KSH HOLDINGS LIMITED

BUILDING **ASPIRATIONS** SUSTAINING **GROWTH**

ANNUAL REPORT
2018

CONTENTS

OUR MISSION

We are committed to contributing social and economic benefits to our society through the provision of high quality and cost-effective services in construction and niche property development activities in the region.

We provide innovative solutions in an efficient and professional manner to meet our customers' requirements in building and property businesses by bringing together the best available resources and continually improving our processes to deliver excellence.

As we achieve the above, we will also generate fair and satisfying economic value for our shareholders.

OUR VISION

To be a leader in building construction services in Singapore and a sizeable investor in property development in the region.

CORPORATE PROFILE

KSH Holdings Limited ("KSH" or the "Group") ("金成兴控股有限公司") is a well-established Construction, Property Development and Property Investment group that was incorporated in 1979 and has been listed on the Mainboard of the SGX-ST since February 8, 2007.

KSH is an A1-graded contractor under BCA CW01, with the ability to tender for Public Sector construction projects of unlimited value, and is a main contractor for both the public and private sectors in Singapore. The Group also has an A2 grade under BCA's CW02 category for civil engineering, allowing KSH to tender for Public Sector projects for values of up to $85 million.

KSH has an established track record of handling construction projects across a broad spectrum of industries, and its projects have performed well in CONQUAS, a standard assessment system on the quality of building projects. KSH had won several BCA Construction Excellence Awards including that for Mount Alvernia Hospital in 2016, Madison Residences in 2014, as well as Fullerton Bay Hotel and NUS University Town's Education Resource Centre in 2013, amongst others.

CORPORATE PROFILE

Through strategic alliances and joint ventures, KSH's property development and investment presence spans across various real estate sectors including residential, commercial, hospitality, and mixed-use developments. Apart from having successfully executed residential and mixed-use development projects in Singapore and the People's Republic of China ("PRC"), it has jointly acquired properties in other geographies including the United Kingdom, Australia, Malaysia and Japan. It will continue to explore opportunities in new geographies with favourable real estate cycles with a focus on Southeast Asia.

On the Property Investment front, the Group invests in yield-accretive assets that generate a sustainable stream of income with potential capital gains. Its investments include strata units in a 30-storey Grade A office development, Prudential Tower in Raffles Place, and a 36-storey retail and office complex, Tianjin Tianxing Riverfront Square, in the heart of the business district of Tianjin, the PRC.

The Group seeks to continue broadening its businesses and projects, and explore opportunities in new markets while striving towards sustainable growth to enhance shareholder value.

ONGOING PROJECTS

Construction Projects

1. Riverfront Residences
2. Three Blocks of Residential Towers
3. Research Building at National University of Singapore
4. Substation
5. Bus Interchange
6. Neighbourhood Police Post

Property Development Projects

1. High Park Residences
2. Rezi 35
3. Affinity @ Serangoon
4. Riverfront Residences
5. Park Colonial
6. Residential Development Project at Lorong 24 Geylang


Rezi 35


High Park Residences


Affinity @ Serangoon


Riverfront Residences


Park Colonial

GROUP STRUCTURE

KSH HOLDINGS LIMITED

- 100% KIM SENG HENG ENGINEERING CONSTRUCTION (PTE) LTD
  - 100% KSH ENGINEERING BUILDERS PTE. LTD.
  - 100% TECHPATH CONSTRUCTION SDN BHD
- 100% KIM SENG HENG REALTY PTE LTD
  - 100% DEVELOPMENT 88 PTE. LTD.
  - 100% KSH DEVELOPMENT PTE. LTD.
  - 100% KSH GLOBAL INVESTMENT PTE. LTD.
  - 100% KSH LAND DEVELOPMENT PTE. LTD.
  - 100% KSH PREMIER INVESTMENT PTE. LTD.
  - 100% KSH RESIDENTIAL PTE. LTD.
- 100% KSH OVERSEAS PTE. LTD.
  - 69% TIANJIN TIAN XING PROPERTY MANAGEMENT CO., LTD.
  - 69% TIANJIN TIAN XING REAL ESTATE DEVELOPMENT CO., LTD.
- 100% KSH ASIA PROPERTY PTE. LTD.
  - 100% DUFORD INVESTMENT (HONG KONG) LIMITED
- 100% KSH ASIA INVESTMENT PTE. LTD.
- 100% KSH CAPITAL PTE. LTD.
- 100% KSH COMMERCIAL INVESTMENT PTE. LTD.
- 100% KSH FOREIGN INVESTMENT PTE. LTD.
- 100% KSH HOTELS INVESTMENTS PTE. LTD.
- 100% KSH INTERNATIONAL INVESTMENT PTE. LTD.
- 100% KSH INVESTMENTS MANAGEMENT PTE. LTD.
- 100% KSH INVESTMENTS PROPERTY HOLDINGS PTE. LTD.
- 100% KSH PROPERTY DEVELOPMENT PTE. LTD.
- 100% KSH PROPERTY INVESTMENT PTE. LTD.
- 100% KSH VIETNAM INVESTMENT PTE. LTD.
- 100% FERRIS RISE PTE. LTD.

Group Structure as at 31 March 2018 on subsidiaries.
** Associates and joint ventures Note 6 and Note 7 on pages 88 to 98 of this Annual Report.*

MESSAGE FROM EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

It has been a busy year for us as we continued to maintain a long-term view on the business, ensuring sustainable growth going forward. We had replenished our Singapore land bank during the year, just in time for the residential sector's turnaround, and strengthened our construction order book through the award of new projects.

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you our annual report for the financial year ended March 31, 2018 ("**FY2018**").

It has been a busy year for us as we continued to maintain a long-term view on the business, ensuring sustainable growth going forward. We had replenished our Singapore land bank during the year, just in time for the residential sector's turnaround, and strengthened our construction order book through the award of new projects.

While we are in the process of seeding the ground, we are pleased to report a set of resilient results for the year, achieving a net profit of S$29.5 million on S$132.6 million revenue for FY2018.

FY2018's revenue was a 33.4% decrease compared to S$199.3 million a year ago ("**FY2017**"), mainly due to lower construction revenue resulting from delays in handover of two construction sites.

Notwithstanding the lower construction revenue, construction margins rose to 23.8% in FY2018 compared to 21.6% in FY2017.

We also recorded a 92.6% growth in share of results of joint ventures lifted by profit recognised on construction progress of a residential project that has been fully sold, although share of results of associates recorded a loss of S$3.1 million compared to a profit of S$8.5 million in FY2017 due to lower sales and percentage-of-completion revenue recognised on Singapore development projects, and loss recognised from the sales of development properties developed by an associated company in Singapore.

Overall, we recorded a 28.1% decrease in net profit attributable to owners this financial year compared to the S$41.0 million reported in FY2017.

Meanwhile, our balance sheet and working capital position remain healthy with fixed deposits, cash and bank balances of S$76.2 million as at March 31, 2018. This will serve to offer us financial flexibility to capitalise on opportunities as they arise.

CORE CONSTRUCTION BUSINESS

Construction remains our largest revenue driver, constituting 95.4% of our total FY2018 Group revenue at S$126.6 million.

Our order book as at March 31, 2018 remains healthy at S$542.0 million, lifted by a letter of intent for a

MESSAGE FROM EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

S$266.3 million contract awarded during the year for the construction of Riverfront Residences, a residential project developed by a 35%-owned associated company of the Group. Concurrently, our other ongoing construction projects are progressing well on schedule.

With expectations for operating costs to rise further, we are proactively employing innovation and technology in our construction business to optimise margins, enhance productivity and to remain competitive in this challenging environment.

With our strong track record in both public and private projects, balance sheet, and A1 grade, we are optimistic that we will be able to capture the positive outlook projected by the Singapore Building and Construction Authority ("**BCA**"), which expects the total value of construction contracts to be awarded this year to reach between S$26.0 billion and S$31.0 billion[1].

BCA also expects the public sector to constitute 60% of the forecast to reach between S$16.0 billion to S$19.0 billion, while the private sector is expected to be boosted by a steady pipeline of residential and commercial projects.

PROPERTY DEVELOPMENT & INVESTMENT

SINGAPORE

It has been an eventful year for our property development segment in FY2018, having replenished our Singapore land bank with four sites via both the primary and secondary markets at very reasonable prices, ahead of the en bloc fever that had driven land prices to record highs.

These four sites include the collective purchase of Serangoon Ville in Serangoon North (Affinity At Serangoon); former HUDC in Hougang, Rio Casa (Riverfront Residences); a successful GLS tender at Woodleigh Lane (Park Colonial), adjacent to the up-and-coming Bidadari estate; and the collective purchase of freehold properties at Lorong 24 Geylang.

Cognisant of a significant upcoming residential pipeline, our JV partners and ourselves understand that speed is of the essence and are racing against time to launch all four sites in 2018, that will total approximately 3,439 residential units.

Meanwhile, our launched projects continue to progress well, selling at prices at or above expectations. As at March 31, 2018, we have officially launched 16 projects and sold approximately 96.5% of all launched units, translating into S$85.9 million of attributable share of progress billings to be progressively recognised.

Latest statistics from the Urban Redevelopment Authority ("**URA**") bodes well for our upcoming property launches and ongoing sales of launched projects. The Singapore real estate sector recorded the steepest quarter-on-quarter gain since 2Q 2010 in 1Q 2018 when private residential prices rose 3.9% compared to a 0.8% growth in 4Q 2017.

During the quarter, developers launched 921 units for sale in 1Q 2018 compared to 877 units in 4Q 2017 and sold 1,581 units compared to 1,864 in the same corresponding periods[2].

Likewise, prices of office space increased 1.3% in 1Q 2018, continuing the 2.7% growth in 4Q 2017, while rentals rose 2.6%, consistent with that of the preceding quarter.

Our investment in Grade A office building, Prudential Tower that is located in the heart of Singapore's CBD, continues to contribute healthy recurring earnings to the Group as the consortium seeks to push sales of the strata units at the right prices.

Going forward, we'll continue to work closely with our partners to seek well-located sites for development while focusing on the execution of our projects to be launched in 2018, as well as to explore yield-accretive investment opportunities to bolster our recurring income stream.

OVERSEAS

Our 22.5%-owned Gaobeidian township project in the PRC has received considerable interest arising from an announcement in April 2017 by the PRC Government on the establishment of the Xiongan New Special Economic Zone ("**NSEZ**") that has sent property prices soaring in neighbouring cities of the NSEZ, such as that of Gaobeidian that is about 40km away from Xiongxian, one of the cities of the NSEZ.

The consortium is working closely with local authorities and monitoring the market closely for the Gaobeidian township project. We target to launch over 3,000 residential units for sale from September/October 2018. We plan to launch the remaining residential units and commercial space at an appropriate time depending on prevailing market conditions, subject to obtaining the necessary approvals required from the relevant authorities.

---

[1] *Building and Construction Authority, 11 January 2018 – Public sector construction demand is expected to strengthen this year*

[2] *Urban Redevelopment Authority, 26 April 2018 – Release of 1st Quarter 2018 real estate statistics*

MESSAGE FROM EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

Meanwhile, our investment property in the PRC, Tianjin Tianxing Riverfront Square, continues to enjoy resilient occupancy and contribute positively to the Group.

Our projects in the United Kingdom ("**UK**") have been progressing well – our 15%-owned township project in Leeds have commenced work on the first phase of the regeneration scheme in September 2017 that will create a sustainable destination on a 2.45-acre site nearby the city centre. The consortium have also appointed international hotel chain operator Hilton to operate a 192-bedroom hotel within the mixed-development to be operated under the upscale Hampton by Hilton brand.

During the year, we also acquired a 25% stake in Dry Bar, an iconic four-storey terraced building with one basement level that played an important role in Manchester's 20th century music history for three decades. With a gross internal floor area of about 20,713 square feet, the consortium intends to redevelop Dry Bar into a stylish new hotel within one of the city's most vibrant districts.

In London, our 10%-owned Luma Concept Hotel has commenced operations in April 2017. Within close proximity to the Hammersmith train station and many places of interests, the 89-room concept hotel has recorded healthy occupancy since its opening.

Concurrently, our other operating hospitality assets in the UK – 86-room Ibis Budget Bradford (15%-owned), 127-room Ibis Hotel Gloucester (15%-owned), 147-room Holiday Inn Express Manchester City Centre (30%-owned) – and 10%-owned 164-room hotel in Sapporo, Japan, continue to contribute positive recurring income to the Group.

In FY2018, we've also successfully sold our 20%-owned freehold St Kilda residential property in Melbourne, Australia,

for A$34 million. Our share of the profit from the sale had contributed to the results of FY2018. We'll continue to keep a look out for opportunities to recycle capital into other yield-accretive investments in Singapore and abroad.

CONSISTENT & ATTRACTIVE DIVIDENDS

In appreciation of your support over the years, we have proposed a final cash dividend of 1.2 SGD cents per share. Coupled with the interim cash dividend of 1.00 SGD cent per share distributed earlier in the financial year, this brings the total dividends declared for FY2018 to 2.20 SGD cents per share, or a payout ratio of 42.6%.

APPRECIATION

KSH's resilient performance and solid fundamentals would not have been possible without the hard work of the management team, and our pool of long-serving and committed staff of engineers, quantity surveyors and site co-ordinators, whom I'd like to extend my heartfelt appreciation for their dedication and for lending their deep knowledge and experience to the Group.

Our Board of Directors have also provided invaluable guidance and opened many doors for us with their varied expertise and networks. Not forgetting our shareholders, customers, suppliers, sub-contractors, partners and stakeholders, thank you for your confidence in us as we continue to charge forward in the coming year.

CHOO CHEE ONN
Executive Chairman and Managing Director
29 June 2018

执行主席兼董事经理 致词

尊敬的股东们，

我很荣幸仅代表董事会呈现截止2018年3月31日的2018财政年度报告（**"2018财年"**）。

2018财年是个忙碌的一年，我们对业务持续保持长远的观点，以确保可持续发展。我们在财年内扩充了本地的土地储备，应时赶上住宅市场的好转，并通过赢取新项目加强了集团的建造业务订单。

我们在为打造更坚实的基础而播种的同时，也很高兴能提交出具稳健的业绩。在2018财年里，我们取得了达13,260万新元的总收入，净利润为2,950万新元。

2018财年的总收入与去年同期（**"2017财年"**）的19,930万新元相比，下跌了33.4%，这主要是由于两个建筑工地的交接延误，导致建筑业务录取较低的收入。

尽管建筑业务录取较低的收入，比起2017财年21.6%的建筑毛利率，2018财年的建筑毛利率上升至23.8%。

我们就一项已完全售出的住宅项目的建筑工程进度所确认的盈利，导致合营企业并帐利润取得了92.6%的增长；而联营公司并帐业绩则由于本地开发项目的销售额及完工百分比的下降，以及新加坡联营公司因开发地产项目所确认的销售亏损，导致与2017财年的850万新元的利润相比下记录了310万新元的损失。

整体而言，2018财年的拥有人应占净利润与2017财年记录的4,100万新元相比，下跌了28.1%。

与此同时，截至2018年3月31日，我们的资产负债表和营运资金状况良好，定期存款，现金及银行结余为7,620万新元。这将有助于我们财务上的灵活性，以便能更好地把握随时出现的机会。

核心建筑业务

如同往常，建筑业务仍旧是我们最大的营收来源，记录在2018财年1亿2,660万新元的建筑业务收入占据了总收入的95.4%。

截至2018年3月31日，建筑订单持续处于良好水平，达总数5亿4,200万新元。其中包含了我们在2018财年获颁由本集团持有35%权益的一间联营公司所开发的住宅项目Riverfront Residences总额达2亿6,630万新元的建筑合同意向书。同时，集团其他正在进行的建筑项目也进展顺利。

随着营运成本预计将持续增长，我们正积极地为建筑业务采用创新技术以取得最高的利润率，提高生产力并在这个充满挑战的环境中保持竞争力。

凭借我们过去在公共及私人工程项目中取得卓越的记录、强稳的资产负债表、以及持有A1级别的优良条件，我们对本集团能够更好地把握住新加坡建设局所预计，将在今年颁发总额约260亿新元至310亿新元间的建筑工程合约[1]保持乐观态度。

新加坡建设局也预计公共部门项目招标将占所有工程总额的60%，约达到160亿新元至190亿新元。而私营机构项目预计将在一系列筹备中的住宅和商业工程项目所带动下而相应被提升。

房地产开发与投资

新加坡

2018财年对于我们的房地产发展业务而言是丰硕的一年。我们在住屋集体出售热潮开始将土地价格推向历史新高前，就通过一手和二手市场以非常合理的价格收购了四个地段，补充了我们在本地的土地储备。

[1] *新加坡建设局，2018年1月11日 — 预计今年公共部门建设需求将加强*

执行主席兼董事经理
致词

这四个地段包括实龙岗北集体购买的 Serangoon Ville (Affinity At Serangoon)、位于后港的中等入息公寓Rio Casa(Riverfront Residences)、成功竞标到在兀里巷，毗邻即将落成的比达达利住宅区(Bidadari Estate)的一个政府土地出售项目(Park Colonial)、以及集体购买到在芽笼24巷的一个永久产权物业。

意识到了有多个住宅项目即将推出市场，我们与合资伙伴都明白速度是其关键，并争分夺秒地将所有四个地段赶在2018年间推出，共有大约3,439住宅单位。

同时，我们已推出的项目继续享有良好的进展，能以预计或高于预计的价格售出。截至2018年3月31日，我们已经正式推出16个项目，并且出售了所有推出的单位的96.5%，转化成逐步确认进度账单，归本集团的份额8,590万新元。

市区重建局最新统计的数据有利于我们即将推出及已经推出并正在进行销售的房地产项目。新加坡的房地产市场在2018年第一季中，因私人住宅价格相比2017年第四季的0.8%增长，飙升至3.9%，记录了自2010年第二季以来最陡峭的季度收益。在该季度里，发展商在2018年第一季推出了921个出售单位并售出1,581个单位，而2017年第四季，则是推出了877个单位及售出1,864个单位[2]。

同样，办公楼的价格持续2017年第四季2.7%的增长，在2018年第一季增加了1.3%，租金则上涨2.6%，维持上一季度的增长水平。

我们位于新加坡中央商务区中心甲级办公楼保诚大厦的投资，继续为集团带来稳健的经常性盈利，本集团与其他合作伙伴组成的财团，在价位理想时，也会将分层屋契单位出售。

展望未来，我们会继续与合作伙伴紧密合作，以寻找地点良好的发展地段，同时我们也会专注于我们在2018年将推出的项目的执行情况，以及寻求回报率良好的投资机会来增强我们的经常性收入。

海外

中国政府较前于2017年4月宣布成立雄安经济特区，因而带动该特区周边城市 — 如离雄县约40公里的其中一个城市高碑店 — 的房地产价格飙涨，导致我们在中国拥有22.5%权益的高碑店乡镇发展项目得到了相当大的关注。

本集团与其他合作伙伴组成的财团正与地方当局密切合作，与监测高碑店乡镇发展项目的市场情况。我们的目标是在2018年从9/10月起，陆续推出超过3千个住宅单位出售。我们计划在适当的时候，依据当时的市场情况，获得有关当局的必要批准后，再推出剩余的住宅单位及商业空间。

与此同时，我们在中国天津投资的天星河畔广场也持续享有稳定的出租率，继续为集团提供积极稳健的收入。

我们在英国的项目进展良好 — 我们位于利兹的15%权益乡镇发展项目已于2017年9月就再生计划第一阶段的工程开始动工，再建计划将会为市中心附近一块2.45英亩的地段上创建一个可持续发展的目的地。本集团与其他合作伙伴组成的财团也委任了国际连锁营运商希尔顿以名下豪华品牌汉普顿希尔顿来管理位于综合发展项目内一个拥有192个房间的酒店。

在这一年里，我们还收购了Dry Bar 25%的股份，Dry Bar是一座标志性的四层楼建筑，地下一层在曼彻斯特20世纪音乐史上扮演了为期30年举足轻重的角色。Dry Bar的总建筑面积约为20,713平方英尺，本集团与其他合作伙伴组成的财团计划将它重新发展为该城市最具活力的地区之一的时尚新酒店。

在伦敦，我们拥有10%权益的LUMA概念酒店已于2017年4月投入营运。紧挨着Hammersmith地铁站与各种休闲娱乐设施，拥有89个房间的LUMA概念酒店自开幕以来就录得了良好的入住率。

同时，我们在英国的其他营运酒店资产 — 86间房的Ibis Budget Bradford（15%权益），拥有127间客房的Ibis Hotel Gloucester酒店（15%权益），拥有30%权益的147间客房的Holiday Inn Express Manchester City Centre — 以及日本札幌拥有10%权益的164间客房的酒店继续为我们带来良好的经常性收益。

在2018财年，我们也成功将我们位于澳洲墨尔本的一间持有20%权益的永久产权St Kilda住宅物业以3,400万澳元售出。此销售利润份额为2018财年的业绩做出了贡献。我们会继续寻求在本地及海外能有良好回报率的投资机会。

稳健并具吸引力的股息

为表集团对股东多年支持的谢意，我们提议分发每股新币1.20分的末期现金股息。连同上次分发每股新币1.00分的中期现金股息，2018财年合计总股息分派为新币2.20分，派息率为42.6%。

致谢

如果没有管理团队辛勤的努力和无私的奉献，金成兴控股有限公司就不会取得今日坚实的基础和有效的复原力。我也想对一群长期尽忠职守协助管理团队的工程师、工料测量师和工地操作师表示衷心地感谢与赞赏。

董事们也通过各自领域的专长知识以及人际网络为集团提供了宝贵的指导与意见。当然也包括股东们、客户、供应商、分包商、合作伙伴以及利益相关者，感谢你们对集团的信任，让我们携手向新的一年迈进。

朱峙安
执行董事兼董事总经理
2018年6月29日

[2] *新加坡城市发展局，2018年4月26日 — 2018年第一季度房地产数据*

FINANCIAL AND OPERATIONS REVIEW

The Group reported revenue of S$132.6 million and net profit of S$29.5 million for the financial year ended 31 March 2018 ("**FY2018**").

The 33.4% decrease in revenue from S$199.3 million reported a year ago ("**FY2017**") was mainly due to lower construction revenue resulting from delays in handover of two construction sites, mitigated by a 7.4% growth in rental income to S$6.0 million from S$5.7 million in FY2017.

While construction revenue declined 34.6% to S$126.6 million in FY2018 from S$193.6 million a year ago, construction margins rose to 23.8% in FY2018 compared to 21.6% in FY2017.

Share of results of joint ventures rose 92.6% to S$11.1 million in FY2018, lifted by profit recognised on construction progress of a residential project that has been fully sold.

Share of results of associates recorded a loss of S$3.1 million compared to a profit of S$8.5 million in FY2017 due to lower sales and percentage-of-completion revenue recognised on Singapore development projects, and loss recognised from the sales of development properties developed by an associated company in Singapore.

As a result of the above, net profit attributable to owners of the company was S$29.5 million in FY2018, a 28.1% decline from S$41.0 million in FY2017.

The Group continues to practice prudent capital management – its balance sheet and working capital position remain healthy with fixed deposits, cash and bank balances of S$76.2 million as at March 31, 2018. Shareholders' equity grew to S$338.8 million as at March 31, 2018 from S$320.7 million a year ago.

Based on an issued share capital of 569,735,645 shares as at March 31, 2018, the Group's fully-diluted earnings per share decreased to 5.17 SGD cents from 7.19 SGD cents as at March 31, 2017, in tandem with the lower net profit. Net asset value per share decreased to 59.46 SGD cents from 70.37 SGD cents across the comparative periods.

FY2018 SHAREHOLDERS EQUITY S$338.8M

FY2017 SHAREHOLDERS EQUITY S$320.7M

FY2018 PROFIT S$29.5M

FY2017 PROFIT S$41.0M

FINANCIAL AND OPERATIONS REVIEW

CONSTRUCTION

Over the last four decades, the Group has built a solid track record across both the private and public sectors, ranging from residential to infrastructure projects.

