CSC

YOUR PARTNER IN GROUND ENGINEERING

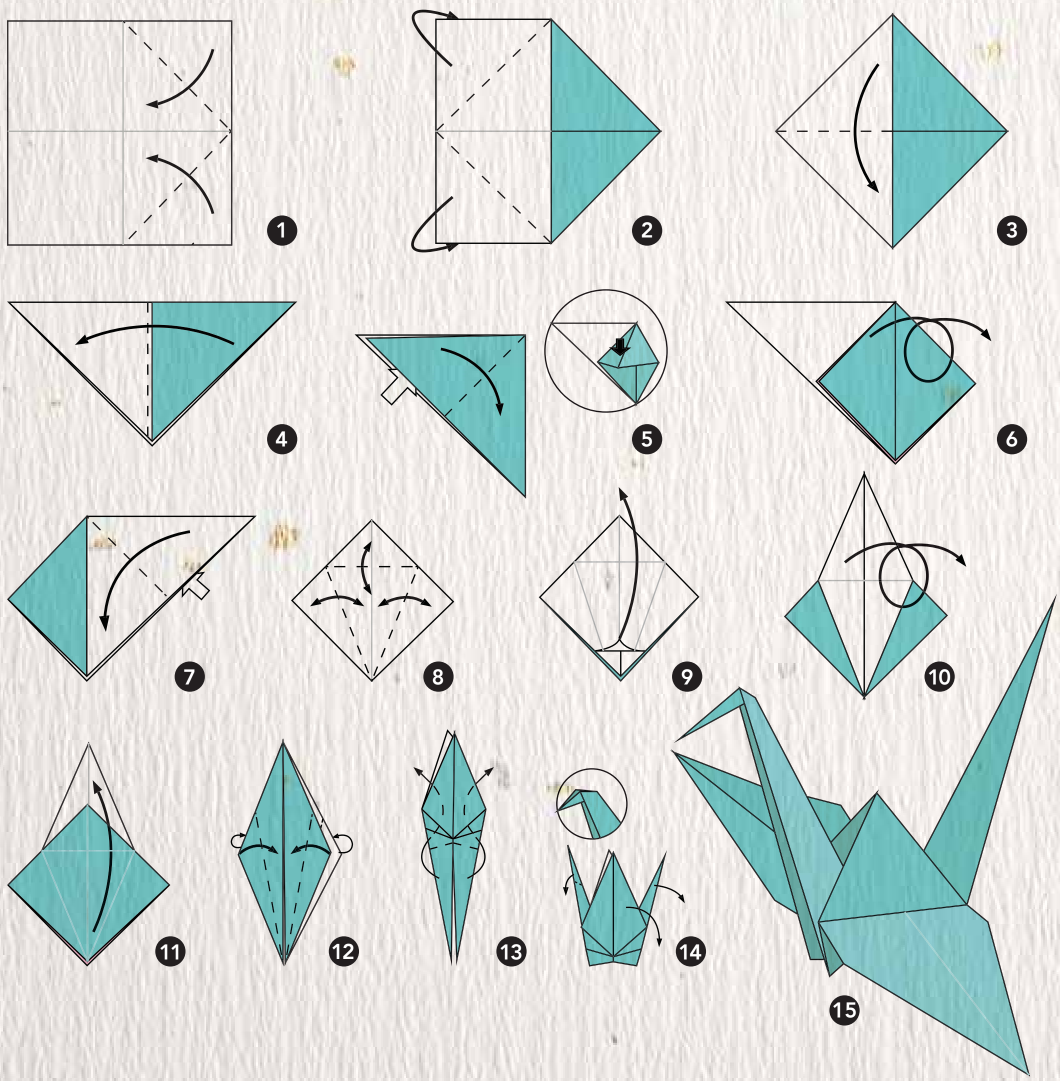
Shaping OUR FUTURE

Annual Report 2018

SHAPING OUR FUTURE

ORIGAMI IS THE ART OF PAPER FOLDING, TRANSFORMING A SHEET OF PAPER INTO DECORATIVE SHAPES AND FIGURES THROUGH CREATIVE CRAFTING AND SCULPTING TECHNIQUES. JUST AS A SIMPLE PIECE OF PAPER CAN TURN INTO A WORK OF ART, IT IS SYMBOLIC OF CSC HOLDINGS LIMITED'S (CSC) ABILITY TO SHAPE ITS CORPORATE STRATEGIES FOR FUTURE GROWTH. BY BUILDING ON A SOLID TRACK RECORD SUPPORTED BY A DEDICATED AND COHESIVE TEAM, CSC IS ABLE TO CRAFT EFFECTIVE STRATEGIES THAT ENABLE THE GROUP TO ENHANCE ITS RESILIENCE AND REMAIN COMPETITIVE IN TODAY'S DYNAMIC GLOBAL MARKET. THE COVER IMAGE FEATURES ORIGAMI CRANES AS THESE MAJESTIC BIRDS ALLUDE TO FORTUNE AND LONGEVITY, A REFLECTION OF OUR AIM TO ACHIEVE LONG-TERM GROWTH AND CREATE SUSTAINABLE VALUE TO ALL STAKEHOLDERS.

HOW TO FOLD A CRANE



DO YOU KNOW?

Traditionally, it was believed that if one folded 1000 origami cranes, one's wish would come true. It has also become a symbol of hope and healing during challenging times. As a result, it has become popular to fold 1000 cranes (in Japanese, called "senbazuru").

CONTENTS

02.

CORPORATE PROFILE

CSC HOLDINGS LIMITED AT A GLANCE

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

The Group operates principally as foundation and geotechnical engineering specialists and offers a full range of capabilities in this field which includes the construction and installation of large diameter bored piles, diaphragm walls, ground improvement works, driven piles, jack-in piles, micro piles, soil investigation, pile testing and instrumentation services and automatic underground tunnel monitoring and engineering survey. With a total regional workforce of around 1,500 employees, the Group currently operates in Singapore, Malaysia, Thailand and Vietnam.

