence and was satisfied that the Independent Directors made up a majority of the Board.

For FY2020, Non-Executive Directors represented a majority of the Board members and contributed to the Board process by monitoring and reviewing management's performance against the established goals and objects. The Non-Executive Directors meet without the presence of Management, where necessary. Their views and opinions provide alternate perspectives to the Group's business. When challenging Management's proposals or decisions constructively, the Non-Executive Directors bring independent and objective judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board and its Board Committees have a wide range of core competencies, experiences, skills and knowledge in, but not limited to, the fields of business development, business management, industry knowledge, financial, legal and accounting.

The composition of the Board is reviewed annually by the NC and the Board to ensure that there is an appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective of issues that are brought before the Board.

Given the diverse qualifications, experience, background, gender and profile of the Directors, including the Independent Directors, the NC is of the view that the current Board members as a group provides an appropriate balance and diversity of relevant skills, experience and expertise required for effective management of the Group.

The Board is of the view that the current size, composition, range of experience and the varied expertise of the current Board members provides core competencies in business, investment, industry knowledge, legal, regulatory matters, audit, accounting and tax matters which are necessary to meet the Group's needs.

For FY2020, the Independent Directors have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 210(5)(d) of the Listing Manual of the SGX-ST. The Board, based on the review conducted by the NC, has determined that the said Directors are independent.

BOARD DIVERSITY

The Company recognizes and embraces the importance of diversity towards a well-functioning and effective Board and has adopted a Board Diversity Policy. The Company acknowledges that having diversity of thought and background in the Board's composition enables the Board to avoid groupthink, foster constructive debate and make decisions in the best interests of the Company.

The policy defines diversity to refer not only to gender but also to skill-sets, experience, ethnicity, age, background and other relevant personal attributes important in providing range of perspectives, insights and challenge needed to support good decision-making.

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

- (1) by assessing the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- (2) evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The Board, supported by the NC, will consider factors such as skills, experience, ethnicity, age, background, independence, knowledge, age when reviewing the Board Composition and Board succession planning so as to ensure an appropriate level of diversity is maintained at the Board. The NC will consider the results of the above steps in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors who have extensive experience in jurisdictions outside Singapore that can help the Company to deal or expand its business outside Singapore.

The Board has determined that it is of an appropriate size to meet the objective of having a balance of skills and experience. The Board comprises business leaders and professionals with finance, engineering, business and management backgrounds and its composition enables the Management to benefit from a diverse and objective external perspective, on issues raised before the Board. Each Director has been appointed on the strength of his calibre, experience and his potential to contribute to the Group and its business.

Non-Executive and Independent Directors of the Board exercise no management functions in the Company or its subsidiary. Although all the Directors have an equal responsibility for the Group's operations, the roles of the Non-Executive and Independent Directors are particularly important in ensuring that the proposals by Management are fully discussed, examined and constructively challenged. The Non-Executive and Independent Directors help to develop proposals on business strategies, business operations and practices of the Group. In addition, the Non-Executive and Independent Directors evaluate the performance of Management by determining whether Management has met specific goals and objectives, which are pre-determined by the Board.

The Board, with the concurrence of the NC, had reviewed and considered the size and mix of the Board and the Board Committees annually and is of the view that the current Board composition provides an appropriate balance and diversity of relevant gender, skills, experience and expertise required for effective management of the Group. The NC will continue to assess on an annual basis the diversity of the Board and to ensure that the diversity would be relevant to the business of the Group.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

There is a clear division of roles and responsibilities between the Chairman and the CEO.

Dr Leong Horn Kee is the Group's Independent Non-Executive Chairman. He leads the Company's compliance with guidelines on corporate governance and is free to act independently in the best interests of the Company and its shareholders. As Chairman, Dr Leong is responsible for amongst others, the proper carrying out of the business of the Board at its meeting, and he represents the collective leadership of the Company's Board of Directors and ensures that Management provides the Board with complete, adequate and timely information and there is effective communication with shareholders of the Company. The Chairman, with the assistance of the Company Secretary ensures that the board meetings are held when necessary and sets the board meeting agenda in consultation with the CEO. He encourages constructive relations, mutual respect and trust within the Board and between the Board and Management and facilitates the effective contribution of Non-Executive Directors.

The Group CEO is Mr See Yen Tarn, who is responsible for the day-to-day operations of the Group, as well as monitoring the quality and timeliness of information flow between the Board and the Management.

The Board is of the view that the current leadership structure is in the best interests of the Group. The decision making process of the Group would not be unnecessarily hindered as there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence. In addition, all the Board Committees are chaired by Independent Directors of the Company.

PRINCIPLE 4: BOARD MEMBERSHIP**PRINCIPLE 5: BOARD PERFORMANCE****NOMINATING COMMITTEE**

The NC comprises Mr Tan Hup Foi @ Tan Hup Hoi (Chairman), Dr Leong Horn Kee and Mr See Yen Tarn, the majority of whom, including the Chairman, are independent.

The NC is responsible for reviewing the composition and effectiveness of the Board and determining whether the Directors possess the requisite qualifications and expertise and whether the independence of the Directors is compromised pursuant to the guidelines set out in the Code.

The key duties of the NC includes but not limited to the following:

- (a) To review annually the independent of each Director with reference to the guideline set out in the Code;
- (b) To review all nominations for new appointments and re-election of Directors, put forth their recommendations for approval by the Board and ensure the new directors are aware of their duties and obligation;
- (c) To determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly, when a Director has multiple Board representations;
- (d) To review Board succession plans, in particular, the Chairman and CEO;
- (e) To assess the effectiveness of the Board as a whole and NC; and
- (f) To review training and professional development programs for the Board.

New Directors of the Company and the Group are appointed by way of Board resolutions of the respective companies. The NC identifies suitable candidates for appointment to the Board having regard to the background, experience, professional skills and personal qualities of the candidates. The NC makes recommendations to the Board on candidates it considers appropriate for appointment. The NC has formalised this process and has adopted procedures for the selection, appointment and re-appointment of Directors, in order to increase transparency of the nominating process. According to the Regulation 108 of the Constitution, all new Directors of the Company will submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company.

New Directors will undergo an orientation programme whereby they are briefed by the Company Secretary of their obligations as Directors, as well as the Group's corporate governance practices, and relevant statutory and regulatory compliance issues, as appropriate. They will also be briefed by Management on the Group's industry and business operations.

In addition, the Regulation 104 of the Constitution also provides that at least one-third of the Directors will be subjected to re-election by rotation at each AGM. The NC makes recommendations to the Board as to whether the Board should support the re-election of a Director who is retiring in accordance with the Regulation 104. Accordingly, the Directors submit themselves for re-nomination or re-election at regular intervals.

The table below provides information pertaining to each Director's date of appointment and date of the last re-election:

Name of Directors	Date of appointment/ Date of last re-election	Functions	Current directorships in other listed companies and other major appointments	Past directorships in other listed companies and major appointments over the preceding three years
Dr Leong Horn Kee	28 July 2018 / 24 July 2019*	Independent Non-Executive Chairman Member of the Audit Committee, Remuneration Committee and Nominating Committee	Director of – IGG Inc – SPH Reit Management Pte Ltd which is the management company of listed company, SPH Reit – ESR Funds Management (S) Limited which is the management company of listed company, ESR Reit	Director of – Tat Hong Holdings Ltd – Viva Industrial Trust Management Pte Ltd which is the management company of listed company, Viva Industrial Trust
Mr See Yen Tarn	11 November 2005/ Not subject to retirement under Regulation 104 of the Company's Constitution	Group Chief Executive Officer Member of the Nominating Committee, Risk Management Committee and Executive Committee	Director of – Eindex Corporation Limited	Director of – LCT Holdings Limited – Singhaiyi Group Ltd
Mr Teo Beng Teck	24 November 2003/ 24 July 2019	Non-Executive Director Member of the Risk Management Committee, Audit Committee and Remuneration Committee	Nil	Nil
Mr Ong Tiew Siam	28 July 2018 / 24 July 2019	Independent Director Chairman of the Audit Committee and Risk Management Committee and member of Remuneration Committee	Director of – Valuetronics Holdings Limited	Director of – Tat Hong Holdings Ltd – Design Studio Group Ltd

Name of Directors	Date of appointment/ Date of last re-election	Functions	Current directorships in other listed companies and other major appointments	Past directorships in other listed companies and major appointments over the preceding three years
Mr Tan Hup Foi @ Tan Hup Hoi	3 April 2006 / 25 July 2018*	Independent Director Chairman of Nominating Committee and Remuneration Committee and member of Audit Committee	Nil	Nil

* Mr Tan Hup Foi @ Tan Hup Hoi and Dr Leong Horn Kee will be retiring under Regulation 104 of the Company's Constitution and will be offering themselves up for re-election at the forthcoming Annual General Meeting.

Although the Independent Directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective.

Mr Tan Hup Foi @ Tan Hup Hoi has served on the Board for more than nine years. The Board does not impose a limit on the length of service of the Independent Directors. The Board's emphasis is on the Director's contribution in terms of skill, experience, professionalism, integrity, objectivity and independent judgement to discharge the Director's duties in the best interest of the Company. Such attributes are more critical in ascertaining the effectiveness of the Directors' independence than the years of service.

In considering whether the independent directors who have served on the Board for more than nine years are still independent, the NC, *inter alia*, including the guidance in accordance with Guideline of the Code, has also taken into consideration the following factors:-

- (a) The considerable amount of experience and wealth of knowledge that each Independent Director brings to the Company.
- (b) The attendance and active participation in the proceedings and decision making process of the Board and Committee meetings.
- (c) Provision of continuity and stability at the Board level as each Independent Director has developed deep insight into the business of the Company and possesses experience and knowledge of the business.
- (d) The qualification and expertise of each Independent Director provides reasonable checks and balances for the Management.
- (e) Each Independent Director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company. Each of them is adequately prepared, responsive and actively involved in the discussions at the meeting.
- (f) Each Independent Director provides overall guidance to Management and acts as safeguard for the protection of Company's assets and shareholders' interests.
- (g) Each Independent Director is the Chairman of their respective committees and has led their respective Board Committees effectively in making independent and objective decision.

The NC also considered that there was a change of composition of Executive Directors, Management and controlling shareholders when the founding shareholders sold their shares.

The NC also reviews the independence of Board members annually based on the internal assessment criteria and guidance as set out in the Code. The Independent Non-Executive Directors are required to confirm their independence annually, and disclose any relationships or appointments which would impair their independence to the Board.

In furtherance to rigorous review of independence of Independent Directors, the NC had re-designed and enhanced the internal assessment criterias. The rigorous review is applied equally to all Independent Directors and not just to Independent Directors who have served on the Board for more than nine years. Factors considered in this rigorous approach include questions on family connections, voting arrangements at shareholders'/directors' meetings, financial dependency on director fees and level of objectivity demonstrated at meetings, character and attitude of the Independent Directors including whether such Directors:-

- are free from any interest, business or other relationship with the Company and its subsidiaries, its related corporations, substantial shareholders which could reasonably be perceived to interfere with the exercise of Director's independent business judgement with a view to the best interest of the Company; and
- has any material contractual relationship with the Group other than as a Director.

After rigorous review, the NC (save for Mr Tan Hup Foi @ Tan Hup Hoi who abstained from deliberation on this matter) with the concurrence of the Board, that Mr Tan Hup Foi @ Tan Hup Hoi has at all times exercised independent judgement in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

Taking into account of the above, the Board has affirmed the independence status of Mr Tan Hup Foi @ Tan Hup Hoi and resolved that he continues to be considered an Independent Director, notwithstanding he has served on the Board beyond nine (9) years from the date of his first appointment.

The NC has recommended the nomination of Mr Tan Hup Foi @ Tan Hup Hoi and Dr Leong Horn Kee for re-election as Directors at the forthcoming AGM. The Board has accepted this recommendation and being eligible, Mr Tan Hup Foi @ Tan Hup Hoi and Dr Leong Horn Kee will be offering themselves for re-election at the AGM. The additional information of the retiring Directors, Mr Tan Hup Foi @ Tan Hup Hoi and Dr Leong Horn Kee, is set out on pages 171 to 177 of this Annual Report.

With effect from 1 January, 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the "Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

The Board has recommended that the approval of the shareholders be sought through a Two-Tier Voting process at the forthcoming AGM for the continuation of office of Mr Tan Hup Foi @ Tan Hup Hoi, who has served as an Independent Non-Executive Director of the Company for an aggregate term of more than nine years, as an Independent Non-Executive Director of the Company.

The Board has determined that Mr Tan Hup Foi @ Tan Hup Hoi continues to remain objective and independent-minded in Board deliberations. His vast experience enables him to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and that his length of service does not in any way interfere with his exercise of independent judgment nor hinder his ability to act in the best interest of the Company.

Each member of the NC is required to abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC in respect of his re-nomination as a Director.

The NC has formalized a procedure for the selection, appointment and re-election of Directors. Letters of appointment will be issued to new Non-Executive and Independent Directors setting out their duties, obligations and terms of appointment as appropriate while a service agreement accompanied with supporting documents setting out duties, responsibilities and terms of appointment will be given to new Executive Director. This provides the procedure for identification of potential candidates, evaluation of candidates' skills, knowledge and experience, assessment of candidates' suitability and recommendation for nomination to the Board.

The composition of the Board, including the selection of candidates for new appointments to the Board, is determined based on the following principles:

- there should be a strong and independent element on the Board, with Independent Directors making up at least one-third of the Board where:
 - (a) the Chairman of the Board and the CEO is not the same person; and
 - (b) the Chairman of the Board should be an Independent Non-Executive Director.
- the Board should comprise business leaders and professionals with finance, engineering, business and management backgrounds.

The NC is of the view that the Board comprises Directors capable to exercise objective judgement on corporate affairs independently from Management and that no individual or small group of individuals is allowed to dominate the Board's decision making.

The NC has in place a performance evaluation process where effectiveness of the Board as a whole is carried out on an annual basis following the conclusion of each financial year.

The evaluation questionnaire focuses on a set of performance criteria, which includes the size and composition of the Board, the Board's access to information pertaining to the Company, the efficiency and effectiveness of Board processes and the standards of conduct of Directors. All Directors are required to complete the evaluation questionnaire. The findings of the evaluation questionnaire are collated and analysed, and thereafter present to the NC for discussion. The NC will then present the findings of the evaluation questionnaire and make its recommendation to the Board.

The evaluation questionnaire, which allows for comparison with industry peers, is approved by the Board and they address how the Board has enhanced long term shareholder value. The Board has not changed any of such performance criteria or questions during FY2020.

Although the Directors are not evaluated individually, the factors taken into considerations for the re-nomination of a Director include the Director's attendance at meetings held during the financial year and the contributions made by that Director at those meetings.

Recommendations to further enhance the effectiveness of the Board and Board Committees are implemented as and when appropriate, if any.

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

REMUNERATION COMMITTEE

The RC comprises four Non-Executive Directors, namely Mr Tan Hup Foi @ Tan Hup Hoi (Chairman), Dr Leong Horn Kee, Mr Ong Tiew Siam and Mr Teo Beng Teck, the majority of whom, including the Chairman, are independent. The RC has access to external expert advice, if required.

The key responsibilities of the RC include but not limited to the following:

- (1) To recommend to the Board a framework of remuneration for Executive Directors and Key Management Personnel of the Group that is aligned with the interests of shareholders and ensure that such remuneration is appropriate to attract, motivate and retain the right talents for the Group;
- (2) To review and recommend to the Board for their endorsement on the annual remuneration packages for Executive Directors, Key Management Personnel and employees related to Directors or controlling shareholders of the Group, if any, which include a performance-related variable bonus component.
- (3) To review and recommend to the Board the benefits under any long-term incentive schemes, if any, for Executive Directors and Key Management Personnel of the Group; and
- (4) To review the contracts of service of the Executive Directors and Key Management Personnel of the Group.

Each member of the RC is required to abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the RC in respect of matters concerned him, if any.

The recommendations of the RC pertaining to the service contracts of Directors are submitted for endorsement by the Board before the execution of any such service contracts.

The performance of the Company's Executive Directors (together with other Key Management Personnel) will be reviewed periodically by the RC and the Board to ensure that the remuneration of the Executive Directors and Key Management Personnel commensurate with their performance and that of the Company, having regard to the pay and employment conditions within the industry and local practices. The Remuneration Committee reviews the terms of compensation and employment of Executive Directors and Key Management Personnel at the time of their respective employment or renewal (where applicable) including considering the Company's obligations in the event of termination of services.

Further, the RC will take into consideration remuneration packages and employment conditions within the industry and within similar organisation structure as well as the Group's relative performance and the performance of individual employee.

The RC ensures that the remuneration packages of employees relating to the Directors and controlling shareholders of the Group, if any, are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The RC aims to be fair and avoid rewarding poor performance during the course of RC's duties including in the event of termination, termination clauses should be fair and not overly generously in respect of contract services entered into with Executive Directors and Key Management Personnel of the Group.

The RC has access to expert advice from external remuneration consultation, where required. In FY2020, the Board has engaged Korn Ferry (SG) Pte Ltd to conduct a total compensation review for top management and also Enable Consulting Pte Ltd to review and implement a new objective driven Key Performance Indicator Appraisal for management team (Head of Subsidiaries and Head of Departments).

The Company adopts a remuneration policy for Executive Directors and Key Management Personnel of the Group that comprise a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of profit-sharing or a variable bonus that is linked to the performance of the Group and the individual performance for the preceding financial year.

Currently, the Company does not have a long-term incentive, share option scheme or share award scheme within the Group.

Even though there are no contractual provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors or Key Management Personnel of the Group in exceptional circumstances of misstatement of financial results or of misconduct resulting financial loss to the Group, the Group will not hesitate to take legal actions against the personnel responsible in the event of such exceptional circumstances or misconduct resulting financial loss to the Group.

Directors' fees payable/paid to the Non-Executive and Independent Directors are set in accordance with a remuneration framework comprising a basic fee and increment fixed fee, taking into account of the level of responsibilities such as taking the roles of chairman and member of Board Committees.

The RC had recommended to the Board an amount of up to \$329,000 as Directors' fees for the year ending 31 March 2021. This recommendation had been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

The Board is of the view that the current remuneration structure is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term.

The remuneration paid to each Director of the Company for FY2020 is disclosed in the respective bands as set out below:-

Remuneration Band	Name of Directors	Directors' Fees (%)**	Service Fees (%)	Salaries ⁽¹⁾ (%)	Bonus ⁽²⁾ (%)	Total (%)
\$750,000.01 – \$ 1,000,000	See Yen Tarn*	–	–	61.27	38.73	100
Below \$250,000	Dr Leong Horn Kee	100	–	–	–	100
	Ong Tiew Siam	100	–	–	–	100
	Tan Hup Foi @ Tan Hup Hoi	100	–	–	–	100
	Teo Beng Teck	70.87	29.13	–	–	100

* Mr See Yen Tarn is a Director of the Company and the Group CEO.

** Directors' fees are subject to approval at the AGM.

⁽¹⁾ The salary percentage shown is inclusive of allowances, benefits in kinds and CPF.

⁽²⁾ The bonus percentage shown is inclusive of CPF.

The Company has decided not to disclose the actual remuneration in dollar terms paid to the Directors and the CEO as the Company believes that such disclosure would be prejudicial to the Company's interests and hamper its ability to retain its Board of Directors and the CEO.

The remuneration and reward system for Key Management Personnel are designed to ensure competitive compensation to attract, retain and motivate employees to deliver high-level performance. Further, the level and mix of the variable remuneration component is structured to ensure that the total remuneration for Key Management Personnel are strongly aligned to the financial performance and return delivered to shareholders.

- (i) Fixed remuneration – Fixed remuneration includes an annual basis salary, and where applicable, fixed allowances, an annual wage supplement and other emoluments. Base salaries of key executives are determined based on the scope, criticality and complexity of each role, equity against peers with similar responsibilities, experience and competencies, individual performance and market competitiveness.

- (ii) Annual variable bonuses – The annual variable bonus is intended to recognize the performance and contributions of the individual, while driving the achievement of key business results for the Company. This bonus is linked to the achievement of pre-agreed financial and non-financial performance targets comprising strategy, business processes and organization and people development. It is designed to support the Group's business strategy and the ongoing enhancement of shareholder value through the delivery of annual financial strategy and operational objectives. At an individual level, the performance target bonus will vary accordingly to the actual achievement of the Group, business unit and individual performance.

The Code recommends that the Company should name and disclose the remuneration of at least the top five executives. However, the RC believes such disclosure would be disadvantageous to the Group's business interests, given the highly competitive environment in the construction industry where poaching of staff is prevalent.

In order to provide a macro perspective of the remuneration patterns of key executives, while maintaining the confidentiality, the disclosure of the top ten executives' remuneration (who are not Directors of the Company or the CEO) of the Group for the FY2020 are set out below:-

Remuneration Band	Number of Key Executives	Salaries ⁽¹⁾ (%)	Bonus ⁽²⁾ (%)	Others (Benefits in Kinds) (%)	Total (%)
\$500,000.01 to \$750,000	2	69.90	30.10	–	100
\$250,000.01 to \$500,000	8	75.31	24.69	–	100

⁽¹⁾ The salary percentage shown is inclusive of allowances, benefits in kinds and CPF.

⁽²⁾ The bonus percentage shown is inclusive of CPF.

The aggregate total remuneration paid to the top ten executives (who are not Directors of the Company or the CEO) of the Group for the FY2020 is approximately \$3,764,000.

None of the employees of the Group, who are immediate family members of a Director or the CEO, had remuneration exceeding \$100,000 during the year under review.

PRINCIPLE 9: ACCOUNTABILITY AND AUDIT

The Board recognises the importance of sound internal controls and risk management practices and acknowledges its responsibility for the systems of internal controls and risk management of the Group. In this regard, the role of the Board includes:

- ensuring that Management maintains a sound system of risk management to safeguard shareholders' interests and the Group's assets;
- determining the nature and extent of significant risks that the Board is willing to take in achieving its strategic objective;
- determining the levels of risk tolerance and risk policies of the Company;
- overseeing Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems); and
- reviewing the adequacy and effectiveness of the risk management and internal control systems annually.

In FY2020, the Management carried out an annual review of the Group's key risks and the effectiveness of the key internal controls of the Group.

RISK MANAGEMENT COMMITTEE

In order to assist the Board in fulfilling its oversight responsibilities on risk management, the Group has set up a RMC, comprising three Directors, namely Mr Ong Tiew Siam (Chairman), Mr See Yen Tarn and Mr Teo Beng Teck.

The RMC holds at least three meetings a year. The RMC assists the Board in reviewing risk policies and matters relating to management of risks.

The key functions of the RMC under its terms of reference include:

- (a) reviewing the overall operating risk management philosophy, guidelines and major policies for effective risk management, including risk profile, risk tolerance level and risk strategy;
- (b) reviewing of tendering procedure for major projects and risk management control in project management;
- (c) overseeing and advising the Board on the current operating risk exposure and future risk strategy of the Company;
- (d) reviewing periodically the effectiveness of the Group's internal controls and risk management systems and framework to manage and mitigate risk within the agreed strategy; and
- (e) evaluating risks in new business and in new markets.

INTERNAL CONTROLS

The Group maintains a robust and effective system of internal controls and risk management policies, addressing financial, operational, compliance and information technology risks, for all companies within the Group, to safeguard shareholders' interests and the Group's business and assets.

In year 2013, the Group has implemented an Enterprise Risk Management (ERM) programme on the identification, prioritisation, assessment, management and monitoring of key risks covering, *inter alia*, financial, operational, compliance and information technology faced by the Group. The key risks identified are reviewed by Management regularly and significant controls measures and procedure to control these risks are being implemented and highlighted to the Board and the AC.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group's assets and investments are safeguarded. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities. The Board reviews the adequacy and effectiveness of the Group's risk management and internal controls systems, including financial, operational, compliance and information technology controls, and risk management systems on an on-going basis.