During the year, KSH had received a letter of intent worth S$266.3 million for the construction of Riverfront Residences, which is a residential project developed by a 35%-owned associated company of the Group. With the inclusion of this project, KSH's construction order book remains healthy at more than S$542.0 million.

KSH's other ongoing projects stated in Table 1.1 are progressing on schedule while the Group looks to aggressively tender for both public and private projects of healthy margins to replenish its order book.

On the construction sector's outlook, the Ministry of Trade and Industry ("**MTI**")[1] reported that the construction sector grew 1.7% on a quarter-on-quarter seasonally-adjusted basis in 1Q 2018, a reversal from the 0.2% decline in 4Q 2017. The sector contracted 5.0% year-on-year in 1Q 2018, the same pace of decline as 4Q 2017, due to decreased activities in both the private and public sectors.

The BCA[2] remains optimistic on pipeline demand, projecting the total value of construction contracts to be awarded this year to reach between S$26.0 billion and S$31.0 billion. While public sector projects are expected to constitute 60% of the forecast to reach between S$16.0 billion to S$19.0 billion, the private sector is expected to be boosted by a steady pipeline of residential and commercial projects.

Table 1.1
As at 31 March 2018

Project Name	Contract Value (S$'m)	Sector
Riverfront Residences (Letter of Intent)	266.3	Private
Three Blocks of Residential Towers	139.1	Private
Research Building at National University of Singapore	145.7	Public
Substation	18.6	Public
Bus Interchange	20.0	Public
Neighbourhood Police Post	4.8	Public

[1] *Ministry of Trade and Industry Singapore, 24 May 2018 – Singapore's GDP Grew by 4.3 Per Cent in the First Quarter of 2018*
[2] *Building and Construction Authority, 11 January 2018 – Public sector construction demand is expected to strengthen this year*

FINANCIAL AND OPERATIONS REVIEW

REAL ESTATE

Table 2.1
As at 31 March 2018

	Total Units Launched	Total Units Sold	Units Sold (%)
Residential	3,157	3,110	98.5
Commercial	364	287	78.8
Office	37	36	97.3
Total	3,558	3,433	96.5

Table 2.2
As at 31 March 2018

No.	Project Name	Group Stake (%)	Type of Development	Revenue Recognition Method	Units Sold (%)
SINGAPORE					
1	Lincoln Suites	25	Residential	Percentage of Completion	96.6
2	Sky Green	25	Residential	Percentage of Completion	98.9
3	KAP & KAP Residences	12.6	Residential and Commercial	Percentage of Completion	99.2
4	Floraville/Floraview/Floravista	12.25	Residential and Commercial	Percentage of Completion	84.5
5	Hexacube	30	Commercial	Completion	68.5
6	Trio	35	Residential and Commercial	Completion	37.2
7	High Park Residences	20	Residential	Percentage of Completion	100.0
8	121 Collection on Whitley	30	Residential	Percentage of Completion	66.7
9	Rezi35	49	Residential	Percentage of Completion	79.5
OVERSEAS					
1	Liang Jing Ming Ju Phase 4 – Sequoia Mansion	45	Residential *(Commercial and Office excluded)*	Completion	98.5

PROPERTY DEVELOPMENT – SINGAPORE

Statistics from the URA showed the steepest quarter-on-quarter gain since 2Q 2010 recorded in 1Q 2018 – private residential prices rose 3.9% compared to a 0.8% growth in 4Q 2017. On market demand, developers launched 921 units for sale in 1Q 2018 compared to 877 units in 4Q 2017 and sold 1,581 units compared to 1,864 in the same corresponding periods[3].

In the coming financial year, the Group will focus on the launch of four residential sites in Singapore to capitalise on the residential sector upcycle, starting with Affinity At Serangoon (FKA Serangoon Ville) that was launched in May 2018. The Affinity At Serangoon project comprises about 1,052 residential units and 5 commercial shops, and is the only residential development in Singapore with 88 facilities. It is conveniently located nearby various amenities such as Nex shopping mall and myVillage at Serangoon Gardens, with easy access to the Serangoon and Kovan MRT stations, and the Central Expressway.

Other projects to be launched in 2018 include the 20%-owned 805-unit Park Colonial at Woodleigh Lane, adjacent to Woodleigh MRT and nearby the up-and-coming Bidadari neighbourhood; the 35%-owned 1,472-unit Riverfront Residences at Hougang Avenue 7 that boasts riverfront living; and the freehold Lorong 24 Geylang development site that is expected to yield 110 units.

FINANCIAL AND OPERATIONS REVIEW

Ahead of its upcoming launches in 2018, the Group has sold 96.5% of its remaining inventory as at March 31, 2018, which translates into S$85.9 million of attributable share of progress billings to be progressively recognised. Most of the Group's residential and mixed-use development properties have been completely or substantially sold at prices within or above expectations, demonstrating the Group and its partners' sharp project selection acumen and project execution abilities.

PROPERTY DEVELOPMENT – OVERSEAS

Over the years, the Group has expanded its footprint alongside its strategic partners who possess rich network and experience in the respective markets. Working with these reputable and experienced partners allows the Group to take on varied projects to maximise returns on its financial resources.

In the PRC, KSH and its partners continue to work closely with local authorities to launch Phase One of KSH's 22.5%-owned Gaobeidian township development project in Hebei province, which is pending the relevant approvals required.

Apart from its strategic location just 19 minutes from Beijing by high-speed train, the Gaobeidian project is well poised to benefit from surge in prices upon its launch due mainly to the announcement of the new Xiongan special economic zone[4]. The project is expected to contribute positively to the Group's performance upon its completion.

In the UK, KSH and its partners continue to advance on its 15%-owned township development in Leeds, having broken ground in September 2017 and appointed international hotel chain operator Hilton to operate a 192-bedroom hotel under the Hampton by Hilton brand.

PROPERTY INVESTMENT – SINGAPORE

On the office front, prices of office space increased 1.3% in 1Q 2018, continuing the 2.7% growth in 4Q 2017, while rentals rose 2.6%, consistent with that of the preceding quarter[3].

Amidst the recovering office sector, our Grade-A office building in the heart of Singapore's CBD, Prudential Tower, has sold almost 70.4% of its units and continues to contribute healthy recurring rental income. The consortium will monitor the market closely and seeks to continue pushing sales of the remaining strata units.

PROPERTY INVESTMENT – OVERSEAS

In line with the Group's strategy to strengthen its recurring income streams, KSH has invested in operating assets that are immediately revenue-accretive.

KSH's investment in the 69%-owned Tianjin Tianxing Riverfront Square in Tianjin, the PRC, continues to record resilient occupancy of about 80%, and contributes positive recurring income to the Group.

Table 2.3
As at 31 March 2018

	United Kingdom				Japan
	Luma Concept Hotel	Ibis Budget Bradford	Ibis Hotel Gloucester	Holiday Inn Express Manchester City Centre	
Group's Stake (%)	10	15	15	30	10
Location	Glenthorne Road, London	Bradford, UK	Gloucester, UK	Manchester City, UK	Chuo, Sapporo, Hokkaido
No. of Rooms	89	86	127	147	164

KSH has also accumulated a portfolio of operating hotel assets in the UK and Japan that are located in the heart of cities with favourable market cycles, with convenient transportation access.

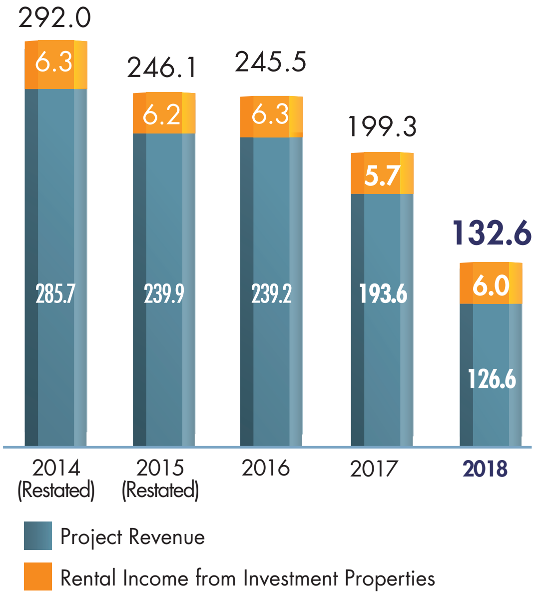
In Australia, KSH had successfully sold its 20%-owned freehold St Kilda residential property in Melbourne, Australia, for A$34 million. The Group intends to recycle the proceeds into other yield-accretive investments in Singapore and abroad.

Barring unforeseen circumstances, the Group is cautiously optimistic on the outlook of its performance for the financial year ending March 31, 2019.

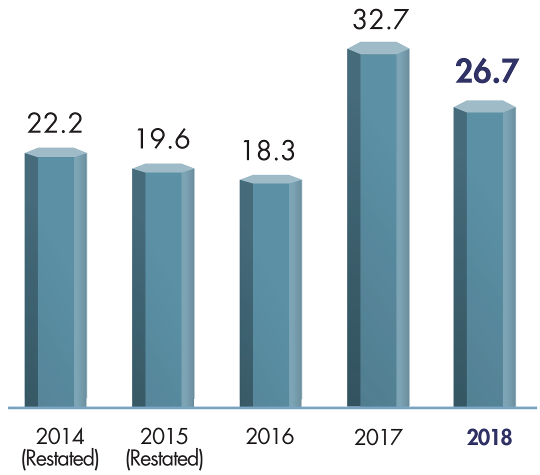
[3] *Urban Redevelopment Authority, 26 April 2018 – Release of 1st Quarter 2018 real estate statistics*
[4] *Straits Times, April 3, 2017 – Xiongan is China's new special economic zone*

FINANCIAL HIGHLIGHTS

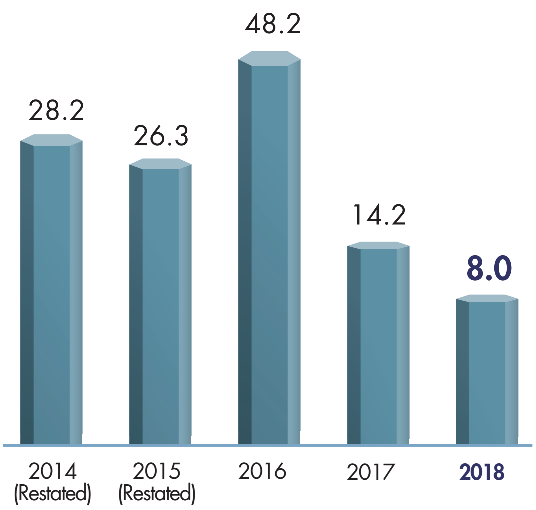
Revenue (S$'m)



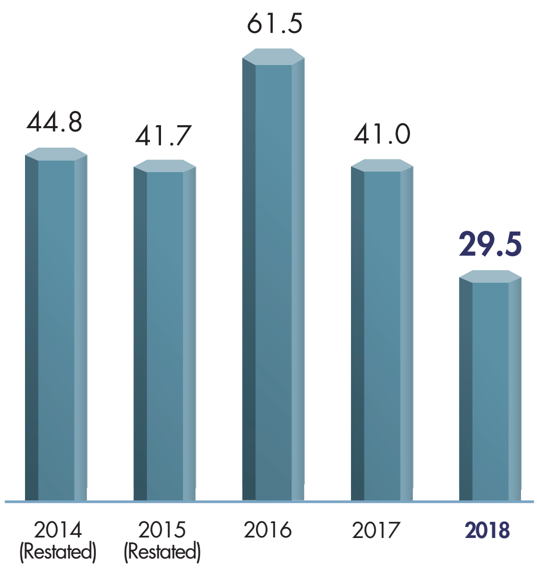
Profit from Operations Before Share of Results of Associates and Joint Ventures (S$'m)



Share of Results of Associates and Joint Ventures (S$'m)

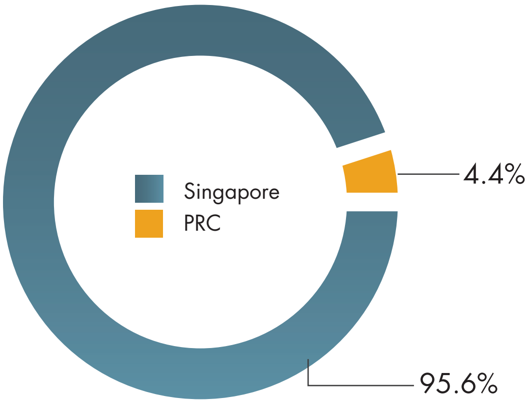


Profit Attributable to Shareholders (S$'m)

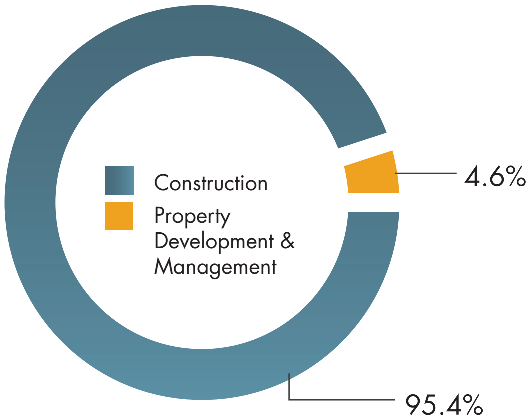


FINANCIAL HIGHLIGHTS

Revenue by Geographical Segment



Revenue by Business Segment



S$'m	FY2014 (Restated)*	FY2015	FY2016	FY2017	FY2018
Balance Sheet Highlights					
Shareholders' Equity	217.3	253.3	293.2	320.7	**338.8**
Net Current Assets	62.0	40.8	30.2	57.0	**22.9**
Net Tangible Assets	238.8	277.0	315.6	342.8	**362.2**
Efficiency					
Return on Asset (%)	9.7	8.4	10.3	8.0	**5.2**
Return on Equity (%)	19.2	15.2	19.6	12.1	**8.3**
Healthy Debt Coverage					
Net Cash / (Net Debt) to Equity (x)	0.09	(0.004)	0.18	0.25	**(0.14)**
Interest Cover (x)	17.3	8.6	11.2	19.7	**19.1**

**Note:*
The comparative numbers in FY2014 are restated in line with the change in accounting policy following adoption of new and revised accounting standards which are effective for annual financial periods beginning on or after 1 April 2014.

BOARD OF DIRECTORS

MR. CHOO CHEE ONN, Executive Chairman and Managing Director, is one of the founders of the Group. Mr. Choo was appointed to the Board on March 9, 2006 and plays a vital role in charting the corporate direction of the Group. He is responsible for the overall management, strategic planning and business development of the Group, and oversees all key aspects of the Group's operations, including the tendering process of the Group's construction projects. He is also responsible for identifying and securing new projects for the Group. In addition, Mr. Choo also oversees the Group's overseas investments and operations, particularly the Group's property development industries in the PRC. Mr. Choo has over 40 years of experience in the construction and property development industries. As one of the Group's founders, Mr. Choo was instrumental in laying the Group's early foundations and has been pivotal in the development of the Group and its expansion into the PRC. Mr. Choo is a full member of the Singapore Institute of Directors.

MR. LIM KEE SENG, Executive Director and Chief Operating Officer, is one of the founders of the Group. Mr. Lim was appointed to the Board on March 22, 2006, and was last re-elected on July 28, 2017. Currently, he oversees the entire construction function and business operations of the Group. Since 1974 when he founded a construction business together with the Group's Executive Directors, Mr. Choo Chee Onn and Mr. Tok Cheng Hoe, Mr. Lim has accumulated over 40 years of experience in the construction, construction-related and property development industries. He has been instrumental in the development and growth of the Group. Mr. Lim is a full member of the Singapore Institute of Directors.

MR. TOK CHENG HOE, Executive Director, Project Director and QEHS Director, is one of the founders of the Group. Mr. Tok was appointed to the Board on March 22, 2006 and was last re-elected on July 25, 2016. As a Project Director, Mr. Tok is responsible for the management and execution of construction projects. Mr. Tok also oversees the functions of QEHS (Quality Environment Health & Safety) of the construction projects carried out by the Group. Since 1974 when he founded a construction business together with the Group's Executive Directors, Mr. Choo Chee Onn and Mr. Lim Kee Seng, Mr. Tok has accumulated over 40 years of experience in the construction, construction-related and property development industries. He has been instrumental in the development and growth of the Group. Mr. Tok is a full member of the Singapore Institute of Directors.

BOARD OF DIRECTORS

MR. KWOK NGAT KHOW, Executive Director and QAQC Director, was appointed to the Board on March 22, 2006, and was last re-elected on July 24, 2015. As a Project Director, Mr. Kwok is responsible for the management and execution of construction projects. Mr. Kwok is assisting in the functions of tendering for construction projects and also oversees the functions of QAQC (Quality Assurance and Quality Control) of the construction projects carried out by the Group. Mr. Kwok has more than 40 years of experience in the construction, construction-related and property development industries. He has been instrumental in the development and growth of the Group. Mr. Kwok is a full member of the Singapore Institute of Directors.

MR. LIM YEOW HUA @ LIM YOU QIN, Lead Independent Director, was appointed to the Board on December 18, 2006, and was last re-elected on July 24, 2015. He is currently the Managing Director of Asia Pacific Business Consultants Pte. Ltd., a Singapore company providing tax and business consultancy services. Mr. Lim has more than 29 years of experience in the tax, financial services and investment banking industries. Prior to founding Asia Pacific Business Consultants Pte. Ltd., he had held several management positions in various organisations including senior regional tax manager with British Petroleum (BP), director (Structured Finance) at UOB Asia Ltd, senior tax manager at KPMG, senior vice president (Structured Finance) at Macquarie Investment Pte. Ltd., senior tax manager at Price Waterhouse and deputy director at the Inland Revenue Authority of Singapore. Mr. Lim holds a Bachelor's Degree in Accountancy and a Master's Degree in Business Administration from the National University of Singapore. He is a fellow member of the Institute of Singapore Chartered Accountants and an Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals. He is also a full member of the Singapore Institute of Directors.

MR. KHUA KIAN KHENG IVAN, Independent Director, was appointed to the Board on December 18, 2006 and was last re-elected on July 25, 2016. He is the Executive Director of Hock Leong Enterprises Pte. Ltd., an oil and gas related servicing company where his responsibilities include overseeing the company's financial, administrative, human resource and business development aspects. From 2000 to 2001, he was a Research Officer at Rider Hunt Levett & Bailey, where he was involved in the research of various aspects of quantity surveying and the cost management of the company's quantity surveying services. From 2001 to 2004, he was a Manager with RHLB Terotech Pte. Ltd., where he provided property and infrastructure asset management consultancy services. Mr. Khua holds a Diploma in Building (with Merit) from Singapore Polytechnic and a Bachelor's Degree in Building Construction Management (First Class Honours) from the University of New South Wales, Australia. He is a member of the Singapore Institute of Arbitrators, and an associate of the Singapore Institute of Building. He is a full member of the Singapore Institute of Directors. Mr. Khua was awarded the prestigious Pingat Bakti Masyarakat, or The Public Service Medal in 2016.

MANAGEMENT

MR. KO CHUAN AUN, Independent Director, was appointed to the Board on August 5, 2013 and was last re-elected on July 28, 2017. He holds chairmanships and directorships in various private and public companies. Mr. Ko was appointed as an Independent Director of San Teh Ltd, Koon Holdings Ltd, Lian Beng Group Limited and Pavillon Holdings Ltd. Mr. Ko has more than 15 years of working experience with the then Trade Development Board of Singapore ("TDB") (now known as the International Enterprise Singapore or IE Singapore). His last appointment with the then TDB was Head of China Operations. In the past 26 years, Mr. Ko has been very actively involved in business investments in the PRC. In 2001, he was appointed as the Steering Committee Member of the Network China. Between 2003 to 2005, he served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade and Investment Committee. Mr. Ko holds a Diploma in Export Marketing, which is equivalent to the Danish Niels Brock International Business Degree Program.

MR. TANG HAY MING TONY, Chief Financial Officer, was promoted to his current post in December 2006. He is responsible for the Group's finance, accounting and reporting functions as well as the overall financial risk management of the Group. He has several years of experience in auditing, accounting, taxation and financial management before he joined the Group in August 1999. Mr. Tang holds a Bachelor's Degree in Accountancy from the Nanyang Technological University, a Graduate Diploma in Business Administration from the Singapore Institute of Management and a Master's Degree in Business Administration from the University of Adelaide, Australia. He is a fellow member of the Institute of Singapore Chartered Accountants.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:

Choo Chee Onn
(Executive Chairman and Managing Director)

Lim Kee Seng
Tok Cheng Hoe
Kwok Ngat Khow

INDEPENDENT DIRECTORS:

Lim Yeow Hua @ Lim You Qin
(Lead Independent Director)

Khua Kian Kheng Ivan
Ko Chuan Aun

AUDIT & RISK COMMITTEE

Lim Yeow Hua @ Lim You Qin (CHAIRMAN)
Khua Kian Kheng Ivan
Ko Chuan Aun

NOMINATING COMMITTEE

Khua Kian Kheng Ivan (CHAIRMAN)
Lim Yeow Hua @ Lim You Qin
Ko Chuan Aun

REMUNERATION COMMITTEE

Ko Chuan Aun (CHAIRMAN)
Lim Yeow Hua @ Lim You Qin
Khua Kian Kheng Ivan

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Low Yen Mei
(Date of appointment:
since financial year ended
31 March 2017)

JOINT COMPANY SECRETARIES

Tang Hay Ming Tony
Ong Beng Hong (LLB (Hons))

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
(a member of Boardroom Limited)
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

PRINCIPAL BANKERS

CIMB Bank Berhad
Citibank, N.A.
Development Bank of Singapore
Industrial and Commercial Bank of China Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
RHB Bank Berhad Singapore
Standard Chartered Bank
The Bank of East Asia, Limited
The Hong Kong and Shanghai Banking Corporation
United Overseas Bank Limited

REGISTERED OFFICE

36 Senoko Road
Singapore 758108

INVESTOR RELATIONS

Citigate Dewe Rogerson Singapore Pte Ltd
55 Market Street #02-01/02
Singapore 048914
Email : dolores.phua@citigatedewerogerson.com/
amelia.lee@ citigatedewerogerson.com
KSH contact : mainoffice@kimsengheng.com.sg

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

KSH Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to achieving a high standard of corporate governance in line with the principles set out in the Code of Corporate Governance 2012 ("the **Code**"). Good corporate governance establishes and maintains a legal and ethical environment, which helps to preserve and enhance the interests of all shareholders.

This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code. The Company believes that it has largely complied with the spirit and intent of the Code and in areas where the Company's practices have deviated from the Code, rationale for the same is provided herein.

(A) BOARD MATTERS

The Board's Conduct of its Affairs

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

Role of the Board of Directors (the "Board")

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group, and sets directions and goals for the Management. It supervises the Management and monitors the performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group.

Regular meetings are held to deliberate the strategic policies of the Company, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results.

The principal duties of the Board include the following:

(i) protecting and enhancing long-term value and return to the Company's shareholders ("**Shareholders**");
(ii) establishing, reviewing and approving the annual budget, corporate policies, strategies and objectives for the Group;
(iii) ensuring the effectiveness and integrity of Management;
(iv) chartering the corporate strategy and direction of the Group and setting goals for the Management;
(v) supervising and monitoring the Management's achievement of these goals;
(vi) conducting periodic reviews of the Group's financial performance, internal controls and reporting compliance;
(vii) approving nominations to the Board and appointment of key personnel;
(viii) ensuring the Group's compliance with all relevant and applicable laws and regulations;
(ix) assuming responsibility for the corporate governance of the Group;

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

(x) setting the values and standards for the Group, and ensure that obligations to Shareholders and others are understood and met; and

(xi) establishing a framework of prudent and effective controls which enables risks to be assessed and managed.