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

SCOPE OF SERVICES

FOUNDATION AND GEOTECHNICAL ENGINEERING WORKS

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

GROUND ENGINEERING WORKS

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

SOIL INVESTIGATION, INSTRUMENTATION AND SPECIALISED SURVEYING WORKS

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

SALE AND LEASE OF FOUNDATION ENGINEERING EQUIPMENTS AND ACCESSORIES

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

Transforming *through Effective* STRATEGIES

DEVELOPING NEW WAYS
TO ENHANCE EFFICIENCY

CHAIRMAN'S STATEMENT

"WE EXPECT TO CONTINUE TO PROACTIVELY BUILD UP OUR ORDER BOOK, WHILE ENSURING THAT ALL OUR ASSETS ARE OPTIMALLY UTILISED. ALONG WITH THIS, WE WILL CONTINUE TO MANAGE AND ADJUST OUR RESOURCES TO ENSURE THAT WE ARE WELL-POSITIONED FOR THE ANTICIPATED UPTICK IN BUSINESS ACTIVITY."

Dear Shareholders,

The last five years of construction lull had subjected the construction industry to rigorous operating conditions. Hopefully, for our company, the worst would be behind us. While competition remained keen and private-sector projects scarce in the financial year ended 31 March 2018 ("FY18"), sustained demand for construction services, particular those coming from the public sector, lent service providers the confidence to overcome the temptation to undercut one another and submit tenders that were below what were already rock-bottom prices.

Meanwhile, our efforts to tender for suitable projects yielded us a higher volume of projects, which in turn led to a higher level of business activity compared to the previous financial year ended 31 March 2017 ("FY17"). This, along with firmer contract prices, resulted in our recording a 34.9% increase in revenue to $340.4 million compared to $252.4 million in FY17.

The growth in revenue was unfortunately insufficient for us to turn in a profitable set of result. Nevertheless, on the back of sound operational and financial management, the Group was able to halve its loss for FY18 to $13.5 million, from $24.7 million in FY17.

YEAR IN REVIEW

Activity in the Singapore construction scene in FY18 saw gradual recovery in the course of the financial year, largely propped up by public-sector infrastructure, residential and institutional projects. This included infrastructure projects worth about $700 million that were brought forward by the government to 2017 and 2018 in a bid to inject more life into the ailing industry. With better stability in demand, industry players were encouraged to adopt greater discipline in their tender behaviour. Leveraging our track record for handling large-scale projects, we were able to secure some sizeable contracts, including foundation works for the Circle Line 6 Kim Chuan Depot extension and Keppel Station. Contribution from the private sector came mainly in the form of industrial projects.

Bearing in mind the longer-term negative implications of favouring business volume over price, the Group has been exercising strict discipline in pursuing only jobs that meet a minimum yield threshold. On the cost front, the emphasis on prudence forms part of CSC's corporate culture and employees are constantly encouraged to innovate for efficiency and draw the most mileage out of resources deployed. Over the past few years, we have also taken active steps to right-size our operations by redeploying assets to the region and disposing of older and less efficient equipment. Such continuous effort to maintain a robust cost and operational structure have helped us to achieve an improvement in gross profit margin to 3.8% in FY18, from 3.3% in FY17.

OUTLOOK

We are cautiously optimistic about the outlook for the construction industry in the current year. There are good reasons to believe that the recovery that we are seeing today is likely to be sustainable. Riding the momentum of FY18, demand for construction services is expected to continue to be bolstered by government spending in infrastructure and residential projects, even as activity in the private-sector institutional space appears also to be on the increase. Some mega projects in the pipeline include the North-South Corridor, a 21.5km largely underground expressway connecting satellite towns in the North to the city centre, Changi Airport's Terminal 5 and the polder development in Pulau Tekong. The scale and complexity of these projects require highly-specialised capabilities that CSC possesses, and we are well-prepared to submit tenders for them.

Additionally, there is a harbinger for an anticipated improvement in construction demand from the private residential sector. This harbinger is the en-bloc activity frenzy since 2017. Approximately 60 en-bloc transactions have taken place between January 2017 and May 2018, with many more expected to take place for the rest of 2018.

In this regard, we expect to continue to proactively build up our order book, while ensuring that all our assets are optimally utilised. Along with this, we will continue to manage and adjust our resources to ensure that we are well-positioned for the anticipated uptick in business activity in the ensuing months.

ACKNOWLEDGEMENTS

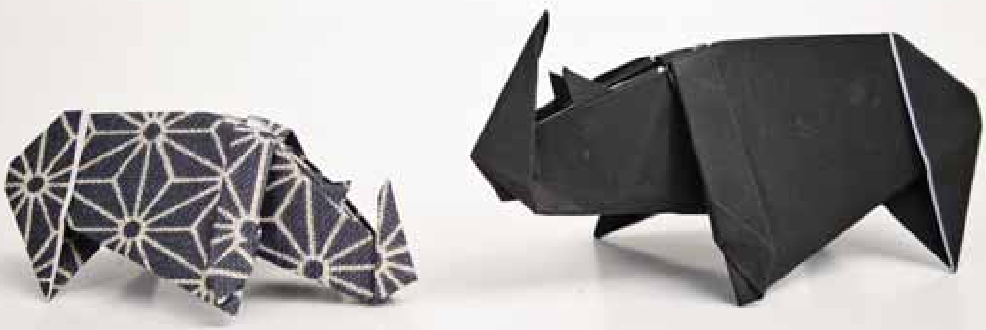
On behalf of the Board of Directors, I would like to take this opportunity to express my gratitude to our staff and management team for their hard work and commitment to the Group.