The Group's key internal controls include:

- establishment of risk management policies and systems;
- establishment of policies and approval limits for key financial and operational matters, and issues reserved for the Board;
- maintenance of proper accounting records;

- the reliability of financial information;
- safeguarding of assets;
- ensuring compliance with appropriate legislation and regulations;
- engaging qualified and experienced persons to take charge of important functions; and
- implementation of safety, security and internal control measures and taking up appropriate insurance coverage for employees.

The Board has received the assurances from :-

- (a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the CEO and other key management personnel that the system of risk management and internal controls in place within the Group (including financial, operational, compliance and information technology controls) are adequate and effective in addressing the material risks in the Group in its current business environment.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliances and information technology controls and risk management systems were adequate and effective as at FY2020 to meet the needs of the Group in its current business environment.

The Board, together with the AC and Management, will continue to enhance and improve the existing internal control framework to mitigate the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

PRINCIPLE 10: AUDIT COMMITTEE

AUDIT COMMITTEE

The AC is empowered to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention, with full access to records, resources and personnel of the Group, to enable them to discharge its functions properly.

The AC comprises four Non-Executive Directors, namely Mr Ong Tiew Siam (Chairman), Mr Tan Hup Foi @ Tan Hup Hoi, Mr Teo Beng Teck and Dr Leong Horn Kee, the majority of whom, including the Chairman, are independent. At least two members, including the Chairman have relevant accounting and related financial management expertise or experience.

None of the members of the AC is a partner or director of the Group's auditing firms or auditing corporations or was a former partner or former director of the Group's auditing firms or auditing corporations. None of them has any financial interest in the Group's auditing firms or auditing corporations.

The AC has full access to Management and full discretion to invite any Director and officer to attend AC meetings held from time to time.

The key responsibilities of the AC include but not limited to the following:

- (1) To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and the Group and the announcements relating to the Group's financial performance;
- (2) To review the assurance from CEO and the CFO on the financial records and financial statements;
- (3) To review scope, audit plans and reports of the external auditor and the internal auditor;
- (4) To review and report to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, information technology controls and risk management system;
- (5) To review interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST;
- (6) To review and recommend to the Board of the release of the unaudited half year financial results and unaudited full year financial results;
- (7) To review and recommend the re-appointment of the external auditor, and approve the remuneration of the external auditor;
- (8) To oversee co-ordination where more than one auditing firm or auditing corporation is involved in the Group's external audit;
- (9) To review the independence of the external auditor annually;
- (10) To review all non-audit services provided by the external auditor to determine if the provision of such services will affect the independence of the external auditor; and
- (11) To review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

Each member of the AC will abstain from voting on any resolution and making any recommendation or participating in any deliberations of the AC in respect of matters which concerned him, if any.

Most of the accounts of the Company and its Singapore-incorporated subsidiaries are audited by KPMG LLP, except three subsidiaries which are audited by Singapore Assurance PAC and Foo Kon Tan LLP respectively. KPMG LLP, Singapore Assurance PAC and Foo Kon Tan LLP are auditing firms registered with the Accounting and Corporate Regulatory Authority ("ACRA"). The Company has complied with Rules 712 and 715 of the SGX-ST Listing Rules respectively. Pursuant to Listing Rule 716, the Board and the AC are satisfied that the appointment of different auditing firms for its Singapore-incorporated subsidiary would not compromise the standard and effectiveness of the audit of the Company.

The Company's foreign incorporated subsidiaries are audited by separate auditing firms. The AC is of the view that the external auditors are a suitable auditing firm that meets the Group's audit obligations, its size and complexity, and having also considered the external auditors' professional standing, the reputation of its audit engagement partner and the adequacy of the number and experience of its supervisory and auditing staff assigned for the audit. The Board and the AC are satisfied that the appointment of different auditors for certain subsidiaries and associates would not compromise the standard and effectiveness of the audit of the Group.

The external auditors have full access to the AC and the AC has full access to the Management.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC meets at least four times a year. The AC also meets with both the internal and external auditors, without the presence of Management at least once a year to discuss the results of their respective audit findings and their evaluation of the Group's system of accounting and internal controls.

The AC takes reference from the principles and best practices recommended in the "Guidebook for Audit Committees in Singapore" issued by the Audit Committee Guidance Committee jointly established by the Monetary Authority of Singapore (MAS), the ACRA and Singapore Exchange Limited ("SGX"), and the "Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors" issued by ACRA and SGX. In addition, the external auditors updates the AC on changes to accounting standards and issues which have a direct impact on financial statements of the Company.

In identifying the key audit matters, the AC and external auditors had deliberated on the key audit matters and their disclosures. Having considered these key audit matters and their disclosure, the AC concurred with the external auditors on the approach and methodology applied to each of the key audit matters and its disclosures as set out under the Independent Auditor's Report on pages 60 to 64 of the Annual Report.

The AC has also conducted a review of all non-audit services provided by the auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the auditors. The audit and non-audit fees paid / payable to the external auditors for the FY2020 were \$451,739 and \$120,494 respectively.

The AC has also considered the performance of KPMG LLP based on factors such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Company's and the Group's audit as well as the size and complexity of the Company and of the Group. The AC, with the concurrence of the Board, had recommended the re-appointment of KPMG LLP as external auditors at the forthcoming AGM of the Company.

The Group has outsourced its Internal Audit ("IA") function to Ernst & Young Advisory Pte Ltd, a professional consultancy firm ("Internal Auditors"). The objective of the IA function is to determine whether the internal controls established by the Group are adequate and functioning in the required manner. The Internal Auditors performed its review in accordance to the audit plan reviewed and approved by the AC. The AC ensures that procedures are in place to follow up on the recommendations by the Internal Auditors in a timely manner and to monitor any outstanding issues. The internal audit function primary line of reporting would be to the AC.

The Internal Auditors are staffed by qualified personnel with the relevant qualifications and experience to carry out its function in line with the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditors reports their findings on IA matters to the Chairman of the AC and reports their findings, action plans as well as the administrative matters to the Management. The AC approves the hiring, removal, evaluation and compensation of the Internal Auditors.

The scope of the IA function is as follows:-

- (a) to evaluate the reliability, adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls of the Company and its subsidiaries in scope;
- (b) to highlight key business issues and operational weaknesses to the AC for deliberation with copies of these reports extended to the Group CEO, CFO and other relevant senior management officers; and
- (c) to discuss the summary of findings and recommendations as well as the status of implementation of the actions agreed by Management at the AC meetings.

The AC meets the Internal Auditors at least once annually without the presence of the Management. The Internal Auditors have unfettered access to all the Group's documents, records, properties and personnel, including the AC and the Management.

The AC reviews the IA plans and all IA reports submitted by the Internal Auditors. Structured processes are in place so that material control weaknesses raised in the IA reports are dealt with in a timely manner, with outstanding exceptions or recommendations being closely monitored and reported back to the AC on a quarterly basis.

The AC reviews the IA function at least annually and is of the opinion that the IA function is independent, effective, adequately resourced to perform its functions and has appropriate standing within the Group.

In performing its functions, the AC reviews the overall scope of both internal audit and external audit, and the assistance and resources given by Management to the internal auditor and the external auditor.

WHISTLE-BLOWING POLICY

The Company has put in place a Whistle-Blowing Policy which provides an avenue for employees of the Group, and any other persons to raise concerns in good faith with the reassurance of being protected from reprisals or victimisation, about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up actions.

MATERIAL ASSOCIATES AND JOINT VENTURES

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

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements.

The Company recognises the need to communicate with shareholders on all material matters affecting the Group and does not practice selective disclosure. Price sensitive announcements, including half year and full-year results and press release (the "Corporate Announcements") are released to shareholders on an equal and timely basis through SGXNET. The Corporate Announcements can also be found on the Company's website at www.cschl.com.sg.

The Company encourages shareholders to participate actively in general meetings. Shareholders are informed of Shareholders' Meeting through notices published in the national newspapers. The electronic Annual Report and the Notice of AGM will be available at the Company's website at www.cschl.com.sg at least 14 days before the AGM to ensure that all the shareholders have adequate time to review the Annual Report before the AGM. Upon request, hardcopies of the Annual Report are provided to shareholders.

In line with continuous obligations of the company to the SGX-ST listing rules and the Companies Act (Chapter 50), the Board's policy is that all shareholders should be equally and informed timely of all major developments that impact the Group or the Company.

The Board ensures adequate and material information concerning to the Group's business development in accordance with disclosure requirements of the Listing Manual of the SGX-ST are released to SGX-ST through SGXNET in a timely and fair manner.

To ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings has to be conducted by way of poll with effect from 1 August 2015.

Resolutions on each distinct issue are tabled separately at general meetings. For resolutions tabled under special business, a descriptive explanation of the effects of a resolution will be disclosed in the notice of general meeting.

At AGMs, shareholders are given the opportunity to air their views and ask questions regarding the Group and its businesses. The Board members and Chairman of the Board, AC, NC, RMC and RC were present and available to address shareholders' questions at the last AGM held on 24 July 2019. The Management were also present to facilitate in addressing shareholders' queries at AGM.

The external auditor of the Company will also be present at the Annual General Meeting of the Company to address any shareholders' queries that they may have on the consolidated audited financial statements of the Group. The legal advisors will also be invited to attend the AGM (if necessary).

The Chairman of the meeting, with the assistance of service providers engaged by the Company, will brief shareholders to familiarise them with the detailed procedures involved in voting by way of poll. An announcement containing the detailed results of the number of votes cast for, and against, each resolution and the respective percentages will be announced after the general meeting via SGXNet (www.sgx.com).

The Company's Constitution allows a member of the Company to appoint up to two proxies to attend and vote in place of the member. Proxies need not be a member of the Company. The Company's Constitution provided that subject to its Constitution, the Companies Act (Cap. 50) and the Listing Rule, the Directors may allow for voting in absentia and electronic voting methods including but not limited to voting by mail, email or fax.

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

The Company does not have a formal dividend policy. The dividend that the Directors of the Company may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors of the Company:–

- (1) the level of the earnings of the Group;
- (2) the financial condition of the Group;
- (3) the projected levels of the Group's capital expenditure and other investment plans;
- (4) the restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and
- (5) other factors as the Directors of the Company may consider appropriate.

It is noted that there was no dividend declared to the shareholders of the Company for FY2020.

The Company has decided not to recommend any dividend for FY2020 at the forthcoming Annual General Meeting of the Company as working capital is required for the Group's business activities in view of the COVID-19 as well as the volatile market conditions.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The Board is committed to maintain a high standard of corporate governance by disclosing to its stakeholders, including its shareholders and investors, with adequate and material information concerning the Group's business development in accordance with disclosure requirements of the Listing Manual of the SGX-ST through SGXNET to SGX-ST in a timely and fair manner.

The Board is mindful of its obligation to provide adequate and timely disclosure of all material and price-sensitive information to SGX-ST through SGXNET.

The announcements, including but not limiting to the Group's unaudited half year financial results, the Group's unaudited full year financial results, and the material updates of the Group's business development prepared in accordance with disclosure requirements of the Listing Manual of the SGX-ST are also released through SGXNET in a timely manner.

Following the amendments to Rule 705 of the Listing Manual which took effect as of 7 February 2020, the Company is no longer required to continue with quarterly reporting of the Company and the Group's unaudited financial statements, and instead, the Company will announce the unaudited financial statements of the Company and the Group on a half-yearly basis, as required under the revised Listing Manual.

The Board believes that announcement of financial statements on a half-yearly basis coupled with enhanced disclosure requirements is sufficient to keep Shareholders and potential investors updated on the Company's and the Group's state of affairs.

The Company does not practice selective disclosure as the relevant material and price-sensitive information are released to SGX-ST through SGXNET in a timely and fair manner.

The shareholders of the Company, including institutional investors and retail investors, are encouraged to attend general meetings, especially Annual General Meeting which serves as the primary channel to express their views and raise their questions regarding the Group's businesses and prospects.

In addition, the Management will address shareholders' questions and concerns in respect of the Group's businesses should they approach the Company through emails or calls.

The Annual General Meeting of the Company serves as the primary channel for the Management to solicit and collate the views of the shareholders of the Company, including institutional investors and retail investors.

While the Company does not have a dedicated investor relations team, the Company recognises the importance of regular, effective and timely communication with the shareholders.

The Group also maintains a website at <http://www.cschl.com.sg> where the public can access to information relating to the Company. The Company continuously reviews ways to enhance its corporate reporting process and the ease of access to information released.

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Company's engagement with its material stakeholders is set out in the Sustainability Report which will be announced on or before 31 August 2020.

The Company's efforts on sustainability are focused on creating sustainable value for key stakeholders, which include environment, communities, customers, staff, regulators, and shareholders.

The Company maintains a corporate website at <http://www.cschl.com.sg> to communicate and engage stakeholders.

Forthcoming 2020 AGM to be convened and held by way of electronic means

1. Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, the AGM of the Company will be convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. A member will not be able to attend the AGM in person. A member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM.
3. Printed copies of the Notice of AGM will not be sent to members. The electronic copies of the Notice of AGM and the Annual Report are made available on the
 - Company's website at the URL <http://www.cschl.com.sg>; and
 - SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
4. The procedure of registration of live webcast, proxy form submission and submission of questions in advance of the AGM can be found in the AGM Notice.

EXECUTIVE COMMITTEE

The Executive Committee is headed by the Group CEO and comprises Group Chief Operating Officer and Chief Financial Officer. It meets weekly to review strategic, business and operational issues and determine policies of the Group to ensure the smooth functioning of the Group. The Executive Committee implements and communicates the directions and guidelines of the Board and Board Committees to relevant departments and employees.

DEALING IN SECURITIES

The Group has adopted internal policies that are consistent with Rule 1207(19) of the listing manual issued by SGX-ST in relation to dealings in the Company's securities.

The Directors, officers and employees of the Company and its subsidiaries are notified that they are prohibited from trading in the Company's securities while in possession of unpublished material price-sensitive information.

The Company, Directors, officers and employees of the Company and its subsidiaries should not deal in the Company's securities one month before the announcement of the Company's half year and full year financial statements.

The Directors, officers and employees of the Company and its subsidiaries are also expected to observe insider-trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's securities on short-term considerations.

Directors are required to report to the Company Secretary whenever they deal in the Company's securities and latter will make the necessary announcements in accordance with requirements of SGX-ST.

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST.

MATERIAL CONTRACTS

Save as disclosed in the Directors' Statement and the financial statements, no material contracts (including loans) of the Company or its subsidiaries involving the interests of the CEO or any Director or controlling shareholders subsisting at the end of the financial year have been entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company has adopted a policy in IPTs and has established procedures to monitor and review such transactions. All IPTs are subject to review by the AC at its quarterly meetings to ensure that such transactions are conducted on an arm's length basis and not prejudicial to the interests of the shareholders.

IPTs carried out during the financial year under review under Chapter 9 of the Listing Manual are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920) \$'000	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Tat Hong Heavyequipment (Pte.) Ltd ⁽¹⁾	Note 1	1,736	NIL
Tat Hong Plant Leasing Pte Ltd ⁽¹⁾	Note 1	1,481	NIL
CMC Construction Pte Ltd ⁽¹⁾	Note 1	2,226	NIL
THAB Development Sdn Bhd ⁽²⁾	Note 2	255	NIL

Notes:

⁽¹⁾ Tat Hong Heavyequipment (Pte.) Ltd., Tat Hong Plant Leasing Pte Ltd and CMC Construction Pte Ltd are related corporations of TH Investments Pte Ltd, a substantial shareholder of the Company.

⁽²⁾ With reference to the Group's announcement on 25 October 2013, the Group entered into a Shareholders' Agreement with Tat Hong International Pte Ltd, AME Land Sdn Bhd and BP Lands Sdn Bhd in relation to THAB Development Sdn Bhd ("THAB"), to jointly undertake mixed property development in Iskandar Malaysia.

In FY2020, the Group granted additional shareholder's loan in proportion to its shareholdings of RM0.8 million (equivalent to \$0.3 million) to THAB for financing of property development.

SUSTAINABILITY REPORTING

In accordance with the Singapore Exchange's sustainability reporting framework, the Group has established a Sustainability Team comprising representatives from various divisions. The Sustainability Team is responsible for determining and implementing relevant practices in material environmental, social and governance sustainability; taking into account their relevance to our business, strategy, business model and key stakeholders.

We will publish our Sustainability Report by 31 August 2020. To minimise the impact on the environment, the report will be published online via our website at www.cschl.com.sg and uploaded on the SGXNet.

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 2020.

In our opinion:

- (a) the financial statements set out on pages 65 to 160 are drawn up 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 2020 and the consolidated financial performance, consolidated changes in equity and consolidated 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 (International); 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:

Dr. Leong Horn Kee	(Chairman)
See Yen Tarn	(Group Chief Executive Officer)
Ong Tiew Siam	
Tan Hup Foi @ Tan Hup Hoi	
Teo Beng Teck	

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Singapore 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, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
See Yen Tarn		
– ordinary shares		
– deemed interest	11,016,666	11,866,666
– warrants		
– deemed interest	10,583,330	10,583,330

DIRECTORS' INTERESTS (CONT'D)

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ong Tiew Siam		
– ordinary shares		
– interest held	3,000,000	3,000,000
– warrants		
– interest held	15,000,000	15,000,000
Teo Beng Teck		
– ordinary shares		
– interest held	5,520,000	5,520,000
– warrants		
– interest held	6,575,000	6,575,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year 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 2020.

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

WARRANTS

On 30 December 2015, the Company issued 403,241,241 new ordinary shares in the capital of the Company at \$0.025 each and 2,016,206,205 free detachable warrants. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.01 and is exercisable during a five year period from the date of issue. The warrants will expire on 29 December 2020 (inclusive).

At the end of the financial year, details of the outstanding warrants on the unissued ordinary shares of the Company, are as follows:

Date of issue of warrants	Exercise price per warrants	Warrants outstanding at 1 April 2019	Warrants issued	Warrants exercised	Warrants outstanding at 31 March 2020	Expiry date
30/12/2015	\$0.01	1,306,808,625	–	(275,427,790)	1,031,380,835	29/12/2020

AUDIT COMMITTEE

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

- Ong Tiew Siam (Chairman), independent director
- Dr. Leong Horn Kee, independent director
- Teo Beng Teck, non-executive director
- Tan Hup Foi @ Tan Hup Hoi, independent director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

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

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- adequacy and effectiveness of the internal audit function;
- report of the internal auditor on the Group's internal control system;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- independence of the external auditors of the Company and the nature and extent of the non-audit services provided by the external auditors; 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 as required under Section 206(1A) of the Act and determined that the external auditors were independent in carrying out their audit of the financial statements. The Audit Committee 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.

AUDITORS

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

On behalf of the Board of Directors

Dr. Leong Horn Kee
Chairman

See Yen Tarn
Group Chief Executive Officer

27 July 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS*Opinion*

We have audited the financial statements of CSC Holdings Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2020, the consolidated statement of profit or loss, 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 65 to 160.

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 Companies Act, Chapter 50 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') 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 2020, 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 'Auditors' 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 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.

Recognition and measurement of contract revenue, contract costs and related provisions (Refer to Notes 2.4, 22 and 23 to the financial statements)

Risk:

Contract revenue is derived from the Group's construction contracts, whose single performance obligation is satisfied over time using the output method.

The contracts are long term and complex by nature and variations to the original contract terms including re-negotiation of contract price with customers are common. Any changes in contract revenues and contract costs, including liquidated damages, rectification costs and losses from onerous contracts recognised, where applicable, could result in material variances in profitability of projects from budget and actual margin which had been progressively recognised in prior periods. The ongoing and evolving COVID-19 pandemic, together with the adverse impacts on global economies and the local construction sector, have however heightened the estimation uncertainties associated with these contract revenues and contract costs and any related provisions for the outstanding projects held by the Group.

How the matter was addressed in our audit:

We evaluated the design and implementation of the Group's controls over the estimates used in project budgeting. We held discussions with senior management to understand the impact of the COVID-19 pandemic had on the Group's contract revenues and contract costs. We assessed the financial impact of the COVID-19 pandemic on contract pricing including variable consideration, construction-related costs and provisions and identified projects that could become onerous. We verified the measurement of the progress of satisfaction of each performance obligation and the contract revenues recognised to contract terms, external survey reports, internal project status reports and other relevant supporting documents. We reviewed the reasonableness of estimates used in determining the transaction price and constraints applied by management towards the variable consideration including liquidated damages. We selected a sample of contracts for testing using qualitative and quantitative criteria, such as contracts with low or negative margins, or met with claims and other adverse developments during the financial year. We also reviewed and challenged management's assessment of the outstanding projects' estimated costs to complete and the reasonableness of provisions for rectification costs and onerous contracts, where needed.

Impairment of trade receivables and contract assets (Refer to Notes 14 and 23 to financial statements)*Risk:*

The Group's trade receivables and contract assets (collectively, the "contract receivables") amounted to \$57 million and \$78 million respectively as at 31 March 2020. At each reporting date, the Group identifies the contract receivables that are credit-impaired and determines the specific loss allowance. Insofar as the contract receivables that are not credit-impaired, the Group measures loss allowances at the amounts equal to lifetime expected credit losses (ECL).

The assumptions about the risk of default and expected loss rates on these contract receivables are highly judgemental. With COVID-19 pandemic impacting many businesses globally including the Group's customers, any ECL created could be subjected to significant changes recorded in profit or loss in future periods.

How the matter was addressed in our audit:

We reviewed all credit-impaired contract receivables identified by management, and examined the adequacy of the specific loss allowances. We evaluated the simplified lifetime ECL model applied by management towards the non-credit impaired contract receivables. We evaluated management's segmentation of the customer base into respective credit risk rating classes. We checked the expected credit loss rate applied by comparing to market observable information, and performed a re-computation.

Impairment of property, plant and equipment (Refer to Note 4 to the financial statements)*Risk:*

The ongoing COVID-19 pandemic is causing disruptions to the Group's business and operations as well as economic uncertainties in the global markets. As a result, management has identified the existence of impairment indicators and carried out an impairment assessment on its property, plant and equipment. As at 31 March 2020, the Group's property, plant and equipment largely consisted of freehold and leasehold land and properties and plant and machinery of \$11 million and \$117 million respectively.

With respect to freehold and leasehold land and properties, which are already measured using the revaluation model that is subject to regular frequency of revaluation, the Group believes that the external market valuations obtained for these properties remain relevant to support its asset impairment test.

With respect to plant and machinery, there is an active secondary market for the second-hand equipment and machineries. Where trade prices are used as the fair values, the external valuers considered the recent traded prices and incorporated relevant adjustments to arrive at the fair values for the Group's plant and machinery on a comparable basis. These adjustments are judgementally determined by the valuers considering the size, specifications and age of the equipment and machineries.

MEMBERS OF CSC HOLDINGS LIMITED

How the matter was addressed in our audit:

We evaluated the competence, capabilities and objectivity of the external valuer and held discussions with the external valuer to understand their valuation approaches.

For freehold and leasehold land and properties, we considered the valuation methodology used against those applied by valuers for similar property types. We compared the external valuations against recently transacted prices of comparable land and properties located in the same vicinity.

For plant and machinery, we compared the external valuations against the market observable data and challenged the basis of those relevant adjustments incorporated by the valuer.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the directors' statement prior to the date of this auditors' report. The remaining other information 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 express any form of assurance conclusion thereon.

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

When we read the remaining other information that are expected to be made available to us after the date of this auditors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance 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 SFRS(I)s, 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.