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

The Board has formed a number of Board Committees, namely the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee, to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Board Committees function within clearly defined terms of references and operating procedures. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the entire Board.

The Executive Directors ("**ED**") also supervise the management of the business and affairs of the Company and reduce the administrative time, inconvenience and the expenses associated with the convening of meetings of the Board and circulation of resolutions in writing of the Board, without compromising the Group's corporate objectives and adversely affecting the day-to-day operations of the Company.

However, meetings of the Board are still held and/or resolutions in writing of the Board are circulated for matters which require the Board's approval, including, but are not limited to the following:

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

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

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

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

(v) material acquisitions and disposals;

(vi) corporate or financial restructuring and share issuances;

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

(viii) appointments of new Directors or key personnel.

A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has been adopted by the Board.

Board Meetings are conducted regularly at least once every quarter and ad-hoc meetings (including but not limited to the meetings of the Board Committees) are convened whenever a Director deems it necessary to address any issue of significance that may arise. Pursuant to Article 97 of the Company's Constitution, Directors may participate in Board Meetings by means of a conference telephone, video conferencing, audio visual or other similar communications equipment by means of which all persons participating in the Board Meetings can hear each other.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

In addition to holding meetings, important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

The following table discloses the number of meetings held for the Board and Board Committees and the attendance of all Directors for the financial year ended 31 March 2018:

	BOARD MEETING	AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Number of meetings held	4	4	1	1
Choo Chee Onn	4	–	–	–
Tok Cheng Hoe	4	–	–	–
Lim Kee Seng	4	–	–	–
Kwok Ngat Khow	4	–	–	–
Lim Yeow Hua @ Lim You Qin	4	4	1	1
Khua Kian Kheng Ivan	4	4	1	1
Ko Chuan Aun	4	4	1	1

While the Board considers Directors' attendance at Board Meetings to be important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

Generally, a newly-appointed Director will be given an orientation to familiarise him/her with the Group's business and governance practices and he/she will also be briefed on the duties and obligations of a director of a listed company. The Company will also provide the newly-appointed Director with a formal letter setting out his/her duties and obligations.

The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. The professional advisors to the Company conduct briefings and presentations to update the Directors in this regard. The Directors are encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as directors to the Company. During FY2018, some of the Directors attended the Sustainability Reporting Roundtable session organised by the Singapore Exchange on 24 October 2017.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Board Composition and Guidance

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

As at the date of this Annual Report, the Board comprises seven (7) Directors, of whom four (4) are ED and three (3) are Independent Directors. The list of Directors is as follows:

Mr. Choo Chee Onn	(Executive Chairman and Managing Director)
Mr. Kwok Ngat Khow	(Executive Director)
Mr. Tok Cheng Hoe	(Executive Director)
Mr. Lim Kee Seng	(Executive Director)
Mr. Lim Yeow Hua @ Lim You Qin	(Lead Independent Director)
Mr. Khua Kian Kheng Ivan	(Independent Director)
Mr. Ko Chuan Aun	(Independent Director)

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board is of the view that the current Board members comprise persons whose diverse skills, experience, knowledge of the Company and attributes provide for effective direction for the Group. To maintain or enhance the Board's balance and diversity, the existing attributes and core competencies of the Board are reviewed on an annual basis by the Nominating Committee ("**NC**") to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The Board, through the NC, has examined the Board's size and is satisfied that it is appropriate for effective decision-making, taking into account the nature and scope of the Company's operations, and is of the view that the Board has a good balance of Directors who come from diverse backgrounds and have extensive industry knowledge and/or business, financial, accounting and management experience.

The criterion for independence is based on the definition given in the Code. The Board considers an "Independent" Director as one who has no relationship with the Company, its related companies, its 10% Shareholders or Officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement of the conduct of the Group's affairs. The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the NC, whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

The non-executive Independent Directors constructively challenge and help develop proposals on strategy, assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. The Independent Directors meet at least once annually without the presence of the other Directors and the Management and, where necessary, the Lead Independent Director provides feedback to the Executive Chairman after such meetings.

Key information regarding the Directors is given in the "Board of Directors" section of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Particulars of interests of Directors who held office at the end of the financial year in shares in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement on pages 41 to 43 of this Annual Report.

Executive Chairman and Group Managing Director

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

The Executive Chairman and the Group Managing Director is Mr. Choo Chee Onn ("**Mr. Choo**"). In view of Mr. Choo's concurrent appointment as the Executive Chairman and Group Managing Director, the Board has appointed Mr. Lim Yeow Hua @ Lim You Qin as the Lead Independent Director, in accordance with Guideline 3.3 of the Code. In accordance with the recommendations in the said Guideline 3.3, the Lead Independent Director is available to Shareholders where they have concerns which contact through the normal channels of the Executive Chairman and Group Managing Director or Chief Financial Officer has failed to resolve or for which such contact is inappropriate.

The Company is of the view that it maintains a satisfactory independent element on the Board as at least one-third of the Board comprises Independent Directors and the Company believes the Board is able to exercise independent judgment on corporate affairs. Guideline 2.2 of the Code, however, recommends that independent directors make up at least half of the Board where:

(a) the Chairman of the Board and the Chief Executive Officer (or equivalent) is the same person;
(b) the Chairman and the Chief Executive Officer are immediate family members;
(c) the Chairman is part of the management team; or
(d) the Chairman is not an independent director.

The NC and Board are of the view that although the Independent Directors do not currently make up half of the Board, all of the Directors have debated vigorously on the subject matters tabled at the Board meetings held in FY2018, regardless of whether they were independent or not. All decisions of the Board are based on collective decision without any individual or small group of individuals influencing or dominating the decision-making process. In addition, the NC and the Board believe that Mr. Choo, as one of the founders of the Group and the Managing Director since the Company's listing, is in the best position to lead the Board as Executive Chairman.

As the Executive Chairman, Mr. Choo bears the following responsibilities:

(a) leading the Board to ensure its effectiveness on all aspects of its role;
(b) setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
(c) promoting a culture of openness and debate at the Board;
(d) ensuring that the Directors receive complete, adequate and timely information;
(e) ensuring effective communication with shareholders;
(f) encouraging constructive relations within the Board and between the Board and Management;
(g) facilitating the effective contribution of Independent Directors towards the Company; and
(h) together with the Audit and Risk Committee, promoting high standards of corporate governance.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

As the Group Managing Director, Mr. Choo bears overall daily operational responsibility for the Group's business.

All major decisions made by the Executive Chairman and Group Managing Director are under the purview of review by the Audit and Risk Committee ("**ARC**"). His performance and appointment to the Board are also reviewed periodically by the NC while his remuneration package is reviewed periodically by the Remuneration Committee ("**RC**"). As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

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

Board Membership

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

As at the date of this Annual Report, the NC comprises the following three (3) Independent Non-Executive Directors ("**NED**"):

Mr. Khua Kian Kheng Ivan (Chairman)
Mr. Lim Yeow Hua @ Lim You Qin (Member)
Mr. Ko Chuan Aun (Member)

The NC functions under the terms of reference which sets out its responsibilities:

(a) To recommend to the Board on all Board appointments, re-appointments and re-nominations;
(b) To ensure that Independent Directors meet the Singapore Exchange Securities Trading Limited's (the "**SGX-ST**") guidelines and criteria; and
(c) To assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board.

In the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC would also review the change to be implemented and make recommendations to the Board accordingly. For the appointment of new Directors, the NC would, in consultation with the Board, examine the existing Board's strengths, capabilities and the existing Directors' contribution of skills, knowledge and experience to the Group and the Board. Further to the above, the NC will take into account the future needs of the Group and, together with the Board, it will seek candidates who are able to contribute to the Group. The NC seeks candidates widely and beyond persons directly known to the existing Directors. Résumés of suitable candidates are reviewed and background checks are conducted before interviews are conducted again for the short-listed candidates. The NC shall then recommend suitable candidates to the Board.

The NC is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the Directors may hold. As a guide, Directors of the Company should not have more than six (6) listed company board representations

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

and other principal commitments. After conducting reviews, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

There are no alternate directors appointed to the Board as at the date of this Annual Report. The Board will generally avoid approving the appointment of alternate directors unless alternate directors are appointed for limited periods in exceptional cases such as when a director has a medical emergency.

The NC examines the Board's size to satisfy that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operations.

Details of the appointment of Directors including their respective dates of initial appointment and dates of last re-election and directorships in other listed companies, both current and for the preceding three years, are set out below:

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies
Mr. Choo Chee Onn	67	9 March 2006	Not Applicable	**Present Directorships** – **Past Directorships** –
Mr. Kwok Ngat Khow	70	22 March 2006	24 July 2015	**Present Directorships** – **Past Directorships** –
Mr. Tok Cheng Hoe	67	22 March 2006	25 July 2016	**Present Directorships** – **Past Directorships** –
Mr. Lim Kee Seng	66	22 March 2006	28 July 2017	**Present Directorships** – **Past Directorships** –
Mr. Lim Yeow Hua @ Lim You Qin	56	18 December 2006	24 July 2015	**Present Directorships** KTL Global Limited Oxley Holdings Limited Eratat Lifestyle Limited (in liquidation) Accrelist Limited **Past Directorships** Great Group Holdings Ltd China Minzhong Food Corporation Limited Advanced Integrated Manufacturing Ltd Ying Li International Real Estate Limited

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies
Mr. Khua Kian Kheng Ivan	43	18 December 2006	25 July 2016	**Present Directorships** Moneymax Financial Services Ltd No Signboard Holdings Ltd **Past Directorships** –
Mr. Ko Chuan Aun	61	5 August 2013	28 July 2017	**Present Directorships** San Teh Ltd Koon Holdings Limited Lian Beng Group Limited Pavillon Holdings Ltd. **Past Directorships** Brothers (Holdings) Limited KOP Limited Super Group Ltd

Further to the above, the NC reviews the independence of each of the Independent Directors annually. As part of their review process, the NC requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the guidelines in the Code. The NC reviews declaration forms executed by the Independent Directors as well as any declaration they may make to determine their respective independence. Pursuant to its review, the NC is of the view that Mr. Lim Yeow Hua @ Lim You Qin, Mr. Khua Kian Kheng Ivan and Mr. Ko Chuan Aun are independent of the Group and the Management.

Each of Mr. Lim Yeow Hua @ Lim You Qin and Mr. Khua Kian Kheng Ivan has served on the Board for a continuous period of more than nine (9) years. Each of Mr. Lim Yeow Hua @ Lim You Qin and Mr. Khua Kian Kheng Ivan has demonstrated independent mindedness and conduct at the Board and Board Committees meetings. After a rigorous review on their contributions and independence by the NC, the NC is satisfied that each of Mr. Lim Yeow Hua @ Lim You Qin and Mr. Khua Kian Kheng Ivan has remained independent in character and judgment in discharging their duties as Directors of the Company.

The Constitution of the Company requires one-third of the Directors to retire from office at each Annual General Meeting ("**AGM**"), except that the Managing Director is not subject to retirement by rotation and not taken into account in determining the number of Directors to retire. Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. After assessing each of their contributions and performance, the NC has recommended the re-elections of Mr. Lim Yeow Hua @ Lim You Qin and Mr. Kwok Ngat Khow in accordance with Article 89 of the Company's Constitution, at the forthcoming AGM.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Board Performance

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

The NC has established a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. This assessment is conducted by the NC at least once a year by way of a Board evaluation where the NC completes a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information, process and accountability. The Chairman of the NC will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.

Reviews of each individual Director's contribution to the effectiveness of the Board, and the effectiveness of the Board as a whole and the Board Committees are also undertaken on a continuous basis by the NC. Given that the Board Committees comprise only of Independent Directors, there is no need at present to conduct a formal annual assessment of each of the Board Committees.

No external facilitator has been appointed by the Company.

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

(i) the size and composition of the Board;
(ii) the individual Directors' contributions to the Board, including without limitation their participation at Board meetings and ability to contribute to the discussion conducted by the Board;
(iii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);
(iv) the Board's access to information;
(v) the accountability of the Board to the Shareholders; and
(vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

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

Based on the NC's review, the NC considers the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board to be satisfactory and is of the view that the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Access to Information

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

All Directors are from time to time furnished with information concerning the Company, including board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and internal financial statements, to enable them to be fully cognisant of the decisions and actions of the Company's Executive Management. In respect of budgets, in the event that there are any material variances between the projections and actual results, these are disclosed and explained to the Board by Management. The Board has unrestricted access to the Company's records and information.

Senior Management Personnel are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board Meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Joint Company Secretary and to other Senior Management Personnel of the Company and of the Group at all times in carrying out their duties. The Joint Company Secretary attends or is represented at all Board Meetings and meetings of the Board Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board and Board Committees meetings are circulated to the Board and the Board Committees. The appointment and removal of the Joint Company Secretary is a matter for the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

As at the date of this Annual Report, the RC comprises the following three (3) Independent NED:

Mr. Ko Chuan Aun (Chairman)
Mr. Khua Kian Kheng Ivan (Member)
Mr. Lim Yeow Hua @ Lim You Qin (Member)

The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines a specific remuneration package for each ED. The recommendations are submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind, are covered by the RC. Each RC member abstains from voting on any resolution in respect of his remuneration package.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The RC functions under the terms of reference which sets out its responsibilities:

(a) To recommend to the Board a framework for remuneration for the Directors and key management personnel of the Company;

(b) To determine a specific remuneration package for each ED;

(c) To review the appropriateness of compensation for NED; and

(d) To review the remuneration of employees occupying managerial positions who are related to the Directors and Substantial Shareholders.

The RC is provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services is borne by the Company. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. For FY2018, the RC has not consulted any external remuneration consultants as there is no required remuneration matters that rendered the appointment of any remuneration consultants. None of the EDs' service agreements or independent directors' fees were revised during FY2018.

Level and Mix of Remuneration

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

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies as well as the performance of the Group as a whole and the performance of each individual director. The remuneration of NED is also reviewed to ensure that the remuneration is commensurate with the contribution and responsibilities of the Directors.

The Directors' fees are reviewed annually and the Company submits the quantum of Directors' fees of each year to the Shareholders for approval at each AGM.

The Executive Chairman and Managing Director, Mr. Choo, and the three (3) ED have service agreements. Such service agreements cover the terms of employment, salaries and other benefits. The terms of the service agreements are reviewed by the RC on an annual basis. Based on the RC's review, the RC is of the view that the service agreements include fair and reasonable termination clauses which are not overly generous. NED have no service agreements.

The Company currently has no employee share option scheme or other long-term incentive scheme in place for its ED and key management personnel.

The Independent Directors receive Directors' fees, in accordance with their contributions, taking into account factors such as effort and/or time spent, the responsibilities of the Independent Directors and the need to pay competitive fees to attract, retain and motivate the Independent Directors. The Independent Directors are not over-compensated to the extent their independence may be compromised.

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

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Disclosure on Remuneration

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

The details of the remuneration of Directors of the Group disclosed in bands of S$250,000 for services rendered during the financial year ended 31 March 2018 are as follows:

	Number of Directors
S$900,000 to S$1,299,999	**1**
S$500,000 to S$899,999	**3**
Below S$250,000	**3**
Total	**7**

As at the date of this Annual Report, the Company has seven (7) Directors. Of the seven (7) Directors, four (4) are ED who together with the Company's Chief Financial Officer comprise the five (5) key management personnel of the Company. There were no other key management personnel within the Group except for the abovementioned persons for the financial year ended 31 March 2018.

The Board is of the view that it is not necessary to present detailed disclosure on the Company's remuneration policy as the remuneration policy for ED and key management personnel is a management decision that the Board is generally entitled to make.

Taking note of the competitive pressures in the labour market, the Board has, on review, decided not to fully disclose the remuneration of the Company's Directors and key management personnel. As such, the Company does not disclose the remuneration of the Company's Directors and key management personnel to the nearest thousand but in bands of S$250,000. Details (in percentage terms) of the remuneration paid to the Directors and to the key management personnel (who is not also a Director) in bands of S$250,000 for the financial year ended 31 March 2018 are set out below:

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Salary %	Bonus %	Directors' Fees %	Allowances and Other Benefits %	Total Compensation %
Directors					
S$900,000 to S$1,299,999					
Choo Chee Onn	43	54	–	3	100
S$500,000 to S$899,999					
Lim Kee Seng	43	52	–	5	100
Kwok Ngat Khow	42	52	–	6	100
Tok Cheng Hoe	42	52	–	6	100
Below S$250,000					
Lim Yeow Hua @ Lim You Qin	–	–	100	–	100
Khua Kian Kheng Ivan	–	–	100	–	100
Ko Chuan Aun	–	–	100	–	100
Key Executive of the Group[1]					
S$250,000 to S$499,999					
Tang Hay Ming Tony	48	48	–	4	100

Note:

[1] For the financial year ended 31 March 2018, Mr. Tang Hay Ming Tony was the only key management personnel who is not also a director. The other key management personnel of the Group are the ED, Mr. Choo Chee Onn, Mr. Lim Kee Seng, Mr. Tok Cheng Hoe, and Mr. Kwok Ngat Khow.

There are no termination, retirement and post-employment benefits that may be granted to the Company's Directors and key management personnel.

Immediate Family Member of Directors or Substantial Shareholders

No employee of the Company and its subsidiaries is an immediate family member of a Director and/or a Substantial Shareholder whose remuneration exceeded S$50,000 during FY2018.

(C) ACCOUNTABILITY AND AUDIT

Accountability

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

The Board is accountable to the Shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to Shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST. The Management closely monitors the Company's compliance with legislative and regulatory requirements, including requirements under the Listing Manual of the SGX-ST, and where appropriate, will propose the adoption of written policies to the Board.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

Price sensitive information is publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods.

The Management provides the Board with quarterly reports of the Group's financial performance, as well as progress reports on the achievements of the Management's goals and objectives determined by the Board. The Management also maintains close contact and communication with the Board by various means, including but not limited to holding meetings with the Board or via email in which documents are circulated to the Board for their review or for their information. The abovementioned arrangement allows the Directors to monitor the Group's performance as well as the Management's achievements of the goals and objectives determined and set by the Board.

Risk Management and Internal Controls

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

The Board acknowledges that it is responsible for the overall internal control framework, including the determination of the Company's levels of risk tolerance and risk policies, but recognises that all internal control systems contain inherent limitations and that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The ARC conducts regular reviews of the adequacy and effectiveness of the Group's internal controls and risk management system, including financial, operational and compliance controls and internal controls in relation to information technology risks.

The ARC ensures that a review of the effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management, is conducted annually. In this respect, the ARC reviews the audit plans, and the findings of the Internal and External Auditors and ensures that the Company follows up on the Internal and External Auditors' recommendations raised, if any, during the audit process.

The ARC has, on behalf of the Board, reviewed the adequacy and effectiveness of the various systems put in place by the Management and it is satisfied that there are adequate internal controls and risk management systems in the Company to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The Group has in place a system of internal controls and risk management for ensuring proper accounting records and reliable financial information as well as management of business risks with a view to safeguarding Shareholders' investments and the Company's assets. The risk management framework implemented provides for systematic and structured review and reporting of the assessment of the degree of risk, evaluation and effectiveness of controls in place and the requirements for further controls. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the ARC.

The Board has also received assurances from the Managing Director and the Chief Financial Officer on the integrity of the financial statements of the Group and the effectiveness of the Company's risk management and internal control systems. In particular, the Board has been assured that the financial statements give a true and fair view, in all material respects, of the Group's performance and financial position as at 31 March 2018.

The Internal Auditors review policies and procedures as well as key controls and highlight any issues to the Directors and the ARC. Separately, in performing the audit of the financial statements of the Group, the External Auditors perform tests over operating effectiveness of certain controls that they intend to reply on that are relevant to the preparation of its financial statements. The External Auditors also report any significant deficiencies in such internal controls to the Directors and the ARC.

Action plans to manage risks are continuously being monitored and refined by Management and the Board. Any material non-compliance in internal controls together with corrective measures are reported directly to the Directors and the ARC.

Based on the internal controls and risk management systems established and maintained by the Group, reviews conducted by the External and Internal Auditors and assurance from Management, the Board with the concurrence of the ARC, is of the opinion that the Group's system of internal controls, addressing financial, operational, compliance and information technology risks, and its risk management policies and systems (notably those systems that monitor and manage financial, operating, compliance, information technology and other risks) were adequate and effective as at 31 March 2018 in its current business environment.

The system of internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal control and/or risk management could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit and Risk Committee

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

The ARC comprises the following three (3) Independent NED:

Mr. Lim Yeow Hua @ Lim You Qin (Chairman)
Mr. Khua Kian Kheng Ivan (Member)
Mr. Ko Chuan Aun (Member)

The ARC meets periodically at least four times a year to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained within the Group.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The ARC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls and risk management, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the Board ensures that the ARC's members have the appropriate qualifications to provide independent, objective and effective supervision.

Specifically, the ARC functions under the terms of reference which sets out its responsibilities as follows:

(a) To review the audit plans of both the Internal and External Auditors;
(b) To review the Auditors' Reports and their evaluation of the Company's and the Group's system of internal controls and risk management policies and systems;
(c) To review the effectiveness and adequacy of the internal audit function which is outsourced to a professional firm;
(d) To review the co-operation given by the Company's Officers to the Internal and External Auditors;
(e) To review the financial statements of the Company and the Group before submission to the Board;
(f) To nominate and review appointment of Internal and External Auditors;
(g) To review with Auditors and Management on the general internal control procedures;
(h) To review the independence of the Internal and External Auditors; and
(i) To review interested person transactions, if any.

The ARC has the power to conduct or authorise investigations into any matters within the ARC's scope of responsibility including without limitation internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore and other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position. The ARC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. All of the members of the ARC are Independent Directors. Each member of the ARC abstains from voting on any resolutions in respect of matters he is interested in.

The ARC meets from time to time with the Group's External Auditors and the Executive Management to review accounting, auditing and financial reporting matters so as to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group. The ARC also studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the ARC advises the Board regarding the adequacy of the Group's internal controls and risk management systems and the contents and presentation of its interim and annual reports. Based on the information provided to the ARC, nothing has come to the ARC's attention to indicate that the system of internal controls and risk management is inadequate.

The ARC has full access to and co-operation of the Management and has full discretion to invite any Director or Executive Officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The ARC meets with both the Internal and External Auditors without the presence of the Management at least once a year, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the Internal and External Auditors.

The ARC reviews the independence of the External Auditors, Ernst & Young LLP, annually. The ARC had assessed the External Auditors based on the factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group. None of the members of the ARC (i) are a partner or director of Ernst & Young LLP, or (ii) have any financial interest in Ernst & Young LLP.

The ARC also conducted a review of non-audit services performed by the External Auditors and is satisfied that the nature and extent of such services do not prejudice the independence and objectivity of the External Auditors. For FY2018, the audit and non-audit fees paid to the External Auditors of the Company were S$319,000 and S$110,000 (excluding disbursements and GST) respectively.

Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the ARC are of the opinion that a suitable auditing firm has been appointed to meet the Company's auditing obligations.

The Company engages different audit firms for certain of its subsidiaries or associated companies and the names of these audit firms are disclosed on page 93 of this Annual Report. The Board and ARC have reviewed the appointment of these audit firms and are of the view that the appointment of these other audit firms does not compromise the standard and effectiveness of the audit of the Company.

The ARC is satisfied that Rules 712 and 715 of the Listing Manual of the SGX-ST are complied with and has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as Auditor at the forthcoming AGM.

The Company has in place a whistle-blowing framework to provide a channel where staff of the Company have access to the Human Resource Manager to raise their concerns about possible improprieties for investigation. The procedures for submission of complaints have been explained to all employees of the Group. Following investigation and evaluation of a complaint, the ARC will then decide on recommended disciplinary or remedial action, if any. The action so determined by the ARC to be appropriate shall then be brought to the Board or to the appropriate members of senior Management for authorisation or implementation, respectively.