This year marks the 20th year that I have served as a Director on CSC's board. It has been a very fulfilling time for me, walking with the Company through good and challenging times, and through its seasons of growth and consolidation. Nevertheless, it is time for me to hand over the reins to facilitate the rejuvenation of the Board. I will thus not be seeking a re-election at the upcoming Annual General Meeting. Mr Tan Ee Ping, who has served the Company as Independent Director for the past 15 years, has also informed the Board that he will not be seeking re-election for a new term. I am grateful to Mr Tan and all my fellow Board members for their support throughout the years.

I also thank all our shareholders for their continued support and faith in CSC.

CSC has a highly skilled and experienced management team that has navigated the Company through the challenges of the difficult past years. The team is now ready to seize the opportunities that will arise as the industry turnaround gathers momentum. The Company will be looking forward to deliver to shareholders the fruits of the team's labour for the years ahead.

CHEE TECK KWONG PATRICK
Independent
Non-Executive Chairman



主席致辞

“我们将继续积极争取项目合同，同时确保集团所有的配备资产能充分的被使用。与此同时，我们将继续灵活管理和调配资源，为预计的建筑业回温做好万全准备。”

尊敬的股东：

新加坡建筑业近五年的不景气给业者带来艰巨的营运环境。我们希望就集团而言，最严峻的行业危机已经成为过去。尽管截至2018年3月31日的财政年度（“2018财年”）里，业内竞争仍然激烈，私人领域项目依旧稀缺，但来自公共领域的建筑服务持续需求，让业者不需用更低的标价争取项目，从而减少市场上恶性竞争的现象。

与此同时，我们积极投标适合的项目，并成功取得更多合同，从而刺激集团2018财年的业务，促使集团营业额从前一个财政年度（“2017财年”）的2亿5240万元，增长34.9%达到2018财年的3亿4040万元。

然而营业额的同比增长却不足以让集团转亏为盈。凭借有效的营运和财务管理，集团成功地让亏损程度减半，从2017财年的2470万元减少至2018财年的1350万元。

年度回顾

2018财年里，新加坡建筑业在政府推出多项公共基础设施、住宅和机构项目的带动下逐渐恢复生机。这些项目包括政府为萎缩的建筑业注入更多生机而提前于2017年和2018年推出总值7亿元的基础建设项目。建筑服务需求因此逐渐稳定，业者们也在竞标时更有纪律。凭借集团过去承建大型项目的经验和表现记录，我们成功取得规模相当大的项目，其中包括新加坡地铁环线第六阶段的金泉车厂扩大项目和岌巴地铁站的基础工程项目。私人领域的工程项目则以工业项目为主。

集团谨记着，以低投标价取得更多项目极可能会给集团带来长久的负面影响，因此集团一直秉持严格的投标政策，投标价格必须达到最低收益标准。成本方面，谨慎理财已经是公司文化的一部分，集团也鼓励员工积极为改善效率不断创新并充分善用集团资源。近几年，为了使集团规模更为精简，我们重新调配集团资产至集团区域业务，或脱售效率低的陈旧机械。凭借持续的努力，集团得以维持妥善的成本和营运结构，并使毛利润率从2017财年的3.3%提高至2018财年的3.8%。

前景展望

我们对建筑业在2018年的前景抱以谨慎乐观的看法，也认为目前看到的复苏现象将会持续。 乘着2018财年业内复苏的势头，建筑服务的需求预计将继续由公共基础设施和住宅项目所带动，而私人领域项目也有望回弹。即将推出的大型项目包括全长21.5公里、包含地面和地下两层并衔接北部市镇到市区的南北交通廊道，樟宜机场第五搭客大厦，以及德光岛用于阻挡海水渗入的圩田建造。这些项目规模庞大兼具复杂性，需要业者的高度专业能力，集团具备这能力并已做好准备参与这些项目的投标。

另外，自2017年开始出现的集体出售热潮预示着本地楼市即将走强，并有望进一步推动建筑服务需求。从2017年1月至2018年5月已有约60宗集体出售项目成交，2018年下半年预计将会有更多集体出售项目推出。

有鉴于此，我们将继续积极争取项目合同，同时确保集团所有的配备能充分的被使用。与此同时，我们将继续灵活管理和调配资源，为预计的建筑业回温做好万全准备。

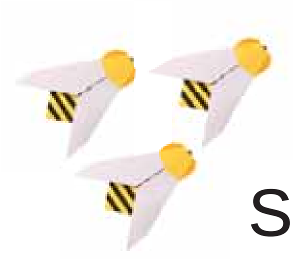
致谢

我谨代表各董事成员，向为集团付出了许多努力的员工和管理团队致谢。今年是我作为CSC董事的第20个年头。这段时间能和公司共同经历顺境和逆境，对我来说是非常有意义的。为了让董事部得以更新，我和为公司服务了15年的独立董事陈以彬先生已决定不寻求连任。我很感谢陈以彬先生和董事会其他成员多年来给予的支持。

我也感谢股东们长期以来对集团的支持和信任。

集团拥有才能精湛、经验丰富的管理团队，带领集团安然度过了困难的时期。我们期待未来与大家分享我们努力的成果。

徐泽光
独立非执行主席



10.

OUR PRESENCE IN THE SOUTH EAST ASIA REGION

PROVISION OF FOUNDATION ENGINEERING SERVICES IN MALAYSIA, THAILAND, VIETNAM AND LAOS.