Auditors' 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 auditors' 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 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 auditors' report unless the law or regulations preclude 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 auditors' report is Karen Lee Shu Pei.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

27 July 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	Group		Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	4	132,466	137,101	3	12
Right-of-use assets	5	8,159	–	–	–
Goodwill	6	1,092	1,452	–	–
Investment property	7	187	–	–	–
Investments in:					
– subsidiaries	8	–	–	102,954	112,582
– associates	10	531	651	–	–
Other investments	12	165	406	–	–
Contract assets	23	15,780	16,106	–	–
Trade and other receivables	14	3,114	2,007	10,613	9,856
Deferred tax assets	20	89	44	301	161
		161,583	157,767	113,871	122,611
Current assets					
Inventories	13	31,865	29,687	–	–
Contract assets	23	61,935	80,882	–	–
Trade and other receivables	14	68,776	53,757	13,561	13,198
Tax recoverable		128	506	–	–
Cash and cash equivalents	15	19,179	15,212	265	503
		181,883	180,044	13,826	13,701
Assets held for sale	16	21,114	15,539	–	–
		202,997	195,583	13,826	13,701
Total assets		364,580	353,350	127,697	136,312
Equity attributable to owners of the Company					
Share capital	17	84,389	81,635	84,389	81,635
Reserves	18	38,103	33,268	30,865	48,319
		122,492	114,903	115,254	129,954
Non-controlling interests	9	29,126	27,448	–	–
Total equity		151,618	142,351	115,254	129,954
Non-current liabilities					
Loans and borrowings	19	15,790	17,392	–	5
Deferred tax liabilities	20	2,236	2,079	–	–
		18,026	19,471	–	5
Current liabilities					
Loans and borrowings	19	80,478	85,313	5	11
Contract liabilities	23	232	4,225	–	–
Trade and other payables	21	99,209	95,434	12,438	6,319
Provisions	22	7,614	6,113	–	–
Current tax payable		721	443	–	23
		188,254	191,528	12,443	6,353
Lease liabilities directly associated with the assets held for sale	16	6,682	–	–	–
		194,936	191,528	12,443	6,353
Total liabilities		212,962	210,999	12,443	6,358
Total equity and liabilities		364,580	353,350	127,697	136,312

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

CSC
HOLDINGS
LIMITED

YEAR ENDED 31 MARCH 2020

	Note	2020 \$'000	2019 \$'000
Revenue	23	342,789	323,129
Cost of sales		(298,634)	(308,124)
Gross profit		44,155	15,005
Other income		2,223	1,910
Distribution expenses		(847)	(846)
Administrative expenses		(27,801)	(27,400)
Other operating expenses		(1,351)	(377)
Impairment loss recognised on trade and other receivables and contract assets		(4,221)	(2,986)
Results from operating activities		12,158	(14,694)
Finance income		1,590	2,008
Finance expenses		(5,132)	(3,977)
Net finance expenses	24	(3,542)	(1,969)
Share of loss of associates (net of tax)		(156)	(43)
Profit/(Loss) before tax		8,460	(16,706)
Tax expense	25	(1,146)	(1,321)
Profit/(Loss) for the year	26	7,314	(18,027)
Profit/(Loss) attributable to:			
Owners of the Company		5,550	(19,335)
Non-controlling interests		1,764	1,308
Profit/(Loss) for the year		7,314	(18,027)
Earnings/(Loss) per share	27		
Basic earnings/(loss) per share (cents)		0.23	(0.86)
Diluted earnings/(loss) per share (cents)		0.18	(0.86)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2020

	2020 \$'000	2019 \$'000
Profit/(Loss) for the year	7,314	(18,027)
Other comprehensive (expense)/income		
Item that will not be reclassified to profit or loss:		
Revaluation (loss)/surplus of property, plant and equipment	(680)	1,117
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	176	(421)
Other comprehensive (expense)/income for the year, net of tax	(504)	696
Total comprehensive income/(expense) for the year	6,810	(17,331)
Total comprehensive income/(expense) attributable to:		
Owners of the Company	4,874	(18,590)
Non-controlling interests	1,936	1,259
Total comprehensive income/(expense) for the year	6,810	(17,331)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CSC
HOLDINGS
LIMITED

YEAR ENDED 31 MARCH 2020

	Note	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000
At 1 April 2018		80,498	17,798	(2,354)
Adjustment on initial adoption of SFRS(I) 9		–	–	–
Adjusted balances at 1 April 2018		80,498	17,798	(2,354)
Total comprehensive (expense)/income for the year				
(Loss)/profit for the year		–	–	–
Other comprehensive (expense)/income				
Foreign currency translation differences		–	–	–
Revaluation surplus of property, plant and equipment		–	–	–
Transfer of revaluation surplus of property, plant and equipment		–	–	–
Total other comprehensive (expense)/income		–	–	–
Total comprehensive (expense)/income for the year		–	–	–
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners				
Issue of shares from exercise of warrants	17	1,137	–	–
Dividends paid to non-controlling interests		–	–	–
Total contributions by and distributions to owners		1,137	–	–
At 31 March 2019		81,635	17,798	(2,354)
At 1 April 2019		81,635	17,798	(2,354)
Total comprehensive income for the year				
Profit for the year		–	–	–
Other comprehensive income/(expense)				
Foreign currency translation differences		–	–	–
Revaluation loss of property, plant and equipment		–	–	–
Transfer of revaluation surplus of property, plant and equipment		–	–	–
Total other comprehensive income/(expense)		–	–	–
Total comprehensive income/(expense) for the year		–	–	–
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners				
Issue of shares from exercise of warrants	17	2,754	–	–
Dividends paid to non-controlling interests		–	–	–
Total contributions by and distributions to owners		2,754	–	–
Changes in ownership interests in a subsidiary				
Acquisition of non-controlling interests without a change in control		–	–	–
Total changes in ownership interests in a subsidiary		–	–	–
Total transactions with owners of the Company		2,754	–	–
At 31 March 2020		84,389	17,798	(2,354)

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

Reserve on consolidation \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	Other reserve \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
116	(5,769)	11,199	(881)	32,019	132,626	26,761	159,387
–	–	–	–	(270)	(270)	(122)	(392)
116	(5,769)	11,199	(881)	31,749	132,356	26,639	158,995
–	–	–	–	(19,335)	(19,335)	1,308	(18,027)
–	(372)	–	–	–	(372)	(49)	(421)
–	–	1,117	–	–	1,117	–	1,117
–	–	(597)	–	597	–	–	–
–	(372)	520	–	597	745	(49)	696
–	(372)	520	–	(18,738)	(18,590)	1,259	(17,331)
–	–	–	–	–	1,137	–	1,137
–	–	–	–	–	–	(450)	(450)
–	–	–	–	–	1,137	(450)	687
116	(6,141)	11,719	(881)	13,011	114,903	27,448	142,351
116	(6,141)	11,719	(881)	13,011	114,903	27,448	142,351
–	–	–	–	5,550	5,550	1,764	7,314
–	4	–	–	–	4	172	176
–	–	(680)	–	–	(680)	–	(680)
–	–	(318)	–	318	–	–	–
–	4	(998)	–	318	(676)	172	(504)
–	4	(998)	–	5,868	4,874	1,936	6,810
–	–	–	–	–	2,754	–	2,754
–	–	–	–	–	–	(105)	(105)
–	–	–	–	–	2,754	(105)	2,649
–	–	–	(39)	–	(39)	(153)	(192)
–	–	–	(39)	–	(39)	(153)	(192)
–	–	–	(39)	–	2,715	(258)	2,457
116	(6,137)	10,721	(920)	18,879	122,492	29,126	151,618

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Profit/(Loss) for the year		7,314	(18,027)
Adjustments for:			
Bad debts written (back)/off	26	(10)	5
Change in fair value of other investment	12	240	–
Depreciation of:			
– property, plant and equipment	4	24,796	24,154
– right-of-use assets	5	3,968	–
Distribution of profit from other investment	26	173	–
Gain on disposal of:			
– property, plant and equipment	26	(993)	(884)
– assets held for sale	26	(259)	–
Impairment losses recognised on:			
– property, plant and equipment	4	236	11
– goodwill on consolidation	6	360	–
– trade and other receivables and contract assets	26	4,221	2,986
Inventories written down	13	219	247
Inventories written (back)/off	26	(12)	370
Net finance expenses	24	3,542	1,969
Property, plant and equipment written off	26	80	17
Provision for onerous contracts	22	1,888	1,000
Provision for rectification costs	22	3,796	1,182
Share of loss of associates (net of tax)	10	156	43
Tax expense	25	1,146	1,321
		50,861	14,394
Changes in:			
– Inventories		(837)	(6,467)
– Contract assets		19,158	(15,371)
– Trade and other receivables		(20,147)	(7,969)
– Contract liabilities		(3,993)	4,173
– Trade and other payables		(1,914)	16,277
– Provision utilised for onerous contracts		(1,988)	(740)
– Provision utilised for rectification costs		(2,195)	(1,933)
Cash generated from operations		38,945	2,364
Taxes paid		(372)	(740)
Interest received		188	288
Net cash generated from operating activities		38,761	1,912
Cash flows from investing activities			
Acquisition of property, plant and equipment		(9,670)	(16,034)
Proceeds from government grants for acquisition of property, plant and equipment		–	341
Proceeds from disposal of:			
– property, plant and equipment		5,193	2,710
– assets held for sale		1,310	918
Dilution of interests in a subsidiary, net of cash disposed of		–	(52)
Investment in an associate		–	(27)
Shareholder's loan due from an associate		–	(1,400)
Subscription of convertible notes in investee	12	–	(120)
Net cash used in investing activities		(3,167)	(13,664)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from financing activities			
Interest paid		(5,139)	(3,963)
Dividends paid to non-controlling interests of a subsidiary		(105)	(450)
Proceeds from:			
– bank loans		28,663	21,746
– refinancing of lease liabilities		1,071	971
– bills payable		175,607	164,536
– issue of shares from exercise of warrants, net of expenses		2,754	1,137
Repayment of:			
– bank loans		(32,701)	(21,674)
– bills payable		(181,796)	(149,986)
– lease liabilities (2019: finance lease liabilities)		(16,733)	(9,112)
Fixed deposit pledged		(150)	–
Net cash (used in)/generated from financing activities		(28,529)	3,205
Net increase/(decrease) in cash and cash equivalents		7,065	(8,547)
Cash and cash equivalents at 1 April		7,193	15,758
Effect of exchange rate fluctuations on cash held		44	(18)
Cash and cash equivalents at 31 March	15	14,302	7,193

Significant non-cash transactions

- (a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$12,661,000 (2019: \$16,885,000), of which \$3,039,000 (2019: \$2,460,000) were acquired by means of hire purchase arrangements. At reporting date, the unpaid liabilities from the purchase of property, plant and equipment amounted to \$901,000 (2019: \$971,000). The unpaid liabilities for prior year's acquisition of property, plant and equipment amounting to \$949,000 (2019: \$2,239,000) were paid during the financial year.
- (b) During the financial year, the Group disposed of property, plant and equipment with a carrying amount of \$4,046,000 (2019: \$1,714,000) for a sale consideration of \$5,039,000 (2019: \$2,598,000), of which \$Nil (2019: \$154,000) has not yet been received as at reporting date. Sale proceeds of \$154,000 (2019: \$266,000) from prior year's disposal of property, plant and equipment were received during the financial year.

YEAR ENDED 31 MARCH 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 July 2020.

1. DOMICILE AND ACTIVITIES

CSC Holdings Limited ('the Company') is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 120 Pioneer Road, #04-01, Singapore 639597.

The financial statements of the Group as at and for the year ended 31 March 2020 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interests in equity-accounted investees.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in note 8 to the financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ('SFRS(I)').

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. An explanation of how the application of SFRS(I) 16 has affected the reported financial position and financial performance is provided in note 5.

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 SFRS(I) 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.

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 4 – Classification of plant and equipment as property, plant and equipment or inventories

YEAR ENDED 31 MARCH 2020

2. BASIS OF PREPARATION (CONT'D)**2.4 Use of estimates and judgements (cont'd)**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – Estimation of recoverable amounts, useful lives and residual values of property, plant and equipment;
- Note 8 – Measurement of impairment losses on interests in subsidiaries;
- Note 13 – Measurement of net realisable value on inventories;
- Note 22 – Recognition and measurement of provisions for rectification costs and onerous contracts;
- Note 23 – Estimation of revenue recognised for construction contracts; and
- Note 28 – Measurement of expected credit loss (ECL) allowance for trade and other receivables and contract assets.

Impact of COVID-19

On 30 January 2020, the World Health Organisation (“WHO”) declared the outbreak of COVID-19 a Public Health Emergency of International Concern. The WHO subsequently recognised the spread of COVID-19 as a pandemic on 11 March 2020. Many countries responded with containment measures of varying degrees in the bid to curb the spread. This has led to reduced economic activities, including the halting of construction activities in countries in which the Group operates in, which in turn has a significant impact on the Group’s operations. As the ongoing COVID-19 pandemic continues to evolve, there is significant uncertainty over the duration of the pandemic and its full range of possible effects on the Group’s financial and liquidity positions.

The Group has considered and estimated the impact of the COVID-19 pandemic in the Group’s financial position and performance by carrying out the following assessments:

- further impairment assessment of its property, plant and equipment, inventories, trade receivables and contract assets;
- determination of additional provisions for rectification costs and onerous contracts; and
- further assessment of constraints on variable consideration in relation to revenue recognition.

In developing the assumptions relating to the possible future uncertainties in the global economic conditions, the Group has, as at the date of these financial statements, used internal and external sources, including economic forecasts and estimates from market sources. However, the impact assessment of the COVID-19 pandemic is a continuing process and the Group will continue to monitor any material changes to future economic conditions.

Details on the areas that involve critical judgement and significant estimation uncertainties and disclosures on assumptions and sensitivity disclosures are also highlighted in the notes indicated above.

The Group’s operations are largely project-focused and hence, liquidity requirements and cash flow positions are subject to fluctuations and market exposures. As the Group’s earnings and operating cashflows are expected to be affected by the challenging operating environment due to the COVID-19 pandemic, the Group is currently focusing on capital and cashflow management, including cost-cutting measures and actively seeking to enhance their financing facilities. These are expected to equip the Group with sufficient cash flows and financial resources to meet its obligations as and when they fall due. Details of the Group’s liquidity risk management and available facilities are disclosed under the Liquidity risk section in note 28.

YEAR ENDED 31 MARCH 2020

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

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.

The Group has an established control framework with respect to the measurement of fair values. All significant fair value measurements, including Level 3 fair values, significant unobservable inputs and valuation adjustments, are reviewed regularly and reported directly to the Chief Financial Officer.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. 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).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

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

- Note 4 – Property, plant and equipment;
- Note 16 – Assets and liabilities held for sale; and
- Note 28 – Financial instruments.

2. BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 April 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated profits, if any, at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 April 2019.

YEAR ENDED 31 MARCH 2020

2. BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (cont'd)

As a lessee

As a lessee, the Group leases many assets including property and equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component for all leases.

Leases classified as operating lease under SFRS(I) 1-17

Previously, the Group classified land, property and motor vehicle leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 April 2019. Right-of-use assets are measured at either:

- their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application: the Group applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance lease under SFRS(I) 1-17

The Group leases a number of items of property, plant and equipment. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amounts of the right-of use assets and the lease liabilities at 1 April 2019 were determined at the carrying amounts of the lease assets and lease liabilities under SFRS(I) 1-17 immediately before that date.

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2. BASIS OF PREPARATION (CONT'D)**2.5 Changes in accounting policies (cont'd)*****As a lessor***

The Group leases out foundation engineering equipment. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it accounts as a lessor.

Impact on financial statements***Impact on transition***

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 April 2019 \$'000
Right-of-use assets	15,790
Lease liabilities	(15,790)

* For the impact of SFRS(I) 16 on profit or loss for the year, see note 5. For the impact of SFRS(I) 16 on segment information, see note 31. For details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see note 3.4.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease using the applicable incremental borrowing rates at 1 April 2019. The weighted-average rate applied is 3.88%.

	1 April 2019 \$'000
Operating lease commitments at 31 March 2019 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	19,612
Discounted using the incremental borrowing rate and recognised as lease liabilities at 1 April 2019	17,609
Finance lease liabilities recognised as at 31 March 2019	20,750
Recognition exemption for leases with less than 12 months of lease term at transition	(1,819)
Lease liabilities recognised at 1 April 2019	36,540

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3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when 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 pre-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 that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are 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.

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's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

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 adjustments are made to goodwill and no gain or loss is recognised in profit or loss. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

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 when 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

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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 commences until the date that significant influence 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.

Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.1 Basis of consolidation (cont'd)*****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.

3.2 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 translated to the functional currency at the exchange rate at that 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 translated 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 translation are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including 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.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign 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 of such that control, significant influence or joint control is lost, the cumulative amount in the 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 to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

Recognition and measurement

Freehold and leasehold land and properties

Freehold and leasehold land and properties are measured at cost on initial recognition and subsequently at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Freehold and leasehold land and properties are revalued by an independent professional valuer with sufficient regularity such that the carrying amounts of these assets do not differ materially from that which would be determined using fair values at the reporting date. Upon revaluation, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and presented in the revaluation reserve in equity, unless they offset previous decreases in the carrying amounts of the same asset that were recognised in profit or loss, in which case, they are recognised in profit or loss. Decrease in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income and presented in the revaluation reserve in equity. All other decreases in carrying amounts are recognised in profit or loss.

Some of the revaluation reserve may be transferred as the asset is used by the Group. The amount of surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss. When a revalued freehold and leasehold land and property is sold, any related amount included in the revaluation reserve is transferred to accumulated profits.

Plant and equipment

All other items of plant and equipment are measured at cost, which includes capitalised borrowing costs, 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

Plant and equipment (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 plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment 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 (or lease term, if shorter) of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. 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.

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

Leasehold land and properties	15 to 30.8 years
Plant and machinery	5 to 25 years
Office equipment, renovations and furniture and fittings	3 to 10 years
Motor vehicles and containers	5 or 10 years

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the lessor has a substantive substitution right, then the contract does not contain an identified asset;
- the contract confers the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the contract contains the right to direct the use of the asset. A lessee has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the lessee has the right to direct the use of the asset if either:
 - the lessee has the right to operate the asset; or
 - the lessee designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, on or after 1 April 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component for all leases.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Leases (cont'd)*****As a lessee (cont'd)***

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents lease liabilities in 'loan and borrowings' in the statements of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Leases (cont'd)*****As a lessee***

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3.5 Goodwill

Goodwill arises upon the acquisition of subsidiaries. For the measurement of goodwill at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, 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 equity-accounted investee.

3.6 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition less accumulated depreciation and accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Investment property (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of investment property. The estimated useful live of investment property is 99 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.7 Financial instruments

(i) *Recognition and initial measurement*

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(ii) *Classification and subsequent measurement (cont'd)*

Non-derivative financial assets (cont'd)

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(ii) *Classification and subsequent measurement (cont'd)*

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset, on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.7 Financial instruments (cont'd)****(ii) Classification and subsequent measurement (cont'd)*****Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost. These financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition***Financial assets***

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

(v) Cash and cash equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(vi) *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.

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 in the reserve for own shares account. 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.

3.8 Impairment

(i) *Non-derivative financial assets and contract assets*

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost; and
- contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(i) *Non-derivative financial assets and contract assets (cont'd)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track record, current macroeconomic situation as well as general industry trend.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(i) **Non-derivative financial assets and contract assets (cont'd)**

Presentation of allowance for ECLs in the statements of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) **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, the recoverable amount is estimated each year at the same time, and as and when indicators of impairment are identified. 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 CGUs. 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 testing is performed 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.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. 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 amounts 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(ii) *Non-financial assets (cont'd)*

An impairment loss in respect of an associate or a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount. 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 and only to the extent that the recoverable amount increases.

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

3.9 Inventories

Equipment and machinery, spare parts and raw materials

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition. The cost of equipment and machinery is determined on specific identification cost basis. Cost of raw materials and spare parts is calculated using weighted average cost basis.

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

3.10 Non-current assets and liabilities held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. 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.

Property, plant and equipment and right-of-use assets once classified as held for sale are not amortised or depreciated.

3.11 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 related services are rendered by employees.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 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 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.

3.12 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. If the effect is material, 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 cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Rectification costs

A provision for rectification costs is recognised when the foundation and geotechnical engineering services are performed. The provision is based on actual costs to be incurred for completed projects and estimated costs to be incurred for projects that are still ongoing.

3.13 Financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.14 Revenue

Revenue from sale of goods and services is recognised in the ordinary course of business when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.14 Revenue (cont'd)**

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

The Group also considers when a transaction contains a significant financing component. The transaction price is required to be adjusted for the time value of money using a discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception ("market rate"). The market rate would reflect the credit characteristics of the party receiving financing in the contract.

The Group accounts for modifications to the scope or price of a contract as separate contracts if the modification adds distinct goods or services at their stand-alone selling prices. For contract modifications that add distinct goods or services but not at their stand-alone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations to be satisfied. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and recognises as a cumulative adjustment to revenue at the date of modification.

Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on foundation and geotechnical engineering services under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a PO can be reasonably measured, construction revenue is recognised over time as each PO is satisfied and when the Group has an enforceable right to payment for performance completed to date. The progress towards the completed satisfaction of each PO is measured using the output method based on direct measurements of the value of services delivered or surveys of work performed.

The likelihood of the Group suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Progress billings to the customer are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract for which advanced payments have been received or due from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Trading of plant and equipment

Revenue from trading of plant and equipment are measured at the fair value of the consideration received or receivable, excluding estimates (subject to constraints) of variable consideration such as returns, trade discounts and volume rebates. Revenue is recognised at the point in time when the Group satisfies a PO by transferring the control over the promised good to the customer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue (cont'd)

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.

3.15 Government grants

Government grants related to assets 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. For grants relating to acquisition of long-term assets, the grant received is offset against the cost of the long-term assets and reduces future depreciation or amortisation expenses. For grants relating to qualified expenditure, these grants are recognised in profit or loss as deduction from the related expenses on a systematic basis in the same period in which the expenses are recognised.

3.16 Finance income and finance costs

Finance income comprises mainly interest income on funds invested and imputed interest on non-current contract assets. Finance costs comprise interest expense on borrowings and financial liabilities that are recognised in profit or loss.

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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.

3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.17 Tax (cont'd)**

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. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

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 arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and 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 end of the reporting period, 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, and reflects uncertainty related to income taxes, if any.

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 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.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Earnings per share

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

3.19 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 Board of Directors who is the Group's chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Board of Directors 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 (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

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

3.20 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position, except SFRS(I) 17.