Internal Audit

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

The Company has engaged KPMG Services Pte. Ltd. as its Internal Auditors of the Group to perform internal audit work under an internal audit plan. KPMG Services Pte. Ltd. is a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Internal Auditors report directly to the Chairman of the ARC on all internal audit matters.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The role of the Internal Auditors is to support the ARC in ensuring that the Company maintains a sound system of internal controls and risk management by monitoring and assessing the effectiveness of the key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigation as directed by the ARC. The ARC approves the hiring, removal, evaluation and compensation of the Internal Auditors. The ARC ensures that the Internal Auditors are adequately resourced and have appropriate standing within the Company.

The primary functions of internal audit are to:

(a) Assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;
(b) Assess if operations of the business processes under review are conducted efficiently and effectively; and
(c) Identify and recommend improvement to internal control procedures, where required.

The ARC is satisfied with the adequacy and effectiveness of the current risk management function and system and will assess the same regularly.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

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

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

Communication with Shareholders

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

The Company is committed to keeping Shareholders regularly and timely informed of material developments in the Group, in accordance with the continuous disclosure obligations of the Company pursuant to the Listing Manual of the SGX-ST and the Companies Act. In line with continuous obligations of the Company pursuant to the Listing Manual of the SGX-ST, the Board's policy is that all Shareholders be informed of all major developments that impact the Group.

Price-sensitive information is released to all parties such as Shareholders, stakeholders and the public simultaneously to ensure a level playing field. Any material information or respective quarterly, half-yearly and full year results (all issued within the mandatory period) is disseminated through SGXNET. In disclosing information, the Company strives to be as descriptive, detailed and forthcoming as possible, and to avoid boilerplate disclosures.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Information is disseminated to the Shareholders on a timely basis through:

(a) SGXNET announcements and news releases;
(b) Annual Report prepared and issued to all Shareholders;
(c) Press releases on major developments of the Group;
(d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("**EGM**"); and
(e) Company's website at http://www.kimsengheng.com at which Shareholders can access information on the Group.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, the Company has been declaring dividends on an annual basis and any pay-out of dividends is clearly communicated to Shareholders via announcements released on SGXNET.

Conduct of Shareholder Meetings

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

The Company's AGMs are the principal forums for dialogue with Shareholders. The Company encourages all Shareholders to attend the AGM to grasp a good understanding of the Group's business and be informed of its strategic goals and objectives. The Board and Management are committed to an open dialogue with the Shareholders at the AGM to address the Shareholders' issues, views and concerns. The Chairmen of the ARC, NR and RC are normally available at the AGM to answer any question relating to the work of these Board Committees. The External Auditors are also present to assist the Directors in addressing any relevant queries by the Shareholders.

Shareholders are encouraged to attend general meetings to ensure a high level of accountability and to stay appraised of the Group's strategy and goals. The Company's Constitution provides that Shareholders of the Company are allowed to vote at general meetings in person or by way of duly appointed proxies. Notice of any general meeting of the Company is advertised in newspapers and announced on SGXNET.

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

The Joint Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from the Shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to Shareholders upon their request. Results of each general meeting are also released as an announcement via SGXNET.

In compliance with Rule 730A(2) of the Listing Manual of the SGX-ST, resolutions tabled at general meetings of Shareholders will be put to vote by poll, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings. The Company prefers non-electronic poll voting as it saves costs and still gives an acceptable turnaround time to generate poll results.

STATEMENT OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

ADDITIONAL INFORMATION

1. Dealing in Securities

The Company has in place a policy in accordance with Rule 1207(19) of the SGX-ST Listing Manual prohibiting share dealings by Directors, executives and employees of the Company during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. Directors, executives and employees are also prohibited to deal in the Company's securities on short-term considerations, and are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

2. Interested Person Transactions Policy

The Company adopts an internal policy in respect of any transactions with interested person and establishes procedures for review and approval of the interested person transactions entered into by the Group. The ARC reviews the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the Shareholders.

During FY2018, the Company did not enter into any interested person transaction of a value amounting to S$100,000 or more.

The Board confirms that for FY2018, the Company has complied with Listing Rule 1207(18).

3. Material Contracts

Save as previously disclosed on SGXNET, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Managing Director, any Director, or Controlling Shareholder for FY2018.

4. Sustainability Reporting

The Company has prepared a sustainability report with regard to its practices for FY2018 and such report outlines the following: (a) material environmental, social and governance factors; (b) policies, practices and performance; (c) targets; and (d) sustainability reporting framework. The Company's sustainability report will be available on the Company's website at http://kimsengheng.listedcompany.com/sr.html.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of KSH Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 March 2018.

Opinion of the Directors

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) 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.

Directors

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

Choo Chee Onn	Executive Chairman and Managing Director
Lim Kee Seng	Executive Director
Tok Cheng Hoe	Executive Director
Kwok Ngat Khow	Executive Director
Lim Yeow Hua @ Lim You Qin	Independent Director
Khua Kian Kheng Ivan	Independent Director
Ko Chuan Aun	Independent Director

Arrangements to enable Directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

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

	Direct interest	
Name of Director	**At the beginning of year**	**At the end of year**
The Company		
Ordinary shares		
Choo Chee Onn	87,074,639	108,843,298
Lim Kee Seng	54,589,888	68,237,360
Tok Cheng Hoe	65,004,219	81,255,273
Kwok Ngat Khow	65,004,219	81,255,273
Lim Yeow Hua @ Lim You Qin	242,000	302,500
Khua Kian Kheng Ivan	242,000	302,500

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2018.

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

Options

No options were issued by the Company during the financial year. As at 31 March 2018, there were no options on the unissued shares of the Company or its subsidiaries which are outstanding.

Audit and Risk Committee

The Audit and Risk Committee ("ARC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the Internal and External Auditors of the Group and the Company, and reviewed the Internal Auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group's and the Company's Management to External and Internal Auditors;

- Reviewed the quarterly and annual financial statements and the Auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;

- Reviewed the effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the Internal Auditor;

DIRECTORS' STATEMENT

Audit and Risk Committee (continued)

- Met with the External and Internal Auditors, other committees, and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness, independence and objectivity of the External Auditor;
- Reviewed the nature and extent of non-audit services provided by the External Auditor;
- Recommended to the Board of Directors that the External Auditor be nominated for re-appointment, approved the compensation of the External Auditor and reviewed the scope and results of the audit;
- Reported actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual.

The ARC, having reviewed all non-audit services provided by the External Auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the External Auditor. The ARC has also conducted a review of interested person transactions.

The ARC convened four meetings during the financial year. The ARC has also met with Internal and External Auditors, without the presence of the Company's Management, at least once a year.

Further details regarding the ARC are disclosed in the Statement on Corporate Governance.

Auditor

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

On behalf of the Board of Directors,

Choo Chee Onn
Managing Director

Lim Kee Seng
Executive Director

Singapore
29 June 2018

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Independent auditor's report to the members of KSH Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of KSH Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2018, the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group, and the income statement and statement of comprehensive income of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Key Audit Matters (continued)

Accounting for construction contracts – Revenue recognition

The Group recognised revenue of $126,558,000 from construction contracts using the percentage of completion method for the financial year ended 31 March 2018. The percentage of completion is measured by reference to professional surveys of work performed. The determination of the contract revenues and contract costs requires significant management estimates, which may have a material impact on the amounts of contract work-in-progress, contract revenue, contract cost and profits recognised during the year. Accordingly, we identified this to be a key audit matter.

As part of our audit procedures, we obtained an understanding and tested, on a sample basis, the key financial controls surrounding management's internal costing and revenue recognition process put in place to estimate contract revenues, costs and profit margin. We checked whether the contract revenue was recognised according to the percentage of completion of each project measured by reference to the surveys of work performed as certified by the external surveyors. We tested the mathematical accuracy of contract revenues, costs and profits based on the percentage of completion calculations. Where there has been a significant change in management's estimates of such revenues, costs and profit margins, we enquired with management the rationale of such changes and obtained supporting documentation to corroborate management's explanation. We conducted site visits, reviewed the project files and discussed with the management on the progress of significant contracts to determine if there are any changes such as delays, penalties, overruns where it is probable that the total contract costs will exceed total contract revenue and thus require the recognition of foreseeable losses on such contracts.

We also assessed the adequacy of the Group's disclosures for revenue from construction contracts and construction work-in-progress as disclosed in Notes 32 and 19 to the financial statements.

Accounting for interests in associates and joint ventures

The Group's interests in associates and joint ventures comprise the investments, loans and amounts due from associates and joint ventures. The associates and joint ventures of the Group are mainly involved in the business of property development. The accounting for interests in associates and joint ventures is significant to our audit due to the significant share of the associates' and joint ventures' net profit and net assets. For the year ended 31 March 2018, the Group's share of results of associates and joint ventures amounted to a loss of $3,098,000 and a profit of $11,067,000 respectively, which contributed 26.4% to the Group's net profit. As at 31 March 2018, the Group's interests in associates and joint ventures amounted to $190,204,000 and $82,394,000 respectively, representing 47.0% of the Group's total assets.

The recoverability of the interests in these associates and joint ventures are dependent on the success of the relevant development projects. In view of the economic environment at this point in time, there is a risk of downward valuation of the development projects. Therefore, management conducted an impairment assessment to determine whether any further impairment loss is required.

We identified this to be a key audit matter because the interest in associates and joint ventures and the share of the results are material to the Group's balance sheet and profit and loss, and the impairment assessment involve significant management judgement and are based on assumptions that are affected by expected future market and economic conditions.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Key Audit Matters (continued)

Accounting for interests in associates and joint ventures (continued)

We carried out procedures to understand and walkthrough the Group's process for identifying impairment triggers, and considered management's assessment of impairment of interests in associates and joint ventures. We inquired and discussed with management and the auditors of the associates and joint ventures to understand the current property development projects and the future business plans of the associates and joint ventures. We performed a review of the auditors' working papers of the significant associates and joint ventures of the Group and evaluated the audit evidence obtained as a basis for forming our opinion on the consolidated financial statements as a whole. In addition, we reviewed the equity accounting adjustments prepared by management in respect of these associates and joint ventures and assessed if the effects of the transactions between the Group and the associates and joint ventures for the financial year are appropriately reflected. We also evaluated the significant accounting policies of the associates and joint ventures to ensure alignment with the Group's accounting policies. Additionally, we assessed the adequacy of management's disclosures on the Group's interests in associates and joint ventures as disclosed in Notes 6 and 7 to the financial statements.

Valuation of investment properties

The Group owns a portfolio of investment properties, comprising residential and commercial properties located in Singapore and China. As at 31 March 2018, the carrying value of the Group's investment properties amounted to $123,882,000.

The Group records its investment properties at their fair values. Management engages independent professional valuers in the countries in which the investment properties are located to determine the fair values of the properties. The valuers determine the fair values of the investment properties using market comparable approach and discounted cash flow approach.

The valuation of investment properties is a key audit matter because it involves the use of a range of estimates (amongst others, capitalisation rates and occupancy rates) made by management and the independent valuers.

As part of our audit procedures, we considered the objectivity, independence and expertise of the valuers engaged by management. We engaged our internal valuation specialists to assist us in reviewing the appropriateness of the valuation methodologies and the reasonableness of key assumptions used by the valuers and management. We also discussed with management and valuers to understand and assess the appropriateness of the valuation models and property-related data, including estimates used by the valuers and management. We assessed the reasonableness of the movements in fair value of the investment properties based on available industry data and current property market outlook. We also assessed the adequacy of disclosures in Notes 9 and 44(d)(i) relating to the investment properties.

Other Information

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Other Information (continued)

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Low Yen Mei.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore
29 June 2018

BALANCE SHEETS

AS AT 31 MARCH 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Non-current assets					
Property, plant and equipment	4	**15,366**	6,726	**–**	–
Investments in subsidiaries	5	**–**	–	**16,791**	16,791
Interests in associates	6	**190,204**	156,504	**–**	–
Interests in joint ventures	7	**82,394**	44,657	**–**	–
Other investments	8	*****	*	**–**	–
Investment properties	9	**123,882**	120,109	**–**	–
Amount due from a minority shareholder of a subsidiary (non-trade)	10	**2,310**	2,242	**–**	–
Club membership	11	**35**	37	**–**	–
Trade receivables	14	**1,617**	–	**–**	–
Other receivables	12	**2,274**	2,225	**–**	–
Amounts due from subsidiaries (non-trade)	16	**–**	–	**198,960**	77,954
Structured deposits	13	**1,054**	1,019	**–**	–
		419,136	333,519	**215,751**	94,745
Current assets					
Trade receivables	14	**27,625**	33,769	**–**	–
Other receivables and deposits	15	**1,886**	1,451	**65**	20
Prepayments		**413**	401	**19**	18
Amounts due from a joint venture (non-trade)	17	**29,834**	–	**–**	–
Amounts due from associates (non-trade)	18	**10,980**	–	**–**	–
Construction work-in-progress in excess of progress billings	19	**9,575**	1,945	**–**	–
Structured deposits	13	**4,700**	–	**–**	–
Fixed deposits	20	**49,223**	89,673	**12,276**	17,444
Cash and bank balances	21	**26,927**	56,180	**4,521**	1,038
		161,163	183,419	**16,881**	18,520
Current liabilities					
Trade payables	22	**15,726**	17,741	**–**	–
Other payables and accruals	23	**55,751**	58,041	**2,825**	3,930
Deferred income		**72**	88	**–**	–
Finance lease obligations		**248**	223	**–**	–
Provision for income tax		**3,576**	5,248	**718**	444
Progress billings in excess of construction work-in-progress	19	**–**	5,946	**–**	–
Bank term loans, secured	24	**26,082**	38,642	**9,140**	1,140
Bank overdrafts, secured	25	**6,690**	–	**–**	–
Bills payable to banks, secured	26	**30,091**	513	**–**	–
		138,236	126,442	**12,683**	5,514
Net current assets		**22,927**	56,977	**4,198**	13,006

* Less than $1,000

BALANCE SHEETS

AS AT 31 MARCH 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Non-current liabilities					
Amounts due to subsidiaries (non-trade)	16	**–**	–	**94,946**	34,354
Trade payables	22	**492**	1,321	**–**	–
Other payables and accruals	23	**197**	186	**–**	–
Finance lease obligations		**346**	413	**–**	–
Bank term loans, secured	24	**59,432**	26,934	**50,745**	8,385
Deferred tax liabilities	37	**19,380**	18,809	**–**	–
		79,847	47,663	**145,691**	42,739
Net assets		**362,216**	342,833	**74,258**	65,012
Equity attributable to owners of the Company					
Share capital	27	**50,915**	50,915	**50,915**	50,915
Translation reserve	29	**3,475**	127	**–**	–
Accumulated profits		**280,187**	265,714	**20,714**	11,468
Asset revaluation reserve	30	**219**	219	**–**	–
Other reserves	31	**3,961**	3,774	**2,629**	2,629
		338,757	320,749	**74,258**	65,012
Non-controlling interests		**23,459**	22,084	**–**	–
Total equity		**362,216**	342,833	**74,258**	65,012
Net asset value per share (cents per share)	39	**59.46**	70.37		

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Revenue					
Project revenue	32	**126,558**	193,596	**–**	–
Rental income from investment properties		**6,086**	5,668	**–**	–
		132,644	199,264	**–**	–
Other income	33	**10,743**	8,364	**30,415**	10,220
Cost of construction		**(96,500)**	(151,874)	**–**	–
Personnel expenses	34	**(10,978)**	(11,839)	**(3,872)**	(5,020)
Depreciation of property, plant and equipment	4	**(1,713)**	(1,962)	**–**	–
Finance costs	35	**(2,205)**	(2,536)	**(1,249)**	(674)
Other operating expenses	36	**(5,287)**	(6,675)	**(528)**	(647)
		(116,683)	(174,886)	**(5,649)**	(6,341)
Profit from operations before share of results of associates and joint ventures		**26,704**	32,742	**24,766**	3,879
Share of results of associates		**(3,098)**	8,486	**–**	–
Share of results of joint ventures		**11,067**	5,747	**–**	–
Profit before taxation		**34,673**	46,975	**24,766**	3,879
Income tax expense	37	**(4,512)**	(5,564)	**(707)**	(346)
Profit for the year		**30,161**	41,411	**24,059**	3,533
Attributable to:					
Owners of the Company		**29,473**	40,975	**24,059**	3,533
Non-controlling interests		**688**	436	**–**	–
		30,161	41,411	**24,059**	3,533
Earnings per share (cents per share)					
– Basic and diluted	38	**5.17**	7.19		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Profit for the year		**30,161**	41,411	**24,059**	3,533
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Share of gain on property revaluation of associates		**–**	219	**–**	–
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		**4,035**	(3,532)	**–**	–
Other comprehensive income for the year, net of tax		**4,035**	(3,313)	**–**	–
Total comprehensive income for the year		**34,196**	38,098	**24,059**	3,533
Total comprehensive income attributable to:					
Owners of the Company		**32,821**	38,339	**24,059**	3,533
Non-controlling interests		**1,375**	(241)	**–**	–
		34,196	38,098	**24,059**	3,533

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Attributable to owners of the Company								
Group	**Note**	**Share capital $'000**	**Treasury shares $'000**	**Translation reserve $'000**	**Accumulated profits $'000**	**Asset revaluation reserve $'000**	**Other reserves $'000**	**Total equity attributable to owners of the Company $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 April 2016		50,915	(3,354)	2,982	239,521	–	3,178	293,242	22,325	315,567
Profit for the year		–	–	–	40,975	–	–	40,975	436	41,411
Other comprehensive income										
Share of gain on property revaluation of associates		–	–	–	–	219	–	219	–	219
Foreign currency translation		–	–	(2,855)	–	–	–	(2,855)	(677)	(3,532)
Other comprehensive income for the year		–	–	(2,855)	–	219	–	(2,636)	(677)	(3,313)
Total comprehensive income for the year		–	–	(2,855)	40,975	219	–	38,339	(241)	38,098
Contributions by and distributions to owners										
Interim and final tax-exempt dividends on ordinary shares	40	–	–	–	(14,659)	–	–	(14,659)	–	(14,659)
Sale of treasury shares		–	3,354	–	–	–	473	3,827	–	3,827
Transfer to other reserves		–	–	–	(123)	–	123	–	–	–
Total contributions by and distributions to owners		–	3,354	–	(14,782)	–	596	(10,832)	–	(10,832)
At 31 March 2017		50,915	–	127	265,714	219	3,774	320,749	22,084	342,833

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Attributable to owners of the Company							
Group	**Note**	**Share capital $'000**	**Translation reserve $'000**	**Accumulated profits $'000**	**Asset revaluation reserve $'000**	**Other reserves $'000**	**Total equity attributable to owners of the Company $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 April 2017		50,915	127	265,714	219	3,774	320,749	22,084	342,833
Profit for the year		–	–	29,473	–	–	29,473	688	30,161
Other comprehensive income									
Foreign currency translation		–	3,348	–	–	–	3,348	687	4,035
Other comprehensive income for the year		–	3,348	–	–	–	3,348	687	4,035
Total comprehensive income for the year		–	3,348	29,473	–	–	32,821	1,375	34,196
Contributions by and distributions to owners									
Interim and final tax-exempt dividends on ordinary shares	40	–	–	(14,813)	–	–	(14,813)	–	(14,813)
Transfer to other reserves		–	–	(187)	–	187	–	–	–
Total contributions by and distributions to owners		–	–	(15,000)	–	187	(14,813)	–	(14,813)
At 31 March 2018		50,915	3,475	280,187	219	3,961	338,757	23,459	362,216

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Share capital $'000	Treasury shares $'000	Accumulated profits $'000	Other reserves $'000	Total equity $'000
Company						
At 1 April 2016		50,915	(3,354)	22,594	2,156	72,311
Profit for the year		–	–	3,533	–	3,533
Total comprehensive income for the year		–	–	3,533	–	3,533
Sale of treasury shares		–	3,354	–	473	3,827
Interim and final tax-exempt dividends on ordinary shares	40	–	–	(14,659)	–	(14,659)
At 31 March 2017		50,915	–	11,468	2,629	65,012
At 1 April 2017		50,915	–	11,468	2,629	65,012
Profit for the year		–	–	24,059	–	24,059
Total comprehensive income for the year		–	–	24,059	–	24,059
Interim and final tax-exempt dividends on ordinary shares	40	–	–	(14,813)	–	(14,813)
At 31 March 2018		**50,915**	**–**	**20,714**	**2,629**	**74,258**

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

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 $'000	2017 $'000
Operating activities			
Profit before taxation		**34,673**	46,975
Adjustments for:			
Depreciation of property, plant and equipment	4	**1,713**	1,962
Amortisation of club membership	11	**2**	2
Loss/(gain) on sale of plant and equipment, net		**22**	(117)
Loss on disposal of a subsidiary	33	**2**	–
Gain on acquisition of an associate	33	**–**	(136)
Gain on fair value adjustments of investment properties		**(566)**	(17)
Gain on sale of quoted equity (other investments)	33	**–**	(1)
Fair value gain on structured deposits	33	**(35)**	(17)
Allowance for/(write-back of) bad debts	36	**60**	(23)
Interest expense	35	**1,920**	2,513
Interest income	33	**(6,798)**	(5,470)
Share of results of associates		**3,098**	(8,486)
Share of results of joint ventures		**(11,067)**	(5,747)
Amortisation of issuance costs on term notes	36	**–**	68
Impairment loss on loan due from an associate	36	**–**	62
Operating cash flows before changes in working capital		**23,024**	31,568
Changes in working capital:			
Decrease/(increase) in:			
Trade and other receivables, deposits and prepayments		**4,044**	9,710
Construction work-in-progress, net		**(13,576)**	(15,596)
Decrease in:			
Trade and other payables and accruals		**(5,136)**	(18,098)
Deferred income		**(16)**	(43)
Cash flows generated from operations		**8,340**	7,541
Income taxes paid		**(6,050)**	(4,383)
Interest income received		**6,798**	5,470
Exchange differences		**(121)**	253
Net cash flows generated from operating activities		**8,967**	8,881
Investing activities			
Purchase of plant and equipment	4	**(10,494)**	(473)
Proceeds from sale of plant and equipment		**328**	470
Proceeds from sale of quoted equity (other investments)		**–**	1
Additional investments in associates	6	**(11,638)**	(525)
(Increase)/decrease in loans due from associates, net		**(41,117)**	16,295
Increase in loans due from joint ventures, net		**(56,505)**	(998)
Dividends received from associates		**6,225**	15,471
Decrease/(increase) in loan due from investee companies		**25**	(17)
Net cash flows (used in)/generated from investing activities		**(113,176)**	30,224

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 $'000	2017 $'000
Financing activities			
Dividends paid		**(14,813)**	(14,659)
Repayment of term notes		**–**	(70,750)
Proceeds from sale of treasury shares		**–**	3,827
Proceeds from bank term loans		**62,000**	10,000
Repayment of bank term loans		**(42,182)**	(11,977)
Proceeds from bills payable to banks		**30,091**	513
Repayment of bills payable to banks		**(513)**	(316)
Interest paid		**(1,920)**	(2,513)
Repayment of finance lease obligations		**(248)**	(216)
Increase in pledged fixed deposits		**(5,104)**	(5,205)
Net cash flows generated from/(used in) financing activities		**27,311**	(91,296)
Net decrease in cash and cash equivalents		**(76,898)**	(52,191)
Effect of exchange rate changes on cash and cash equivalents		**101**	(170)
Cash and cash equivalents at beginning of year		**115,777**	168,138
Cash and cash equivalents at end of year	21	**38,980**	115,777

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

1. CORPORATION INFORMATION

1.1 The Company

KSH Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in the Republic of Singapore. The ordinary shares of the Company were admitted to the official list of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 8 February 2007.

The registered office and principal place of business of the Company is located at 36 Senoko Road, Singapore 758108.