PREVIOUS YEARS

INFRASTRUCTURE PROJECTS

MALAYSIA

- Second Penang Bridge
- Electrified Double Track Project between Seremban and Gemas
- Bukit Ria Mass Rapid Transit (MRT) Station and Klang Valley MRT (KVMRT) – Intervention Shaft at KL Sentral, several parcels of works from Sungei Buloh to Kajang and works at Cheras and Mutiara Damansara

VIETNAM

- Bac Hung Hai Bridge in Hanoi

THAILAND

- Sections of Srirat Expressway, Bangkok

RESIDENTIAL PROJECTS

MALAYSIA

- Condominiums in Klang Valley such as Westside 2 Condominium, Parkland OUG Condominium, V-Residence, Fortune Perdana Kepong Condominium, Parkhill Residence, Novo Ampang Condominium, The Henge @ Kepong, GenKL @ Kuchai Lama, The Parque Residences @ Eco Santuary, East Parc @ Bandar Menjalara, The Starz @ KL South and Residensi Suasana @ Damansara Damai
- Condominiums in Johor such as Bora Residences @ Tropicana Danga Bay, Molek Regency Condominium and Horizon Hills
- I-Santorini Condo at Tanjung Tokong, Penang

VIETNAM

- High Rise Residential Complex for Regency Park @ District 2, Riviera Point @ District 7, and Palm Heights for Palm City in District 2, Ho Chi Minh City

THAILAND

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

INDUSTRIAL PROJECTS

MALAYSIA

- MEMC solar wafer manufacturing plant in Kuching
- Polyvinyl Butyral (PVB) Resin Plant and 2nd Crystex Plant, Kuantan, Pahang
- Petronas Rapid Project in Pengerang

VIETNAM

- Industrial Complex in Long An Province

THAILAND

- New factory for ROHM Semiconductors, Pathum Thani
- Bangpoo SPP Power Plant in Bangkok
- TTCL Power Plant in Klong Luang Pathumthani
- Power Plants at Ayutthaya such as Siam Pure Rice Power Plant and NNEG Cogeneration Power Plant
- Jotun –Amata Factory in Chonburi

COMMERCIAL PROJECTS

MALAYSIA

- CIMB - Mapletree Office Tower in KL Sentral
- Mixed Development at Klang Valley such as Eco Sky Residence, Kiara 163, Datum Jelatek, Astoria Ampang, The Zizz @ Damansara North and Lexa Residence @ The Quartz
- Mixed Development at Kuala Lumpur such as Cerrado – Southville City @ KL South and Fera Residence @ The Quartz
- IKEA Tebrau in Johor Bahru

THAILAND

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

LAOS

- Vientiane International Airport Terminal Building

INSTITUTIONAL PROJECTS

MALAYSIA

- Healthcare institutions such as National Cancer Centre and DEMC Specialist Hospital Shah Alam – Phase II
- Educational Institutions such as University Institute Teknologi MARA Campus in Seremban, Malaysia Multimedia University at Cyberjaya, Selangor, UiTM Campus at Puncak Alam, Selangor and International School in Kuala Lumpur

THAILAND

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

CURRENT YEAR

RESIDENTIAL PROJECTS

MALAYSIA

- Condominiums in Klang Valley such as Sky Awani and Citizen 2

COMMERCIAL PROJECTS

MALAYSIA

- Service Apartments in Kuala Lumpur such as The Pano
- Mixed Developments at Selangor such as Equine Residence

OUR PROJECTS IN SINGAPORE

MAJOR FOUNDATION AND GEOTECHNICAL ENGINEERING WORKS AWARDED TO CSC GROUP (SINGAPORE PROJECTS)

PREVIOUS YEARS

INFRASTRUCTURE PROJECTS

- Mass Rapid Transit (MRT) Stations of Sixth Avenue, King Albert Park, Tan Kah Kee, Springleaf, Lentor, Tanjong Katong, Sungei Bedok, Bayshore MRT Stations and tunnels along Thomson East Coast Line, Beauty World and Hillview MRT Stations and tunnels along Downtown Line Stage 2
- Changi Airport Terminal 4
- Land Preparation works for airfield and related ancillary works for new aircraft runway at Changi East

RESIDENTIAL PROJECTS

- D' Leedon Condominium
- Reflections @ Keppel Bay
- Sky Habitat
- The Interlace Condominium
- Watertown at Punggol
- The Scotts Towers
- Public Residential Projects at Tampines, Punggol, Bukit Panjang and other townships in Singapore
- Sims Urban Oasis
- Northwave Executive Condominium at Woodlands
- Stars of Kovan Condominium
- Public Housing Developments in Bidadari, Bukit Panjang, Tampines and Hougang
- Condominium developments at Orchard Boulevard

INDUSTRIAL PROJECTS

- Renewable Energy Corporation (REC) Manufacturing Facility
- Exxon Mobil's Project in Jurong Island
- Singapore LNG Terminal
- Seagate Singapore Design Centre (the Shugart)
- Extension for Micron Technology
- Toll City's warehousing facility
- Amgen Singapore Manufacturing building extension
- Jurong Shipyard Tuas South Boulevard yard
- HDB Defu Industrial City

COMMERCIAL PROJECTS

- Integrated Resorts at Marina Bay Sands and Resorts World Sentosa
- Fusionopolis
- Marina Bay Financial Centre
- Nex @ Serangoon Central
- ION Orchard
- The Seletar Mall
- Project Jewel (Changi Airport)
- Woods Square
- Re-development of The American Club and Funan Mall

INSTITUTIONAL PROJECTS

- Educational Institutions such as Institute of Technical Education (ITE) Collegue Central and Headquarters, Singapore University of Technology and Design (SUTD), Australia International School, St Joseph Institution, New Overseas Family School, St. Andrew's Junior and Secondary Schools and Damai Primary School
- Healthcare Institutions such as Farrer Park Mediplex, National Heart Centre and Raffles Hospital extension
- Singapore Sports Hub
- China Cultural Centre
- New State Courts Complex
- Tampines Town Hub
- Police Divisional HQ at Woodlands

