

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

14 BORROWINGS

	The Group			The Company		
	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000
Non-current						
Obligations under finance leases	112	746	1,364	—	—	—
Loans from financial institutions	34,736	28,149	26,117	—	—	—
Bank overdrafts	—	—	10,036	—	—	—
Convertible bonds	15,731	15,614	15,500	15,731	15,614	15,500
	<u>50,579</u>	<u>44,509</u>	<u>53,017</u>	<u>15,731</u>	<u>15,614</u>	<u>15,500</u>
Current						
Obligations under finance leases	759	774	1,917	—	—	—
Loans from financial institutions	6,710	14,096	12,880	—	—	—
Loans from controlling shareholders	—	—	3,465	—	—	3,465
	<u>7,469</u>	<u>14,870</u>	<u>18,262</u>	<u>—</u>	<u>—</u>	<u>3,465</u>
	<u>58,048</u>	<u>59,379</u>	<u>71,279</u>	<u>15,731</u>	<u>15,614</u>	<u>18,965</u>

Obligations under finance leases

	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000
The Group			
Minimum lease payments payable:			
Due not later than one year	777	812	1,981
Due later than one year and not later than five years	113	758	1,416
	<u>890</u>	<u>1,570</u>	<u>3,397</u>
Less: Finance charges allocated to future periods	(19)	(50)	(116)
Present value of minimum lease payments	<u>871</u>	<u>1,520</u>	<u>3,281</u>
Present value of minimum lease payments:			
Due not later than one year	759	774	1,917
Due later than one year and not later than five years	112	746	1,364
	<u>871</u>	<u>1,520</u>	<u>3,281</u>
Represented by:			
Current	759	774	1,917
Non-current	112	746	1,364
	<u>871</u>	<u>1,520</u>	<u>3,281</u>

It is the Group's policy to lease certain property, plant and equipment under finance leases. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance leases are secured by the underlying assets, comprising plant and equipment and motor vehicles with carrying amount of S\$2,502,000 (2018: S\$3,023,000; 2017: S\$10,080,000) and S\$140,000 (2018: S\$nil; 2017: S\$178,000), respectively, for the Group (Note 3) and corporate guarantees by the Company.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

14 BORROWINGS (CONTINUED)

Convertible bonds

	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000
The Group and the Company			
Liability component at beginning of year	15,614	15,500	15,390
Add: Accreted interest	117	114	110
Liability component at end of year	15,731	15,614	15,500

The amount of convertible bonds classified as equity of S\$243,000 is net of attributable transaction costs of S\$5,000.

The convertible bonds are in an aggregate amount of S\$15,975,000. They are convertible into fully-paid ordinary shares of the Company at a fixed conversion price of S\$0.081 per share at the option of the holder, at any time until 31 March 2021 on which they shall be fully repaid.

Terms and debt repayment schedule

The terms and conditions of borrowings at the end of the reporting period are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value S\$'000	Carrying amount S\$'000
The Group					
31 March 2019					
Obligations under finance leases	SGD	2.69% to 6.14%	2020 to 2021	890	871
Loans from financial institutions	SGD	4.89%	2021	40,237	40,237
Bank loan	RMB	5.78%	2020	1,209	1,209
Convertible bonds	SGD	6.50%	2021	15,975	15,731
				58,311	58,048
31 March 2018					
Obligations under finance leases	SGD	1.95% to 2.69%	2019 to 2020	1,570	1,520
Loans from financial institutions	SGD	4.50%	2021	40,994	40,994
Bank loan	RMB	5.78%	2019	1,251	1,251
Convertible bonds	SGD	6.50%	2021	15,975	15,614
				59,790	59,379
1 April 2017					
Obligations under finance leases	SGD	1.95% to 3.82%	2018 to 2020	3,397	3,281
Loans from financial institutions	SGD	3.97%	2021	37,782	37,782
Bank loan	RMB	5.16%	2018	1,215	1,215
Bank overdrafts	SGD	3.97%	2021	10,036	10,036
Convertible bonds	SGD	6.50%	2021	15,975	15,500
Loans from controlling shareholders	SGD	6.00%	2018	3,465	3,465
				71,870	71,279

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

14 BORROWINGS (CONTINUED)

Terms and debt repayment schedule (Continued)

The Company	Currency	Nominal interest rate	Year of maturity	Face value S\$'000	Carrying amount S\$'000
31 March 2019					
Convertible bonds	SGD	6.50%	2021	15,975	15,731
31 March 2018					
Convertible bonds	SGD	6.50%	2021	15,975	15,614
1 April 2017					
Convertible bonds	SGD	6.50%	2021	15,975	15,500
Loans from controlling shareholders	SGD	6.00%	2018	3,465	3,465
				19,440	18,965

Loans from financial institutions and bank overdrafts are secured by the following:

- (a) legal mortgages over the Group's leasehold properties (Note 3);
- (b) charges over certain of the Group's plant and equipment (Note 3);
- (c) charges over shares in the Company's subsidiaries;
- (d) charges over certain of the Group's bank accounts;
- (e) fixed deposits of the Group (Note 11);
- (f) floating charges over all other assets; and/or
- (g) corporate guarantees by the Company.