The principal activity of the Company is that of an investment holding. The principal activities of the subsidiaries, associates and joint venture are disclosed in Note 5 to 7 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollar ("SGD" or "$") and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 April 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than the impact on the adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the Group expects that the adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 will be similar to the impact on adoption of FRS 109, FRS 115 and FRS 116 as disclosed in Note 2.3.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115: *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Improvements to FRSs (December 2016)	
– Amendments to FRS 28 *Investment in Associates or Joint Ventures at fair value*	1 January 2018
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
FRS 116 *Leases*	1 January 2019
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Improvements to FRSs (March 2018)	
– Amendments to FRS 103 *Business Combinations*	1 January 2019
– Amendments to FRS 111 *Joint Arrangements*	1 January 2019
– Amendments to FRS 12 *Income Taxes*	1 January 2019
– Amendments to FRS 23 *Borrowing Costs*	1 January 2019
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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

<u>FRS 109 Financial Instruments</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 April 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109.

Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

FRS 109 Financial Instruments (continued)

(a) Classification and measurement

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. The Group will elect to measure the investments in unquoted equity securities at fair value through other comprehensive income (FVOCI) and does not expect any significant impact arising from these changes. Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group plans to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance.

The Group plans to adopt the standard when it becomes effective in 2018, and is gathering data to quantify the potential impact arising from the adoption.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 April 2018.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115.

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the modified retrospective approach. The Group also plans to apply the following practical expedients:

– For completed contracts, the Group plans not to restate completed contracts that begin and end within the same year or are completed contracts at 1 April 2017, and

– For completed contracts that have variable consideration, the Group plans to use the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

FRS 115 Revenue from Contracts with Customers (continued)

The Group is in the business of construction and development of residential and commercial properties and also has interests in associates and joint ventures which are in the business of property development. The Group expects the following impact upon adoption of FRS 115:

(a) Construction contracts

The Group currently recognises construction contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the surveys of work performed.

With the adoption of FRS 115, the Group will continue to recognise construction contract revenue over time by measuring the progress towards complete satisfaction of performance obligations. Under the new standard, the methods of measuring progress include output methods or input methods. The Group has determined that the cost-based input method reflects the over-time transfer of control to customers.

The Group plans to adopt the standard when it becomes effective in 2018, and is gathering data to quantify the potential impact arising from the adoption.

(b) Sale of development properties – timing of revenue recognition

The Group has interests in associates and joint ventures that currently recognises revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under FRS 115, for most of its residential and commercial developments, performance obligations for the sale of development properties are satisfied over time where the entities is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date. The Group expects that the adoption of FRS 115 will have no material impact on the Group’s share of results of associates and joint ventures and interests in associates and joint ventures in the year of initial adoption.

(c) Commissions paid to property agents on the sale of development properties

The Group’s associates and joint ventures pay commissions to property agents on the sale of development properties and currently recognises such commissions as expense when incurred. Under FRS 115, the entities will capitalise such commissions as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised to profit or loss as the entities recognise the related revenue. Under the adoption of FRS 115, the entities plan to capitalise such sales commissions as at 1 April 2018 and the Group expects that this will have no material impact on the Group’s share of results of associates and joint ventures and interests in associates and joint ventures in the year of initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

FRS 116 Leases

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

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date. The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

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

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

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

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

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognized as gain on bargain purchase in profit or loss on the acquisition date.

2.5 Transactions with non-controlling interests

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment (except for one leasehold factory building) are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

The leasehold factory building stated at valuation was revalued in a one-off revaluation prior to 1 January 1997. Accordingly, it does not need to be revalued in accordance with paragraph 81 of FRS 16 *Property, Plant and Equipment*.

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

Leasehold factory buildings	–	50 years
Furniture and fittings and air-conditioners	–	5 – 15 years
Office equipment	–	5 – 8 years
Computers	–	3 years
Motor vehicles	–	5 – 10 years
Loose tools	–	5 years
Plant and machinery	–	6 – 15 years
Renovations	–	5 years

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Club membership

The club membership was acquired separately and is amortised on a straight-line basis over its finite useful life of 25 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Subsidiaries

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

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

2.12 Joint arrangements

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

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

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interests in joint ventures as investments and accounts for these investments using the equity method. The accounting policy for investments in joint ventures is set out in Note 2.13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Joint ventures and associates

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

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

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

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

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

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

As the dates of the associates' and joint ventures' audited financial statements used are not co-terminous with that of the Group, the Group's share of results is arrived at based on the last audited financial statements available and un-audited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments

(a) ***Financial assets***

Initial recognition and measurement

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

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

Subsequent measurement

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

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(ii) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) ***Financial assets (continued)***

Subsequent measurement (continued)

(iii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

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

(b) ***Financial liabilities***

Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(b) ***Financial liabilities (continued)***

Subsequent measurement

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

De-recognition

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

2.15 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

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

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

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

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of financial assets (continued)

(c) Available-for-sale financial assets (continued)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts that form an integral part of the Group’s cash management.

2.17 Construction contracts

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

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

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

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on professional surveys of work performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Construction contracts (continued)

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

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise of site labour costs (including site supervision), costs of materials used in construction, costs of design, and technical assistance that is directly related to the contract.

2.18 Construction work-in-progress

Construction work-in-progress is carried at the net amount of project cost plus attributable profits less recognised losses, net of progress billings and allowance for foreseeable losses. It is presented in the balance sheet as a current asset under "construction work-in-progress in excess of progress billings" or as a current liability under "progress billings in excess of construction work-in-progress", as applicable.

Project cost includes materials cost, direct labour cost and other project-related expenses incurred during the project period. The project is considered complete when all significant identifiable costs attributable to the project have been incurred. Provision for anticipated losses on uncompleted contracts is made in the period in which such losses are determined.

2.19 Provisions

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

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

2.20 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits

(a) *Defined contribution plans*

The companies in the Group participate in the following national pension schemes as defined by the laws of the countries in which they have operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related services are performed.

(i) <u>Republic of Singapore ("Singapore")</u>

The Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme.

(ii) <u>The People's Republic of China ("PRC")</u>

Subsidiaries incorporated and operating in the PRC are required to provide certain staff pension benefits to its employees under existing PRC legislations. Pension contributions are made at rates stipulated by PRC legislations to a pension fund managed by government agencies, who are responsible for administering these amounts for the subsidiaries' employees.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of each reporting period.

2.22 Leases

(a) *As lessee*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases (continued)

(a) *As lessee (continued)*

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

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23 (b).

2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Project revenue*

The accounting policy for recognising project revenue is stated in Note 2.17.

(b) *Rental income*

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

(c) *Revenue from sale of investment properties*

Revenue from the sale of investment properties is recognised when there is a finalised sales agreement and all risks and rewards of ownership have been transferred to the buyer, and that it is probable that the economic benefits associated with the sales agreements will flow to the Group.

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes (continued)

(b) *Deferred tax (continued)*

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

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

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

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

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

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

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

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to Management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Share capital and share issuance expenses

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

2.27 Contingencies

A contingent liability is:

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

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

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

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

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2.28 Financial guarantee

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Judgements made in applying accounting policies

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

Income tax

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

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

3.2 Key sources of estimation uncertainty

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

(a) Construction contracts and revenue recognition

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to professional surveys of work performed. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(a) Construction contracts and revenue recognition (continued)

Estimated total contract cost for construction contract comprises direct costs attributable to the construction of each project. In estimating the total budgeted costs for construction contracts, Management makes reference to information such as current offers from contractors and suppliers, recent offers agreed with contractors and suppliers, and professional estimation of construction and material costs as well as its past experience.

For the financial year ended 31 March 2018, the Group recorded revenue of $126,558,000 (2017: $193,596,000) from its construction contracts. The carrying amount of the Group's construction work-in-progress at the end of the reporting period is disclosed in Note 19 to the financial statements.

(b) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged real estate valuation experts to assess fair value as at 31 March 2018.

The fair value of investment properties are determined by independent real estate valuation experts using market comparable approach and discounted cash flow approach.

The determination of the fair values of the investment properties require the use of estimates on yield adjustments such as location, size, tenure, age and condition. These estimates are based on local market conditions existing at the end of each reporting date.

The key assumptions used to determine the fair value of the investment properties are further explained in Note 9 and 44(d)(i). The carrying amount of the Group's investment properties at 31 March 2018 was $123,882,000 (2017: $120,109,000).

(c) Impairment assessment of interest in associates and joint ventures

The Group has significant interest in associates and joint ventures. The Group's interest in associates and joint ventures comprise the investments and amounts due from associates and joint ventures. The associates and joint ventures of the Group are mainly involved in the business of property development. The Group assesses at the end of each reporting period whether there is any objective evidence that the interest is impaired. Factors such as significant financial difficulties of the associates or joint ventures and poor outcome of the relevant development projects are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the adverse effect in the technological, market, economic or legal environment in which the associate or joint venture operates in.

The carrying amount of the Group's interest in associates and joint ventures are disclosed in Notes 6 and 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

4. PROPERTY, PLANT AND EQUIPMENT

	At valuation	At cost								
Group	Leasehold factory building $'000	Leasehold factory building $'000	Furniture and fittings and air conditioners $'000	Office equipment and computers $'000	Motor vehicles $'000	Loose tools $'000	Plant and machinery $'000	Renovations $'000	Construction in Progress $'000	Total $'000
Valuation/Cost										
As at 1.4.2016	1,100	2,865	1,056	1,760	2,545	278	11,883	932	–	22,419
Additions	–	–	16	178	62	18	6	19	174	473
Disposals	–	–	(1)	(81)	(58)	(9)	(887)	–	–	(1,036)
Translation difference	–	–	(13)	(4)	(4)	(1)	–	–	–	(22)
As at 31.3.2017 and 1.4.2017	**1,100**	**2,865**	**1,058**	**1,853**	**2,545**	**286**	**11,002**	**951**	**174**	**21,834**
Additions	**–**	**–**	**3**	**258**	**346**	**76**	**–**	**–**	**10,017**	**10,700**
Disposals	**(1,100)**	**(47)**	**(1)**	**(132)**	**(238)**	**(20)**	**(905)**	**–**	**–**	**(2,443)**
Translation difference	**–**	**–**	**13**	**3**	**4**	**–**	**–**	**–**	**–**	**20**
As at 31.3.2018	**–**	**2,818**	**1,073**	**1,982**	**2,657**	**342**	**10,097**	**951**	**10,191**	**30,111**
Accumulated depreciation										
As at 1.4.2016	1,100	703	868	1,043	1,216	202	8,301	414	–	13,847
Charge for the year	–	56	49	290	352	30	1,008	177	–	1,962
Disposals	–	–	(2)	(62)	(53)	(9)	(557)	–	–	(683)
Translation difference	–	–	(12)	(2)	(4)	–	–	–	–	(18)
As at 31.3.2017 and 1.4.2017	**1,100**	**759**	**903**	**1,269**	**1,511**	**223**	**8,752**	**591**	**–**	**15,108**
Charge for the year	**–**	**56**	**46**	**257**	**398**	**31**	**747**	**178**	**–**	**1,713**
Disposals	**(1,100)**	**(47)**	**–**	**(109)**	**(206)**	**(20)**	**(612)**	**–**	**–**	**(2,094)**
Translation difference	**–**	**–**	**13**	**2**	**3**	**–**	**–**	**–**	**–**	**18**
As at 31.3.2018	**–**	**768**	**962**	**1,419**	**1,706**	**234**	**8,887**	**769**	**–**	**14,745**
Net carrying amount										
As at 31.3.2017	–	2,106	155	584	1,034	63	2,250	360	174	6,726
As at 31.3.2018	**–**	**2,050**	**111**	**563**	**951**	**108**	**1,210**	**182**	**10,191**	**15,366**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cash outflows on purchase of property, plant and equipment

Cash payments of $10,494,000 (2017: $473,000) were made to purchase plant and equipment, and property under construction during the year ended 31 March 2018.

Assets held under finance leases

During the financial year ended 31 March 2018, the Group acquired plant and equipment with an aggregate cost of $312,000 (2017: $Nil) of which $206,000 (2017: $Nil) was acquired by means of finance lease agreement.

The carrying amounts of plant and equipment acquired under finance leases at the end of the reporting period are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Motor vehicles	**875**	931

Assets acquired under finance leases were pledged as security for the related finance lease obligations.

Assets pledged as security

In addition to assets held under finance leases, the leasehold factory building with net carrying amount of $2,050,000 (2017: $2,106,000) has been pledged as security for banking facilities granted by the banks (Note 24).

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	**2017**
	$'000	**$'000**
Unquoted equity shares:		
Cost at the beginning and end of the year	**16,791**	16,791

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

	Name of company (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2018 %	2017 %
	Held by the Company			
#	Kim Seng Heng Engineering Construction (Pte) Ltd ("KSHEC") (Republic of Singapore)	Carry on business as builders and contractors	**100**	100
#	Kim Seng Heng Realty Pte Ltd ("KSHR") (Republic of Singapore)	Property developers, deriving rental income from investment properties and investment holding	**100**	100
#	KSH Overseas Pte. Ltd. ("KSHO") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Property Development Pte. Ltd. ("KSHPD") (Republic of Singapore)	Holding of assets	**100**	100
#	KSH Property Investment Pte. Ltd. ("KSHPI") (Republic of Singapore)	Holding of assets	**100**	100
#	Ferris Rise Pte. Ltd. ("FERRIS") (Republic of Singapore)	Holding of assets	**100**	100
#	KSH Asia Investment Pte. Ltd. ("KSHAI") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Commercial Investment Pte. Ltd. ("KSHCI") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Capital Pte. Ltd. ("KSHCA") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Asia Property Pte. Ltd. ("KSHAP") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Vietnam Investment Pte. Ltd. ("KSHVI") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Hotels Investments Pte. Ltd. ("KSHHI") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Investments Management Pte. Ltd. ("KSHIM") (Republic of Singapore)	Investment holding	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2018 %	Effective equity interest held by the Group 2017 %
	Held by the Company			
#	KSH Foreign Investment Pte. Ltd. ("KSHFI") (Republic of Singapore)	Investment holding	**100**	100
# (1)	KSH International Investment Pte. Ltd.("KSHII") (Republic of Singapore)	Investment holding	**100**	–
# (2)	KSH Investments Property Holdings Pte. Ltd. ("KSHIPH") (Republic of Singapore)	Investment holding	**100**	–
	Held by subsidiaries			
^ *	Tianjin Tian Xing Real Estate Development Co., Ltd. ("TTXRE") (The People's Republic of China)	Rental and sale of property	**69**	69
^ ¤	Tianjin Tian Xing Property Management Co., Ltd. ("TTXPM") (The People's Republic of China)	Property management	**69**	69
@	Duford Investment (Hong Kong) Limited ("Duford") (Hong Kong Special Administrative Region)	Investment holding	**100**	100
* ¤	Techpath Construction Sdn Bhd ("Techpath") (Malaysia)	Building construction	**100**	100
#	KSH Land Development Pte. Ltd. ("KSHLD") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Global Investment Pte. Ltd. ("KSHGI") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Development Pte. Ltd. ("KSHDE") (Republic of Singapore)	Investment holding	**100**	100
# (3)	KSH Avenue Pte. Ltd. ("KSHAV") (Republic of Singapore)	Building and road construction	**–**	51
#	Development 88 Pte. Ltd. ("Dev88") (Republic of Singapore)	Investment holding	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2018 %	2017 %
	Held by subsidiaries			
#	KSH Premier Investment Pte. Ltd. ("KSHPR") (Republic of Singapore)	Investment holding	**100**	100
#	KSH Engineering Builders Pte. Ltd. ("KSHEB") (Republic of Singapore)	General builders and manufacture of structural steel and metal	**100**	100
# (4)	KSH Residential Pte. Ltd. ("KSHRE") (Republic of Singapore)	Investment holding	**100**	–

Audited by Ernst & Young LLP, Singapore.
^ Audited by CHW CPA Limited Liability Partnership, the People's Republic of China.
* Reviewed by Ernst & Young LLP, Singapore, for consolidation purposes only.
@ Audited by C K Yau & Partners CPA Limited, Certified Public Accountants (Practising), Hong Kong.
¤ Not considered a significant subsidiary.

(1) On 5 October 2017, the Company incorporated KSHII, a wholly-owned subsidiary. The issued share capital of KSHII, comprising 100 ordinary shares, was subscribed for an aggregate cash consideration of $100.

(2) On 13 March 2018, the Company incorporated KSHIPH, a wholly-owned subsidiary. The issued share capital of KSHIPH, comprising 1 ordinary share, was subscribed for an aggregate cash consideration of $1.

(3) Struck off with effect from 4 July 2017.

(4) On 29 May 2017, KSHR, a wholly-owned subsidiary of the Company, incorporated KSHRE. KSHR owns 100% of the issued share capital of KSHRE, comprising 1 ordinary share, for an aggregate cash consideration of $1.

Interests in subsidiaries with material non-controlling interest (NCI)

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

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 March 2018:					
Tianjin Tian Xing Real Estate Development Co., Ltd. ("TTXRE")	The People's Republic of China	**31%**	**651**	**23,346**	**–**
31 March 2017:					
Tianjin Tian Xing Real Estate Development Co., Ltd. ("TTXRE")	The People's Republic of China	31%	431	22,012	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests is as follows:

Summarised balance sheet

	TTXRE	
	2018	**2017**
	$'000	**$'000**
Current		
Assets	**2,930**	2,355
Liabilities	**(6,307)**	(5,917)
Net current liabilities	**(3,377)**	(3,562)
Non-current		
Assets	**110,875**	107,217
Liabilities	**(32,187)**	(32,648)
Net non-current assets	**78,688**	74,569
Net assets	**75,311**	71,007

Summarised statement of comprehensive income

	TTXRE	
	2018	**2017**
	$'000	**$'000**
Revenue	**3,680**	3,317
Other income	**1,050**	326
Profit before taxation	**2,734**	1,932
Income tax expense	**(635)**	(541)
Profit after taxation	**2,099**	1,391
Other comprehensive income	**2,205**	(2,177)
Total comprehensive income	**4,304**	(786)

6. INTERESTS IN ASSOCIATES

	Group	
	2018	**2017**
	$'000	**$'000**
Shares, at cost	**23,800**	23,139
Additions during the year	**11,638**	525
Gain on acquisition of an associate	**–**	136
	35,438	23,800
Share of post-acquisition reserves	**123,636**	126,734
Dividends receivable	**(792)**	(768)
Dividends received	**(62,783)**	(56,558)
Translation difference	**(1,423)**	(2,696)
Carrying amount of investments	**94,076**	90,512
Loans due from associates	**121,684**	87,233
Loans due to associates	**(31,711)**	(27,630)
Amounts due from associates (non-trade)	**7,556**	7,969
Amounts due to associates (non-trade)	**(1,401)**	(1,580)
	190,204	156,504

Loans due from associates amounting to $48,818,000 (2017: $68,269,000) are unsecured, have no fixed term of repayment and are not expected to be settled within the next twelve months. These loans bear effective interest rates ranging from 3.00% to 5.28% (2017: 3.00% to 5.00%) per annum and are to be settled in cash.

The remaining loans due from associates, amounting to $72,866,000 (2017: $18,964,000) are unsecured, non-interest bearing, have no fixed term of repayment and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

Loans due to associates, amounting to $31,711,000 (2017: $27,630,000) are unsecured, non-interest bearing, have no fixed term of repayment and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

Amounts due from/(to) associates (non-trade) are unsecured, non-interest bearing, have no fixed term of repayment and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6. INTERESTS IN ASSOCIATES (CONTINUED)

Receivables that are impaired

The Group's loans due from associates that are impaired at the end of the reporting period and the movements in the allowance accounts used to record the impairment are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Loans due from associates	**123,009**	88,558
Less: Allowance for impairment	**(1,325)**	(1,325)
	121,684	87,233
Movements in allowance for impairment of loan due from an associate are as follows:		
At beginning of the year	**(1,325)**	(1,263)
Charge for the year	**–**	(62)
At end of the year	**(1,325)**	(1,325)

At the end of the reporting period, the Group has provided an allowance of $1,325,000 (2017: $1,325,000) for impairment of loan due from an associate with a nominal amount of $1,325,000 (2017: $1,325,000). This associate has been suffering financial losses for the current and past financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6. INTERESTS IN ASSOCIATES (CONTINUED)

The Group's material investments in associates are summarised below:

	Group	
	2018	**2017**
	$'000	**$'000**
Mergui Development Pte. Ltd.	**2,193**	4,801
Unique Development Pte. Ltd.	**2,587**	2,598
Development 26 Pte. Ltd.	**483**	444
Unique Realty Pte. Ltd.	**2,858**	2,505
Unique Consortium Pte. Ltd.	**13,517**	14,267
Unique Rezi Pte. Ltd.	**22,111**	21,838
Residenza Pte. Ltd.	**2,383**	2,419
Epic Land Pte. Ltd.	**9,710**	9,783
Beijing Jin Hua Tong Da Real Estate Development Co., Ltd.	**20,010**	20,769
Sino-Singapore Kim Seng Heng (Beijing) Engineering Construction Co., Ltd.	**6,526**	6,333
Hebei Yuezhi Real Estate Development Co., Ltd.	**9,379**	–
Other associates	**2,319**	4,755
Carrying amount of investments in associates	**94,076**	90,512

The Group has not recognised losses relating to Klang City Development Pte. Ltd. where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $1,329,000 (2017: $1,275,000), of which $54,000 (2017: $1,275,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

Details of the associates are as follows:

	Name of associate (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2018 %	2017 %
	Held by subsidiaries			
@	Beijing Jin Hua Tong Da Real Estate Development Co., Ltd. ("BJHTD") (The People's Republic of China)	Residential property developer	**45**	45
#	Mergui Development Pte. Ltd. ("Mergui") (Republic of Singapore)	Property development	**35**	35
@	Sino-Singapore Kim Seng Heng (Beijing) Engineering Construction Co., Ltd. ("KSHEC Beijing") (The People's Republic of China)	Engineering and construction	**50**	50

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the associates are as follows: (continued)

	Name of associate (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2018 %	2017 %
	Held by subsidiaries			
#	Unique Development Pte. Ltd. ("Unique Development") (Republic of Singapore)	Real estate developers	**35**	35
#	Development 26 Pte. Ltd. ("Dev 26") (Republic of Singapore)	Property development	**45**	45
#	Residenza Pte. Ltd. ("Residenza") (Republic of Singapore)	Property development	**32**	32
#	Unique Realty Pte. Ltd. ("Unique Realty") (Republic of Singapore)	Property development	**25**	25
#	Unique Consortium Pte. Ltd. ("Unique Consortium") (Republic of Singapore)	Property development	**35**	35
#	Unique Capital Pte. Ltd. ("Unique Capital") (Republic of Singapore)	Property development	**25**	25
#	Unique Rezi Pte. Ltd. ("Unique Rezi") (Republic of Singapore)	Investment holding	**42**	42
#	Unique Resi Estate Pte. Ltd. ("Unique Resi Estate") (Republic of Singapore)	Property development	**30**	30
#	Unique Commercial Pte. Ltd. ("Unique Commercial") (Republic of Singapore)	Property development	**35**	35
#	Development 32 Pte. Ltd. ("Dev 32") (Republic of Singapore)	Property development	**45**	45
#	Unique Wellness Pte. Ltd. ("Unique Wellness") (Republic of Singapore)	Investment holding	**20**	20
#	Wealth Development Pte. Ltd. ("Wealth Development") (Republic of Singapore)	Real estate developers	**30**	30
*	Klang City Development Pte. Ltd. ("Klang City Development") (Republic of Singapore)	Investment holding	**40**	40

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the associates are as follows: (continued)

	Name of associate (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group	
			2018	2017
			%	%
	Held by subsidiaries			
#	Epic Land Pte. Ltd. ("EPIC") (Republic of Singapore)	Investment holding	**28**	28
# (5)	Glenthorne Pte. Ltd. ("Glenthorne") (Republic of Singapore)	Investment holding	**10**	10
# (5)	Fairmont Land Pte. Ltd. ("Fairmont") (Republic of Singapore)	Investment holding	**15**	15
^ (5)	LGB-NB Pte. Ltd. ("LGB-NB") (Republic of Singapore)	Investment holding	**15**	15
#	Prospere Hotels Pte. Ltd. ("Prospere") (Republic of Singapore)	Investment holding	**30**	30
*	Development 35 Pte. Ltd. ("Dev 35") (Republic of Singapore)	Property development	**49**	49
#	Goldprime Realty Pte. Ltd. ("Goldprime") (Republic of Singapore)	Investment holding	**20**	20
#	Oldham Street Pte. Ltd. ("Oldham") (Republic of Singapore)	Investment holding	**25**	25
# (1)	Unique Invesco Pte. Ltd. ("UNIV") (Republic of Singapore)	Property development	**37.5**	–
# (2)	Development 24 Pte. Ltd. ("DEV24") (Republic of Singapore)	Property development	**48**	–
+ (3)	Rio Casa Venture Pte. Ltd. ("Rio Casa") (Republic of Singapore)	Real estate developers	**35**	–
~ (4)	Hebei Yuezhi Real Estate Development Co., Ltd. ("Hebei Yuezhi") (The People's Republic of China)	Real estate developers	**22.5**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6. INTERESTS IN ASSOCIATES (CONTINUED)

@ Audited by Grant Thornton, Zi Tong Certified Public Accountants, the People's Republic of China

* Audited by Baker Tilly TFW LLP, Singapore

^ Audited by KPMG LLP, Singapore

Audited by Ernst & Young LLP, Singapore

+ Audited by RSM Chio Lim, Singapore

~ Audited by Baoding Jiahe Certified Public Accountants Co., Ltd., the People's Republic of China

(1) On 26 July 2017, KSHR, a wholly-owned subsidiary, acquired 37.5% of equity interest in UNIV for a cash consideration of $375.