CURRENT YEAR

INFRASTRUCTURE PROJECTS

- Keppel MRT Station
- Kim Chuan Depot Extension
- Construction of service tunnel, access shafts and ancillary works at Jurong Island

RESIDENTIAL PROJECTS

- Stirling Residences
- Public Housing Developments at Marsiling, Woodlands and other townships in Singapore

INDUSTRIAL PROJECTS

- Evonik Me6 Project on Jurong Island
- Systems on Silicon Manufacturing Co. Pte Ltd (SSMC) Fab Production Building
- MSD Warehouse at Tuas West Drive
- TimMac@Kranji for Metal, Machinery and Timber (MMT) high rise hub for SMEs

COMMERCIAL PROJECTS

- New Bird Park at Mandai Lake Road
- Centrium Square

INSTITUTIONAL PROJECTS

- Educational Institutions such as Singapore Chinese Girls' School and primary schools such as Greendale, Horizon, North Vista and Yu Neng
- Process upgrading and equipment replacement at Woodleigh Waterworks

PROPERTIES OF THE GROUP

As At 31 March 2018

No.	Particulars	Tenure	Site Area (Sq m)	Approx Build-up area (Sq m)
1.	Leasehold industrial land and building on Lots A1283900 & A1283901 at No. 2 Tanjong Penjuru Cresent, Singapore 608968.	60 years w.e.f 1 July 1978	18,264.9	11,660.4
2.	Leasehold land on Lot 04812A Mukim 7 at 15 Tuas South Street 6, Singapore 636913.	20 years 9 months w.e.f 17 Feb 2015	4,700.0	3,178.5
3.	Leasehold industrial building on Lots MK7-672K at No. 13, Pioneer Sector 2, Singapore 628374.	23 years w.e.f 1 Sep 1997	3,037.1	694.1
4.	Freehold agriculture land held under individual title GM 4789, Lot 808, Tempat Sungei Liam, Mukim Ulu Yam, Daerah Hulu Selangor	Freehold	21,549.0	21,549.0
5.	Freehold apartment known as Molek Regency Service Apartment on Lot 191517, Mukim Plentong at A-15-18, A-16-17, B-11-11 and C-16-03, No. 59, Jalan Molek 3/20, Taman Molek, 81100 Johor Bahru, Malaysia	Freehold	464.5	464.5
6.	Leasehold apartment at East Parc @ Menjalara, Unit No. 38-08, Type B at Lot 44653, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, Kuala Lumpur.	99 years w.e.f. 26 August 2015	55.74	55.74
7.	Condominium at SOVO, D'Sara Sentral, Unit No. S1-32-10, Type B, Block S1, 32nd Floor held under H.S. (D) 291822, PT 4629, Pekan Baru Sungai Buloh, District of Petaling, Negeri Selangor	99 years w.e.f. 15 August 2013	70.23	70.23
8.	Leasehold Condominium at DEX Suites B-21-11, held under PN51022, Lot 80667 (Formerly held under HSD 119161 PT 26549 and formerly held under PN 22342 Lot No. 48615 and PN 22343 Lot No. 48614).	99 years w.e.f. 23 April 2012	84.63	84.63

13.

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE

See Yen Tarn
Group Chief Executive Officer

NON-EXECUTIVE

Chee Teck Kwong Patrick
Chairman, Independent Director

Teo Beng Teck

Tan Ee Ping
Independent Director

Tan Hup Foi @ Tan Hup Hoi
Independent Director

AUDIT COMMITTEE

Tan Hup Foi @ Tan Hup Hoi
Chairman

Chee Teck Kwong Patrick

Teo Beng Teck

NOMINATING COMMITTEE

Chee Teck Kwong Patrick
Chairman

Tan Hup Foi @ Tan Hup Hoi

See Yen Tarn

REMUNERATION COMMITTEE

Tan Ee Ping
Chairman

Chee Teck Kwong Patrick

Teo Beng Teck

RISK MANAGEMENT COMMITTEE

Tan Ee Ping
Chairman

See Yen Tarn

Teo Beng Teck

EXECUTIVE COMMITTEE

See Yen Tarn
Chairman

Koo Chung Chong

Lee Quang Loong

COMPANY SECRETARY

Lee Quang Loong

REGISTERED OFFICE

No. 2 Tanjong Penjuru Crescent,
Singapore 608968
Tel : (65) 6367 0933
Fax : (65) 6367 0911
Email : corp@cschl.com.sg
Website : http://www.cschl.com.sg

SHARE REGISTRAR & SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel : (65) 6228 0530
Fax : (65) 6225 1452

AUDITORS

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

Audit Partner-in-Charge
Ling Su Min
Appointed since financial year ended 31 March 2016

PRINCIPAL BANKERS

United Overseas Banking Limited

Oversea-Chinese Banking Corporation Limited

Malayan Banking Berhad

DBS Bank Ltd

Hong Leong Finance Limited

CORPORATE MILESTONES

1975

Founding of Ching Soon Engineering Pte Ltd.

1981

Incorporation of CS Construction & Geotechnic Pte Ltd.

1996

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

1997

Incorporation of CSC Holdings Limited.

1998

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

1999

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

2000

Incorporation of Kolette Pte Ltd.

2002

Acquisition of THL Engineering Pte Ltd.

2004

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

2006

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

2007

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

2008

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

2009

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

2010

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

2011

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

2012

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

2013

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

2014

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

2015

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

2016

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

2017

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

2018

- Incorporation of Coldhams Alliance Pte Ltd.

Moving

Forward

AS ONE

GUIDED BY
A STRONG MANAGEMENT TEAM

CEO'S STATEMENT

"OUR CONSISTENT EFFORT THROUGH THE YEARS TO FORTIFY OURSELVES AGAINST THE CHALLENGING CONDITIONS ENABLED US TO EMERGE ON A FIRMER FOOTING INTO THE CURRENT FINANCIAL YEAR."