- *Amendments to References to Conceptual Framework in IFRS standards*
- *Definition of Business* (Amendments to IFRS 3 *Business Combinations*)
- *Definition of Material* (Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)
- *SFRS(I) 17 Insurance Contracts*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

SFRS(I) 17, when effective, will change the existing accounting standards and guidance applied by the Company in accounting for intra-group financial guarantee contracts, which are currently accounted for as insurance contracts. As such, this standard is expected to be relevant to the Company. The Company is currently assessing the impact of SFRS(I) 17 and plans to adopt the new standard on the recognised effective date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Leasehold land and properties \$'000	Assets under construction \$'000	Plant and machinery \$'000	Office equipment, renovations and furniture and fittings \$'000	Motor vehicles and containers \$'000	Total \$'000
Group							
Cost/valuation							
At 1 April 2018	915	27,124	869	334,298	12,984	4,888	381,078
Additions	–	–	649	15,555	164	517	16,885
Reclassification from inventories	–	–	–	6,315	–	–	6,315
Reclassification to assets held for sale	–	(14,500)	(1,465)	(7,115)	–	–	(23,080)
Revaluation	–	1,117	–	–	–	–	1,117
Elimination of accumulated depreciation against cost on revaluation	–	(1,521)	–	–	–	–	(1,521)
Disposals/write-offs	–	–	–	(4,379)	(101)	(268)	(4,748)
Transfer to inventories	–	–	–	(7,543)	–	–	(7,543)
Effect of movements in exchange rates	(19)	–	(19)	(673)	(26)	(8)	(745)
At 31 March 2019	896	12,220	34	336,458	13,021	5,129	367,758
Additions	–	7	115	11,402	794	343	12,661
Reclassification from inventories	–	–	–	12,664	–	–	12,664
Reclassification (to)/from assets held for sale (see note 16)	–	–	(149)	3,294	–	–	3,145
Revaluation	–	(681)	–	–	–	–	(681)
Elimination of accumulated depreciation against cost on revaluation	–	(1,046)	–	–	–	–	(1,046)
Disposals/write-offs	–	–	–	(8,456)	(27)	(120)	(8,603)
Transfer to inventories	–	–	–	(4,107)	–	–	(4,107)
Effect of movements in exchange rates	(6)	–	–	584	20	7	605
At 31 March 2020	890	10,500	–	351,839	13,808	5,359	382,396

YEAR ENDED 31 MARCH 2020

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land \$'000	Leasehold land and properties \$'000	Assets under construction \$'000	Plant and machinery \$'000	Office equipment, renovations and furniture and fittings \$'000	Motor vehicles and containers \$'000	Total \$'000
Group							
Accumulated depreciation and impairment losses							
At 1 April 2018	–	1,486	–	210,402	9,991	2,978	224,857
Depreciation charge for the year	–	1,400	–	21,676	579	499	24,154
Impairment losses	–	–	–	11	–	–	11
Reclassification to assets held for sale	–	(1,365)	–	(5,456)	–	–	(6,821)
Elimination of accumulated depreciation against cost on revaluation	–	(1,521)	–	–	–	–	(1,521)
Disposals/write-offs	–	–	–	(2,709)	(100)	(208)	(3,017)
Transfer to inventories	–	–	–	(6,569)	–	–	(6,569)
Effect of movements in exchange rates	–	–	–	(450)	(13)	26	(437)
At 31 March 2019	–	–	–	216,905	10,457	3,295	230,657
Depreciation charge for the year	–	1,046	–	22,035	1,172	543	24,796
Impairment losses	–	–	–	236	–	–	236
Reclassification from assets held for sale (see note 16)	–	–	–	2,443	–	–	2,443
Elimination of accumulated depreciation against cost on revaluation	–	(1,046)	–	–	–	–	(1,046)
Disposals/write-offs	–	–	–	(4,343)	(16)	(118)	(4,477)
Transfer to inventories	–	–	–	(2,769)	–	–	(2,769)
Effect of movements in exchange rates	–	–	–	70	14	6	90
At 31 March 2020	–	–	–	234,577	11,627	3,726	249,930
Carrying amounts							
At 1 April 2018	915	25,638	869	123,896	2,993	1,910	156,221
At 31 March 2019	896	12,220	34	119,553	2,564	1,834	137,101
At 31 March 2020	890	10,500	–	117,262	2,181	1,633	132,466

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office equipment, renovations and furniture and fittings \$'000
Company	
Cost	
At 1 April 2018, 31 March 2019 and 31 March 2020	68
Accumulated depreciation	
At 1 April 2018	46
Depreciation charge for the year	10
At 31 March 2019	56
Depreciation charge for the year	9
At 31 March 2020	65
Carrying amounts	
At 1 April 2018	22
At 31 March 2019	12
At 31 March 2020	3

- (i) Included in the above are property, plant and equipment acquired under hire purchase arrangements (note 19) with the following carrying amounts:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Plant and machinery	35,705	28,912	–	–
Office equipment, renovations and furniture and fittings	14	90	3	12
Motor vehicles	1,295	1,385	–	–
	37,014	30,387	3	12

- (ii) Leasehold land and properties, and plant and machinery of the Group with total carrying amounts of \$9,824,000 (2019: \$11,400,000) are mortgaged to banks as security for certain bank facilities extended by the banks to the Group (note 19).
- (iii) The Group's freehold and leasehold land and properties were revalued on 31 March 2020 based on valuations performed by independent professional valuers. The loss of \$681,000 arising from the revaluations has been debited to other comprehensive income and accumulated in equity under revaluation reserve (note 18). The fair value of land and properties has been determined based on the market approach. The valuation model analyses sales of comparable land and properties and takes into consideration in-house adjustments made by the valuers on the comparable sales prices of an average of 3.5% (2019: 4.3%). The fair value measurement is categorised as Level 3 on the fair value hierarchy and a 1% increase/(decrease) in the in-house adjustments would result in a decrease/(increase) in fair value of \$114,000 (2019: \$134,000) and decrease/(increase) in other comprehensive income (and revaluation reserve) of \$114,000 (2019: \$134,000). If the revalued land and properties had been included in the financial statements at historical cost less accumulated depreciation, the carrying amount as at 31 March 2020 would have been \$9,215,000 (2019: \$9,943,000).

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (iv) Impairment loss is recognised when events and circumstances indicate that the plant and machinery may be impaired and the carrying amounts of the plant and machinery exceed their recoverable amounts. As a result of the challenging macro environment due to the COVID-19 pandemic, the Group carried out an impairment assessment on the Group's plant and machinery. The recoverable amounts of the plant and machinery were estimated using the fair value less costs to sell approach.

Under the market approach, the fair values were based on independent appraisals undertaken by a professional valuer at the reporting date. The valuation model analyses sales of comparable plant and machinery in the secondary market and takes into consideration in-house adjustments made by the valuer on the comparable sales prices of an average of 32.0% (2019: 17.1%). The fair value measurement is categorised as Level 3 on the fair value hierarchy and a 1% increase/(decrease) in the in-house adjustments would result in a decrease/(increase) in fair value of \$1,065,000 (2019: \$869,000) and decrease/(increase) in profit or loss (and accumulated profits) of \$39,000 (2019: \$169,000).

As a result of the determination of recoverable amounts, a total impairment loss of \$165,000 (2019: \$Nil) and \$71,000 (2019: \$11,000) were recognised on certain plant and machinery in the foundation engineering business segment and sales and lease of equipment business segment respectively. The impairment loss was recognised under other operating expenses in the consolidated statement of profit or loss.

- (v) The following are the significant accounting estimates on the Group's property, plant and equipment and judgements in applying accounting policies:

Useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expenses to be recorded at each financial year. Changes in the expected level of use of the assets and the Group's historical experience with similar assets after taking into account anticipated technological changes that could impact the economic useful lives and the residual values of the assets; therefore future depreciation charge could be revised. Any changes in the economic useful lives could impact the depreciation charge and consequently affect the Group's results. The residual value is reviewed at each reporting date, with any change in estimate accounted for as a change in estimate and therefore prospectively.

Impairment assessment of plant and equipment

The Group has made substantial investments in plant and equipment for its foundation engineering and sales and lease of equipment businesses. Changes in technology, intended use of these assets and macro environment may cause the estimated period of use or value of these assets to change.

The Group considers its asset impairment accounting policy to be a policy that requires extensive applications of judgements and estimates by management.

Management judgement is required in the area of asset impairment, particularly in assessing whether an event has occurred that may indicate that the related asset values may not be recoverable and whether the carrying value of an asset can be supported by its recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transaction, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset, net of certain in-house adjustments made. Changing the adjustments made could materially affect the fair value less costs of disposal and hence, the Group's financial condition and results of operations.

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (v) The following are the significant accounting estimates on the Group's property, plant and equipment and judgements in applying accounting policies: (cont'd)

Classification of assets

On initial recognition, assets purchased for own use or rental purposes are classified as property, plant and equipment and assets purchased for trading purposes are classified as inventories. At every period end, the economic uses of the assets are reassessed to ensure it follows an appropriate accounting classification.

5. LEASES

Leases as lessee (SFRS(I) 16)

The Group leases a number of offices, storage yards and motor vehicles. These leases typically run for an initial period of 6 months to 30.8 years, with an option to renew the lease after that date. Lease payments are usually revised at each renewal date to reflect market rentals. None of the leases include contingent rental. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

	Note	Land \$'000	Buildings \$'000	Motor vehicles \$'000	Total \$'000
Group					
On initial application of SFRS(I) 16		7,193	6,984	1,613	15,790
Reclassification to assets held for sale	16	(6,922)	–	–	(6,922)
At 1 April 2019		271	6,984	1,613	8,868
Additions		–	2,665	594	3,259
Depreciation charge for the year		(37)	(3,192)	(739)	(3,968)
At 31 March 2020		234	6,457	1,468	8,159

Amounts recognised in profit or loss

2020 – Lease under SFRS(I) 16

	\$'000
Interest on lease liabilities	657
Expenses relating to short-term leases	17,382

2019 – Operating lease under SFRS(I) 1-17

	\$'000
Lease expense	29,199

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5. LEASES (CONT'D)**Amounts recognised in consolidated statement of cash flow**

	2020 \$'000
Total cash outflow for leases	4,724

Extension options

Some leases contain extension options exercisable by the Group up to 3 months before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of \$1,282,000.

Leases as lessor

The Group leases out its machinery and equipment. All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group leases out its machinery and equipment. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from operating leases recognised by the Company during 2020 was \$13,989,000 (2019: \$14,291,000).

6. GOODWILL

	Goodwill on consolidation \$'000
Group	
Cost	
At 1 April 2018, 31 March 2019 and 31 March 2020	2,539
Accumulated impairment losses	
At 1 April 2018 and 31 March 2019	1,087
Impairment loss recognised	360
At 31 March 2020	1,447
Carrying amounts	
At 1 April 2018 and 31 March 2019	1,452
At 31 March 2020	1,092

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6. GOODWILL (CONT'D)

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash-generating units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes:

	2020 \$'000	2019 \$'000
Soil Investigation Pte Ltd ("SI")	540	900
Wisecan Engineering Services Pte Ltd ("WES")	552	552
	<u>1,092</u>	<u>1,452</u>

The Group has determined the recoverable amounts of SI and WES cash-generating units based on value in use calculations. The value in use was determined by discounting the expected future cash flows generated from the continuing operations of each unit. The cash flow projections are based on financial budgets covering a five-year (2019: five-year) period.

The key assumptions used for value in use calculations are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical and current data from both external and internal sources.

	SI		WES	
	2020 %	2019 %	2020 %	2019 %
	Y1: -41.0		Y1: -47.0	
	Y2: 76.0		Y2: 68.0	
Revenue growth rate	Y3 – Y5: 0 – 2.0	Y1 – Y5: 0 – 2.0	Y3 – Y5: 0	Y1 – Y5: 0 – 3.0
Terminal growth rate	0	0	0	0
Pre-tax discount rate	10.3	10.0	10.3	10.0

In the estimation of future cash flows, the Group considered the progress of its projects and expected project costs. The forecasts of future projects also took into account existing business negotiations with customers and current and expected market conditions, including the planned impact and recovery from the COVID-19 pandemic. The construction sector was performing generally well before the COVID-19 pandemic. However, projects have been delayed due to the COVID-19 pandemic and the Group considered the effects of such delays in the negative revenue growth in the first 12 months. The Group however, expected operations to stabilise after 12 months as economies recover, and hence, assumed an accelerated recovery in the second year. The terminal growth rate was determined based on management's estimate of long-term compound annual EBITDA, consistent with the assumptions that a market participant would make. The pre-tax discount rates used were estimated based on an appropriate required rate of return on invested capital and reflect the specific risks relating to the cash-generating unit.

As the recoverable amount of the SI cash-generating unit was lower than the carrying amount, an impairment loss of \$360,000 (2019: \$Nil) was recognised on the cash generating unit relating to SI. The impairment loss was recognised under other operating expenses in the consolidated statement of profit or loss. No impairment loss was required for the WES cash-generating unit as its recoverable amount was higher than its carrying amount.

YEAR ENDED 31 MARCH 2020

6. GOODWILL (CONT'D)***Impairment testing for cash-generating units containing goodwill (cont'd)****Sensitivity analysis*

The near-term assumptions for revenue growth from COVID-19 pandemic and the timing of recovery are sensitive to cause the recoverable amounts to materially change. The Group had assumed 4-months delay in revenue recognition due to the adverse effect of COVID-19 impact. The impact of an additional 3-months delay in project progress, holding other assumptions constant, would result in the decrease in recoverable amounts as follows:

	Decrease in recoverable amounts	
	SI \$'000	WES \$'000
Additional 3-months delay in project progress	47	32

7. INVESTMENT PROPERTY

	2020 \$'000	2019 \$'000
At 1 April	–	–
Additions	187	–
Translation differences	–*	–
At 31 March	187	–

* Less than \$1,000

As at 31 March 2020, the residential properties are currently under construction.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 \$'000	2019 \$'000
Equity investment, at cost	131,129	121,889
Impairment losses	(28,175)	(9,307)
	102,954	112,582

The following resulted in the change in the investments in subsidiaries in the current financial year:

- Certain non-trade amounts due from subsidiaries of \$5,080,000 (2019: \$5,000,000) were capitalised and recorded by the Company as an increase in cost of investment in the subsidiaries during the current financial year.
- During the current financial year, the Company also took over all the ownership interest in Wisescan Engineering Services Pte. Ltd. from its wholly-owned subsidiary, Soil Investigation Pte. Ltd. at a cash consideration of \$5,160,000.
- A wholly-owned subsidiary, Kolette Pte. Ltd., was struck off voluntarily in the current financial year.

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8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Impairment losses

The change in impairment losses in respect of investments in subsidiaries during the year is as follows:

	Company	
	2020 \$'000	2019 \$'000
At 1 April	9,307	8,307
Impairment losses recognised	19,868	1,000
Impairment loss utilised	(1,000)	–
At 31 March	28,175	9,307

In 2019, due to the lack of positive cash flows from active operations by a subsidiary, the Company fully impaired its investment in the subsidiary as the recoverable amount was \$Nil as at 31 March 2019. The impairment loss was subsequently utilised in 2020, when the subsidiary was struck off.

In 2020, the Company identified indicators of impairment on its investment in a subsidiary due to continued operating losses by that subsidiary. The Company determined the recoverable amount of the investment in subsidiary based on value in use calculations. The value in use was determined by discounting the expected future cash flows generated from the continuing operations of the subsidiary. The cash flow projections are based on financial budgets covering a five-year period.

The key assumptions used for value in use calculations are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical and current data from both external and internal sources.

	2020 %
	Y1: 20.0
	Y2: 36.1
	Y3 – Y5: 2.0
Revenue growth rate	0
Terminal growth rate	12.1
Pre-tax discount rate	

The Group considered the progress of its projects and expected project costs in the estimation of future cash flows. Revenue growth rate for the first year of projection was based on cash flows from secured projects, including planned acceleration of a major project that was previously suspended in 2020 due to regulatory reviews, while the forecasts of future projects took into account of existing business negotiations with customers and current and expected market conditions, including the stabilisation of operations and accelerated recovery after 12 months. The terminal growth rate was determined based on management's estimate of long-term compound annual EBITDA, consistent with the assumptions that a market participant would make. The pre-tax discount rates used were estimated based on an appropriate required rate of return on invested capital and reflect the specific risks relating to the subsidiary.

As the recoverable amount of the investment in the subsidiary was lower than the carrying amount, the Company recognised an impairment loss of \$19,700,000 in the financial year ended 31 March 2020.

The remaining \$168,000 of impairment loss relates to the full impairment of investment in a dormant subsidiary due to the lack of positive cash flows from active operations.

YEAR ENDED 31 MARCH 2020

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)**Impairment losses (cont'd)***Sensitivity analysis*

The near-term assumptions for revenue growth caused by COVID-19 pandemic and the timing of recovery are sensitive to cause the recoverable amounts and resultant impairment loss to materially change. The impact of possible changes at the reporting date to one of the relevant key assumptions, holding other assumptions constant, would result in a decrease in recoverable amount as follows:

	Decrease in recoverable amount \$'000
Revenue growth rate (1% decrease)	8,778
Additional 3-months delay in project progress	247
Pre-tax discount rate (1% increase)	1,187

Source of estimation uncertainty

The carrying values of investments in subsidiaries are reviewed for impairment whenever there is any indication that the investment is impaired. This determination requires significant judgement. The Company evaluates, amongst other factors, the future profitability of the subsidiary, the financial health and near-term business outlook including factors such as industry performance and operational and financing cash flows. The recoverable amounts of the investments could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amounts.

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	
			2020 %	2019 %
Held by Company				
+ CS Construction & Geotechnic Pte. Ltd. and its subsidiary:	Investment holding and piling and civil engineering works	Singapore	100	100
+ CS Geotechnic Pte. Ltd.	Civil engineering, piling, foundation and geotechnical engineering works (currently dormant)	Singapore	100	100
+ CS Bored Pile System Pte. Ltd.	Bored piling works	Singapore	100	100
+ THL Engineering Pte. Ltd. and its subsidiaries:	Investment holding, sales and rental of heavy equipment, machinery and spare parts (currently dormant)	Singapore	100	100
+ THL Foundation Equipment Pte. Ltd. and its subsidiaries:	Investment holding, trading and rental of construction equipment and related parts	Singapore	55	55
+ ICE Far East Pte. Ltd. and its subsidiaries:	Investment holding, trading and rental of piling hammers and other foundation equipment	Singapore	46.75	46.75

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8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest held by the Group	
			2020 %	2019 %
Held by Company (cont'd)				
* ICE Far East Sdn. Bhd.	Trading and rental of piling hammers and other foundation equipment	Malaysia	46.75	46.75
# ICE Far East (HK) Limited	Rental of machinery and other related services	Hong Kong	46.75	46.75
* ICE Far East (Thailand) Co., Ltd	Trading and rental of machinery and other related services	Thailand	46.75	46.75
# ICE Far East Offshore Pte. Ltd.	Trading and rental of foundation engineering equipment and other related services (currently dormant)	Singapore	46.75	46.75
# IMT-THL India Private Limited	Trading and rental of construction equipment and related parts	India	55	55
# THL Foundation Equipment (Philippines) Inc	Wholesale trading of equipment, spare parts and consumable items	Philippines	55	55
# THL Foundation Equipment (Myanmar) Company Limited	Rental of foundation equipment and trading of construction materials	Myanmar	55	49.5
# Changsha THL Foundation Equipment Co., Ltd	Trading and rental of heavy equipment, machinery, spare parts and consumable items	China	55	–
^ Kolette Pte. Ltd.	Sale and sublet of land and property development (struck off during the year)	Singapore	–	100
* CS Geo (Malaysia) Sdn. Bhd.	Piling, foundation and geotechnical engineering works (currently dormant)	Malaysia	100	100
+ L&M Foundation Specialist Pte. Ltd. and its subsidiaries:	Investment holding, piling, foundation and geotechnical engineering works	Singapore	100	100
# L&M Foundation Specialist (Vietnam) Limited Company	Piling, foundation and geotechnical engineering works (currently dormant)	Vietnam	100	100
* L&M Ground Engineering Sdn. Bhd.	Piling, foundation and geotechnical engineering works (currently dormant)	Malaysia	100	100
* G-Pile Sistem Sdn. Bhd. and its subsidiary:	Investment holding, piling, foundation and geotechnical engineering works	Malaysia	100	100
* GPSS Geotechnic Sdn. Bhd.	Piling, foundation and geotechnical engineering works (currently dormant)	Malaysia	100	100

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8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest held by the Group	
			2020 %	2019 %
Held by Company (cont'd)				
+ Soil Investigation Pte. Ltd.	Investment holding, soil investigation, laboratory testing, geotechnical instrumentation and monitoring works	Singapore	100	100
+ Wisescan Engineering Services Pte. Ltd.	Land surveying, tunnel and structural deformation monitoring survey, tunnelling survey	Singapore	70	70
* CSC Ground Engineering Sdn. Bhd. and its subsidiary:	Investment holding	Malaysia	100	100
* Borneo Geotechnic Sdn. Bhd.	Piling, foundation and geotechnical engineering works	Malaysia	100	100
+ DW Foundation Pte. Ltd.	Bored piling works	Singapore	100	100
+ CS Ground Engineering (International) Pte. Ltd.	Investment holding	Singapore	100	100
+ CS Industrial Properties Pte. Ltd.	Investment holding	Singapore	100	100
+ CS Real Estate Investments Pte Ltd and its subsidiaries:	Investment holding, property development, property investment, property management and other related activities	Singapore	100	100
# 2TPC Investments Pte. Ltd. ("2TPCI") and its subsidiary:	Investment holding, real estate activities with owned or leased properties	Singapore	100^^	100
# 2TPC Pte. Ltd.	Real estate activities with owned or leased properties	Singapore	100	100

+ Audited by KPMG LLP Singapore

* Audited by other member firms of KPMG International

Audited by other firms of public accountants and chartered accountants (for Singapore entities) or certified public accountants. These subsidiaries are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits

[^] Kolette Pte. Ltd. was struck off during the year.^{^^} Subsequent to 31 March 2020, the Group's effective interest in 2TPCI was diluted from 100% to 55% (see note 32).

Although the Group owns less than half of ICE Far East Pte. Ltd. and its subsidiaries and THL Foundation Equipment (Myanmar) Company Limited, management has determined that the Group has control over these entities by virtue of the shareholders' agreement with its other investors. Based on the terms of agreements under which these entities were established, the Group receives substantial returns related to their operations and net assets and, through the Board of Directors, has the current ability to direct the activities of these entities that most significantly affect their returns.

NOTES TO THE FINANCIAL STATEMENTS

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9. NON-CONTROLLING INTERESTS

The following subsidiaries have non-controlling interests (NCI) that are material to the Group.

Name	Principal places of business/Country of incorporation	Operating segment	Ownership interests held by NCI	
			2020 %	2019 %
THL Foundation Equipment Pte. Ltd. and its subsidiaries ("THLFE Group")	Singapore	Sales and lease equipment	45	45
Wisescan Engineering Services Pte. Ltd. ("WES")	Singapore	Foundation and geotechnical engineering	30	30

The following summarised financial information of each of the Group's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	THLFE Group \$'000	WES \$'000	Intra-group elimination \$'000	Total \$'000
2020				
Revenue	64,811	8,587		
Profit	2,563	1,253		
Other comprehensive income	352	–		
Total comprehensive income	2,915	1,253		
Attributable to NCI:				
– Profit	1,295	376	93	1,764
– Other comprehensive income	172	–	–	172
– Total comprehensive income	1,467	376	93	1,936
Non-current assets	53,005	3,266		
Current assets	59,402	8,027		
Non-current liabilities	(7,694)	(271)		
Current liabilities	(54,902)	(2,020)		
Net assets	49,811	9,002		
Net assets attributable to NCI	28,097	2,701	(1,672)	29,126
Cash flows from operating activities	10,610	689		
Cash flows from/(used in) investing activities	849	(513)		
Cash flows used in financing activities				
(including dividends paid to NCI of \$105,000)	(7,989)	(487)		
Net increase/(decrease) in cash and cash equivalents	3,470	(311)		

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9. NON-CONTROLLING INTERESTS (CONT'D)

	THLFE Group \$'000	WES \$'000	Intra-group elimination \$'000	Total \$'000
2019				
Revenue	61,279	7,687		
Profit	2,182	919		
Other comprehensive income	(98)	–		
Total comprehensive income	2,084	919		
Attributable to NCI:				
– Profit	1,075	276	(43)	1,308
– Other comprehensive income	(49)	–	–	(49)
– Total comprehensive income	1,026	276	(43)	1,259
Non-current assets	47,878	3,026		
Current assets	52,245	7,206		
Non-current liabilities	(8,074)	(277)		
Current liabilities	(37,445)	(1,856)		
Net assets	54,604	8,099		
Net assets attributable to NCI	26,767	2,430	(1,749)	27,448
Cash flows used in operating activities	(1,949)	(12)		
Cash flows used in investing activities	(1,776)	(408)		
Cash flows from/(used in) financing activities				
(including dividends paid to NCI of \$450,000)	2,427	(1,500)		
Net decrease in cash and cash equivalents	(1,298)	(1,920)		

Acquisition of non-controlling interests of a subsidiary**THL Foundation Equipment (Myanmar) Company Limited**

On 1 April 2019, the Group acquired additional 5.5% effective equity interest in THL Foundation Equipment (Myanmar) Company Limited ("THLM") for a purchase consideration of \$192,000 by way of capitalisation of other receivables. Following this, the Group's effective equity interest in THLM increased from 49.5% to 55%.