Financial covenants

The Group had entered into a Debt Restructuring Agreement ("DRA") on 23 September 2016. The material terms of the DRA include, inter alia, the following:

- (a) Eligible Lenders with existing securities over earnings from the Group's ongoing projects shall release current and future Project Proceeds into the Group's operating bank accounts subject to the terms of the DRA;
- (b) The DRA provides for a mechanism for the repayment of the Project Proceeds, as well as other amounts owed to the Eligible Lenders;
- (c) During the tenor of the DRA, the Group shall repay the principal and interest owing to Eligible Lenders according to a cash sweep mechanism. There will be a bullet repayment for all outstanding amounts due to Eligible Lenders on the final repayment date, being 31 March 2021;



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

14 BORROWINGS (CONTINUED)

Financial covenants (Continued)

- (d) The Group has granted a security package over the Group's operating bank accounts, fixed assets, and shares in the Company's subsidiaries in favour of the Eligible Lenders whose rights over the security are held and will be exercised through a Security Trustee subject to the terms of, inter alia, the DRA;
- (e) The Group shall continue to dispose of its non-core assets and utilise the proceeds received to repay the Eligible Lenders with security over such assets subject to the terms of the DRA; and
- (f) Interest continues to be payable to the Eligible Lenders until 31 March 2021.

Under the DRA, the Group is required to comply with financial covenants for each six-month testing period as of 31 December 2016 to 31 December 2020. During the financial year, the Group did not meet the financial covenants for the period ended 31 December 2018, which the Group had subsequently obtained waivers of compliance from the relevant lenders before the end of the financial year. The Group had also obtained waivers of compliance with the financial covenants relating to 30 June 2019 from the relevant lenders before the date of authorisation of the financial statements.

As described in the preceding paragraph, the Group is still required to comply with the financial covenants for the subsequent relevant periods ending 31 December 2019, 30 June 2020 and 31 December 2020. In the event that these financial covenants are not met by the Group and not waived by the lenders, the borrowings may be called for repayment at any time upon notification by the lenders. Notwithstanding this, the Group is reasonably confident that it is able to obtain continuing support from the lenders and waivers of compliance with the financial covenants as and when they arise.

Carrying amounts and fair values

The carrying amounts of short-term borrowings approximate their fair values. The carrying amounts and fair values of long-term borrowings at the end of the reporting period are as follows:

	Carrying amount S\$'000	Fair value S\$'000
The Group		
31 March 2019		
Obligations under finance leases	871	908
Loans from financial institutions	40,237	39,752
Convertible bonds	15,731	15,803
	<u>56,839</u>	<u>56,463</u>
31 March 2018		
Obligations under finance leases	1,520	1,555
Loans from financial institutions	40,994	40,543
Convertible bonds	15,614	15,726
	<u>58,128</u>	<u>57,824</u>
1 April 2017		
Obligations under finance leases	3,281	3,363
Loans from financial institutions and bank overdrafts	47,818	47,986
Convertible bonds	15,500	15,654
	<u>66,599</u>	<u>67,003</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

14 BORROWINGS (CONTINUED)

Carrying amounts and fair values (Continued)

	Carrying amount S\$'000	Fair value S\$'000
The Company		
31 March 2019		
Convertible bonds	15,731	15,803
31 March 2018		
Convertible bonds	15,614	15,726
1 April 2017		
Convertible bonds	15,500	15,654

The fair values are determined from the discounted cash flow analyses, using the discount rates based on the borrowing rates which the directors expect would be available to the Group and the Company at the end of the reporting period, as follows:

	The Group			The Company		
	31 March 2019 %	31 March 2018 %	1 April 2017 %	31 March 2019 %	31 March 2018 %	1 April 2017 %
Obligations under finance leases	4.28	2.32	2.51	—	—	—
Loans from financial institutions and bank overdrafts	4.89	4.45	3.95	—	—	—
Convertible bonds	6.90	6.90	6.90	6.90	6.90	6.90

The fair value hierarchy of the above long-term borrowings is Level 2.