Dear Shareholders,

The construction industry might finally be seeing the light at the end of the tunnel. Competition among industry players remained intense in the financial year ended 31 March 2018 ("FY18") but our consistent effort through the years to fortify ourselves against the challenging conditions enabled us to emerge on a firmer footing into the current financial year.

FINANCIAL REVIEW

On the back of higher work volume secured in Singapore during the year, we recorded $340.4 million in revenue in FY18, 34.9% higher than the $252.4 million in the financial year ended 31 March 2017 ("FY17").

Gross profit rose 55.9% to $12.9 million in FY18, compared to $8.2 million in FY17, in tandem with the higher full-year revenue recorded and on the back of a smaller increase in operating expenses. Consequently, gross profit margin also improved to 3.8% compared to 3.3% a year ago.

In spite of a higher level of business activity during the year, operating expenses declined to $25.1 million in FY18, compared to $29.1 million in FY17. This reflects the strict cost discipline we have cultivated throughout the organisation. Other income was $2.9 million, compared to $2.3 million in FY17, amid a higher gain recorded on the disposal of older equipment.

Net finance expenses fell from $3.6 million in FY17 to $3.4 million in FY18, following the net repayment of debts during the year.

Net loss for FY18 narrowed significantly, by 45.6% to $13.5 million, versus $24.7 million in FY17. Excluding interest, tax, depreciation and amortisation, earnings for the year registered a 102% improvement to $16.5 million in FY18, from $8.2 million the year before.

As at 31 March 2018, net assets per ordinary share amounted to 7.2 cents, compared to 7.8 cents at the close of FY17. As a result of our discipline in repaying our debt, total borrowings declined to $80.4 million as at 31 March 2018, compared to $85.7 million a year ago. Debt-to-equity ratio remained largely unchanged at 0.50 times.

OPERATIONS REVIEW

Our order book in FY18 largely comprised government infrastructure and residential projects, as well as commercial and industrial projects, the bulk of which were in Singapore. While industry competition remained strong in FY18, we leveraged our solid track record and expertise in foundation and geotechnical engineering and successfully secured a higher volume of contracts compared to FY17. Some notable projects secured include:

Infrastructure Projects

- Keppel MRT Station and the Kim Chuan Depot Extension on the Circle Line 6 (Singapore)
- Construction of service tunnel, access shafts and ancillary works on Jurong Island (Singapore)

Residential Projects

- Public housing developments at Marsiling, Woodlands and other townships (Singapore)
- Stirling Residences at Stirling Road and Parc Botannia at Fernvale Street (Singapore)
- Sky Awani Residence and CitiZen 2 in Klang Valley (Malaysia)

Industrial Projects

- Evonik Industries' second methionine complex (Me6 plant) on Jurong Island (Singapore)
- Systems on Silicon Manufacturing Co. Pte Ltd's fab production building (Singapore)
- MSD Singapore's warehouse at Tuas West Drive (Singapore)
- TimMac@Kranji high-rise hub at Kranji Loop (Singapore)

Commercial Projects

- New Bird Park premises at Mandai Lake Road (Singapore)
- Centrium Square at Serangoon Road (Singapore)
- The Pano and other mixed-use service apartments in Kuala Lumpur (Malaysia)
- Equine Residence and other mixed developments in Selangor (Malaysia)

Institutional projects

- Singapore Chinese Girls' School (Singapore)
- Primary schools such as Greendale, Horizon, North Vista and Yu Neng (Singapore)
- Process upgrading and equipment replacement at Woodleigh Waterworks (Singapore)

We have been adopting an aggressive stance towards cost management, focusing on improving asset utilisation and operational efficiency through innovation. Some of these process enhancements that we have undertaken include:

- the revamp of the loading and unloading process of piling materials
- the introduction of a mobile site reporting ("MSR") application and electronic collection of site data
- the design and construction of a new integrated machine, maintenance and fabrication yard
- the development and implementation of a Global Networking Survey System (GNSS), which leads to improvements to the process of pegging piling points on site

Consequently, we have been able to successfully increase backroom efficiency and reduce project turnaround time in spite of a lower headcount.

Our efforts to improve our site process and productivity have also been recognised. We have applied for and received a grant of approximately $0.1 million from the Building & Construction Authority of Singapore for the development of the MSR application, under the Productivity Innovation Project Scheme. This has helped to defray part of the MSR's development cost. Our applications for grants in relation to the development of the other initiatives are currently being reviewed by the relevant bodies.

On the property development front, we are working towards the completion of the proposed acquisition of two freehold agricultural land plots totalling 15 acres, in Negeri Sembilan, Malaysia. This acquisition is being carried out via our 19% owned associate company, WB Top3 Development Sdn Bhd, and is contingent upon the receipt of approval for a change in land use to commercial development. The application for this change has been made and is currently being reviewed by the relevant authorities in Malaysia. In FY17, we announced the acquisition of a 21% stake in Coriolis Hertford Limited, which in turn holds a 40% stake in Railway Street Hertford Limited ("RSHL"). RSHL is currently developing a 0.7 acre freehold land in Hertford, Herfordshire in the United Kingdom, into a property comprising 28 residential units and 1 commercial space. Construction of the development is expected to be completed by August 2018.

YEAR OF OPPORTUNITY

Demand for construction services is expected to continue to be bolstered by government spending in infrastructure, institutional and public residential projects. Nevertheless, the year ahead should bring some hope for construction players amid a slew of collective sale deals. En bloc activity between January and May 2018, standing at 31 transactions and with more expected to come on-stream, has already outstripped the 27 transactions that occurred in the whole of 2017. At $9.5 billion, the total value of these 31 transactions has also surpassed the $8.1 billion achieved in 2017. This activity should translate into an increase in demand for construction services in the next two to three years.