The carrying amount of THLM's net assets in the Group's financial statements on the date of the acquisition was \$1,375,000. The Group recognised a decrease in other reserve and non-controlling interests of \$39,000 and \$153,000 respectively.

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YEAR ENDED 31 MARCH 2020

10. INVESTMENT IN ASSOCIATES

	Group	
	2020 \$'000	2019 \$'000
Unquoted equity investments	531	651

Details of the associates are as follows:

Name of associate	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest held by the Group	
			2020 %	2019 %
WB TOP3 Development Sdn. Bhd.	Strategic investment in property development project in Malaysia	Malaysia	19	19
Coriolis Hertford Limited ⁽¹⁾	Strategic investor in property development project in United Kingdom	Hong Kong	21	21
Coldhams Alliance Pte. Ltd. ⁽¹⁾	Strategic investor in property development project in United Kingdom	Singapore	47.5	47.5

⁽¹⁾ These associates are not considered to be individually significant.

As at 31 March 2020, the Group holds 19% equity shareholding in WB TOP3 Development Sdn. Bhd. ("WB TOP3"). Although the Group owns less than 20% interests in WB TOP3, management has assessed that it has significant influence because it participates in the financial and operating policies of WB TOP3 through its representation on the Board of Directors.

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10. INVESTMENT IN ASSOCIATES (CONT'D)

The following table summarises the financial information of the Group's interest in WB TOP3, based on its financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit or loss and other comprehensive income of the remaining individually immaterial associates.

	WB TOP3 \$'000	Immaterial associates \$'000	Total \$'000
2020			
Revenue	46		
Loss after tax	(576)		
Other comprehensive income	(24)		
Total comprehensive income	(600)		
Attributable to investee's shareholders	(600)		
Non-current assets	161		
Current assets	15,664		
Non-current liabilities	(13,032)		
Net assets	2,793		
Attributable to investee's shareholders	2,793		
Group's interest in net assets of investee at beginning of the year	645	6	651
Share of total comprehensive income			
– Loss after tax	(109)	(47)	(156)
– Other comprehensive income	(5)	–	(5)
	(114)	(47)	(161)
Reclassified to trade and other payables	–	41	41
Carrying amount of interest in investee at end of the year	531	–	531
2019			
Revenue	126		
Loss after tax	(114)		
Other comprehensive income	(75)		
Total comprehensive income	(189)		
Attributable to investee's shareholders	(189)		
Non-current assets	156		
Current assets	13,051		
Non-current liabilities	(9,814)		
Net assets	3,393		
Attributable to investee's shareholders	3,393		
Group's interest in net assets of investee at beginning of the year	681	–	681
Addition during the year	–	27	27
Share of total comprehensive income			
– Loss after tax	(22)	(21)	(43)
– Other comprehensive income	(14)	–	(14)
	(36)	(21)	(57)
Carrying amount of interest in investee at end of the year	645	6	651

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11. JOINT OPERATION

On 12 February 2015, the Group entered into a joint venture agreement ("Agreement") with New Hope Singapore Premix Pte Ltd to acquire and develop a leasehold industrial land located at Tuas South Street 9, Plot 48.

Pursuant to the Agreement, the parties will jointly undertake to carry out the acquisition and development of the land through NH Singapore Biotechnology Pte. Ltd. ("NHBT"), a 100% owned subsidiary of NHCS Investment Pte. Ltd..

NHBT will develop modern fabrication yards and workshops to support the operations of the Group by increasing the productivity and efficiency on repair and maintenance activities conducted by the Group.

Although NHBT is a separate legal entity, the Group has classified it as a joint operation because the terms of the Agreement accord the rights and obligation of the assets and liabilities to the respective joint venture partners. Joint venture partners have joint control over NHBT, as the decisions about the relevant activities require the unanimous consent of the parties. Accordingly, the Group only recognises the assets owned and liabilities assumed by the Group, and the Group's share of the expenses.

Details of the joint operation are as follows:

Name of joint operation	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest held by the Group	
			2020 %	2019 %
<i>Held by CS Industrial Properties Pte. Ltd.</i>				
# NHCS Investment Pte. Ltd. and its subsidiary:	Investment holding	Singapore	49	49
# NH Singapore Biotechnology Pte. Ltd.	Providing fabrication, repair and maintenance facilities for heavy machinery	Singapore	49	49

Audited by another firm of public accountants and chartered accountants.

At the reporting date, the Company had issued guarantees to a bank in respect of bank facilities granted to NHBT amounting to \$4,832,000 (2019: \$5,232,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

YEAR ENDED 31 MARCH 2020

12. OTHER INVESTMENTS

	Group	
	2020	2019
	\$'000	\$'000
Non-current investments		
Equity investments – at FVOCI	165	166
Debt investments – mandatorily at FVTPL	–	240
	<u>165</u>	<u>406</u>

Equity investments – at FVOCI

The Group designated its investment in unquoted ordinary shares equivalent to 5% of the equity interests of THAB Development Sdn Bhd ("THAB"), as equity investments at FVOCI because the equity investment represents investments that the Group intends to hold for the long-term for strategic purposes.

No dividends were recognised. No strategic investments were disposed of and there were no transfers of any cumulative gain or loss within equity, relating to this investment, during the years ended 31 March 2020 and 31 March 2019.

Debt investments – mandatorily at FVTPL

On 14 December 2017, the Group entered into an Investment Agreement (the "Agreement"), to subscribe for \$240,000 of unsecured convertible notes (the "Notes") issued by Ackcio Pte. Ltd. ("Ackcio"). The Notes were subscribed over 6 monthly instalments of \$40,000 each, commencing from January 2018.

The Notes are unsecured and bear interest of 5% per annum. The Group is entitled to elect, at its sole and absolute discretion, either (i) to redeem the Notes at the redemption price (principal amount and unpaid interest accrued) on the third anniversary of the issue date of the Notes ("Maturity Date") or other date mutually agreed between the Group and Ackcio, or (ii) to convert the Notes into 685,714 new redeemable convertible preferences shares in the share capital of Ackcio at any time after the issue date of the Notes but before and on the Maturity Date.

The Notes were designated at fair value through profit or loss because they were managed on a fair value basis and their performance was actively monitored.

The fair value as at 31 March 2020 is \$Nil (2019: \$240,000).

Credit and market risks, and fair value measurement

The Group's exposure to credit and market risks, and fair value measurement are disclosed in note 28.

YEAR ENDED 31 MARCH 2020

13. INVENTORIES

	Group	
	2020 \$'000	2019 \$'000
Equipment and machinery	17,920	16,120
Spare parts	11,925	10,307
Raw materials	2,020	3,260
	31,865	29,687
Allowance for obsolete inventories	—*	—*
	31,865	29,687

* Less than \$1,000

The cost of inventories recognised in cost of sales amounted to \$115,359,000 (2019: \$97,804,000).

Included in the above are inventories amounting to \$931,000 (2019: \$4,765,000) acquired under hire purchase agreements (note 19).

As at 31 March 2020, the write down of inventories to net realisable value amounted to \$219,000 (2019: \$247,000) for the Group. The write down has been included in other operating expenses.

There were no movements in allowance for obsolete inventories during the years ended 31 March 2020 and 31 March 2019.

Source of estimation uncertainty

For the financial year ended 31 March 2020, the Company engaged an independent valuer to assess the valuation of inventories. The net realisable value of certain inventories were estimated using the fair value less costs to sell approach. The fair value is based on the amount for which an asset could be exchanged between a willing buyer and a willing seller in an arm's length transaction, which is largely the sale prices of comparable inventories in the secondary market.

A review is made on declines in net realisable value below cost which is recorded against the inventory balance for any such declines. These reviews require management to compare costs to the selling price less costs of completion and costs to make the sale to ascertain whether inventories are valued at the lower of cost and net realisable value. In any case, the net 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 technical assessment and review of changing prices in subsequent sales.

In general, these evaluation criteria require significant judgement and any estimates formed affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the carrying amounts of inventories.

YEAR ENDED 31 MARCH 2020

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Trade receivables	1,099	–	–	–
Amount owing by:				
– a subsidiary (non-trade)	–	–	12,142	10,213
– impairment losses	–	–	(1,529)	(357)
	–	–	10,613	9,856
Loans owing by:				
– associates	1,438	1,438	–	–
– impairment losses	(46)	(40)	–	–
	1,392	1,398	–	–
– a third party (THAB – other investment)	648	633	–	–
– impairment losses	(25)	(24)	–	–
	623	609	–	–
	3,114	2,007	10,613	9,856
Current assets				
Trade receivables	63,186	43,370	1	1
Impairment losses	(7,450)	(5,029)	(1)	(1)
	55,736	38,341	–	–
Other receivables	4,212	5,066	194	61
Impairment losses	(1)	(1)	(1)	(1)
	4,211	5,065	193	60
Loan owing by:				
– an associate	282	882	–	–
– impairment losses	(9)	(24)	–	–
	273	858	–	–
Amounts owing by:				
– subsidiaries (trade)	–	–	4,561	5,336
– impairment losses	–	–	(418)	(534)
	–	–	4,143	4,802
– subsidiaries (non-trade)	–	–	10,066	9,529
– impairment losses	–	–	(855)	(1,193)
	–	–	9,211	8,336
– associates (non-trade)	1,508	1,514	–	–
– impairment losses	(413)	(52)	–	–
	1,095	1,462	–	–
– a third party (THAB – other investment) (non-trade)	1,870	1,563	–	–
– impairment losses	(73)	(59)	–	–
	1,797	1,504	–	–
– related corporations (trade)	1,683	218	–	–
	64,795	47,448	13,547	13,198
Deposits	2,983	5,869	7	–
	67,778	53,317	13,554	13,198
Prepayments	998	440	7	–
	68,776	53,757	13,561	13,198

YEAR ENDED 31 MARCH 2020

14. TRADE AND OTHER RECEIVABLES (CONT'D)

The non-current non-trade amount owing by a subsidiary is unsecured, interest-free and repayable on demand. However, the Company is not expecting settlement to occur within the next 12 months.

The non-current loans owing by the associates are unsecured, interest-free and repayable on demand. However, the Group is not expecting settlement to occur within the next 12 months.

The non-current loan and current non-trade amount owing by a third party are unsecured, bear interest at 6-month Kuala Lumpur Interbank Offered Rate + 0.5% premium and are repayable on demand. However, the Group is not expecting settlement to occur within the next 12 months.

The current loan owing by an associate is unsecured. The Group has received repayment of \$600,000 for the outstanding loan during the year. The remaining balance of \$282,000 has settled subsequent to year-end.

All the outstanding current non-trade balances with subsidiaries and associates are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 28.

15. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash at bank and in hand		15,105	10,853	265	503
Fixed deposits		4,074	4,359	–	–
Cash and cash equivalents in the statement of financial position		19,179	15,212	265	503
Bank overdrafts	19	(4,727)	(8,019)		
Fixed deposit pledged		(150)	–		
Cash and cash equivalents in the statement of cash flow		14,302	7,193		

A fixed deposit amounting to \$150,000 (2019: \$Nil) was pledged to a bank for bank facilities extended by the bank to the Group (note 19).

The bank overdrafts are unsecured and guaranteed by the Company.

YEAR ENDED 31 MARCH 2020

16. ASSETS AND LIABILITIES HELD FOR SALE

	Group	
	2020	2019
	\$'000	\$'000
Assets held for sale		
Leasehold land and properties ⁽ⁱ⁾	20,736	13,880
Plant and machinery ⁽ⁱⁱ⁾	378	1,659
	<u>21,114</u>	<u>15,539</u>
Liabilities associated with assets held for sale		
Lease liabilities ⁽ⁱ⁾	<u>(6,682)</u>	<u>–</u>

- (i) A leasehold land and property in Singapore, which is part of the assets of the foundation and geotechnical engineering segment, with carrying amount of \$13,135,000 was classified as asset held for sale as at 31 March 2019, in view of the Group's intent and commitment through the commencement of negotiations with the potential purchaser and the relevant regulatory authorities to sell the leasehold land and property within the next 12 months. On 1 April 2019, the Group recognised right-of-use assets and corresponding lease liabilities of \$6,922,000 in relation to the leasehold land, upon adoption of SFRS(I) 16. Accordingly, the right-of-use assets and related lease liabilities were reclassified to assets and liabilities held for sale respectively on 1 April 2019. Based on the indicative sale price on the date of reclassification, the derived fair value less cost to sell of the leasehold land and property was \$16,738,000, which was higher than the Group's carrying values of assets and related liabilities of \$13,135,000 as at 1 April 2019. Due to the necessary approval required from the relevant regulatory authorities, the Group was only able to complete the sale of the leasehold land and property at the indicative sale price subsequent to 31 March 2020 (note 32).

The leasehold property is mortgaged to a bank as security for bank facility extended by the bank to the Group (note 19).

Other leasehold properties which are also part of the assets of the foundation and geotechnical engineering segment, with carrying amount of \$679,000 as at 31 March 2020 (2019: \$745,000) were classified as held for sale as at 31 March 2020. They are measured according to the Group's policy stated in note 3.10 and the sales are expected to be completed within the next 12 months.

- (ii) The sale of plant and machinery with carrying amount of \$428,000, which were classified as held for sale in prior year, was completed during the year. A gain of \$259,000 was recognised in the consolidated statement of profit or loss.

The Group classified certain plant and machinery with carrying amount of \$924,000, as held for sale in prior year as the Group had an active marketing campaign to dispose of the plant and machinery within the next 12 months. However, due to additional projects secured after 31 March 2019, the Group subsequently ceased the marketing campaign and re-deployed the plant and machinery previously held for sale back to the construction projects. Accordingly, the plant and machinery were reclassified from "assets held for sale" to "property, plant and equipment" as at 31 March 2020.

Plant and machinery which are part of the assets of the foundation and geotechnical engineering segment and sales and lease of equipment segment, with carrying amounts of \$71,000 (2019: \$1,352,000) and \$307,000 (2019: \$307,000) respectively were classified as held for sale as at 31 March 2020. They are measured according to the Group's policy stated in note 3.10 and the sales are expected to be completed within the next 12 months.

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17. SHARE CAPITAL

	Group and Company			
	2020		2019	
	No. of shares	\$'000	No. of shares	\$'000
Issued and fully-paid ordinary shares				
with no par value:				
At 1 April	2,342,882,546	81,635	2,229,145,881	80,498
Exercise of warrants	275,427,790	2,754	113,736,665	1,137
At 31 March	2,618,310,336	84,389	2,342,882,546	81,635

All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

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 rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

On 30 December 2015, the Company issued 403,241,241 new ordinary shares in the capital of the Company at \$0.025 each and 2,016,206,205 free detachable warrants ("Rights cum Warrants Issue"). Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.01 and is exercisable during a five year period from the date of issue. The warrants will expire on 29 December 2020 (inclusive).

During the financial year, 275,427,790 (2019: 113,736,665) shares were issued upon exercise of 275,427,790 (2019: 113,736,665) warrants at \$0.01 each, pursuant to the Rights cum Warrants Issue. As at 31 March 2020, there were 1,031,380,835 (2019: 1,306,808,625) warrants for conversion into 1,031,380,835 (2019: 1,306,808,625) ordinary shares.

There were no buy-back of ordinary shares during the financial year. As at reporting date, the Company held 20,520,000 (2019: 20,520,000) of its own uncanceled shares.

Capital management

The Board's policy is to maintain an appropriate level of capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Consistent with prior year, the Board monitors capital using a gearing ratio, which is loans and borrowings (excluding lease liabilities associated with right-of-use assets) divided by total equity (including non-controlling interests).

	Group	
	2020	2019
	\$'000	\$'000
Loans and borrowings (excluding lease liabilities associated with right-of-use assets) (note 19)	87,968	102,705
Total equity	151,618	142,351
Gearing ratio	58%	72%

The Board also continues to monitor the level of dividends to ordinary shareholders.

The loan facilities of certain subsidiaries are subject to externally imposed capital requirements where these subsidiaries are required to maintain net assets (total assets less total liabilities) or net tangible assets (total tangible assets less total tangible liabilities) in excess of specific financial thresholds.

YEAR ENDED 31 MARCH 2020

17. SHARE CAPITAL (CONT'D)

In prior year, in anticipation that the Group's consolidated tangible net worth as at 31 March 2019 would fall below the \$160 million requirement for one of the secured loans amounting to \$5,232,000, the Group obtained a waiver of the covenant, which was conditional upon the Group's consolidated EBITDA not being less than \$10 million for the 6-month period ended 30 September 2019 and the completion of sale of leasehold land and property, which was classified as asset held for sale (see note 16), by 30 September 2019. During the year, the Group obtained a 6-month and 3-month extension of the completion of sale of leasehold land and property to 31 March 2020 and 30 June 2020 respectively. Accordingly, the loan remains classified as "current" as at 31 March 2020. The sale of leasehold land and property was completed subsequent to 31 March 2020 (note 32).

Except as disclosed above, the Company and its subsidiaries are not subject to externally imposed capital requirements and the subsidiaries have complied with the covenants at the reporting date.

18. RESERVES

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Capital reserve	17,798	17,798	17,798	17,798
Reserve for own shares	(2,354)	(2,354)	(2,354)	(2,354)
Reserve on consolidation	116	116	–	–
Foreign currency translation reserve	(6,137)	(6,141)	–	–
Revaluation reserve	10,721	11,719	–	–
Other reserve	(920)	(881)	–	–
Accumulated profits	18,879	13,011	15,421	32,875
	38,103	33,268	30,865	48,319

The capital reserve represents the assigned fair value of the warrants issued by the Company and the effect of the capital reduction of the Company's ordinary shares from \$0.05 to \$0.01 per share during the financial year ended 31 March 2004. The capital reserve is not distributable in accordance with Article 142 of the Articles of Association of the Company.

Reserve for own shares comprises the cost of the Company's shares held by the Group (note 17).

The reserve on consolidation relates to the acquisition of non-controlling interests by a subsidiary pursuant to a scheme of restructuring in prior years.

The foreign currency translation reserve comprises:

- foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and
- the exchange differences on monetary items which form part of the Group's net investment in foreign operations.

The revaluation reserve relates to the revaluation surplus on certain property, plant and equipment (note 4(iii)) measured using the revaluation model.

Other reserve relates to the changes in equity interest in subsidiaries without a change in control (i.e. represents difference between the purchase consideration and book value of the non-controlling interests).

YEAR ENDED 31 MARCH 2020

19. LOANS AND BORROWINGS

	Note	Group		Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Non-current liabilities					
Secured bank loans		2,050	4,987	–	–
Lease liabilities (2019: finance lease liabilities)		13,740	12,405	–	5
		15,790	17,392	–	5
Current liabilities					
Bank overdrafts	15	4,727	8,019	–	–
Bills payable		25,084	31,272	–	–
Secured bank loans		6,586	5,806	–	–
Unsecured bank loans		30,046	31,871	–	–
Lease liabilities (2019: finance lease liabilities)		14,035	8,345	5	11
		80,478	85,313	5	11

The loans and borrowings are guaranteed by the Company, out of which \$16,862,000 (2019: \$15,148,000) are also guaranteed by a related corporation.

The secured bank loans and lease liabilities are secured by:

- (a) a charge over the Group's leasehold land and property, and plant and machinery (note 4) with carrying amounts of \$9,200,000 (2019: \$10,720,000) and \$624,000 (2019: \$680,000) respectively;
- (b) a charge over the Group's leasehold property classified as asset held for sale (note 16) with a carrying amount of \$13,135,000 (2019: \$13,135,000);
- (c) the Group's plant and machinery acquired under hire purchase arrangements (note 4) with a carrying amount of \$37,014,000 (2019: \$30,387,000);
- (d) the Group's inventories acquired under hire purchase arrangements (note 13) with a carrying amount of \$931,000 (2019: \$4,765,000); and
- (e) a charge over the Group's fixed deposit (note 15) amounting to \$150,000 (2019: \$Nil).

YEAR ENDED 31 MARCH 2020

19. LOANS AND BORROWINGS (CONT'D)***Finance lease liabilities***

Finance leases liabilities are payable as follows:

	Future minimum lease payments \$'000	Interest \$'000	Present value of minimum lease payments \$'000
Group			
2019			
Within one year	9,177	832	8,345
Between one and five years	13,038	708	12,330
More than five years	77	2	75
	<u>22,292</u>	<u>1,542</u>	<u>20,750</u>
Company			
2019			
Within one year	12	1	11
Between one and five years	5	—*	5
	<u>17</u>	<u>1</u>	<u>16</u>

* Less than \$1,000

YEAR ENDED 31 MARCH 2020

19. LOANS AND BORROWINGS (CONT'D)***Terms and debt repayment schedule***

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

	Nominal interest rate %	Year of maturity	2020		2019	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group						
Secured floating rate bank loans	COF, SIBOR and SWAP + 1.75 – 2.41	2021 – 2022	8,636	8,636	10,793	10,793
Unsecured fixed rate bank loans	2.83 – 5.53	2021	30,046	30,046	31,871	31,871
Lease liabilities (2019: finance lease liabilities)	1.38 – 4.88	2021 – 2039	29,391	27,775	22,292	20,750
Bank overdrafts	PR and BLR + 1.00	On demand	4,727	4,727	8,019	8,019
Bills payable	1.04, COF and SWAP + 0.85 – 3.90, 1.50 of face values, prevailing interest rate	2021	25,084	25,084	31,272	31,272
			97,884	96,268	104,247	102,705
Company						
Lease liabilities (2019: finance lease liabilities)	2.80	2021	5	5	17	16

BLR: Base Lending Rate

COF: Cost of Funds

PR: Prime Rate

SIBOR: Singapore Interbank Offered Rate

SWAP: Bank's Swap Rate

Market and liquidity risks

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 28.

YEAR ENDED 31 MARCH 2020

19. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Total \$'000
	Trade and other payables \$'000	Bank overdrafts \$'000	Other loans and borrowings \$'000	Lease liabilities \$'000	
Balance at 1 April 2018	86,459	2,968	59,317	18,092	166,836
Changes from financing cash flows					
Interest paid	(1)	(412)	(2,592)	(958)	(3,963)
Proceeds from:					
– bank loans	–	–	21,746	–	21,746
– refinancing of finance lease liabilities	–	–	–	971	971
– bills payable	–	–	164,536	–	164,536
Repayment of:					
– bank loans	–	–	(21,674)	–	(21,674)
– bills payable	–	–	(149,986)	–	(149,986)
– finance lease liabilities	–	–	–	(9,112)	(9,112)
Total changes from financing cash flows	(1)	(412)	12,030	(9,099)	2,518
Effect of changes in foreign exchange rates	(465)	–	(3)	(150)	(618)
Other changes					
Liability-related					
Change in bank overdrafts	–	5,051	–	–	5,051
Change in trade and other payables	9,426	–	–	–	9,426
New finance leases	–	–	–	10,949	10,949
Interest expense	15	412	2,592	958	3,977
Total liability-related other changes	9,441	5,463	2,592	11,907	29,403
Balance at 31 March 2019	95,434	8,019	73,936	20,750	198,139

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

19. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities					Total \$'000
	Trade and other payables \$'000	Bank overdrafts \$'000	Other loans and borrowings \$'000	Lease liabilities \$'000	Lease liabilities held for sale \$'000	
Balance at 1 April 2019	95,434	8,019	73,936	20,750	–	198,139
Adjustment on initial adoption of SFRS(I) 16*	–	–	–	15,790	–	15,790
Reclassification	–	–	–	(6,922)	6,922	–
Adjusted balance at 1 April 2019	95,434	8,019	73,936	29,618	6,922	213,929
Changes from financing cash flows						
Interest paid	(14)	(298)	(3,004)	(1,541)	(282)	(5,139)
Proceeds from:						
– bank loans	–	–	28,663	–	–	28,663
– refinancing of lease liabilities	–	–	–	1,071	–	1,071
– bills payable	–	–	175,607	–	–	175,607
Repayment of:						
– bank loans	–	–	(32,701)	–	–	(32,701)
– bills payable	–	–	(181,796)	–	–	(181,796)
– lease liabilities	–	–	–	(16,493)	(240)	(16,733)
Total changes from financing cash flows	(14)	(298)	(13,231)	(16,963)	(522)	(31,028)
Effect of changes in foreign exchange rates	130	–	57	20	–	207
Other changes						
Liability-related						
Change in bank overdrafts	–	(3,292)	–	–	–	(3,292)
Change in trade and other payables	3,652	–	–	–	–	3,652
New leases	–	–	–	13,559	–	13,559
Interest expense	7	298	3,004	1,541	282	5,132
Total liability-related other changes	3,659	(2,994)	3,004	15,100	282	19,051
Balance at 31 March 2020	99,209	4,727	63,766	27,775	6,682	202,159

* See note 2.5.