(2) On 17 October 2017, KSHR, a wholly-owned subsidiary, incorporated a wholly-owned subsidiary, DEV24. Subsequently, on 4 December 2017, KSHR disposed off 52% of its interest in DEV24 for a cash consideration of $520,000.

(3) On 24 May 2017, KSHDE, a wholly-owned subsidiary, acquired 35% equity interest in Rio Casa Venture Pte. Ltd. ("Rio Casa") for a cash consideration of $35. On 12 September 2017, Rio Casa increased its issued and paid-up capital by $3,999,900, of which KSHDE acquired 35% of for a cash consideration of $1,399,965.

(4) On 23 January 2018, KSHII, a wholly-owned subsidiary, acquired 22.5% equity interest in Hebei Yuezhi for a cash consideration of RMB45 million (SGD 9,277,200).

(5) The results of these associates were equity accounted for in the consolidated financial statements notwithstanding that the Group holds less than 20% of the voting power in these companies. The Group is deemed to exercise significant influence by virtue of its representation on the board committees of these entities.

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

	Group	
	2018	**2017**
	$'000	**$'000**
Loss after taxation	**(15,605)**	(1,227)
Other comprehensive income	**875**	875
Total comprehensive income	**(14,730)**	(352)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6. INTERESTS IN ASSOCIATES (CONTINUED)

The summarised financial information in respect of the material investments in associates, based on their respective FRS financial statements, and a reconciliation with the carrying amount of each investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Mergui Development		Unique Development		Development 26		Unique Realty		Unique Consortium		Unique Rezi		Residenza		Epic Land		BJHTD		Sino-KSHEC		Hebei Yuezhi	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current assets	**8,295**	19,235	**7,997**	8,809	**1,359**	4,160	**12,442**	19,665	**29**	48	**67**	17	**10,038**	16,582	**149,595**	182,304	**52,267**	46,004	**13,073**	13,002	**41,717**	–
Non-current assets	**–**	75	**944**	939	**–**	–	**–**	–	**78,169**	103,081	**61,734**	92,007	**–**	–	**–**	–	**41,182**	41,373	**–**	–	**–**	–
Total assets	**8,295**	19,310	**8,941**	9,748	**1,359**	4,160	**12,442**	19,665	**78,198**	103,129	**61,801**	92,024	**10,038**	16,582	**149,595**	182,304	**93,449**	87,377	**13,073**	13,002	**41,717**	–
Current liabilities	**(2,030)**	(5,592)	**(1,553)**	(2,329)	**(286)**	(3,174)	**(908)**	(9,576)	**(19)**	(9)	**(9)**	(7)	**(2,594)**	(1,606)	**(33,118)**	(147,363)	**(48,982)**	(41,223)	**(21)**	(335)	**–**	–
Non-current liabilities	**–**	–	**–**	–	**–**	–	**(106)**	(71)	**(39,558)**	(62,356)	**(9,150)**	(40,023)	**–**	(7,421)	**(81,800)**	–	**–**	–	**–**	–	**–**	–
Total liabilities	**(2,030)**	(5,592)	**(1,553)**	(2,329)	**(286)**	(3,174)	**(1,014)**	(9,647)	**(39,577)**	(62,365)	**(9,159)**	(40,030)	**(2,594)**	(9,027)	**(114,918)**	(147,363)	**(48,982)**	(41,223)	**(21)**	(335)	**–**	–
Net assets	**6,265**	13,718	**7,388**	7,419	**1,073**	986	**11,428**	10,018	**38,621**	40,764	**52,642**	51,994	**7,444**	7,555	**34,677**	34,941	**44,467**	46,154	**13,052**	12,667	**41,717**	–
Proportion of Group's ownership	**35%**	35%	**35%**	35%	**45%**	45%	**25%**	25%	**35%**	35%	**42%**	42%	**32%**	32%	**28%**	28%	**45%**	45%	**50%**	50%	**22.5%**	–
Group's share of net assets	**2,193**	4,801	**2,586**	2,597	**483**	444	**2,857**	2,504	**13,517**	14,267	**22,110**	21,837	**2,382**	2,418	**9,710**	9,783	**20,010**	20,769	**6,526**	6,333	**9,386**	–
Other adjustments	**–**	–	**1***	1*	**–**	–	**1***	1*	**–**	–	**1***	1*	**1***	1*	**–**	–	**–**	–	**–**	–	**(7)***	–
Carrying amount of investment	**2,193**	4,801	**2,587**	2,598	**483**	444	**2,858**	2,505	**13,517**	14,267	**22,111**	21,838	**2,383**	2,419	**9,710**	9,783	**20,010**	20,769	**6,526**	6,333	**9,379**	–

* Other adjustments comprise accumulated loss prior to the date of acquisition by the Group

Summarised statement of comprehensive income

	Mergui Development		Unique Development		Development 26		Unique Realty		Unique Consortium		Unique Rezi		Residenza		Epic Land		BJHTD		Sino-KSHEC		Hebei Yuezhi	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue	**17,555**	18,858	**1,797**	9,638	**–**	–	**5,180**	–	**–**	–	**–**	–	**–**	–	**18,950**	36,416	**1,151**	3,232	**–**	–	**–**	–
Profit/(loss) after taxation	**9,046**	6,127	**(31)**	(3,937)	**1,087**	(58)	**1,409**	(1,201)	**(2,143)**	(7,008)	**648**	18,264	**(111)**	(332)	**(264)**	7,583	**(21,198)**	(2,795)	**(2)**	150	**(57)**	–
Other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**19,504**	(1,599)	**386**	(392)	**41,739**	–
Total comprehensive income	**9,046**	6,127	**(31)**	(3,937)	**1,087**	(58)	**1,409**	(1,201)	**(2,143)**	(7,008)	**648**	18,264	**(111)**	(332)	**(264)**	7,583	**(1,694)**	(4,394)	**384**	(242)	**41,682**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7. INTERESTS IN JOINT VENTURES

	Group	
	2018	2017
	$'000	$'000
Shares, at cost	**250**	250
Share of post-acquisition reserves	**15,061**	3,995
Carrying amount of investments	**15,311**	4,245
Loans due from joint ventures	**65,027**	38,811
Amounts due from joint ventures (non-trade)	**2,056**	1,601
	82,394	44,657

Loans due from joint ventures amounting to $65,027,000 (2017: $38,811,000) are unsecured, have no fixed term of repayment and are not expected to be settled within the next twelve months. These loans bear effective interest rates ranging from 2.30% to 5.35% (2017: 2.30% to 5.35%) per annum and are to be settled in cash.

Amounts due from joint ventures (non-trade) are unsecured, non-interest bearing, have no fixed term of repayment and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

The Group's material investments in joint ventures are summarised below:

	Group	
	2018	2017
	$'000	$'000
Phileap Pte. Ltd.	**(3,634)**	(2,931)
Unique Residence Pte. Ltd.	**19,224**	7,178
Unique Real Estate Pte. Ltd.	**(279)**	–
Other joint ventures	**–**	(2)
Carrying amount of investments in joint ventures	**15,311**	4,245

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7. INTERESTS IN JOINT VENTURES (CONTINUED)

Details of the joint ventures are as follows:

	Name of joint venture (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2018 %	Effective equity interest held by the Group 2017 %
	Held by a subsidiary			
#	Phileap Pte. Ltd. ("Phileap") (Republic of Singapore)	Property development	**25**	25
#	Unique Residence Pte. Ltd. ("Unique Residence") (Republic of Singapore)	Property development	**50**	50
# (1)	Lian Beng-KSH Pte. Ltd. ("Lian Beng-KSH") (Republic of Singapore)	Real estate developers	**–**	50
# (2)	Unique Real Estate Pte. Ltd. ("Unique Real Estate") (Republic of Singapore)	Real estate developers	**50**	–
	Held by a joint venture			
#	Fernvale Development Pte. Ltd. ("Fernvale Development") (Republic of Singapore)	Property development	**20**	20
# (3)	CEL Unique Pte. Ltd. ("CEL Unique") (Republic of Singapore)	Property development	**20**	–
# (4)	CEL Unique Holdings Pte. Ltd. ("CEL Unique Holdings") (Republic of Singapore)	Property development	**20**	–
# (5)	CEL Unique Development Pte. Ltd. ("CEL Unique Development") (Republic of Singapore)	Property development	**20**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7. INTERESTS IN JOINT VENTURES (CONTINUED)

\# Audited by Ernst & Young LLP, Singapore

(1) Struck off with effect from 29 March 2018.

(2) On 7 June 2017, KSHRE, a wholly-owned subsidiary of the Company, acquired 50% of equity interest in Unique Real Estate for a cash consideration of $50.

(3) On 9 June 2017, Unique Real Estate acquired 40% of equity interest in CEL Unique for a cash consideration of $10. Subsequent to the acquisition, the Group's effective equity interest in CEL Unique is 20%.

(4) On 9 June 2017, CEL Unique incorporated CEL Unique Holdings, a wholly-owned subsidiary. The issued share capital of CEL Unique Holdings, comprising 2 ordinary shares, was subscribed for an aggregate cash consideration of $2. Subsequent to the acquisition, the Group's effective equity interest in CEL Unique Holdings is 20%.

(5) On 9 June 2017, CEL Unique Holdings incorporated CEL Unique Development, a wholly-owned subsidiary. The issued share capital of CEL Unique Development, comprising 2 ordinary shares, was subscribed for an aggregate cash consideration of $2. Subsequent to the acquisition, the Group's effective equity interest in CEL Unique Development is 20%.

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

	2018 $'000	2017 $'000
Profit/(loss) after taxation	**3**	(2)
Other comprehensive income	**–**	–
Total comprehensive income	**3**	(2)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information in respect of the Group's material investments in joint ventures, based on its FRS financial statements, and a reconciliation with the carrying amount of each investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Phileap		Unique Residence		Unique Real Estate	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	**629**	2,226	**369**	167	**87**	–
Development property	**37,830**	37,830	**–**	–	**–**	–
Other current assets	**69**	100	**–**	–	**–**	–
Current assets	**38,528**	40,156	**369**	167	**87**	–
Non-current assets	**–**	–	**127,800**	99,173	**107,059**	–
Total assets	**38,528**	40,156	**128,169**	99,340	**107,146**	–
Current liabilities	**132**	130	**53**	39	**3**	–
Non-current liabilities	**52,932**	51,748	**89,668**	84,946	**107,701**	–
Total liabilities	**53,064**	51,878	**89,721**	84,985	**107,704**	–
Net (liabilities)/assets	**(14,536)**	(11,722)	**38,448**	14,355	**(558)**	–
Proportion of the Group's ownership	**25%**	25%	**50%**	50%	**50%**	–
Group's share of net (liabilities)/assets, representing carrying amount of investments in the joint ventures	**(3,634)**	(2,931)	**19,224**	7,178	**(279)**	–

Summarised statement of comprehensive income

	Phileap		Unique Residence		Unique Real Estate	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	**–**	4,301	**–**	–	**–**	–
Interest income	**–**	4	**3,935**	3,943	**3,247**	–
Interest expense	**(1,183)**	(1,203)	**(3,891)**	(3,804)	**(3,375)**	–
(Loss)/profit before taxation	**(2,814)**	(7,535)	**24,091**	15,294	**(558)**	–
Income tax expense	**–**	–	**1**	(31)	**–**	–
(Loss)/profit after taxation, representing total comprehensive income	**(2,814)**	(7,535)	**24,092**	15,263	**(558)**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

8. OTHER INVESTMENTS

	Group 2018 $'000	Group 2017 $'000
Non-current:		
Held-to-maturity investment		
– Equity securities (unquoted)	*	*

* Less than $1,000

9. INVESTMENT PROPERTIES

	Group 2018 $'000	Group 2017 $'000
At beginning of the year	**120,109**	123,340
Gain on fair value adjustments of investment properties	**566**	17
Translation difference	**3,207**	(3,248)
At end of the year	**123,882**	120,109

The aggregate operating expenses related to the Group's investment properties recognised in profit or loss are as follows:

Direct operating expenses (including repairs and maintenance) arising from:

	Group 2018 $'000	Group 2017 $'000
Rental generating properties	**1,113**	1,094

NOTES TO THE FINANCIAL STATEMENTS

9. INVESTMENT PROPERTIES (CONTINUED)

The investment properties held by the Group as at 31 March are as follows:

	Name of property	Description	Fair value 2018 $'000	Fair value 2017 $'000
(1)	Sheares Ville	Freehold residential property at 9 Holt Road #12-05 Singapore 249446, comprising an estimated floor area of 443 square metres	**5,800**	5,800
(2)	Tianjin Tianxing Riverfront Square	Leasehold commercial building at No. 81 Shi Yi Jing Road, Hedong District, Tianjin, 300171, the People's Republic of China, comprising an estimated floor area of 44,936 square metres (50 years lease term expiring on 17 September 2043)	**108,512**	104,909
(3)	Centennia Suites	Freehold residential property at 100 Kim Seng Road #13-01 Singapore 239427, comprising an estimated floor area of 115 square metres	**2,650**	2,600
(4)	Lincoln Suites	Freehold residential property at Blk 1 Khiang Guan Avenue #23-02 Singapore 308380, comprising an estimated floor area of 150 square metres	**3,250**	3,200
(4)	Lincoln Suites	Freehold residential property at Blk 1 Khiang Guan Avenue #23-01 Singapore 308380, comprising an estimated floor area of 171 square metres	**3,670**	3,600
			123,882	120,109

(1) The fair values have been determined based on valuations performed by Jones Lang LaSalle Property Consultants Pte Ltd, an independent professional valuer, carried out in March 2018 and March 2017 respectively.

(2) The fair values have been determined based on valuations performed by Cushman & Wakefield International Property Advisers (Tianjin) Co., Ltd. ("C&W") and DTZ Debenham Tie Leung Property Advisory (Tianjin) Co Ltd ("DTZ"), both independent professional valuers, carried out in March 2018 and March 2017 respectively.

(3) The fair values have been determined based on valuations performed by TEHO Property Consultants Pte. Ltd. (formerly known as ECG Consultancy Pte. Ltd.), an independent professional valuer, carried out in March 2018 and March 2017 respectively.

(4) The fair values have been determined based on valuations performed by TEHO Property Consultants Pte. Ltd. (formerly known as ECG Consultancy Pte. Ltd.), an independent professional valuer, carried out in March 2018 and March 2017 respectively.

Rental income earned by the Group for the year ended 31 March 2018 from its investment properties, all of which are leased out under operating leases, amounted to $6,086,000 (2017: $5,668,000).

The investment properties have been pledged as securities for banking facilities granted by the banks (Note 24).

10. AMOUNT DUE FROM A MINORITY SHAREHOLDER OF A SUBSIDIARY (NON-TRADE)

This amount is unsecured, non-interest bearing, has no fixed term of repayment and is not expected to be repaid within the next twelve months. This amount is denominated in Chinese Renminbi and is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

11. CLUB MEMBERSHIP

	Group	
	2018	2017
	$'000	$'000
Cost		
As at 1 April and 31 March	**60**	60
Accumulated amortisation		
As at 1 April	**23**	21
Charge for the year	**2**	2
As at 31 March	**25**	23
Net carrying amount		
As at 31 March	**35**	37

The club membership was purchased in 2008 and is amortised over the useful life of 25 years. The amortisation of the club membership is included in the line "other operating expenses" in profit or loss.

12. OTHER RECEIVABLES

These amounts due from investee companies (non-trade) are unsecured, non-interest bearing, have no fixed term of repayment and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

The amounts due from investee companies that are denominated in a foreign currency at 31 March are as follows:

	Group	
	2018	2017
	$'000	$'000
Japanese Yen (JPY)	**1,357**	1,405

13. STRUCTURED DEPOSITS

	Group	
	2018	2017
	$'000	$'000
Non-current:		
Structured deposits	**1,054**	1,019
Current:		
Structured deposits	**4,700**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

13. STRUCTURED DEPOSITS (CONTINUED)

Non-current structured deposits are recorded at their fair values as at the end of the reporting period. These deposits are made for a term of 6 years, the return as determined, annually by the market access product falling within the range barriers as set-out under the terms of the deposit. The structured deposits will mature in February 2021.

Current structured deposits are recorded at cost as at the end of the reporting period. These deposits are made for a term of 1 year, with the return as determined, quarterly by the market access product falling within the range barriers as set-out under the terms of the deposit. The structured deposits will mature in July 2018.

Current and non-current structured deposits are pledged to a bank as security for banking facilities granted to the Group (Notes 24 and 26).

14. TRADE RECEIVABLES

	Group	
	2018	**2017**
	$'000	**$'000**
Trade receivables	**14,760**	9,993
Trade receivables due from associates	**2,893**	2,239
Retention monies relating to construction contracts	**9,494**	17,922
Unbilled receivables	**2,007**	3,615
GST receivables	**88**	–
	29,242	33,769
Represented by:		
Current	**27,625**	33,769
Non-current	**1,617**	–
	29,242	33,769

Trade receivables are non-interest bearing. Current balances are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is an amount of $15,214,000 (2017: $12,207,000) which has been assigned to the banks for banking facilities granted to the Group as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

14. TRADE RECEIVABLES (CONTINUED)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $514,000 (2017: $474,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Trade receivables past due:		
Less than 60 days	**138**	460
61 to 90 days	**308**	–
More than 90 days	**68**	14
At end of the year	**514**	474

Receivables that are impaired

As of 31 March 2018 and 2017, the Group did not have trade receivables that are impaired.

15. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Sundry debtors	**1,398**	1,039	**10**	10
Deposits	**383**	330	**–**	–
Interest receivable	**104**	71	**55**	10
Dividends receivable	**792**	768	**–**	–
Tax recoverable	**2**	–	**–**	–
	2,679	2,208	**65**	20
Less: Allowance for doubtful debts	**(793)**	(757)	**–**	–
	1,886	1,451	**65**	20

The Group's other receivables and deposits denominated in foreign currency as at 31 March are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Chinese Renminbi	**1,356**	1,038

15. OTHER RECEIVABLES AND DEPOSITS (CONTINUED)

Receivables that are impaired

The Group's other receivables that are impaired at the end of the reporting period and the movements in the allowance accounts used to record the impairment are as follows:

	Group	
	2018	2017
	$'000	$'000
Other receivables – nominal amounts	**793**	757
Less: Allowance for doubtful debts	**(793)**	(757)
	–	–
Movements in allowance for doubtful debts:		
At beginning of the year	**757**	805
Charge/(write-back) for the year	**13**	(23)
Exchange differences	**23**	(25)
At end of the year	**793**	757

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

16. AMOUNTS DUE FROM SUBSIDIARIES (NON-TRADE)/AMOUNTS DUE TO SUBSIDIARIES (NON-TRADE)

Amounts due from subsidiaries (non-trade) amounting to $119,658,000 (2017: $39,666,000) are unsecured, have no fixed term of repayment and are not expected to be repaid within the next twelve months. These amounts bear interest ranging from 2.30% to 5.35% (2017: 2.30% to 5.35%) per annum and are to be settled in cash.

The remaining amounts due from subsidiaries (non-trade) amounting to $79,302,000 (2017: $38,288,000) are unsecured, non-interest bearing, have no fixed term of repayment and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

Amounts due to subsidiaries (non-trade) amounting to $94,946,000 (2017: $34,354,000) are unsecured, non-interest bearing, have no fixed term of repayment and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

16. AMOUNTS DUE FROM SUBSIDIARIES (NON-TRADE)/AMOUNTS DUE TO SUBSIDIARIES (NON-TRADE) (CONTINUED)

Receivables that are impaired

Amounts due from subsidiaries (non-trade) that are impaired at the end of the reporting period and the movements in the allowance accounts used to record the impairment are as follows:

	Company	
	2018	**2017**
	$'000	**$'000**
Amounts due from subsidiaries (non-trade)	**200,742**	79,727
Less: Allowance for impairment	**(1,782)**	(1,773)
	198,960	77,954
Movements in allowance for impairment of amount due from a subsidiary are as follows:		
At beginning of the year	**(1,773)**	(1,702)
Charge for the year	**(9)**	(71)
At end of the year	**(1,782)**	(1,773)

At the end of the reporting period, the Company has provided an allowance of $1,782,000 (2017: $1,773,000) for impairment of receivable due from a subsidiary with a nominal amount of $1,782,000 (2017: $1,773,000). This subsidiary has been suffering financial losses for the current and past financial years.

17. AMOUNTS DUE FROM A JOINT VENTURE (NON-TRADE)

Amounts due from joint venture (non-trade) amounting to $26,898,000 (2017: $Nil) are unsecured, have no fixed term of repayment and are expected to be settled within the next twelve months. These receivables bear interest at an effective rate of 5.00% (2017: Nil) per annum and are to be settled in cash.

The remaining amounts due from joint venture, amounting to $2,936,000 (2017: $Nil) are unsecured, non-interest bearing, have no fixed term of repayment and are expected to be repaid within the next twelve months. These balances are to be settled in cash.

18. AMOUNTS DUE FROM ASSOCIATES (NON-TRADE)

Amounts due from associates (non-trade) amounting to $8,105,000 (2017: $Nil) are unsecured, have no fixed term of repayment and are expected to be settled within the next twelve months. These receivables bear effective interest rates ranging from 5.00% to 5.28% (2017: Nil) per annum and are to be settled in cash.

The remaining amounts due from associates, amounting to $2,875,000 (2017: $Nil) are unsecured, non-interest bearing, have no fixed term of repayment and are expected to be repaid within the next twelve months. These balances are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19. CONSTRUCTION WORK-IN-PROGRESS

	Group 2018 $'000	Group 2017 $'000
Project costs incurred to date	**53,558**	128,594
Recognised profits less recognised losses to date	**5,322**	13,419
	58,880	142,013
Less: Progress billings received and receivable	**(49,305)**	(146,014)
Amounts due to customers for contract work, net	**9,575**	(4,001)
Represented by:		
Construction work-in-progress in excess of progress billings	**9,575**	1,945
Progress billings in excess of construction work-in-progress	**–**	(5,946)
	9,575	(4,001)

20. FIXED DEPOSITS

Fixed deposits have maturities ranging from 1 week to 1 year (2017: 1 week to 1 year) and earn interest at the respective short term deposit rates. The interest rates for the year ended 31 March 2018 for the Group and the Company range from 0.05% to 2.95% (2017: 0.05% to 3.05%) and from 0.50% to 0.88% (2017: 0.69% to 1.00%) respectively.