In this regard, we expect to continue to step up our effort on securing more projects to build a strong order book. At the same time, we will not deviate from our approach of maximising asset utilisation and cost efficiency. While competition will remain keen, we are well-positioned to capitalise on the expected uptake in activities. We are also committed to continuous innovation and enhancement of our capabilities and service offerings to ensure long-term sustainability of our business.

ACKNOWLEDGEMENTS

I would like to extend my appreciation to our Board members, who are ever-ready to provide wise counsel and advice to the Company. Our Non-Executive Chairman, Mr Chee Teck Kwong, Patrick and Independent Director, Mr Tan Ee Ping have given notice of their intention to retire from the Board at the upcoming Annual General Meeting. Both Mr Chee and Mr Tan have given off some of their best years in serving on our Board and I am deeply grateful by that. On behalf of the Management and staff of CSC, I would like to express our appreciation for their counsel, time and commitment to CSC over the years.

I am also grateful to the staff and management of CSC, as well as our business associates and partners for believing in the Group through challenging times. Finally I thank all our shareholders for their support.

SEE YEN TARN
Chief Executive Officer

总裁致辞

“我们近年持续不懈的强化自身来抵御艰巨的营运环境，使我们能以更强稳的姿态迎接新的财年。”

尊敬的股东：

建筑业前景有可能已经开始出现转机。虽然2018财年里业内竞争依旧激烈，但我们近年持续不懈的强化自身来抵御艰巨的营运环境，使我们能以更强稳的姿态迎接新的财年。

业绩回顾

集团在2018财年的营业额因业务活动增加而有所上升，取得了3亿4040万元，同比2017财年的2亿5240万元，增幅达34.9%。

随着营业额的上升，加上营运开支同比增幅较小，2018财年的毛利因而从2017财年的820万元增加55.9%达1290万元。毛利率也因而从2017财年的3.3%上涨至3.8%。

尽管业务活动增加，集团营运开支同比2017财年的2910万元，于2018财年下降至2510万元。这可归功于集团所实施的严格成本管理。其它收入从前一财年的230万元上升至290万元，这主要是因为脱售陈旧设备所得收益比前一财年来得高。净财务支出因集团偿还债务而从2017财年的360万元减少至2018财年的340万元。

2018财年的净亏损大幅度缩小，从2017财年的2470万元，下跌至2018财年的1350万元，跌幅为45.6%。 未计算利息、税项、折旧和摊销前在内的盈利达1650万元，同比2017财年的820万元上升102%。

截至2018年3月31日，集团每普通股净资产值为7.2分，前一财年则为7.8分。集团有纪律的偿还债务，使总贷款从前一财年的8570万元减少至8040万元。负债权益比率同比维持在0.50倍。

业务回顾

集团于2018财年承建的项目主要来自政府推出的公共基础设施和住宅项目，商用和工业项目，这些项目大部分来自新加坡市场。尽管2018财年里业内竞争依旧强烈，但凭借我们良好的施工记录和卓越的地基及岩土工程能力，我们成功争取了比2017财年更多的项目。一些主要项目包括:

基础设施项目
- 地铁环线第六阶段的岌巴地铁站和金泉车厂扩大项目（新加坡）
- 裕廊岛服务隧道、竖井通道和附属工程的建设（新加坡）

住宅项目
- 位于马西岭、兀兰等市镇的公共住宅项目（新加坡）
- 史德林路的Stirling Residences 和芬维尔路的Parc Botannia（新加坡）
- 巴生谷的Sky Awani Residence和CitiZen 2私人公寓（马来西亚）

工业项目
- 赢创工业位于裕廊岛的第二个蛋氨酸生产工厂（新加坡）
- Systems on Silicon Manufacturing Co. Pte Ltd的生产厂（新加坡）
- MSD Singapore 位于大士西通道的仓库（新加坡）
- 位于克兰芝环路的TimMac@Kranji高层中心（新加坡）

商业项目
- 万里湖路的新飞禽公园（新加坡）
- 实龙岗的Centrium Square 购物中心（新加坡）
- 位于吉隆坡的The Pano 及其它商住两用服务公寓（马来西亚）
- 位于雪兰莪州的Equine Residence及其它商住两用公寓（马来西亚）

机构项目

- 新加坡女子学校（新加坡）
- 数项政府小学项目包括绿苑小学、励众小学、远景小学和育能小学（新加坡）
- 兀里饮用水工程项目流程升级和设备更换（新加坡）

我们积极严格的管理成本，着重通过创新改善资产使用率和业务效率，其中一些举措包括：

- 重整装卸椿柱材料过程
- 采用移动式工地报告应用程式和电子收集工地数据
- 设计和建造新一体式机器，以及装配和维修厂房
- 开发和实施新环球网络勘察系统来改进工地定椿的过程

通过这些措施，我们得以靠较少员工来改善业务效率并减少项目完成时间。

我们在改善工地程序和生产力方面的努力也获得肯定。我们就移动式工地报告应用程式的开发，向建设局申请并成功获得其生产力创新项目计划约10万元的拨款，这拨款有助于集团用于支付部分开发应用程式的费用。我们也就其它改善业务效率和生产力的举措向有关当局提出了拨款申请，目前均正在审查当中。

房地产开发方面，我们正努力完成收购位于马来西亚森美兰州两块总面积达15英亩的永久地契的农业用地。这项收购由我们持股19%的联营公司WB Top3 Development Sdn Bhd进行，收购能否完成取决于我们能否获得当局批准将土地转为商业用途。我们已经就此提交了申请，现正由马来西亚关有当局进行审查。另外，我们于2017财年宣布收购Coriolis Hertford Limited的21%股权，该公司持有Railway Street Hertford Limited（“RSHL”）的40%股权。RSHL正着手开发英国赫特福德郡的一块0.7英亩地皮，将其发展成包含28个住宅单位和一个商用空间的商住两用项目。该项目的建设预计于2018年8月份完成。