YEAR ENDED 31 MARCH 2020

20. DEFERRED TAX ASSETS AND LIABILITIES

Movements in deferred tax assets and liabilities of the Group (prior to setting off of balances) during the financial year are as follows:

	At 1 April 2018 \$'000	Recognised in profit or loss (note 25) \$'000	Translation differences \$'000	At 31 March 2019 \$'000	Recognised in profit or loss (note 25) \$'000	Translation differences \$'000	At 31 March 2020 \$'000
Group							
Deferred tax assets							
Property, plant and equipment	(1,421)	(70)	–	(1,491)	101	–	(1,390)
Unutilised tax losses	(704)	–	(1)	(705)	(983)	(7)	(1,695)
Unutilised capital allowances	(1,113)	586	1	(526)	47	–	(479)
Provisions	(101)	13	2	(86)	–	1	(85)
Trade and other receivables	(91)	5	1	(85)	33	–*	(52)
Others	(196)	(25)	3	(218)	(44)	2	(260)
Total	(3,626)	509	6	(3,111)	(846)	(4)	(3,961)
Deferred tax liabilities							
Property, plant and equipment	5,319	(158)	(15)	5,146	967	(5)	6,108

* Less than \$1,000

Deferred tax assets of the Company are attributable to the following:

	Company	
	2020 \$'000	2019 \$'000
Deferred tax assets		
Property, plant and equipment	–*	–*
Provisions	23	21
Trade and other receivables	278	140
	<u>301</u>	<u>161</u>

* Less than \$1,000

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 amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Deferred tax assets	(89)	(44)	(301)	(161)
Deferred tax liabilities	2,236	2,079	–	–
	<u>2,147</u>	<u>2,035</u>	<u>(301)</u>	<u>(161)</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade payables	70,475	67,100	34	16
Other payables	663	575	15	54
Accruals	22,730	23,162	1,653	1,090
Employee benefits	1,215	1,148	135	122
Amounts owing to:				
– subsidiaries (trade)	–	–	4,226	1,987
– subsidiaries (non-trade)	–	–	6,257	3,050
– related corporations (trade)	899	2,214	–	–
– related corporations (non-trade)	145	100	–	–
Financial liabilities at amortised cost	96,127	94,299	12,320	6,319
Deferred grant income	1,314	–	118	–
Deposits received	1,768	1,135	–	–
	<u>99,209</u>	<u>95,434</u>	<u>12,438</u>	<u>6,319</u>

All the outstanding non-trade balances with subsidiaries and related corporations are unsecured, interest-free and repayable on demand.

The deferred grant income relates to the Jobs Support Scheme announced by the Singapore Government as part of the COVID-19 relief measures to provide wage support to employers to help retain their employees during the period of economic uncertainty. As the effects of COVID-19 on the Group's business activities and hence, the commencement of the period of economic uncertainty only occurs subsequent to year end, the grant income has been deferred as at 31 March 2020.

The Group and the Company's exposures to currency risk and to liquidity risk related to trade and other payables are disclosed in note 28.

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22. PROVISIONS

	Onerous contracts \$'000	Rectification costs \$'000	Total \$'000
Group			
2020			
At 1 April	1,000	5,113	6,113
Provisions made	1,888	3,796	5,684
Provisions utilised	(1,988)	(2,195)	(4,183)
At 31 March	900	6,714	7,614
2019			
At 1 April	740	5,864	6,604
Provisions made	1,000	1,182	2,182
Provisions utilised	(740)	(1,933)	(2,673)
At 31 March	1,000	5,113	6,113

It is expected that the majority of the provisions will be utilised or no longer required within the next financial year.

Onerous contracts

As the unavoidable costs on a project is expected to exceed the revenue expected to be received, the Group has made provision for onerous contract of \$900,000 as at 31 March 2020 (2019: \$1,000,000).

Rectification costs

The Group recognised provision for rectification costs for unfinalised projects. Additional provisions were made for new projects and construction works performed during the year based on management's estimate of future obligations. Unused provisions for projects that were finalised during the year were reversed and has been included in costs of sales in the consolidated statement of profit or loss.

Source of estimation uncertainty

The provisions recognised represent management's best estimate of the expected future costs required. Significant estimates and assumptions are made in determining the provisions. Those estimates and assumptions deal with uncertainties such as: changes to timing, extent and costs required. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statements of financial position and consolidated statement of profit or loss by adjusting the provision.

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23. REVENUE

	Group	
	2020 \$'000	2019 \$'000
Revenue from contracts with customers	328,800	308,838
Rental income	13,989	14,291
	<u>342,789</u>	<u>323,129</u>

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Construction contracts

Nature of goods or services	The Group provides foundation and geotechnical engineering services for private and public sector work which include residential, commercial, industrial and infrastructure projects. These projects are carried out based on specifically negotiated contracts with customers.
When revenue is recognised	The Group assessed that these construction contracts qualify for over time revenue recognition as the projects have no alternative use for the Group due to contractual restrictions, and the Group generally has enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to surveys of work performed.
Significant payment terms	Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified construction milestones. If the value of the construction services rendered exceeds progress billings from the customer, a contract asset is recognised.
Defect liability period	The Group is required to make good any defects identified during the defect liability period, typically for a period of 6 months to 3 years, depending on the contractual terms.

Trading of plant and equipment

Nature of goods or services	The Group sells plant and equipment.
When revenue is recognised	Revenue is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices are issued when goods are delivered to the customers and are payable within 30 days.
Obligations for warranties	Only new plant and equipment sold by the Group comes with a warranty term, typically for a period of 12 months or 1,000 to 2,000 work hours, whichever is shorter. The warranty is backed by a similar warranty provided by the manufacturer.

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23. REVENUE (CONT'D)**Disaggregation of revenue**

In the following table, revenue from contracts with customers is disaggregated by geographical regions and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see note 31).

	Foundation and geotechnical engineering		Sales and lease of equipment		Total reportable segments	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Geographical regions						
Singapore	254,933	218,613	26,598	28,273	281,531	246,886
Malaysia	33,541	51,548	2,265	3,657	35,806	55,205
Thailand	–	–	2,906	6,255	2,906	6,255
India	–	–	6,494	69	6,494	69
Hong Kong	–	–	1,685	68	1,685	68
Other regions	–	–	378	355	378	355
	<u>288,474</u>	<u>270,161</u>	<u>40,326</u>	<u>38,677</u>	<u>328,800</u>	<u>308,838</u>
Major revenue streams						
Construction contracts	288,023	269,500	–	–	288,023	269,500
Trading of plant and equipment	451	661	40,326	38,677	40,777	39,338
	<u>288,474</u>	<u>270,161</u>	<u>40,326</u>	<u>38,677</u>	<u>328,800</u>	<u>308,838</u>
Timing of revenue recognition						
Products transferred at a point in time	451	661	39,665	37,956	40,116	38,617
Products and services transferred over time	288,023	269,500	661	721	288,684	270,221
	<u>288,474</u>	<u>270,161</u>	<u>40,326</u>	<u>38,677</u>	<u>328,800</u>	<u>308,838</u>

Source of estimation uncertainty

Revenue recognition on an uncompleted construction contract is dependent on estimating the total outcome of the construction contract. Based on the Group's experience and the nature of the foundation engineering activity undertaken, management estimates the variable consideration to be constrained and excluded from revenue recognition at each reporting date.

In making these estimates, management has relied on the expertise of quantity surveyors to determine the progress of the construction and also on past experience of completed projects. The estimated total contract costs is reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change. In addition, actual outcomes in terms of total revenue may be higher or lower than that estimated at the reporting date, which would affect the level of revenue recognised in the current and future years.

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23. REVENUE (CONT'D)**Contract balances**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2020 \$'000	2019 \$'000
Receivables, which are included in 'Trade and other receivables'	52,434	32,916
Contract assets	77,715	96,988
Contract liabilities	(232)	(4,225)

The contract assets for construction contracts primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities primarily relate to advance consideration received from customers for construction contracts.

Contract assets and contract liabilities are reported in the statements of financial position on a contract by contract basis at the end of each reporting period.

Significant changes in the contract assets and contract liabilities balances during the year are as follows:

	2020		2019	
	Contract assets \$'000	Contract liabilities \$'000	Contract assets \$'000	Contract liabilities \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	3,993	–	8
Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	–	(4,181)
Contract assets reclassified to trade receivables	(301,926)	–	(252,963)	–
Changes in measurement of progress	284,030	–	269,492	–
Impairment loss recognised on contract assets	(1,377)	–	(973)	–

Transaction price allocated to the remaining performance obligation

At the reporting date, future revenue related to performance obligations that are unsatisfied (or partially satisfied) for construction contracts and trading of plant and equipment is approximately \$154,000,000 (2019: \$158,000,000) and \$8,000,000 (2019: \$16,000,000) respectively. The Group expects that 83% (2019: 100%) of the future revenue may be recognised as revenue during the next financial year, while the remaining will be recognised in the financial year ending 31 March 2022.

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amounts presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

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24. FINANCE INCOME AND EXPENSES

	Group	
	2020 \$'000	2019 \$'000
Interest income under effective interest method on:		
– cash and cash equivalents	92	118
– shareholder's loan to an associate	–	562
– shareholder's loan to a third party (THAB – other investment)	82	73
– others	14	97
Imputed interest on non-current contract assets	1,402	1,158
Finance income	1,590	2,008
Interest expense:		
– bank loans	(1,942)	(1,674)
– bank overdrafts	(298)	(412)
– bills payable	(1,062)	(918)
– lease liabilities (2019: finance leases)	(1,823)	(958)
– others	(7)	(15)
Finance expenses	(5,132)	(3,977)
Net finance expenses recognised in profit or loss	(3,542)	(1,969)

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25. TAX EXPENSE

	Group	
	2020 \$'000	2019 \$'000
Current tax expense		
Current year	1,119	1,021
Over provided in prior years	(94)	(51)
	<u>1,025</u>	<u>970</u>
Deferred tax expense		
Origination and reversal of temporary differences	(104)	254
Under provided in prior years	225	97
	<u>121</u>	<u>351</u>
	<u>1,146</u>	<u>1,321</u>
Reconciliation of effective tax rate		
Profit/(Loss) for the year	7,314	(18,027)
Tax expense	1,146	1,321
Share of loss of associates (net of tax)	156	43
Profit/(Loss) before share of results of associates and tax expense	<u>8,616</u>	<u>(16,663)</u>
Tax using Singapore tax rate at 17% (2019: 17%)	1,465	(2,833)
Effect of tax rates in foreign jurisdictions	(3)	116
Tax exempt income	(192)	(158)
Tax incentives	(14)	(22)
Non-deductible expenses	501	512
Tax losses and deductible temporary differences for which deferred tax assets were not recognised	2,170	3,933
Utilisation of previously unrecognised deferred tax assets	(2,912)	(273)
Under provided in prior years	131	46
	<u>1,146</u>	<u>1,321</u>

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

	Group	
	2020 \$'000	2019 \$'000
Tax losses arising from operations in:		
– Singapore	92,226	91,319
– Others	8,436	9,523
	<u>100,662</u>	<u>100,842</u>
Deductible temporary differences		
– Singapore	47,051	52,704
– Others	4,845	3,571
	<u>51,896</u>	<u>56,275</u>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which certain subsidiaries of the Group can utilise the benefits therefrom.

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26. PROFIT/(LOSS) FOR THE YEAR

The following items have been included in arriving at profit/(loss) for the year:

	Group	
	2020 \$'000	2019 \$'000
Audit fees paid or payable to:		
– auditors of the Company	(426)	(436)
– other auditors	(25)	(24)
Bad debts written back/(off)	10	(5)
Change in fair value of other investment	(240)	–
Depreciation of property, plant and equipment included in:		
– cost of sales	(23,750)	(22,801)
– administrative expenses	(1,046)	(1,353)
Depreciation of right-of-use assets included in:		
– cost of sales	(2,655)	–
– administrative expenses	(1,313)	–
Directors' remuneration (excluding directors' fees)	(860)	(667)
Directors' fees	(329)	(321)
Distribution of profit from other investment	173	–
Expenses relating to short-term leases	(17,382)	–
Foreign exchange loss	(594)	(327)
Gain on disposal of:		
– property, plant and equipment	993	884
– assets held for sale	259	–
Government grants deducted from:		
– cost of sales	–	31
– administrative expenses	15	62
Impairment losses recognised on:		
– property, plant and equipment	(236)	(11)
– goodwill on consolidation	(360)	–
– trade and other receivables and contract assets	(4,221)	(2,986)
Interest on lease liabilities	(657)	–
Inventories written down	(219)	(247)
Inventories written back/(off)	12	(370)
Non-audit fees paid or payable to:		
– auditors of the Company	(85)	(127)
– other auditors	(35)	(49)
Operating lease expenses included in:		
– cost of sales	–	(27,598)
– administrative expenses	–	(1,601)
Professional fees paid to a director	(30)	(30)
Property, plant and equipment written off	(80)	(17)
Provision for onerous contracts	(1,888)	(1,000)
Provision for rectification costs	(3,796)	(1,182)
Salaries, bonus and other costs	(63,506)	(63,537)
Contributions to defined contribution plans	(3,289)	(3,439)

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27. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share at 31 March 2020 was based on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding of 2,423,874,707 (2019: 2,247,129,263), calculated as follows:

(a) Basic earnings/(loss) per share

	Group	
	2020 \$'000	2019 \$'000
Profit/(Loss) attributable to ordinary shareholders	5,550	(19,335)
	No. of shares	No. of shares
Weighted average number of:		
Issued ordinary shares at beginning of the year	2,342,882,546	2,229,145,881
Issue of shares in exercise of warrants	101,512,161	38,503,382
Ordinary shares held as treasury shares	(20,520,000)	(20,520,000)
Weighted average number of shares used to compute earnings/(loss) per share	2,423,874,707	2,247,129,263

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share at 31 March 2020 was based on profit attributable to ordinary shareholders, and a weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 3,029,023,554 (2019: 2,247,129,263), calculated as follows:

	Group	
	2020 \$'000	2019 \$'000
Profit/(Loss) attributable to ordinary shareholders	5,550	(19,335)
The weighted average number of ordinary shares (diluted):		
	No. of shares	No. of shares
Weighted average number of:		
Ordinary shares used in calculation of basic earnings/(loss) per ordinary share	2,423,874,707	2,247,129,263
Potential ordinary shares issuable under exercise of warrants	605,148,847	*
Weighted average number of ordinary shares issued and potential shares assuming full conversion	3,029,023,554	2,247,129,263

* As the Group was in a loss position, the warrants were not included in the computation of diluted loss per share because these potential ordinary shares would have been anti-dilutive.

28. FINANCIAL INSTRUMENTS

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

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

In the opinion of the directors, the Group has taken appropriate quality control measures to mitigate the effect from any claims caused by product and construction defects, which may affect adversely its financial results, even though the Group is not covered by insurance against such events.

The Audit Committee 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 Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets represent the Group's maximum exposures to credit risk, before taking into account any collateral held. The Group does not hold any collateral in respect of their financial assets.

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28. FINANCIAL INSTRUMENTS (CONT'D)**Credit risk (cont'd)**

Impairment losses on financial assets and contract assets recognised/(reversed) in profit or loss were as follows:

	2020 \$'000	2019 \$'000
Group		
Trade receivables and contract assets arising from contracts with customers	3,120	1,674
Trade receivables arising from rental income	732	1,112
Other receivables	–	1
Loans owing by:		
– associates	(9)	40
– a third party (THAB – other investment)	1	24
Amounts owing by:		
– associates (non-trade)	363	76
– a third party (THAB – other investment) (non-trade)	14	59
	<u>4,221</u>	<u>2,986</u>
Company		
Trade receivables	–	1
Other receivables	–	1
Amounts owing by:		
– subsidiaries (trade)	(116)	431
– subsidiaries (non-trade)	834	850
	<u>718</u>	<u>1,283</u>

Trade and other receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The Group performs ongoing credit evaluations of its counterparties' financial condition and the review includes external ratings, if they are available, and credit agency information.

In monitoring counterparty credit risk, counterparties are grouped according to their credit characteristics, including their geographic location, external credit ratings, aging profile, and existence of previous financial difficulties.

The Group does not require collateral in respect of trade receivables and contract assets. The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

For loans receivables, other receivables, non-trade receivables and deposits, the Group also determines if there has been a significant increase in credit risk at the reporting date by reviewing any changes in the credit characteristics of their counterparties and supplementing it with other information that could affect the counterparty's behaviour.

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28. FINANCIAL INSTRUMENTS (CONT'D)**Credit risk (cont'd)****Trade and other receivables and contract assets (cont'd)***Exposure to credit risk*

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) and contract assets at the reporting date by geographic region was as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	115,044	112,631	11,986	9,991
Malaysia	26,713	34,076	12,181	13,063
Thailand	2,304	3,995	—*	—
India	2,323	297	—	—
Vietnam	186	209	—	—
Hong Kong	1,613	665	—	—
Others	424	439	—	—
	148,607	152,312	24,167	23,054

* Less than \$1,000

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) and contract assets at the reporting date by business segment was as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Foundation and geotechnical engineering	122,165	134,091	16,497	15,556
Trading and lease of equipment	24,061	15,031	48	5
Others	2,381	3,190	7,622	7,493
	148,607	152,312	24,167	23,054

At the reporting date, there were no significant concentrations of credit risk with any counterparties for the Group. At the reporting date, there is no significant concentration of credit risk for the Company, except for the amounts due from subsidiaries of \$23,967,000 (2019: \$22,994,000).

Expected credit loss assessment for counterparties

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about counterparties) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

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28. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Trade and other receivables and contract assets (cont'd)

Expected credit loss assessment for counterparties (cont'd)

The following tables provide information about the exposure to credit risk and lifetime ECLs for trade and other receivables (excluding prepayments) and contract assets:

	Weighted average loss rate %	Not credit- impaired \$'000	Credit- impaired \$'000	Gross carrying amount \$'000	Total loss allowance \$'000	Net \$'000
31 March 2020						
Group						
Grade AA	0.02	4,527	–	4,527	(1)	4,526
Grade A	0.98	70,632	550	71,182	(695)	70,487
Grade B	1.22	27,893	–	27,893	(340)	27,553
Grade C	1.59	15,763	5	15,768	(250)	15,518
Grade D	39.39	30,737	19,621	50,358	(19,835)	30,523
Total gross carrying amount		149,552	20,176	169,728	(21,121)	148,607
Loss allowance		(1,412)	(19,709)			
		148,140	467			
Company						
Grade AA	–	148	–	148	–	148
Grade D	10.45	11,884	14,939	26,823	(2,804)	24,019
Total gross carrying amount		12,032	14,939	26,971	(2,804)	24,167
Loss allowance		(172)	(2,632)			
		11,860	12,307			
31 March 2019						
Group						
Grade AA	0.07	1,452	–	1,452	(1)	1,451
Grade A	0.89	49,224	456	49,680	(442)	49,238
Grade B	0.96	44,535	326	44,861	(431)	44,430
Grade C	21.96	57,632	15,660	73,292	(16,099)	57,193
Total gross carrying amount		152,843	16,442	169,285	(16,973)	152,312
Loss allowance		(1,518)	(15,455)			
		151,325	987			
Company						
Grade C	8.30	23,188	1,952	25,140	(2,086)	23,054
Total gross carrying amount		23,188	1,952	25,140	(2,086)	23,054
Loss allowance		(821)	(1,265)			
		22,367	687			

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28. FINANCIAL INSTRUMENTS (CONT'D)**Credit risk (cont'd)****Trade and other receivables and contract assets (cont'd)**

Movements in allowance for impairment in respect of trade and other receivables (excluding prepayments) and contract assets

The movements in the allowance for impairment in respect of trade and other receivables (excluding prepayments) and contract assets during the year were as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance at 1 April	16,973	14,014	2,086	803
Impairment loss recognised	4,221	2,986	718	1,283
Impairment losses utilised	(89)	(37)	–	–
Effect of movements in exchange rates	16	10	–	–
Balance at 31 March	21,121	16,973	2,804	2,086

Trade and other receivables (excluding prepayments) and contract assets with contractual amounts of \$89,000 written off during 2020 (2019: \$37,000) are still subject to enforcement activity.

The following significant changes in the gross carrying amounts of trade and other receivables (excluding prepayments) and contract assets contributed to the changes in the impairment loss allowance during the year:

2020

- Increase in the Group's credit-impaired balance of \$3,270,000 are related to long outstanding balances from several customers that have encountered financial difficulties and the Group has assessed that these customers are unlikely able to pay their outstanding balances, resulting in increase in the Group's impairment allowance of \$3,239,000;
- Decrease in impairment allowance of \$458,000 relates to amounts recovered from customers with previously credit-impaired balances of \$1,222,000;
- Increase in the Group's credit-impairment balance of \$1,686,000 are related to disputed balances with several customers that the Group has assessed the likelihood of recovery to be low, resulting in an increase in the Group's impairment allowance of \$1,473,000;
- Increase in the Company's credit-impaired balance of \$12,141,000 relating to one subsidiary which management had assessed that the said subsidiary is not able to fully settle the outstanding balance based on projected future cash flows, resulting in an increase in the Company's impairment allowance of \$1,300,000; and
- Decrease in the Company's non-credit-impaired balance and change in expected loss rates for each credit risk grade of the Company's debtors resulted in a decrease in the Company's impairment allowance of \$582,000.

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28. FINANCIAL INSTRUMENTS (CONT'D)**Credit risk (cont'd)*****Trade and other receivables and contract assets (cont'd)***2019

- Increase in the Group's credit-impaired balance of \$2,348,000 are related to several customers that have encountered financial difficulties and have indicated that they are not expecting to be able to pay their outstanding balances, resulting in increase in the Group's impairment allowance of \$1,900,000;
- Increase in the Company's credit-impaired balance of \$1,789,000 relating to one subsidiary which management had assessed that the said subsidiary is not able to fully settle the outstanding balance based on projected future cash flows, resulting in an increase in the Company's impairment allowance of \$1,102,000; and
- Increase in the Group's and Company's trade and other receivables (excluding prepayments) and contract assets and change in external credit ratings of the Group's and Company's debtors resulted in an increase in the Group's and Company's impairment allowances of \$1,059,000 and \$181,000 respectively.

Cash and cash equivalents

The cash and cash equivalents of the Group and the Company are held with banks and financial institution counterparties, which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Intra-group financial guarantees

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risk and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are given to its subsidiaries and a joint operation.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The intra-group financial guarantees are eliminated in preparing the consolidated financial statements. Estimates of the Company's obligation arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates, as presented under Liquidity risk.

Source of estimation uncertainty

In deriving the impairment losses on trade and other receivables (excluding prepayments) under the expected credit loss model, the Group is required to make estimates to reflect reasonable and supportable information about creditworthiness, which includes historical, current and forecast information. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full. The amount and timing of recorded impairment losses would differ if the Group made different estimates and judgement.