Fixed deposits of the Group and Company amounting to $30,480,000 (2017: $30,076,000) and $7,088,000 (2017: $2,070,000) respectively have been pledged to the banks for banking facilities granted to the Group and Company as disclosed in Notes 24, 25 and 26.

The Group's fixed deposits denominated in foreign currency as at 31 March are as follows:

	Group 2018 $'000	Group 2017 $'000
Malaysian Ringgit	**193**	174

21. CASH AND BANK BALANCES

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following amounts as at 31 March:

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Cash and bank balances		**26,927**	56,180	**4,521**	1,038
Fixed deposits	20	**49,223**	89,673	**12,276**	17,444
		76,150	145,853	**16,797**	18,482
Less:					
Pledged fixed deposits		**(30,480)**	(30,076)	**(7,088)**	(2,070)
Bank overdrafts, secured	25	**(6,690)**	–	**–**	–
Cash and cash equivalents		**38,980**	115,777	**9,709**	16,412

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

21. CASH AND BANK BALANCES (CONTINUED)

The Group's and the Company's cash and bank balances earn interest at floating rates based on daily bank deposit rates.

The Group's cash and bank balances denominated in foreign currencies as at 31 March are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Chinese Renminbi	**3,357**	2,886
United States Dollar	**27**	29
Hong Kong Dollar	**5**	7
Malaysian Ringgit	**28**	28

22. TRADE PAYABLES

Trade payables are non-interest bearing. Current balances are normally settled on 14 to 60 days' terms. Non-current balances are not expected to be settled within the next twelve months.

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Other payables	**4,802**	4,330	**464**	179
Accrued operating expenses	**49,682**	52,513	**2,308**	3,734
Advance payments	**862**	894	**–**	–
Interest payable	**184**	84	**53**	17
Amount due to an associate	**418**	406	**–**	–
	55,948	58,227	**2,825**	3,930
Represented by:				
Current	**55,751**	58,041	**2,825**	3,930
Non-current	**197**	186	**–**	–
	55,948	58,227	**2,825**	3,930

Other payables are non-interest bearing. Current balances are normally settled on 30 days' terms.

The Group's other payables and accruals denominated in foreign currencies as at 31 March are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Chinese Renminbi	**5,892**	5,545
Hong Kong Dollar	**31**	27
Malaysian Ringgit	**2**	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

24. BANK TERM LOANS, SECURED

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
SGD Term loans – investment properties	(a)	**4,910**	5,493	**–**	–
SGD 2-year Term loan A	(b)	**–**	32,000	**–**	–
SGD 2-year Term loan B	(c)	**38,000**	–	**38,000**	–
SGD 3-year Term loan A	(d)	**11,000**	14,600	**–**	–
RMB Term loan – investment property	(e)	**2,719**	3,958	**–**	–
SGD 3-year Term loan B	(f)	**8,385**	9,525	**8,385**	9,525
SGD 3.25-year revolving short-term loan	(g)	**13,500**	–	**13,500**	–
SGD RHB revolving short-term loan	(h)	**2,000**	–	**–**	–
OCBC Specific Advance Facility Loan	(i)	**5,000**	–	**–**	–
		85,514	65,576	**59,885**	9,525
Represented by:					
Current		**26,082**	38,642	**9,140**	1,140
Non-current		**59,432**	26,934	**50,745**	8,385
		85,514	65,576	**59,885**	9,525

(a) These bank loans bear interest ranging from 2.35% to 2.65% (2017: 2.10% to 2.65%) per annum. These term loans are repayable by monthly instalments over 15 years, commencing on their respective drawdown dates.

The term loans are secured by the following:

(i) first legal mortgage on the investment properties (Note 9); and

(ii) corporate guarantee from the Company (Note 43).

(b) This bank loan is fully repayable in 2018 and is secured by the following:

(i) first legal mortgage on the investment property (Note 9) located at 9 Holt Road and on the leasehold factory building (Note 4);

(ii) charge on fixed deposits amounting to $Nil (2017: $4,782,000) (Note 20); and

(iii) corporate guarantee from the Company (Note 43).

(c) This bank loan bears interest ranging from 2.01% to 2.36% (2017: Nil) per annum. The term loan is repayable by quarterly instalments over 2 years, commencing on their respective drawdown dates.

The term loan is secured by a first legal mortgage on the investment property (Note 9) located at 9 Holt Road and on the leasehold factory building (Note 4).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

24. BANK TERM LOANS, SECURED (CONTINUED)

(d) This bank loan bears interest ranging from 2.00% to 2.70% (2017: 1.87% to 2.22%) per annum. The term loan is repayable by monthly instalments over 3 years, commencing on 28 September 2015.

The term loan is secured by the following:

(i) charge on fixed deposits amounting to $5,148,000 (2017: $5,088,000) (Note 20); and

(ii) corporate guarantee from the Company (Note 43).

(e) This bank loan bears interest at 4.51% (2017: 4.51%) per annum. The term loan is repayable by annual instalments over 10 years, commencing on February 2010.

The loan is secured by a first charge over the investment property (Note 9) located in Tianjin, the People's Republic of China.

(f) This bank loan bears interest ranging from 2.06% to 2.68% (2017: 1.97% to 2.07%) per annum. The term loan is repayable by monthly instalments over 3 years, commencing on 4 August 2016.

The term loan is secured by a charge on fixed deposits amounting to $2,088,000 (2017: $2,070,000) (Note 20).

(g) This bank loan bears interest ranging from 1.88% to 2.10% (2017: Nil) per annum. The term loan is repayable by quarterly instalments over 39 months, commencing on 30 June 2017.

The term loan is secured by the following:

(i) charge on fixed deposits amounting to $5,000,000 (2017: $Nil) (Note 20); and

(ii) corporate guarantee from Kim Seng Heng Engineering Construction (Pte) Ltd, a wholly-owned subsidiary of the Group (Note 43).

(h) This bank loan bears interest ranging from 2.25% to 2.44% (2017: Nil) per annum. The term loan commencing on 30 November 2017 has no fixed term of repayment and is repayable on demand.

The term loan is secured by the following:

(i) charge on fixed deposits amounting to $1,067,000 (2017: $Nil) (Note 20); and

(ii) corporate guarantee from the Company (Note 43).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

24. BANK TERM LOANS, SECURED (CONTINUED)

(i) This bank loan bears interest ranging from 2.30% to 2.45% (2017: Nil) per annum. The term loan commencing on 9 January 2018 is fully repayable on maturity.

The term loan is secured by the following:

(i) charge over the contract proceeds and project account arising from a construction project (Note 14); and

(ii) corporate guarantee from the Company (Note 43).

A reconciliation of liabilities arising from financing activities is as follows:

	2017	Cash flows	Non-cash changes			2018
			Acquisition	Foreign exchange movement	Other	
	$'000	$'000	$'000	$'000	$'000	$'000
Bank term loans, secured						
– current	38,642	(42,182)	–	40	29,582	**26,082**
– non-current	26,934	62,000	–	80	(29,582)	**59,432**
Obligations under finance leases						
– current	223	(248)	–	–	273	**248**
– non-current	413	–	206	–	(273)	**346**
Bills payable to banks, secured	513	29,578	–	–	–	**30,091**
Total	66,725	49,148	206	120	–	**116,199**

25. BANK OVERDRAFTS, SECURED

The Group has bank overdraft facilities with several banks. The bank overdrafts, denominated in SGD, bear interest ranging from 5.0% to 6.25% (2017: Nil) per annum and are secured by a charge on fixed deposits amounting to $18,244,000 (Note 20).

26. BILLS PAYABLE TO BANKS, SECURED

Bills payable to banks bear interest ranging from 2.31% to 3.69% (2017: 3.47%) per annum. These bills payable will mature 5 months (2017: 5 months) from year-end.

Bills payable to banks are secured by the following:

(i) charge on fixed deposits and structured deposits amounting to $18,244,000 (2017: $18,137,000) and $1,054,000 (2017: $1,019,000) respectively (Notes 20 and 13);

(ii) first charge over the contract proceeds and project account arising from a construction project (Note 14); and

(iii) corporate guarantee from the Company (Note 43).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

27. SHARE CAPITAL

	2018		2017	
	Number of shares	$'000	Number of shares	$'000
Group and Company				
Issued and fully paid ordinary shares:				
At beginning of year	**455,788,599**	**50,915**	455,788,599	50,915
Issuance of shares on bonus issue	**113,947,046**	**–**	–	–
At end of year	**569,735,645**	**50,915**	455,788,599	50,915

During the year, the Company allotted and issued 113,947,046 shares pursuant to the bonus issuance exercise.

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

28. TREASURY SHARES

	2018		2017	
	Number of shares	$'000	Number of shares	$'000
Group and Company				
At beginning of year	**–**	**–**	7,665,940	3,354
Re-issuance of treasury shares pursuant to placement	**–**	**–**	(7,665,940)	(3,827)
Gain on re-issuance of treasury shares	**–**	**–**	–	473
At end of year	**–**	**–**	–	–

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

In the prior year, the Company re-issued 7,665,940 treasury shares in the Company pursuant to Placement Agreement. The total amount received for the re-issuance was $3,827,000 and resulted in a capital gain on re-issuance of treasury shares of $473,000, which was taken to other reserves (Note 31).

29. TRANSLATION RESERVE

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

30. ASSET REVALUATION RESERVE

The asset revaluation reserve represents the share of gain on property revaluation of associated companies, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

31. OTHER RESERVES

		Group		Company	
		2018	**2017**	**2018**	**2017**
		$'000	**$'000**	**$'000**	**$'000**
Statutory reserves	(a)	**1,309**	1,139	**–**	–
General reserves	(b)	**130**	113	**–**	–
Warrant reserves	(c)	**2,629**	2,629	**2,629**	2,629
Other reserves	(d)	**(107)**	(107)	**–**	–
		3,961	3,774	**2,629**	2,629

Movement

(a) Statutory reserves

	Group	
	2018	**2017**
	$'000	**$'000**
At beginning of year	**1,139**	1,027
Transferred from retained earnings	**170**	112
At end of year	**1,309**	1,139

In accordance with the Foreign Enterprise Law applicable to a subsidiary in the People's Republic of China ("PRC"), the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(b) General reserves

	Group	
	2018	**2017**
	$'000	**$'000**
At beginning of year	**113**	102
Transferred from retained earnings	**17**	11
At end of year	**130**	113

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

31. OTHER RESERVES (CONTINUED)

(b) **General reserves (continued)**

In accordance with the "Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment" and the Group's PRC subsidiaries' Articles of Association, appropriations from net profit should be made to the Reserve Fund and the Enterprise Expansion Fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors. The percentage to be appropriated to the Reserve Fund and the Enterprise Expansion Fund is determined by the Board of Directors of the PRC subsidiaries.

(c) **Warrant reserves**

Warrant reserves include proceeds from the issue of warrants and capital gains on re-issuance of treasury shares of $1,514,000 (2017: $1,514,000) and $1,115,000 (2017: $1,115,000) respectively.

(d) **Other reserves**

Other reserves represent the premium paid on acquisition of non-controlling interests of $107,000 in prior years.

32. PROJECT REVENUE

	Group	
	2018	**2017**
	$'000	**$'000**
Construction contract revenue	**126,558**	193,596

33. OTHER INCOME

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Gain on sale of plant and equipment	**–**	142	**–**	–
Interest income	**6,798**	5,470	**4,770**	2,422
Other income	**1,705**	1,968	**6**	7
Gain on fair value adjustments of investment properties	**566**	317	**–**	–
Fair value gain on structured deposits	**35**	17	**–**	–
Foreign exchange gain	**1,186**	7	**11**	7
Gain on acquisition of an associate	**–**	136	**–**	–
Loss on disposal of a subsidiary	**(2)**	–	**–**	–
Gain on sale of quoted equity (other investment)	**–**	1	**–**	–
Dividend income from a subsidiary	**–**	–	**20,000**	–
Management and administrative fee income from associates/subsidiaries	**455**	306	**5,628**	7,784
	10,743	8,364	**30,415**	10,220

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

34. PERSONNEL EXPENSES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Salaries, wages and bonuses	**7,880**	9,144	**3,603**	5,020
Central Provident Fund and other pension costs	**1,194**	1,253	**46**	46
Directors' fees	**180**	180	**180**	180
Other personnel expenses	**1,724**	1,262	**43**	(226)
	10,978	11,839	**3,872**	5,020

The above includes compensation of key management personnel.

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Compensation of key management personnel		
Salaries, wages and bonuses	**3,603**	5,020
Central Provident Fund and other pension costs	**46**	46
Directors' fees	**180**	180
Total compensation paid to key management personnel	**3,829**	5,246
Comprise amounts paid to:		
– Directors of the Company	**3,366**	4,783
– Other key management personnel	**463**	463
	3,829	5,246

35. FINANCE COSTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense on:				
– finance lease obligations	**26**	25	**–**	–
– term loans	**1,753**	1,457	**999**	130
– bills payable	**135**	2	**–**	–
– term notes, unsecured	**–**	529	**–**	529
– loans due to associates and joint ventures	**6**	500	**–**	–
	1,920	2,513	**999**	659
Others				
– bank charges	**285**	23	**250**	15
	2,205	2,536	**1,249**	674

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

36. OTHER OPERATING EXPENSES

The following items have been included in other operating expenses:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Audit fees	**268**	316	**118**	135
Non audit fees paid to auditor of the Company	**55**	89	**10**	10
Allowance for/(write-back of) doubtful debts	**60**	(23)	**–**	–
Foreign exchange loss	**478**	1,600	**6**	–
Operating lease expenses	**561**	591	**–**	–
Amortisation of club membership	**2**	2	**–**	–
Amortisation of issuance costs on term notes	**–**	68	**–**	68
Loss on disposal of a subsidiary	**2**	–	**–**	–
Loss on fair value adjustments of investment properties	**–**	300	**–**	–
Loss on sale of plant and equipment	**22**	25	**–**	–
Impairment loss on loan due from an associate	**–**	62	**–**	–
Impairment loss on amount due from a subsidiary (non-trade)	**–**	–	**9**	71

37. INCOME TAX EXPENSE AND DEFERRED TAX LIABILITIES

Major components of income tax expense

The major components of income tax expense for the years ended 31 March are:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax				
– Current income taxation	**4,570**	5,947	**716**	358
– Over provision in respect of previous years	**(188)**	(126)	**(9)**	(12)
Deferred tax				
– Origination and reversal of temporary differences	**130**	(257)	**–**	–
Income tax expense recognised in profit or loss	**4,512**	5,564	**707**	346

37. INCOME TAX EXPENSE AND DEFERRED TAX LIABILITIES (CONTINUED)

Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Profit from operations before share of results of associates and joint ventures	**26,704**	32,742	**24,766**	3,879
Tax at the domestic rates applicable to profit in the countries concerned[1]	**8,515**	7,559	**4,210**	659
Tax effect of:				
– Expenses not deductible	**3,276**	1,079	**810**	(264)
– Tax rebates and exemption	**(158)**	(228)	**(36)**	(36)
– Non-taxable income	**(7,106)**	(2,670)	**(4,268)**	(1)
– Over provision in respect of previous years	**(188)**	(126)	**(9)**	(12)
– Withholding tax expense	**126**	(15)	**–**	–
– Others	**47**	(35)	**–**	–
Income tax expense recognised in profit or loss	**4,512**	5,564	**707**	346

(1) The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Deferred tax liabilities

	Group	
	2018	**2017**
	$'000	**$'000**
Deferred tax liabilities:		
Differences in depreciation	**293**	510
Tax effect on revaluation of investment properties	**16,760**	16,166
Others	**2,745**	2,673
	19,798	19,349
Deferred tax assets:		
Employee benefits	**(127)**	(120)
Tax effect on provision for general defects liability period for completed projects	**(291)**	(420)
Deferred tax liabilities, net	**19,380**	18,809

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

38. EARNINGS PER SHARE

Basic earnings per share ("EPS") are calculated by dividing the Group's profit after taxation attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

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

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

	Group	
	2018	**2017**
	$'000	**$'000**
Profit net of tax attributable to owners of the Company used in the computation of earnings per share	**29,473**	40,975
	2018	**2017**
	'000	**'000**
		(Restated)
Weighted average number of ordinary shares for computing basic and diluted earnings per share	**569,736**	569,736
Basic and diluted earnings per share (cents per share)	**5.17**	7.19

39. NET ASSET VALUE PER SHARE

Net asset value per share is calculated by dividing the Group's net assets attributable to owners of the Company by the total number of issued ordinary shares excluding treasury shares at the end of the year.

The following table reflects the net asset and share data used in the computation of net asset value per share for the years ended 31 March:

	Group	
	2018	**2017**
	$'000	**$'000**
Net assets attributable to owners of the Company	**338,757**	320,749
	2018	**2017**
	'000	**'000**
Total number of issued ordinary shares excluding treasury shares as at 31 March	**569,736**	455,789
Net asset value per share (cents per share)	**59.46**	70.37

40. DIVIDENDS

	Group and Company	
	2018	2017
	$'000	$'000
Dividends paid during the year:		
Dividends on ordinary shares:		
– Interim exempt (one-tier) dividend for 2018: 1.00 cent (2017: 1.25 cents) per share	**5,697**	5,697
– Final exempt (one-tier) dividend for 2017: 2.00 cents (2016: 2.00 cents) per share	**9,116**	8,962
	14,813	14,659
Proposed but not recognised as a liability as at 31 March:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
– Final exempt (one-tier) dividend for 2018: 1.20 cents (2017: 2.00 cents) per share	**6,837**	9,116

The Directors have proposed a final cash and cash special tax-exempt (one-tier) dividend of 1.20 cents per share ("Proposed Final Dividend for FY 2018"), amounting to approximately $6,837,000 to be paid in respect of the year ended 31 March 2018. The dividend will be recorded as a liability in the balance sheets of the Company and Group upon approval by the shareholders at the Annual General Meeting of the Company.

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

41. RELATED PARTY TRANSACTIONS

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

	Group	
	2018	2017
	$'000	$'000
Construction services rendered to:		
– Associates	**1**	45

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

42. SEGMENT INFORMATION

Reporting format

The Group's primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that serves different markets.

Business segments

The construction segment relates to acting as main contractors in construction projects in Singapore and Malaysia, and provision of services mainly to property developers in both the private and public sectors.

The property development and management segment relates to the development and sales of properties and the provision of property management services.

The others segment relates to general corporate and investment holding activities.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Revenue disclosed in geographical segments is based on the geographical location of operations.

Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise tax liabilities and corporate liabilities.

Segment accounting policies are the same as the policies described in Note 2.

NOTES TO THE FINANCIAL STATEMENTS

42. SEGMENT INFORMATION (CONTINUED)

(a) Business segments

The following tables present revenue and results information regarding the Group's business segments for the years ended 31 March 2018 and 2017.

There are no inter-segment sales within the Group.

	Construction $'000	Property development and management $'000	Others $'000	Eliminations $'000	Total $'000
2018					
Revenue					
External sales	**126,558**	**6,086**	**–**	**–**	**132,644**
Segment results	**22,589**	**3,375**	**(3,853)**	**–**	**22,111**
Share of results of associates and joint ventures	–	7,970	(1)	–	7,969
Interest income	544	12	6,242	–	6,798
Finance costs	(659)	(301)	(1,245)	–	(2,205)
Profit before taxation	22,474	11,056	1,143	–	**34,673**
Income tax expense					(4,512)
Non-controlling interests					(688)
Net profit attributable to owners of the Company					**29,473**
Segment assets	246,878	165,479	87,053	(191,709)	307,701
Interests in associates	–	183,677	6,527	–	190,204
Interests in joint ventures	–	82,394	–	–	82,394
Total assets					**580,299**
Segment liabilities	64,590	22,826	128,005	(143,183)	72,238
Borrowings	55,375	7,629	59,885	–	122,889
Unallocated liabilities					22,956
Total liabilities					**218,083**
Other segment information:					
Capital expenditures	10,695	5	–	–	10,700
Depreciation of property, plant and equipment	1,695	18	–	–	1,713

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

42. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (continued)

	Construction $'000	Property development and management $'000	Others $'000	Eliminations $'000	Total $'000
2017					
Revenue					
External sales	193,596	5,668	–	–	199,264
Segment results	34,511	2,133	(6,836)	–	29,808
Share of results of associates and joint ventures	–	14,158	75	–	14,233
Interest income	763	12	4,695	–	5,470
Finance costs	(990)	(869)	(677)	–	(2,536)
Profit/(loss) before taxation	34,284	15,434	(2,743)	–	46,975
Income tax expense					(5,564)
Non-controlling interests					(436)
Net profit attributable to owners of the Company					40,975
Segment assets	234,991	120,162	82,227	(121,603)	315,777
Interests in associates	–	150,171	6,333	–	156,504
Interests in joint ventures	–	44,657	–	–	44,657
Total assets					516,938
Segment liabilities	73,355	21,902	63,978	(75,912)	83,323
Borrowings	47,749	9,451	9,525	–	66,725
Unallocated liabilities					24,057
Total liabilities					174,105
Other segment information:					
Capital expenditures	404	69	–	–	473
Depreciation of property, plant and equipment	1,944	18	–	–	1,962

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

42. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

The following tables present revenue, capital expenditures and certain asset information regarding the Group's geographical segments for the years ended 31 March 2018 and 2017.

There are no inter-segment sales within the Group.

	Singapore	Malaysia	Vietnam	Japan	Australia	England, United Kingdom	The People's Republic of China	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018									
Revenue	**126,870**	**–**	**–**	**–**	**–**	**–**	**5,774**	**–**	**132,644**
Segment assets	255,597	303	–	–	897	3	87,987	(37,086)	307,701
Interests in associates	142,444	(1)	693	1,377	2,885	16,273	26,533	–	190,204
Interests in joint ventures	82,394	–	–	–	–	–	–	–	82,394
Total assets									**580,299**
Other segment information:									
Capital expenditures	10,695	–	–	–	–	–	5	**–**	**10,700**

	Singapore	Malaysia	Vietnam	Japan	Australia	England, United Kingdom	The People's Republic of China	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017									
Revenue	193,943	–	–	–	–	–	5,321	–	199,264
Segment assets	246,189	278	–	1,425	800	–	109,378	(42,293)	315,777
Interests in associates	113,502	–	693	–	2,885	12,525	26,899	–	156,504
Interests in joint ventures	44,657	–	–	–	–	–	–	–	44,657
Total assets									516,938
Other segment information:									
Capital expenditures	404	–	–	–	–	–	69	–	473

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

43. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

Guarantees

The Group and Company have provided the following guarantees at the end of the reporting period.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Guarantees given to financial institutions in connection with facilities given to:				
(i) subsidiaries*	**–**	–	**280,191**	415,769
(ii) associates	**385,222**	91,585	**385,222**	91,585
(iii) joint ventures	**138,305**	128,479	**138,305**	128,479

* The Company acts as a corporate guarantor for credit facilities granted to subsidiaries, for a total facility amount of $280,191,000 (2017: $415,769,000) of which $126,136,000 (2017: $131,466,000) has been utilised as at the end of the reporting period

Based on information currently available, the Group and Company do not expect any liabilities to arise from the guarantees.

(b) Operating lease commitments as lessees

The Group has operating lease commitments on the land that the factory buildings are located, staff accommodation for foreign workers and on certain office equipment. Most of these leases contain renewable options. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing. These non-cancellable operating leases have remaining lease terms of 1 to 36 (2017: 1 to 37) years.