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28. FINANCIAL INSTRUMENTS (CONT'D)**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.

To ensure continuity of funding, the Group's policy is to use a mix of long-term and short-term financing. Short-term funding is obtained through overdraft, trust receipt and financing loan facilities. Long-term funding is primarily used for acquisition of property, plant and equipment. The Group evaluates various alternative financing arrangements to balance its debt leverage.

Included in total assets of the Group at the reporting date are contract assets and trade receivables totalling \$136,233,000 (2019: \$135,547,000). The liquidity of the Group is primarily dependent on the timely settlement of contract assets and trade receivables. The Group carefully monitors current and expected liquidity requirements to ensure that it maintains sufficient working capital and adequate external financing to meet its liquidity requirements in the short and longer term.

The Group maintains adequate short term facilities totalling approximately \$132,336,000 (2019: \$149,851,000) that can be drawn down to meet short term financing needs. As at reporting date, \$82,647,000 (2019: \$87,431,000) of the facilities had been utilised. The short term facilities attract a short term interest rate imposed by the applicable banks from time to time.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

		Cash flows			
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Group					
2020					
Non-derivative financial liabilities					
Secured bank loans*	8,636	(9,074)	(6,964)	(2,110)	–
Unsecured bank loans	30,046	(30,304)	(30,304)	–	–
Lease liabilities	27,775	(29,391)	(15,070)	(14,245)	(76)
Bank overdrafts	4,727	(5,012)	(5,012)	–	–
Bills payable	25,084	(25,339)	(25,339)	–	–
Trade and other payables#	96,127	(96,127)	(96,127)	–	–
Recognised financial liabilities	192,395	(195,247)	(178,816)	(16,355)	(76)
2019					
Non-derivative financial liabilities					
Secured bank loans*	10,793	(11,625)	(6,298)	(5,327)	–
Unsecured bank loans	31,871	(32,061)	(32,061)	–	–
Finance lease liabilities	20,750	(22,292)	(9,177)	(13,038)	(77)
Bank overdrafts	8,019	(8,473)	(8,473)	–	–
Bills payable	31,272	(31,602)	(31,602)	–	–
Trade and other payables#	94,299	(94,299)	(94,299)	–	–
Recognised financial liabilities	197,004	(200,352)	(181,910)	(18,365)	(77)

* Included in the cash flows within 1 year are financial liabilities of \$4,832,000 (2019: \$5,232,000) with contractual maturities that are more than 1 year (see note 19)

[#] Excludes deposits received and deferred grant income

YEAR ENDED 31 MARCH 2020

28. FINANCIAL INSTRUMENTS (CONT'D)**Liquidity risk (cont'd)***Exposure to liquidity risk (cont'd)*

	Carrying amount \$'000	Cash flows			
		Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Company					
2020					
Non-derivative financial liabilities					
Lease liabilities	5	5	5	–	–
Trade and other payables#	12,320	12,320	12,320	–	–
Intra-group financial guarantee	–	173,740	173,740	–	–
Recognised financial liabilities	12,325	186,065	186,065	–	–
2019					
Non-derivative financial liabilities					
Finance lease liabilities	16	17	12	5	–
Trade and other payables#	6,319	6,319	6,319	–	–
Intra-group financial guarantee	–	193,864	193,864	–	–
Recognised financial liabilities	6,335	200,200	200,195	5	–

[#] Excludes deferred grant income

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the financial guarantees granted to the subsidiaries and a joint arrangement.

Market risk

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

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates (SIBORs) and Singapore swap offer rates (SORs), and the transition from SOR to the Singapore Overnight Rate Average (SORA), is also ongoing.

In Singapore, SIBOR and SOR continue to be used as reference rates in financial markets and are used in the valuation of instruments with maturities that exceed the expected end date for SIBOR and SOR.

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28. FINANCIAL INSTRUMENTS (CONT'D)**Market risk (cont'd)****Interest rate risk**

The Group's exposure to changes in interest rates relates primarily to its interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

Exposure to interest rate risk

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

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Financial assets	4,074	4,599	–	–
Financial liabilities	(57,821)	(52,621)	(5)	(16)
	(53,747)	(48,022)	(5)	(16)
Variable rate instruments				
Financial assets	2,518	2,196	–	–
Financial liabilities	(38,447)	(50,084)	–	–
	(35,929)	(47,888)	–	–

Fair value sensitivity analysis for fixed rate instruments

The Group accounts for its convertible notes, amounting to \$Nil (2019: \$240,000), as debt investments – mandatorily at FVTPL (see note 12). An increase/decrease of 100 basis point ("bp") in interest rate at the reporting date would not have a material effect. The remaining fixed rate financial assets and liabilities are not accounted for at fair value through profit or loss and therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, an increase of 50 basis point ("bp") in interest rate at the reporting date would decrease profit or loss (and equity) (before any tax effect) by the amounts shown below. A decrease in 50 bp in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

	Group	
	2020	2019
	\$'000	\$'000
Variable rate financial instruments	(180)	(239)

There is no impact on other comprehensive income and equity.

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28. FINANCIAL INSTRUMENTS (CONT'D)**Market risk (cont'd)****Currency risk***Risk management policy*

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies in which these transactions primarily are denominated are the Euro, US Dollar, Japanese Yen, Chinese Renminbi, British Pound and Malaysian Ringgit. 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 enters into forward exchange contracts with banks from time to time to reduce the adverse impact of foreign exchange risk on the Group's profitability.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	Euro \$'000	US Dollar \$'000	Japanese Yen \$'000	Chinese Renminbi \$'000	British Pound \$'000	Malaysian Ringgit \$'000
Group						
2020						
Trade and other receivables	3,011	2,475	56	27	2,196	1,032
Cash and cash equivalents	383	140	1	–	601	3
Loans and borrowings	(4,018)	(2,660)	–	–	(51)	–
Trade and other payables	(75)	(500)	–	(14,083)	(79)	–
Net exposure	(699)	(545)	57	(14,056)	2,667	1,035
2019						
Trade and other receivables	50	858	51	3	2,794	1,039
Cash and cash equivalents	62	713	1	–	1	3
Loans and borrowings	(831)	(4,118)	–	–	–	–
Trade and other payables	(147)	(224)	(116)	(3,636)	(5)	–
Net exposure	(866)	(2,771)	(64)	(3,633)	2,790	1,042

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28. FINANCIAL INSTRUMENTS (CONT'D)**Market risk (cont'd)****Currency risk (cont'd)***Sensitivity analysis*

A 10% strengthening of following major currencies against the functional currency of each of the Group's entities at the reporting date would increase/(decrease) profit or loss (and equity) (before any tax effect) by the amounts shown below. Similarly, a 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

	Profit or loss	
	2020 \$'000	2019 \$'000
Group		
Euro	(70)	(87)
US Dollar	(55)	(277)
Japanese Yen	6	(6)
Chinese Renminbi	(1,406)	(363)
British Pound	267	279
Malaysian Ringgit	104	104

There is no impact on other comprehensive income and equity.

The Group and the Company is not exposed to any significant equity price risk as at 31 March 2020 and 31 March 2019.

Accounting classifications and fair values**Fair value hierarchy**

The following defines the fair value hierarchy of financial instruments carried at fair value, by valuation method:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (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).

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28. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts

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

	Note	Carrying amount					Fair value			
		Mandatorily at FVTPL – others	Amortised cost	FVOCI – equity instruments	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
31 March 2020										
Financial assets measured at fair value										
Equity investments – at FVOCI		–	–	165	–	165	–	–	165	165
Financial assets not measured at fair value										
Trade and other receivables [#]	14	–	70,892	–	–	70,892	–	70,892	–	70,892
Cash and cash equivalents	15	–	19,179	–	–	19,179				
		–	90,071	–	–	90,071				
Financial liabilities not measured at fair value										
Bank overdrafts	19	–	–	–	(4,727)	(4,727)				
Bills payable	19	–	–	–	(25,084)	(25,084)				
Secured bank loans	19	–	–	–	(8,636)	(8,636)				
Unsecured bank loans	19	–	–	–	(30,046)	(30,046)				
Trade and other payables [*]	21	–	–	–	(96,127)	(96,127)				
		–	–	–	(164,620)	(164,620)				

[#] Excludes prepayments

^{*} Excludes deposits received and deferred grant income

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28. FINANCIAL INSTRUMENTS (CONT'D)**Accounting classifications and fair values (cont'd)****Fair values versus carrying amounts (cont'd)**

		Carrying amount				Fair value												
	Note	Mandatorily at FVTPL – others \$'000	Amortised cost \$'000	FVOCI – equity instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000								
Group																		
31 March 2019																		
Financial assets measured at fair value																		
Equity																		
investments – at FVOCI		–	–	166	–	166	–	–	166	166								
Debt																		
investments – mandatorily at FVTPL		240	–	–	–	240	–	–	240	240								
		240	–	166	–	406												
Financial assets not measured at fair value																		
Trade and other receivables#											14	–	55,324	–	–	55,324	–	55,324
Cash and cash equivalents	15	–	15,212	–	–	15,212												
		–	70,536	–	–	70,536												
Financial liabilities not measured at fair value																		
Bank overdrafts	19	–	–	–	(8,019)	(8,019)												
Bills payable	19	–	–	–	(31,272)	(31,272)												
Secured bank loans	19	–	–	–	(10,793)	(10,793)												
Unsecured bank loans	19	–	–	–	(31,871)	(31,871)												
Finance lease liabilities	19	–	–	–	(20,750)	(20,750)	–	(18,772)	–	(18,772)								
Trade and other payables*	21	–	–	–	(94,299)	(94,299)												
		–	–	–	(197,004)	(197,004)												

[#] Excludes prepayments^{*} Excludes deposits received

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

28. FINANCIAL INSTRUMENTS (CONT'D)**Accounting classifications and fair values (cont'd)*****Fair values versus carrying amounts (cont'd)***

	Note	Carrying amount			Fair value			
		Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000

Company**31 March 2020****Financial assets not****measured at fair value**

Trade and other receivables [#]	14	24,167	–	24,167				
Cash and cash equivalents	15	265	–	265				
		<u>24,432</u>	<u>–</u>	<u>24,432</u>				

Financial liabilities not**measured at fair value**

Trade and other payables*	21	–	(12,320)	(12,320)				
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31 March 2019**Financial assets not****measured at fair value**

Trade and other receivables	14	23,054	–	23,054				
Cash and cash equivalents	15	503	–	503				
		<u>23,557</u>	<u>–</u>	<u>23,557</u>				

Financial liabilities not**measured at fair value**

Finance lease liabilities	19	–	(16)	(16)	–	(14)	–	(14)
Trade and other payables	21	–	(6,319)	(6,319)				
		<u>–</u>	<u>(6,335)</u>	<u>(6,335)</u>				

[#] Excludes prepayments^{*} Excludes deferred grant income

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28. FINANCIAL INSTRUMENTS (CONT'D)**Accounting classifications and fair values (cont'd)*****Estimation of fair values***

The following methods and assumptions are used to estimate fair values of the following significant classes of financial instruments:

Debt investments and equity investments

In 2019, the fair value of debt investments was determined by reference to the latest round of financing price occurring within the current financial year which was deemed to approximate the fair value at reporting date. The key unobservable input comprised the most recent transaction price. The estimated fair value would increase/(decrease) if the recent transaction prices were higher/(lower). In 2020, in view of the continued losses and the lack of a viable business plan and future expected cash flows, the fair value of the debt investment is determined using the net asset value of the investment. As the investment is in a net liability position, the fair value of the debt investment as at 31 March 2020 was determined to be \$Nil. The estimated fair value would increase if the net asset value of the investee was higher.

Fair values of equity instruments measured at fair value through other comprehensive income are determined using the net asset value of the investee, which is largely made up of financial assets and liabilities whose carrying values closely approximate their fair values. As the investee was set up for a sole project which had been completed in prior year, the Group believes that the net monetary assets position reflects the fair value. The estimated fair value would increase/(decrease) if the net monetary assets of the investee was higher/(lower).

Non-current finance lease liabilities (for 2019 only) and non-current trade and other receivables

The fair values have been determined by discounting the expected payments with current interest rates for similar instruments at the reporting date.

Floating interest rate bank loans

The carrying amounts of floating interest bearing loans, which are repriced within 1 to 6 months from the reporting date, reflect the corresponding fair values.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including current trade and other receivables, cash and cash equivalents, current trade and other payables and short term borrowings) are assumed to approximate their fair values because of the short period to maturity.

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28. FINANCIAL INSTRUMENTS (CONT'D)**Accounting classifications and fair values (cont'd)****Interest rates used in determining fair values**

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at 31 March plus an adequate credit spread, and are as follows:

	Group	
	2020 %	2019 %
Non-current trade and other receivables and non-current contract assets	4.88	4.88
Finance lease liabilities		1.50 – 3.40

Transfers between Levels 1, 2 and 3

There were no transfers of financial instruments between Levels 1, 2 and 3.

Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Equity investments – FVOCI \$'000	Debt investments – mandatorily at FVTPL \$'000
Group		
2020		
At 1 April	166	240
Change in fair value	–	(240)
Effect of movements in exchange rates	(1)	–
At 31 March	165	–
2019		
At 1 April	169	120
Purchases	–	120
Effect of movements in exchange rates	(3)	–
At 31 March	166	240

The reconciliation from the opening balances to the ending balances for freehold and leasehold land and properties that are revalued at each reporting date are presented in note 4.

YEAR ENDED 31 MARCH 2020

29. COMMITMENTS

As at reporting date, the Group had the following commitments:

Capital expenditure contracted for but not recognised in the financial statements is as follows:

	2020 \$'000	2019 \$'000
Capital commitment in respect of:		
– acquisition of property, plant and equipment	644	–

30. RELATED PARTIES**Transactions with key management personnel****Key management personnel compensation**

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and senior management are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2020 \$'000	2019 \$'000
Short-term employee benefits	6,929	6,149
Post-employment benefits (including CPF)	313	320
	<u>7,242</u>	<u>6,469</u>

The aggregate value of transactions related to key management personnel over which they have control or significant influence are as follows:

	Note	Transaction value for the year ended	
		2020 \$'000	2019 \$'000
Professional fees	26	<u>30</u>	<u>30</u>

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30. RELATED PARTIES (CONT'D)**Transactions with key management personnel (cont'd)*****Other related party transactions***

Other than as disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Companies in which a substantial shareholder of the Group has substantial financial interests		
Revenue from foundation engineering works	2,227	444
Revenue from trading of plant and equipment	–	259
Revenue from rental income	40	170
Expenses related to short-term leases	(3,268)	–
Operating lease expenses	–	(5,464)
Purchase of plant and equipment	(148)	(73)
Upkeep of machinery and equipment expenses	(398)	(477)

31. SEGMENT REPORTING**(a) Business segments**

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's Board of Directors reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

<i>Foundation and geotechnical engineering:</i>	Includes civil engineering, piling, foundation and geotechnical engineering, soil investigation, land surveying and other related services
<i>Sales and lease of equipment:</i>	Sales and rental of foundation engineering equipment, machinery and spare parts

Other operations include the sale and sublet of land, property development and fabrication, repair and maintenance services for heavy machinery. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2020 or 2019.

The bases of measurement of the reportable segments are in accordance with the Group's accounting policies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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31. SEGMENT REPORTING (CONT'D)

(a) Business segments (cont'd)

Information about reportable segments

	Foundation and geotechnical engineering		Sales and lease of equipment		Total reportable segments	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from contracts						
with customers	288,474	270,161	40,326	38,677	328,800	308,838
Rental income	383	177	13,606	14,114	13,989	14,291
External revenue	288,857	270,338	53,932	52,791	342,789	323,129
Inter-segment revenue	34,822	60,139	17,059	15,542	51,881	75,681
Finance income	1,547	1,300	43	146	1,590	1,446
Finance expenses	(3,138)	(2,626)	(1,763)	(1,121)	(4,901)	(3,747)
Reportable segment profit/ (loss) before tax	5,827	(19,142)	3,650	3,316	9,477	(15,826)
Reportable segment assets	235,533	245,366	114,509	91,206	350,042	336,572
Capital expenditure	8,682	10,649	3,979	6,236	12,661	16,885
Reportable segment liabilities	142,172	160,585	60,754	41,127	202,926	201,712
Other material items						
Change in fair value of other investment	(240)	–	–	–	(240)	–
Depreciation of property, plant and equipment	(19,114)	(19,534)	(5,039)	(3,988)	(24,153)	(23,522)
Depreciation of right-of-use assets	(3,015)	–	(953)	–	(3,968)	–
Impairment losses recognised on:						
– property, plant and equipment	(165)	–	(71)	(11)	(236)	(11)
– goodwill on consolidation	(360)	–	–	–	(360)	–
– trade and other receivables and contract assets	(2,417)	(1,284)	(1,454)	(1,603)	(3,871)	(2,887)
Gain on disposal of:						
– property, plant and equipment	428	782	565	102	993	884
– assets held for sale	259	–	–	–	259	–
Inventories written down	–	–	(219)	(247)	(219)	(247)
Inventories written back/(off)	–	–	12	(370)	12	(370)
Provision for onerous contracts	(1,888)	(1,000)	–	–	(1,888)	(1,000)
Provision for rectification costs	(3,796)	(1,182)	–	–	(3,796)	(1,182)

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31. SEGMENT REPORTING (CONT'D)

(a) Business segments (cont'd)

Information about reportable segments (cont'd)

Reconciliations of reportable segment profit or loss, assets and liabilities and other segmental information:

	2020 \$'000	2019 \$'000
Finance income		
Total finance income for reportable segments	1,590	1,446
Finance income for other segments	–	562
	<u>1,590</u>	<u>2,008</u>
Finance expenses		
Total finance expenses for reportable segments	(4,901)	(3,747)
Finance expenses for other segments	(231)	(230)
	<u>(5,132)</u>	<u>(3,977)</u>
Profit or loss before tax		
Total profit/(loss) before tax for reportable segments	9,477	(15,826)
(Loss)/Profit before tax for other segments	(451)	302
	<u>9,026</u>	<u>(15,524)</u>
Elimination of inter-segment transactions	5,548	4,309
Unallocated amount:		
– other corporate expenses	(5,958)	(5,448)
Share of loss of associates	(156)	(43)
Consolidated profit/(loss) before tax	<u>8,460</u>	<u>(16,706)</u>
Depreciation of property, plant and equipment		
Total depreciation expenses for reportable segments	(24,153)	(23,522)
Depreciation expenses for other segments	(643)	(632)
	<u>(24,796)</u>	<u>(24,154)</u>
Impairment losses recognised on trade and other receivables and contract assets		
Total impairment losses for reportable segments	(3,871)	(2,887)
Impairment losses for other segments	(350)	(99)
	<u>(4,221)</u>	<u>(2,986)</u>
Assets		
Total assets for reportable segments	350,042	336,572
Assets for other segments	13,314	15,002
	<u>363,356</u>	<u>351,574</u>
Investments in associates	531	651
Deferred tax assets	89	44
Tax recoverable	128	506
Other unallocated amounts	476	575
Consolidated total assets	<u>364,580</u>	<u>353,350</u>

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31. SEGMENT REPORTING (CONT'D)**(a) Business segments (cont'd)****Information about reportable segments (cont'd)**

Reconciliations of reportable segment profit or loss, assets and liabilities and other segmental information: (cont'd)

	2020 \$'000	2019 \$'000
Liabilities		
Total liabilities for reportable segments	202,926	201,712
Liabilities for other segments	5,120	5,467
	208,046	207,179
Deferred tax liabilities	2,236	2,079
Current tax payable	721	443
Other unallocated amounts	1,959	1,298
Consolidated total liabilities	212,962	210,999

There are no reconciling items with respect to the other items.

(b) Geographical segments

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2020		2019	
	Revenue from external customers \$'000	Non-current assets \$'000	Revenue from external customers \$'000	Non-current assets \$'000
Singapore	287,577	111,442	253,416	107,562
Malaysia	37,990	16,630	58,246	17,989
Thailand	5,497	8,849	9,475	8,673
India	6,731	328	120	4
Other regions	4,994	5,351	1,872	5,382
Consolidated	342,789	142,600	323,129	139,610

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

(c) Major customers

There are no major customers who solely account for 10% or more of the Group's total revenues.

YEAR ENDED 31 MARCH 2020

32. SUBSEQUENT EVENT

On 5 May 2020, the Group transferred a leasehold land and property ("the Property") currently classified as held for sale (the "Property") (see note 16(i)) from L&M Foundation Specialist Pte. Ltd., a wholly-owned subsidiary, to 2TPC Pte. Ltd. ("2TPC"), another wholly-owned subsidiary held through 2TPCI Investments Pte. Ltd. ("2TPCI").

On 6 May 2020, the Group entered into a conditional subscription agreement ("the Subscription Agreement") with several parties (collectively, the "Subscribers") to jointly undertake a proposed redevelopment of the Property. The Subscription Agreement is conditional, among other things, on the approval of a lease extension of at least 12 years from the expiry of the initial leasehold term of the Property by JTC Corporation ("JTC").

Pursuant to the Subscription Agreement, 2TPCI increased its share capital from \$2 to \$100 by way of issuance of 98 new ordinary shares to the Subscribers, of which only 49 were subscribed by the Group for a cash consideration of \$49. As a result, the Group's effective equity interest in 2TPCI was diluted from 100% to 51%.

The lease extension for a further leasehold term of 12 years was subsequently granted by JTC on 15 May 2020.

On 18 May 2020, pursuant to the Subscription Agreement, 2TPCI issued 19,000,100 new preference shares at \$1 each to the Subscribers, of which only 3,800,020, which makes up 20% of preference shares, were subscribed by the Group. The further dilution in shareholdings, together with the terms in the Shareholders Agreement signed on the same day, led to the Group's loss of control over 2TPCI and the completion of sale of the Property. At the same time, the Group also entered into an Agreement for Lease to lease approximately 70% of the redeveloped property for a period of approximately 16 years from the date the property is ready for occupation, with an option to extend for another 12 years.

AS AT 13 JULY 2020

Class of equity security	:	Ordinary Shares
No. of Treasury Shares Held	:	20,520,000
No. of Subsidiary Holdings Held	:	Nil
Voting rights of ordinary shareholdings	:	On a show of hands: One vote for each member On a poll: One vote for each ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 13 July 2020, 35.71% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	51	0.55	1,536	0.00
100 – 1,000	201	2.17	157,851	0.01
1,001 – 10,000	2,791	30.19	20,688,444	0.78
10,001 – 1,000,000	6,092	65.89	490,756,707	18.45
1,000,001 and above	111	1.20	2,147,835,198	80.76
	9,246	100.00	2,659,439,736	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%*
1	Citibank Nominees Singapore Pte Ltd	933,255,893	35.37
2	Phillip Securities Pte Ltd	515,942,018	19.55
3	DB Nominees (S) Pte Ltd	207,379,900	7.86
4	DBS Nominees Pte Ltd	53,961,670	2.04
5	Maybank Kim Eng Securities Pte Ltd	28,428,566	1.08
6	CGS-CIMB Securities (S) Pte Ltd	18,883,840	0.72
7	Lim & Tan Securities Pte Ltd	17,847,466	0.68
8	Ong Kian Kok	15,460,000	0.59
9	United Overseas Bank Nominees Pte Ltd	13,616,158	0.52
10	UOB Kay Hian Pte Ltd	12,510,100	0.47
11	RHB Securities Singapore Pte Ltd	12,279,600	0.46
12	Goh Guan Siong (Wu Yuanxiang)	11,500,700	0.44
13	Phang Chu Mau	10,499,800	0.40
14	Poh Chee Kuan or Luo Taohong	9,999,333	0.38
15	Suey Hueh King	9,527,100	0.36
16	HSBC (Singapore) Nominees Pte Ltd	9,368,732	0.35
17	Ting Lay Choon	9,026,600	0.34
18	Raffles Nominees (Pte) Limited	8,808,000	0.33
19	OCBC Securities Private Ltd	8,503,531	0.32
20	OCBC Nominees Singapore Pte Ltd	7,143,629	0.27
		1,913,942,636	72.53

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 13 July 2020 of 2,638,919,736 (which excludes 20,520,000 shares which are held as treasury shares representing approximately 0.78% of the total number of issued shares excluding treasury shares).