Future minimum lease payments payable under non-cancellable operating leases as at 31 March are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Future minimum lease payments		
– not later than one year	**293**	453
– later than one year but not later than five years	**1,123**	1,244
– later than five years	**6,528**	7,967
	7,944	9,664

43. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

(c) Operating lease commitments as lessors

The Group entered into commercial and residential property leases on its investment properties under non-cancellable operating leases. These leases have remaining non-cancellable lease terms of up to 6 (2017: 6) years.

Future minimum lease payments receivable under the non-cancellable operating leases as at 31 March are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Not later than one year	**4,070**	4,033
Later than one year but not later than five years	**5,884**	4,486
Later than five years	**154**	691
	10,108	9,210

44. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

44. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2018 $'000 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
Assets				
Financial assets				
Financial assets at fair value through profit or loss				
Structured deposits (Note 13)	–	1,054	–	1,054
Financial assets as at 31 March 2018	–	**1,054**	–	**1,054**
Non-financial assets				
Investment properties (Note 9)				
Commercial	–	–	108,512	108,512
Residential	–	–	15,370	15,370
Non-financial assets as at 31 March 2018	–	–	**123,882**	**123,882**

44. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets and liabilities measured at fair value (continued)

	Group 2017 $'000 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
Assets				
Financial assets				
Financial assets at fair value through profit or loss				
Structured deposits (Note 13)	–	1,019	–	1,019
Financial assets as at 31 March 2017	–	1,019	–	1,019
Non-financial assets				
Investment properties (Note 9)				
Commercial	–	–	104,909	104,909
Residential	–	–	15,200	15,200
Non-financial assets as at 31 March 2017	–	–	120,109	120,109

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Structured deposits

Structured deposits are valued using a valuation technique with market observable inputs. These inputs include quoted prices in active markets for investments linked to these deposits and credit quality of counterparties.

44. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 31 March 2018	Valuation techniques	Unobservable inputs	Rate/Range
Investment Properties:				
Commercial	108,512**	Market comparable approach	Yield adjustments based on management's assumptions*	8% to 21%
		Discounted cash flow	Discount rate	5%
Residential	15,370	Market comparable approach	Yield adjustments based on management's assumptions*	1% to 18%

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

** Fair value of commercial investment property is obtained using the average of the market comparable approach and discounted cash flow at equal weightage.

For commercial and residential investment properties, a significant increase/(decrease) in yield adjustments based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

For commercial investment property, a significant increase/(decrease) in discount rate based on management's assumptions would result in a significantly lower/(higher) fair value measurement whereas a significant increase/(decrease) in market rent growth rate based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

The following table shows the impact on the Level 3 fair value measurement of assets that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	Effect of reasonably possible alternative assumptions	
	Carrying amount $'000	Profit or loss $'000
Recurring fair value measurements		
Investment properties:		
Commercial	108,512	3,255
Residential	15,370	461

44. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (continued)

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

For commercial and residential investment properties, the Group adjusted the yield adjustments based on management's assumption by increasing and decreasing the adjustments by 3% depending on nature, location or condition of the specific property.

(ii) Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for investment properties which are measured at fair value on significant unobservable inputs (Level 3):

	Group	
	2018	**2017**
	$'000	**$'000**
Beginning of the year	**120,109**	123,340
– Net fair value gain recognised in profit or loss	**566**	17
– Exchange differences	**3,207**	(3,248)
End of the year	**123,882**	120,109

(iii) Valuation policies and procedures

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

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, Management reviews the appropriateness of the valuation methodologies and assumptions adopted. Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

44. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

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

Fair value information has not been disclosed for non-current receivables and payables. These balances have no fixed terms of repayment and are repayable only when the cash flows of the Company or counterparty permit. Accordingly, the fair values of these balances cannot be determined as the timing of the cash flows cannot be estimated reliably.

(f) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts approximate fair value**

The carrying amounts of current receivables and payables are reasonable approximation of their fair values due to their short-term nature.

The carrying amounts of finance lease obligations approximate their fair values as the implicit interest rates approximates the market interest rates prevailing at the financial year end.

The carrying amounts of bank term loans are reasonable approximation of their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of current structured deposits are reasonable approximation of their fair values as they are principal-protected with returns earned on interest. The structured deposits are also of short-term nature.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, interest rate risk, foreign currency risk and credit risk. The Group currently does not actively pursue a policy of hedging these risks through the use of derivatives.

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

(i) **Liquidity risk**

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

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities

The following table sets out the maturity profile of the Group's and Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2018				
Group				
Trade and other payables	**71,477**	**689**	**–**	**72,166**
Loans and borrowings	**65,093**	**58,707**	**2,103**	**125,903**
Company				
Trade and other payables	**2,825**	**–**	**–**	**2,825**
Loans and borrowings	**10,495**	**51,280**	**–**	**61,775**
2017				
Group				
Trade and other payables	75,782	1,507	–	77,289
Loans and borrowings	40,323	25,752	2,724	68,799
Company				
Trade and other payables	3,930	–	–	3,930
Loans and borrowings	1,328	8,608	–	9,936

Undiscounted loan payments with variable rates had been determined with reference to conditions existing as at the end of the reporting period.

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

	Within 1 year $'000	1 to 5 years $'000	Total $'000
As at 31 March 2018			
Group			
Financial guarantees	**523,527**	**–**	**523,527**
Company			
Financial guarantees	**803,718**	**–**	**803,718**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Liquidity risk (continued)

	Within 1 year $'000	1 to 5 years $'000	Total $'000
As at 31 March 2017			
Group			
Financial guarantees	220,064	–	220,064
Company			
Financial guarantees	635,833	–	635,833

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and Company's exposure to interest rate risk arises primarily from bank borrowings and loans, which comprise a mixture of fixed and floating rate debts. The floating rate debts are contractually re-priced at intervals of 1 to 6 months.

The Group currently does not actively pursue a policy of hedging this risk through the use of derivatives. Instead, the Group manages interest cost by borrowing at the most competitive rates under the most favourable terms and conditions.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 10 (2017: 10) basis points lower with all other variables held constant, the impact in terms of SGD to the Group's profit after taxation and equity would be $17,000 (2017: $56,000) lower; if the interest rates had been 10 (2017: 10) basis points higher with all other variables held constant, the impact in terms of SGD to the Group's profit after taxation and equity would be $17,000 (2017: $56,000) higher.

(iii) Foreign currency risk

Foreign currency risk arises from financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. The functional currencies of the Group entities are primarily SGD, Malaysian Ringgit ("MYR"), Chinese Renminbi ("RMB") and Hong Kong Dollar ("HKD").

The Group has minimal transactional currency exposures arising from sales or purchases of goods and services that are denominated in a currency other than the respective functional currencies of the Group entities. Similarly, the Group has minimal exposure to translation risk on its trade and other receivables and payables at the end of the reporting period as these balances are largely denominated in the functional currencies of the respective Group entities. It is the Group's policy to conduct transactions in the respective functional currencies of the Group entities where possible so as to minimise the Group's exposure to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Foreign currency risk (continued)

The Group holds cash and cash equivalents denominated in currencies other than SGD for working capital purposes. As at the balance sheet date, the carrying amounts of cash and cash equivalents denominated in currencies other than SGD, are disclosed in Note 21.

Certain Group entities provide financing to other Group entities, either in the functional currencies of the lender or borrower, or in currencies other than the functional currencies of the Group entities. Certain long-term financing forms part of the Group's net investments in those Group entities and the resulting exchange differences are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement only upon disposal of those Group entities. Such balances are denominated primarily in RMB, MYR, United States Dollar ("USD"), Pound Sterling ("GBP"), Japanese Yen ("JPY") and Hong Kong Dollar ("HKD"). The Group currently does not actively pursue a policy of hedging its net investments in the Group entities as such currency positions are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the RMB, MYR, USD, GBP, JPY and HKD exchange rates against the respective functional currencies of the Group entities, in SGD equivalent, with all other variables held constant.

	Group 2018	Group 2017
	Profit before taxation $'000	Profit before taxation $'000
USD – strengthened by 3% (2017: 3%)	**246**	1
– weakened by 3% (2017: 3%)	**(246)**	(1)
RMB – strengthened by 3% (2017: 3%)	**359**	23
– weakened by 3% (2017: 3%)	**(359)**	(23)
MYR – strengthened by 3% (2017: 3%)	**(2)**	(2)
– weakened by 3% (2017: 3%)	**2**	2
GBP – strengthened by 3% (2017: 3%)	**482**	365
– weakened by 3% (2017: 3%)	**(482)**	(365)
JPY – strengthened by 3% (2017: 3%)	**–**	42
– weakened by 3% (2017: 3%)	**–**	(42)
HKD – strengthened by 3% (2017: Nil)	**29**	–
– weakened by 3% (2017: Nil)	**(29)**	–

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets; and
- Corporate guarantee provided by the Company for banking facilities granted to subsidiaries, associates and joint ventures (Note 43).

Credit risk concentration profile

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

	2018		2017	
	$'000	**% of total**	**$'000**	**% of total**
Group				
By country:				
Singapore	**29,242**	**100**	33,769	100
By industry sector:				
Construction	**29,242**	**100**	33,769	100

Financial assets that are neither past due nor impaired

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

46. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below is an analysis of the carrying amounts of financial instruments as at 31 March by categories as defined in FRS 39:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Financial assets at fair value through profit or loss – designated as such on initial recognition				
Structured deposits	**1,054**	1,019	**–**	–
Held-to-maturity				
Other investments	*****	*	**–**	–
Loans and receivables				
Loans due from associates	**121,684**	87,233	**–**	–
Amounts due from associates (non-trade)	**7,556**	7,969	**–**	–
Loans due from joint ventures	**65,027**	38,811	**–**	–
Amounts due from joint ventures (non-trade)	**2,056**	1,601	**–**	–
Other receivables (non-current)	**2,274**	2,225	**–**	–
Amount due from a minority shareholder of a subsidiary (non-trade)	**2,310**	2,242	**–**	–
Amounts due from subsidiaries (non-trade)	**–**	–	**198,960**	77,954
Trade receivables	**29,242**	33,769	**–**	–
Other receivables and deposits	**1,884**	1,451	**65**	20
Structured deposit	**4,700**	–	**–**	–
Fixed deposits	**49,223**	89,673	**12,276**	17,444
Cash and bank balances	**26,927**	56,180	**4,521**	1,038
	312,883	321,154	**215,822**	96,456

* Less than $1,000

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Financial liabilities measured at amortised cost				
Trade payables	**16,218**	19,062	**–**	–
Other payables and accruals	**55,086**	57,333	**2,825**	3,930
Amounts due to subsidiaries (non-trade)	**–**	–	**94,946**	34,354
Amounts due to associates (non-trade)	**1,401**	1,580	**–**	–
Loans due to associates	**31,711**	27,630	**–**	–
Bank term loans, secured	**85,514**	65,576	**59,885**	9,525
Bills payable to banks, secured	**30,091**	513	**–**	–
Finance lease obligations	**594**	636	**–**	–
Bank overdrafts, secured	**6,690**	–	**–**	–
	227,305	172,330	**157,656**	47,809

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

47. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2018 and 31 March 2017.

As disclosed in Note 31, a subsidiary of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund and enterprise expansion fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiary for the financial years ended 31 March 2018 and 31 March 2017. The percentage to be appropriated to the above mentioned funds is determined by the Board of Directors of the PRC subsidiaries.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The Group includes within net debt, loans and borrowings, trade and other payables less cash and bank balances and fixed deposits. Capital includes equity attributable to the owners of the Company less the abovementioned restricted statutory reserve fund and general reserve fund.

	Note	Group 2018 $'000	Group 2017 $'000
Loans and borrowings		**122,889**	66,725
Trade and other payables		**72,166**	77,289
Less: Cash and bank balances and fixed deposits	21	**(76,150)**	(145,853)
Net debt		**118,905**	(1,839)
Equity attributable to the owners of the Company		**338,757**	320,749
Less: Statutory reserve fund		**(1,309)**	(1,139)
General reserve fund		**(130)**	(113)
Total capital		**337,318**	319,497
Capital and net debt		**456,223**	317,658
Gearing ratio		**26%**	(1%)

The Group is also required by certain banks to maintain certain gross debt-to-equity ratios and shareholders' funds. The Group is in compliance with all externally imposed capital requirements for the year ended 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

48. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Acquisition of interest in Prospere Glow Pte. Ltd.

On 23 April 2018, KSH Investments Property Holdings Pte. Ltd. ("KSHIPH"), a wholly-owned subsidiary of the Company, acquired 20% of the equity interest in Prospere Glow Pte. Ltd. ("Prospere") from Heeton Capital Pte. Ltd. ("Heeton") for a consideration of S$20. LB Property (S) Pte. Ltd. ("LBP") has also acquired 20 ordinary shares, representing 20% of the issued and paid up share capital of Prospere from Heeton for a consideration of S$20. The principal activities of Prospere are that of real estate activities and investment holding.

Prior to the acquisition, Prospere was a wholly-owned subsidiary of Heeton. Following the completion of the acquisition, KSHIPH, LBP and Heeton hold 20, 20 and 60 ordinary shares respectively in the capital of Prospere, representing 20%, 20% and 60% respectively of the entire paid-up capital of Prospere.

(b) Incorporation of KSH Asia Pacific Investments Pte. Ltd.

On 30 April 2018, KSH Holdings Limited (the "Company") incorporated a wholly-owned subsidiary, KSH Asia Pacific Investments Pte. Ltd. ("KSHAPI"). The issued share capital of KSHAPI, comprising 1 ordinary share, was subscribed for an aggregate cash consideration of S$1. The principal activities of KSHAPI are that of property development and holding of assets for investment.

On 15 May 2018, KSHAPI acquired 30% of the equity interest in Prospere Bliss Pte. Ltd. ("PBPL") from Heeton Invesco Pte. Ltd. ("HIPL") for a consideration of S$30. The principal activities of PBPL are that of real estate activities and investment holding.

Following the completion of the acquisition, KSHAPI and HIPL hold 30 and 70 ordinary shares respectively in the capital of PBPL, representing 30% and 70% respectively of the entire paid-up capital of PBPL.

49. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Directors on 29 June 2018.

STATISTICS OF SHAREHOLDINGS

AS AT 21 JUNE 2018

DISTRIBUTION OF SHAREHOLDINGS

Issued and Fully Paid Capital	:	S$54,124,915.22
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
Total no. of issued Ordinary Shares (excluding treasury shares)	:	569,735,645
Total no. of treasury shares	:	nil

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	66	3.26	3,218	0.00
100 – 1,000	137	6.76	61,577	0.01
1,001 – 10,000	648	32.00	3,673,582	0.65
10,001 – 1,000,000	1140	56.30	79,194,908	13.90
1,000,001 AND ABOVE	34	1.68	486,802,360	85.44
TOTAL	**2,025**	**100.00**	**569,735,645**	**100.00**

The percentage of shareholdings in the hands of the public as at 21 June 2018 was approximately 34.86% and hence the Company has complied with Rule 723 of the Listing Manual which states that an issuer must ensure that at least 10% of the total number of issued shares excluding treasury shares is at all times held by the public.

The Company does not hold any treasury shares as at 21 June 2018.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	115,662,484	20.30
2	KWOK NGAT KHOW	81,255,273	14.26
3	TOK CHENG HOE	81,255,273	14.26
4	LIM KEE SENG	68,237,360	11.98
5	YIP SAU LEUNG	28,722,787	5.04
6	DBS NOMINEES (PRIVATE) LIMITED	21,102,251	3.70
7	CHEE SWEE HENG	8,955,800	1.57
8	OCBC SECURITIES PRIVATE LIMITED	8,713,085	1.53
9	PANG HENG KWEE	8,690,000	1.53
10	PHILLIP SECURITIES PTE LTD	8,010,487	1.41
11	CHUA SIAK NENG	6,508,956	1.14
12	GOH KIA HUA	6,297,056	1.11
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,894,625	1.03
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,367,722	0.59
15	ANG JUI KHOON	3,357,925	0.59
16	CHEUNG KA HO	2,500,000	0.44
17	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,461,602	0.43
18	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,900,900	0.33
19	UOB KAY HIAN PRIVATE LIMITED	1,877,732	0.33
20	HUANG XIU YAN	1,800,625	0.32
	TOTAL	**466,571,943**	**81.89**

STATISTICS OF SHAREHOLDINGS

AS AT 21 JUNE 2018

SUBSTANTIAL SHAREHOLDERS

(As shown in the Company's Register of Substantial Shareholders as at 21 June 2018)

NAME	DIRECT INTEREST (NO. OF SHARES)	%	DEEMED INTEREST (NO. OF SHARES)	%
CHOO CHEE ONN	108,843,298	19.10	–	–
KWOK NGAT KHOW	81,255,273	14.26	–	–
TOK CHENG HOE	81,255,273	14.26	–	–
LIM KEE SENG	68,237,360	11.98	–	–
YIP SAU LEUNG	29,118,287[1]	5.11	1,800,025[2]	0.32

Notes:

(1) Yip Sau Leung's shareholding interest of 29,118,287 shares in the Company comprises of 28,722,787 shares held in his name and 395,500 shares held through a nominee.

(2) Yip Sau Leung is deemed to be interested in the 1,800,025 shares held by his spouse.

NOTICE OF 12TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 12th Annual General Meeting of **KSH HOLDINGS LIMITED** will be held at 60 Eu Tong Sen Street, Furama City Centre, Ballroom 1, Level 5, Singapore 059804 on Friday, 27 July 2018 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the audited accounts for the financial year ended 31 March 2018 and the Statement of the directors of the Company ("**Directors**") and the Auditors' Report. **Resolution 1**

2. To declare a final tax exempt (one-tier) cash dividend of 1.20 cents per share for the financial year ended 31 March 2018. **Resolution 2**

3. To approve Directors' fees of S$180,000 to be paid quarterly in arrears for the financial year ending 31 March 2019 to the Independent Directors. (2018: S$180,000). **Resolution 3**

4. To re-elect the following Directors who retire in accordance with Article 89 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   (a) Mr. Lim Yeow Hua @ Lim You Qin **Resolution 4**
   (b) Mr. Kwok Ngat Khow **Resolution 5**

   Mr. Lim Yeow Hua @ Lim You Qin will, upon re-election as a Director of the Company, remain an Independent Director of the Company as well as the Chairman of the Audit and Risk Committee and a member of each of the Remuneration Committee and Nominating Committee and will be considered independent of Management.

   Mr. Kwok Ngat Khow will, upon re-election as a Director of the Company, remain as an Executive Director.

5. To re-appoint Messrs Ernst & Young LLP as Auditor and to authorise the Directors to fix their remuneration. **Resolution 6**

NOTICE OF 12TH ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

6. **Authority to allot and issue shares up to 50 per centum (50%) of the total number of issued shares** **Resolution 7**

   That pursuant to Section 161 of the Companies Act, Cap. 50, of Singapore ("**Companies Act**") and listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the directors of the Company to allot and issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the total number of issued shares excluding treasury shares issued by the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares issued by the Company. For the purpose of this resolution, the total number of issued shares excluding treasury shares to be issued by the Company shall be based on the total number of issued shares excluding treasury shares issued by the Company at the time this resolution approving the mandate is passed (after adjusting for any new shares arising from conversion or exercise of convertible securities; or new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the option or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual and any subsequent bonus issue, consolidation or subdivision of shares in the Company), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

   (See Explanatory Note (i))

7. That pursuant to Section 161 of the Companies Act, the Directors be empowered to allot and issue from time to time such number of shares in the capital of the Company as may be required to be allotted and issued pursuant to the KSH Scrip Dividend Scheme. **Resolution 8**

   (See Explanatory Note (ii))

NOTICE OF 12TH ANNUAL GENERAL MEETING

8. **The proposed renewal of the Share Purchase Mandate** **Resolution 9**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(i) on-market purchases (each a "**Market Purchase**") transacted on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with an equal access scheme as may be determined or formulated by the Directors as they consider fit,

in accordance with the Companies Act, the Listing Manual and all other laws, rules and regulations as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which purchases or acquisitions of Shares have been carried out to the full extent permitted under the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in a general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued Shares (excluding treasury shares and subsidiary holdings), as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered (excluding any subsidiary holdings and any treasury shares that may be held by the Company from time to time);

NOTICE OF 12TH ANNUAL GENERAL MEETING

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier;

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded, preceding the date of the Market Purchase, or the date of the making of the offer pursuant to the Off-Market Purchase, as the case may be, and deemed to be adjusted for any corporate action that occurs after such five-day period; and

"date of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient, necessary or desirable to give effect to the transactions contemplated by this Resolution.

(See Explanatory Note (iii))

9. To transact any other ordinary business of an Annual General Meeting of which due notice shall have been given.

BY ORDER OF THE BOARD
KSH Holdings Limited

Tang Hay Ming Tony
Ong Beng Hong
Company Secretaries

12 July 2018

NOTICE OF 12TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) Resolution 7 authorises the Directors from the date of the above Annual General Meeting until the next annual general meeting to issue shares and convertible securities in the Company up to 50% of the Company's total number of issued shares excluding treasury shares in the capital of the Company, with an aggregate sub-limit of 20% of the Company's total number of issued shares excluding treasury shares for any issue of shares and convertible securities not made on a pro-rata basis to existing shareholders of the Company, as more particularly set out in the resolution.

(ii) Resolution 8 authorises the Directors to issue shares pursuant to the KSH Scrip Dividend Scheme to members who in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of qualifying dividend.

(iii) Resolution 9, if passed, will empower the Directors to purchase or otherwise acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Purchase Mandate does not exceed the Prescribed Limit, and at such price(s) as may be determined by the Directors from time to time up to but not exceeding the Maximum Price. The information relating to Resolution 9 is set out in the Appendix enclosed together with the Annual Report.

NOTES:

(1) (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Annual General Meeting.

(b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

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

(3) The instrument appointing a proxy must be deposited at the Company's Registered Office, 36, Senoko Road Singapore 758108, not less than 48 hours before the time fixed for holding the Meeting.

PERSONAL DATA PRIVACY:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where member discloses the personal data of the member's proxy (ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page has been intentionally left blank

KSH HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Registration No. 200603337G

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the timeframe specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the timeframe specified to enable them to vote on their behalf.
4. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the AGM.

I/We, ______________________________ (Name)

of ______________________________ (Address)

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

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to vote for me/us and attend on my/our behalf at the 12th Annual General Meeting ("**Meeting**") of the Company to be held at 60 Eu Tong Sen Street, Furama City Centre, Ballroom 1, Level 5, Singapore 059804 on Friday, 27 July 2018 at 9.30 a.m. and at any adjournment thereof.

(If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" in the space provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Meeting).

No.	Resolutions relating to	For	Against
1.	To receive the Directors' Statement, Auditors' Report and Audited Accounts for the financial year ended 31 March 2018		
2.	To approve a final tax-exempt (one-tier) cash dividend of 1.20 cents per share for the financial year ended 31 March 2018		
3.	To approve Directors' Fees S$180,000 for the financial year ending 31 March 2019 to the Independent Directors		
4.	To re-elect Mr. Lim Yeow Hua @ Lim You Qin as a Director retiring under Article 89		
5.	To re-elect Mr. Kwok Ngat Khow as a Director retiring under Article 89		
6.	To re-appoint Ernst & Young LLP as Auditor		
7.	To authorise the Directors to allot and issue new shares		
8.	To authorise the Directors to allot and issue shares pursuant to the KSH Scrip Dividend Scheme		
9.	To approve the renewal of the Share Purchase Mandate		

Dated this ________ day of ____________________ 2018

Total number of shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: Please read notes overleaf

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 36, Senoko Road Singapore 758108, not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

GENERAL:

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

PERSONAL DATA PRIVACY:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

This page has been intentionally left blank

This page has been intentionally left blank

KSH HOLDINGS LIMITED
Company Registration Number 200603337G
36 Senoko Road, Singapore 758108
Tel : (65) 6758 2266 | (65) 6662 9100
Fax : (65) 6758 2523