AS AT 13 JULY 2020

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest	No. of Shares		%
		% ⁽¹⁾	Deemed Interest	% ⁽¹⁾
TH Investments Pte Ltd ⁽²⁾	—	—	1,092,727,509	41.41
Tat Hong Investments Pte Ltd ⁽²⁾	—	—	1,092,727,509	41.41
Chwee Cheng & Sons Pte Ltd ⁽²⁾	—	—	1,092,727,509	41.41
Ng Sun Ho Tony ⁽²⁾	—	—	1,092,727,509	41.41
Ng San Wee David ⁽²⁾	—	—	1,092,727,509	41.41
Ng Sun Giam Roger ⁽²⁾	—	—	1,092,727,509	41.41
Ng San Tiong ⁽²⁾⁽³⁾	—	—	1,116,648,503	42.31
Ng Chwee Cheng Corporation ⁽⁴⁾	314,542,494	11.92	—	—
BOS Trustee Limited ⁽⁴⁾	—	—	314,542,494	11.92
Bank of Singapore Limited ⁽⁴⁾	—	—	314,542,494	11.92
Oversea-Chinese Banking Corporation Limited ⁽⁴⁾	—	—	314,542,494	11.92
Ng Chwee Cheng ⁽⁵⁾	3,760,000	0.14	318,442,494	12.07
Chiu Hong Keong or Khoo Yok Kee ⁽⁶⁾	209,879,900	7.95	319,100	0.01

Notes:

- ⁽¹⁾ The percentage of shareholdings was computed based on the issued share capital of the Company as at 13 July 2020 of 2,638,919,736 shares (which excludes 20,520,000 shares which are held as treasury shares representing approximately 0.78% of the total number of issued shares excluding treasury shares).
- ⁽²⁾ TH Investments Pte Ltd is a wholly-owned subsidiary of Tat Hong Investments Pte Ltd, which is a wholly-owned subsidiary of Chwee Cheng & Sons Pte Ltd. Being joint trustees of the Chwee Cheng Trust, each of the Trustees, Mr Ng San Tiong, Mr Ng Sun Ho Tony, Mr Ng San Wee David and Mr Ng Sun Giam Roger, is deemed to be interested in 1,092,727,509 Shares held by TH Investments Pte Ltd.
- ⁽³⁾ Mr Ng San Tiong is also deemed interested in 23,920,994 Shares held through nominees.
- ⁽⁴⁾ Ng Chwee Cheng Corporation is a company wholly owned by BOS Trustee Limited ("BOSTL") in its capacity as the trustee of the revocable trust in which Mr Ng Chwee Cheng has control and he is deemed to be interested in the shares held by the Ng Chwee Cheng Corporation.
BOSTL is a wholly owned subsidiary of Bank of Singapore Limited ("BOS"). Oversea-Chinese Banking Corporation Limited ("OCBC") wholly owns BOS, which in turn, wholly owns BOSTL. OCBC through BOS, is therefore deemed interested in BOSTL's shareholding in the Company.
- ⁽⁵⁾ Mr Ng Chwee Cheng is also deemed interested in 3,900,000 shares held through nominees.
- ⁽⁶⁾ Dr Chiu Hong Keong or Mdm Khoo Yok Kee is deemed interested in 319,100 Shares held by their son through nominees.

AS AT 13 JULY 2020

ANALYSIS OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 99	23	3.37	1,010	0.00
100 – 1,000	9	1.32	4,830	0.00
1,001 – 10,000	18	2.64	126,525	0.01
10,001 – 1,000,000	558	81.82	102,157,555	10.32
1,000,001 and above	74	10.85	887,961,515	89.67
	682	100.00	990,251,435	100.00

TOP 20 WARRANTHOLDERS

S/No.	Name of Warrantholder	No. of Warrants	%
1	Khoo Yok Kee or Chiu Hong Keong	309,213,500	31.23
2	UOB Kay Hian Pte Ltd	114,145,000	11.53
3	DBS Nominees Pte Ltd	88,289,725	8.92
4	Citibank Nominees Singapore Pte Ltd	30,665,295	3.10
5	Ong Kian Kok	25,000,000	2.53
6	Lin Qian Jun	20,000,000	2.02
7	Ong Tiew Siam	15,000,000	1.51
8	Lim & Tan Securities Pte Ltd	12,128,230	1.22
9	Poh Chee Kuan or Luo Taohong	11,911,665	1.20
10	Ellpha Investments Pte Ltd	11,000,000	1.11
11	Soh Kay Min	11,000,000	1.11
12	HSBC (Singapore) Nominees Pte Ltd	10,583,425	1.07
13	Soh Cheng Geek	10,370,000	1.05
14	Wee Siew Tin	10,000,000	1.01
15	Seah Tee Peng @ Sia Tee Peng	9,800,000	0.99
16	Maybank Kim Eng Securities Pte Ltd	9,426,880	0.95
17	Tan Eng Chua Edwin	8,458,900	0.85
18	Goh Guan Siong (Wu Yuanxiang)	7,846,200	0.79
19	Tan Ee Ping	7,611,665	0.77
20	Loke Leong Seng	7,568,000	0.76
		730,018,485	73.72

NOTICE OF 23RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting ("AGM" or the "Meeting") of CSC Holdings Limited (the "Company") will be held by way of electronic means on Thursday, 27 August 2020 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 March 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Dr Leong Horn Kee, retiring pursuant to Regulation 104 of the Constitution of the Company and who, being eligible, offers himself for re-election. **(Resolution 2)**

Note: Dr Leong Horn Kee will, upon re-election as a Non-Executive Director of the Company remain as the Chairman of the Board, member of the Audit Committee, Remuneration Committee and Nomination Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

[See Explanatory Note (i)]

3. To re-elect Mr Tan Hup Foi @ Tan Hup Hoi ("Mr Tan"), retiring by rotation pursuant to Regulation 104 of the Constitution of the Company and who, being eligible, offers himself for re-election. **(Resolution 3)**

[See Explanatory Note (i)]

4. That, subject to and contingent upon the passing of Resolution 3 by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM and the passing of Resolution 5 by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM, excluding the directors and the chief executive officer ("CEO") of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST): (a) the continued appointment of Mr Tan, as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Tan as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution. **(Resolution 4)**

[See Explanatory Note (ii)]

5. That, subject to and contingent upon the passing of Resolution 3: (a) the continued appointment of Mr Tan, as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Tan as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution, provided that this Resolution shall only be proposed and voted upon if Resolution 4 is passed by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM. **(Resolution 5)**

[See Explanatory Note (ii)]

Note: Mr Tan will, upon re-election as an Independent Director of the Company remain as the Chairman of the Nominating Committee, Chairman of the Remuneration Committee and member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

6. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

7. To approve the payment of Directors' Fees of up to \$329,000 for the year ending 31 March 2021. **(Resolution 7)**
[See Explanatory Note (iii)]
8. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

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

9. **Authority to issue shares**

"That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:-

- (a)
 - (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding Treasury Shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (3) 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 (3) below);
- (2) notwithstanding paragraph (1) above, the aggregate number of shares to be issued pursuant to a pro-rata renounceable rights issue shall not exceed one hundred per cent (100%) of the total number of issue shares (excluding Treasury Shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);
- (3) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (1) and (2) 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:
 - (a) new shares arising from the conversion or exercise of any convertible securities;

NOTICE OF 23RD ANNUAL GENERAL MEETING

(b) new shares arising from exercising share options or vesting of share awards; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with 3(a) or 3(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of this Resolution.

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.” **(Resolution 8)**

[See Explanatory Note (iv)]

By Order of the Board

Lee Quang Loong
Company Secretary

Singapore
12 August 2020

EXPLANATORY NOTES:

- (i) Detailed information on Dr Leong Horn Kee and Mr Tan Hup Foi @ Tan Hup Hoi who are proposed to be re-elected as Directors of the Company can be found under sections "Board of Directors" and "Additional Information on Directors seeking re-election" in the Company's Annual Report for the financial year ended 31 March 2020.
- (ii) The proposed ordinary resolutions 4 and 5 are to seek approval from the shareholders via a Two-Tier Voting process for Mr Tan to continue in office as an independent non-executive director of the Company for a three-year term, with effect from the passing of these resolutions proposed at the forthcoming AGM, until the conclusion of the third annual general meeting of the Company following the passing of these resolutions.

The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board will take some time and cannot happen overnight in order to maintain stability to the Board. Furthermore, the Company benefits from such director who has, over time, gained valuable insights into the Group, its market and the industry.

The Nomination Committee and the Board have determined that Mr Tan remains objective and independent-minded in Board deliberations. His vast experience enables him to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and that his length of service does not in any way interfere with his exercise of independent judgment nor hinder his ability to act in the best interests of the Company. Additionally, he fulfils the definition of independent directors of the SGX-ST Listing Rules and the 2018 Code. More importantly, the Board trust that he is able to continue to discharge his duties independently with integrity and competency.

- (iii) The Non-Executive Directors voluntarily offered to accept a lower Directors' Fees for the year ending 31 March 2021, in solidarity with employees of the Group.
- (iv) The Ordinary Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding Treasury Shares 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 existing shareholders of the Company, save that issues of shares pursuant to a pro-rata renounceable rights issue shall not exceed one hundred per cent (100%) of the issued share capital of the Company (excluding Treasury Shares and subsidiary holdings) provided that the pro-rata renounceable rights shares must be listed and issued no later than 31 December 2020.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

NOTICE OF 23RD ANNUAL GENERAL MEETING

Important notes on alternative arrangements for AGM due to COVID-19

Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, the AGM of the Company will be convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

A. No physical attendance

A member will not be able to attend the AGM in person. A member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

B. No dispatch of printed copy of the Notice of AGM and Proxy Form

1. Printed copies of this Notice of AGM and Proxy Form will not be sent to members. The electronic copies of the Notice of AGM, Proxy Form are made available on the:-
 - Company's website at the URL <http://www.cschl.com.sg>;
 - the website set up for the purpose of the AGM, at the URL: <http://sg.conveneagm.com/csc> ("CSC AGM Website"); and
 - SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
2. The electronic copy of the Annual Report is also made available on the Company's website, the CSC AGM Website and SGXNet. For shareholders who prefer to receive a printed copy of the 2020 Annual Report, please email to us at corp@cschl.com.sg.

C. Registration for Live Webcast

1. The AGM of the Company will be conducted via electronic means. Members will be able to watch or listen to the proceedings via a "live" webcast on their mobile phones, tablets or computers.
2. Members as well as investors who hold shares through relevant Intermediaries (as defined in Section 181(1C) of the Companies Act) (including CPF or SRS Investors) who wish to participate in the AGM via live webcast must pre-register on the CSC AGM Website at URL: <http://sg.conveneagm.com/csc> to create an account, not later than 10.00a.m. on 24 August 2020] (**Registration Deadline**) to enable the Company to verify their status as shareholders.
3. Following the verification, authenticated members will receive an email not later than 10.00a.m. on 25 August 2020 (the "**Confirmation Email**") on their authentication status and will be able to access the "live" webcast of the AGM proceedings using the account created.
4. Members who do not receive the Confirmation Email by 10.00a.m. on 25 August 2020 should contact the Share Registrar of the Company at (65) 6228 0530 or gpb@mncsingapore.com.
5. Members are reminded that the AGM proceedings are private. Instructions on access to the "live" webcast of the AGM proceedings should therefore not be shared with anyone who is not a shareholder of the Company or otherwise not authorised to attend the AGM. Recording of the "live" webcast in whatever form is also strictly prohibited.

D. Submission of Questions

1. Members and Investors will not be able to ask questions at AGM during Live AGM Webcast. Members and Investors can submit questions to the Company by 10.00a.m. on 24 August 2020 (being not less than 72 hours before the time appointed for the holding of AGM) via any one of the following means:-
 - (i) via the electronic format accessible on the CSC AGM Website URL: <http://sg.conveneagm.com/csc>; or
 - (ii) by deposited a physical copy at the Company's office at 120 Pioneer Road, #04-01, Singapore 639597; or
 - (iii) via email to the Company at corp@cschl.com.sg
2. Member and Investor who wishes to submit their questions by physical copy or email is required to indicate (1) their name of the member; (2) identification / registration number; (3) number of shares held in the Company; (4) the manner in which the member and investor hold shares in the Company (e.g. via CDP, CPF or SRS) for verification purposes, failing which the submission will be treated as invalid.
3. The Company will endeavour to address substantial and relevant questions received from members via SGXNet and the Company's website prior to the AGM, or during the AGM.

E. Submission of Proxy Forms to vote

1. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.
2. In appointing the Chairman of the Meeting as proxy, a member of the Company must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The Proxy Form must be submitted through any one of the following means:
 - (a) via electronic format accessible on the CSC AGM Website URL: <http://sg.conveneagm.com/csc>; or
 - (b) by deposited a physical copy at the Company's Share Registrar office, M&C Services Private Limited at 112 Robinson Road, #05-01 Singapore 068902; or
 - (c) by sending a scanned PDF copy via email to gpb@mncsingapore.com

in each case, not later than 10.00 a.m. on 24 August 2020 (being not less than 72 hours before the time appointed for the Meeting), and failing which, the Proxy Form will not be treated as valid.

5. In the case of submission of the Proxy Form other than via the CSC AGM Website, the Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing.

Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised.

Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the Proxy Form.

NOTICE OF 23RD ANNUAL GENERAL MEETING

6. A member of the Company who hold his/her shares through a Relevant Intermediary (including CPF or SRS Investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her CPF Agent Bank or SRS Approved Bank) at least seven (7) working days before the Meeting (i.e. by 18 August 2020) to ensure that their votes are submitted.

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

F. Further Updates on meeting arrangements for AGM

Shareholders should note that the manner of conduct of the AGM may be subject to further changes based on the evolving COVID-19 situation, any legislative amendments and any directives or guidelines from government agencies or regulatory authorities. Any changes to the manner of conduct of the AGM will be announced by the Company on SGXNet. Shareholders are advised to check SGXNet and the Company's website regularly for further updates.

PERSONAL DATA PRIVACY

By submitting (a) a proxy form appointing the Chairman of the AGM as the proxy to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) Shareholder's particulars for pre-registration to participate in the AGM via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any questions prior to the AGM in accordance with this Notice of AGM, a member consents to the collection, use and disclosure of the member's personal data by the Company (or its agents, advisers or service providers, as the case may be) for the following purposes:

- (i) processing and administration by the Company (or its agents, advisers or service providers, as the case may be) of proxy form appointing the Chairman of the AGM as the proxy for the AGM (including any adjournment thereof);
- (ii) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (iii) processing of pre-registration for participation at the AGM for purpose of granting access to members to the LIVE WEBCAST or AUDIO ONLY MEANS and providing them with any technical assistance when necessary;
- (iv) addressing relevant and substantial questions related to the resolutions to be tabled for approval at the AGM from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and
- (v) enabling the Company (or its agents, advisers or service providers, as the case may be) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Sound and / or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes of the AGM. Accordingly, the personal data of a member (such as name, presence at the AGM and any questions raised or motions proposed / seconded) may be recorded by the Company for such purposes.

Mr Tan Hup Foi @ Tan Hup Hoi and Dr Leong Horm Kee are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 27 August 2020 ("AGM") (the "Retiring Directors").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR TAN HUP FOI @ TAN HUP HOI	DR LEONG HORN KEE
Date of Appointment	3 April 2006	28 July 2018
Date of last re-appointment	25 July 2018	24 July 2019
Age	70	67
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Tan Hup Foi @ Tan Hup Hoi for reappointment as the Independent Director of the Company. The Board have reviewed and concluded that Mr Tan Hup Foi @ Tan Hup Hoi possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Dr Leong Horn Kee for reappointment as the Non-Executive Independent Chairman of the Company. The Board have reviewed and concluded that Dr Leong Horn Kee possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of Nominating Committee, Chairman of Remuneration Committee and member of Audit Committee	Non-Executive Independent Chairman, Member of the Audit Committee, Remuneration Committee and Nominating Committee

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN HUP FOI @ TAN HUP HOI	DR LEONG HORN KEE
Professional qualifications	1. First Class Honours degree in Mechanical Engineering from Monash University in Australia; and 2. Master of Science (Industrial Engineering) degree from University of Singapore	1. Degree (Honours) in Production Engineering from Loughborough University, UK; 2. Degree (Honours) in Economics from the University of London, UK; 3. Degree in Chinese Language and Literature from Beijing Normal University; 4. Master of Business Administration degree from INSEAD, France; 5. Master in Business Research from University of Western Australian 6. Doctorate in Business Administration from University of Western Australian
Working experience and occupation(s) during the past 10 years	1. Hon. Vice President of International Association of Public Transport (UITP) (June 2005 till present) 2. Hon. Chairman of UITP Asia-Pacific Division June 2005 till present)	1. Chairman of BJ Development Pte Ltd (May 2016 till present); 2. Chairman of CapitalCorp Partners Pte Ltd (April 2008 till present); 3. Singapore's Non-Resident High Commissioner to Cyprus (July 2014 till present)
Shareholding interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN HUP FOI @ TAN HUP HOI	DR LEONG HORN KEE
Other Principal Commitments* Including Directorships#		
Past (for the last 5 years)	Director of Cityneon Holdings Limited	Director of: 1. Bamboo System Technology Pte Ltd; 2. CapitalCorp Consulting Group Pte Ltd; 3. Tat Hong Holdings Ltd; 4. Viva Industrial Trust Management Pte Ltd which is the management company of listed company, Viva Industrial Trust; 5. Viva Asset Management Pte Ltd; 6. PeopleWorldwide Consulting Private Limited; 7. Austin International Management School Pte Ltd 8. Amtek Engineering Ltd; 9. China Energy Ltd; 10. ECS Holdings Limited; 11. Linair Technologies Limited; 12. Orita Sinclair School of Design, New Media and the Arts Pte Ltd; 13. PeopleWorldwide Academy Pte Ltd; and 14. Wilmar International Limited
Present	Chairman of: 1. Caring Fleet Services Limited 2. Orita Sinclair School of Design and Music Pte Ltd 3. Transit Link Pte Ltd Other Principal Commitments: 1. Hon. Vice President of International Association of Public Transport (UITP) 2. Hon. Chairman of UITP Asia-Pacific Division 3. Member of NTUC-U Care Fund Board of Trustees	Director of: 1. BJ Development Pte Ltd; 2. CapitalCorp Assets Pte Ltd; 3. CapitalCorp Partners Pte Ltd; 4. ESR Funds Management (S) Limited which is the management company of listed company, ESR Reit; 5. HLU Holdings Pte Ltd; 6. IGG Inc.; 7. SAC Capital Pte Ltd; 8. SPH Reit Management Pte Ltd which is the management company of listed company, SPH Reit; 9. 3dsense Media School Pte Ltd; and 10. SAC Investment Management Private Limited Other Principal Commitments: Singapore's Non-Resident High Commissioner to Cyprus

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

	MR TAN HUP FOI @ TAN HUP HOI	DR LEONG HORN KEE
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

	MR TAN HUP FOI @ TAN HUP HOI	DR LEONG HORN KEE
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN HUP FOI @ TAN HUP HOI	DR LEONG HORN KEE
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

	MR TAN HUP FOI @ TAN HUP HOI	DR LEONG HORN KEE
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
	MR TAN HUP FOI @ TAN HUP HOI	DR LEONG HORN KEE
Any prior experience as a director of a listed company?	Yes	Yes
If yes, please provide details of prior experience.	Mr Tan Hup Foi @ Tan Hup Hoi served several years as:-	Dr Leong Horn Kee served several years as:-
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Chairman of Linair Technologies Limited	Chairman of Tat Hong Holdings Ltd
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Director of:- 1. Cityneon Holdings Limited 2. ECS Holdings Limited 3. SHC Capital Asia Limited 4. AusGroup Limited	Director of:- 1. Amtek Engineering Ltd; 2. China Energy Ltd; 3. ECS Holdings Limited; 4. IGG Inc.; 5. Linair Technologies Limited; 6. Wilmar International Limited; 7. SPH Reit Management Pte Ltd which is the management company of listed company, SPH Reit; 8. Viva Industrial Trust Management Pte Ltd which is the management company of listed company, Viva Industrial Trust; and 9. ESR Funds Management (S) Limited which is the management company of listed company, ESR Reit

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IMPORTANT:

1. Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, the Meeting of the Company will be convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and members of the Company will NOT be allowed to attend the Meeting in person.
2. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.
3. A member of the Company who hold his/her shares through a Relevant Intermediary (including CPF or SRS Investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her CPF Agent Bank or SRS Approved Bank at least seven (7) working days before the Meeting (i.e. by 18 August 2020) to ensure that their votes are submitted.
4. This Proxy Form is not valid by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy:-

By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 August 2020.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____ (Name) _____ (NRIC/Passport No./Registration No.)

of _____ (Address)

being a member/members of **CSC HOLDINGS LIMITED** (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting (the "Meeting") of the Company held by way of electronic means on Thursday, 27 August 2020 at 10.00 a.m. and at any adjournment thereof.

I/We direct the Chairman of the Meeting to vote for, against or abstain the Resolutions proposed at the Meeting as indicated hereunder.

(Please indicate your vote "For", "Against" or "Abstain" with a tick [✓] within the box provided.)

If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as proxy will be treated as invalid.

No.	Resolutions relating to:	For	Against	Abstain
1	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 March 2020			
2	Re-election of Dr Leong Horn Kee as a Director			
3	Re-election of Mr Tan Hup Foi @ Tan Hup Hoi as a Director			
4	Approval for the continued appointment of Mr Tan Hup Foi @ Tan Hup Hoi, as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			
5	Approval for the continued appointment of Mr Tan Hup Foi @ Tan Hup Hoi, as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			
6	Re-appointment of KPMG LLP as Auditors			
7	Approval of Directors' Fees of up to \$329,000, for the year ending 31 March 2021			
8	Authority to issue shares			

Dated this _____ day of _____ 2020

Total number of Shares in:	
(a) CDP Register	
(b) Register of Members	

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

Affix
Postage
Stamp

M&C SERVICES PRIVATE LIMITED

The Share Registrar of
CSC Holdings Limited
112 Robinson Road, #05-01
Singapore 068902

Fold here.

Notes :

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his 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 the member.
2. Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, the Meeting of the Company will be convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and members of the Company will NOT be allowed to attend the Meeting in person.
3. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.
4. In appointing the Chairman of the Meeting as proxy, a member of the Company must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
5. The Chairman of the Meeting, as proxy, need not be a member of the Company.
6. This Proxy Form must be submitted through any one of the following means:
 - (a) via the electronic format accessible on the website set up for the purpose of the AGM, at the URL: <http://sg.conveneagm.com/csc> ("CSC AGM Website")
 - (b) by deposited a physical copy at the Company's Share Registrar office, M&C Services Private Limited at 112 Robinson Road, #05-01 Singapore 068902
 - (c) by sending a scanned PDF copy via email to gpe@mncsingapore.comin each case, not later than 10.00 a.m. on 24 August 2020 (being not less than 72 hours before the time appointed for the Meeting), and failing which, this Proxy Form will not be treated as valid.

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7. In the case of submission of this Proxy Form other than via the CSC AGM Website, this Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing.

Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised.

Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the Proxy Form.
8. A member of the Company who hold his/her shares through a Relevant Intermediary (including CPF or SRS Investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her CPF Agent Bank or SRS Approved Bank) at least seven (7) working days before the Meeting (i.e. by 18 August 2020) to ensure that their votes are submitted.

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

General:-

The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form.

In addition, in the case of Shares entered in the Depository Register, the Company may reject this Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



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