充满商机的一年

建设服务的需求预计将继续由政府推出的公共基础设施，机构和公共住宅项目所带动。但随着集体出售热潮的升温，未来一年仍然能为业者带来一丝曙光。2018年1月至5月期间， 已有约31宗集体出售项目成交，总价值达95亿元，这已经超出2017年全年27宗总价值达81亿元的成交量。集体出售热潮预计将带动建筑服务未来两至三年的需求。

有鉴于此，我们将继续积极争取更多项目。与此同时，我们也将秉持一贯的策略，以便能以最大限度来提高资产和设备利用率以及成本效率。业内竞争虽然预计仍然会激烈，但我们已为市场升温做好准备。我们将继续加强整体创新、能力和提供更好服务，力求集团能长远的持续发展。

致谢

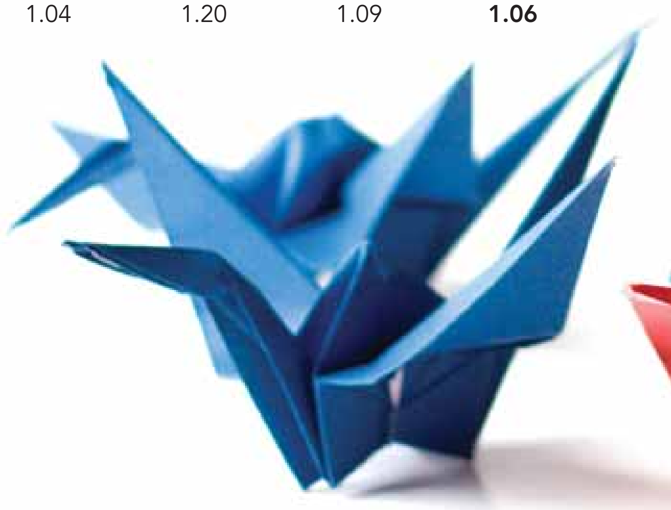
我谨感谢董事会成员不遗余力给予集团指导和意见。我们的非执行主席徐泽光先生和独立董事陈以彬先生已给予通知表明有意在来临的常年股东大会后卸任。徐先生和陈先生为公司付出了宝贵的岁月，我为此深表感激。我谨代表 CSC 管理层同僚和全体员工向徐先生和陈先生致谢，感谢他们给于公司宝贵的意见、时间和贡献。

我也非常感谢并肩作战的员工们和管理层同僚们，以及生意伙伴对集团的信任。最后，感谢股东们长期以来的支持。

薛献凡
集团总裁

FIVE YEARS FINANCIAL SUMMARY

	FY14	FY15	FY16	FY17	**FY18**
Group Profit & Loss (S$'m)					
Revenue	487.1	427.9	382.3	252.4	**340.4**
Gross Profit	33.8	24.1	24.3	8.2	**12.9**
Profit/(Loss) After Tax	6.2	(13.6)	(5.5)	(24.7)	**(13.5)**
EBITDA	37.0	19.2	24.4	8.2	**16.5**
Group Balance Sheet (S$'m)					
Property, Plant & Equipment	166.8	185.6	167.9	164.9	**156.2**
Other Non-Current Assets	19.0	16.9	10.4	14.8	**17.0**
Total Current Assets	302.3	249.0	221.9	181.0	**164.5**
Total Assets	488.1	451.5	400.2	360.7	**337.7**
Total Equity	198.2	179.0	185.3	170.8	**159.2**
Other Non-Current Liabilities	49.6	32.3	29.6	23.4	**23.1**
Total Current Liabilities	240.3	240.2	185.3	166.5	**155.4**
Total Equity & Liabilities	488.1	451.5	400.2	360.7	**337.7**
Per Share Data (Cents)					
Earnings/(Loss) After Tax (Basic)	0.25	(1.38)	(0.48)	(1.16)	**(0.65)**
Net Asset Value	16.38	14.80	8.50	7.80	**7.20**
Dividends - tax exempt one-tier	0.10	–	–	–	**–**
Financial Ratios					
Return on Equity	1.7%	-10.2%	-4.4%	-16.4%	**-10.3%**
Gross Profit Margin	6.9%	5.6%	6.4%	3.3%	**3.8%**
Debt/Equity Ratio	76.1%	66.0%	53.1%	50.2%	**50.5%**
Current Ratio	1.26	1.04	1.20	1.09	**1.06**



FINANCIAL HIGHLIGHTS

	FY14	FY15	FY16	FY17	**FY18**
Bored Piles / Diaphragm Walls	300.5	256.3	240.5	105.5	**185.2**
Driven Piles / Jack – in Piles	73.4	49.8	46.1	29.0	**34.7**
Micro Piles / Other Foundation – Related Activities	49.8	46.7	32.6	46.8	**47.3**
Soil Investigation & Instrumentation Works	21.2	22.2	21.6	26.6	**34.7**
Sale & Lease of Foundation Engineering Equipment & Accessories	40.6	51.9	41.1	44.1	**38.2**
Others	1.6	1.0	0.4	0.4	**0.3**
Total	**487.1**	**427.9**	**382.3**	**252.4**	**340.4**

Seizing *New* OPPORTUNITIES

IMPROVING PRODUCTIVITY
THROUGH INNOVATION

CORPORATE STRUCTURE

CSC HOLDINGS LIMITED

FOUNDATION AND GEOTECHNICAL ENGINEERING WORKS

SUBSIDIARIES

SINGAPORE

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

MALAYSIA

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

VIETNAM

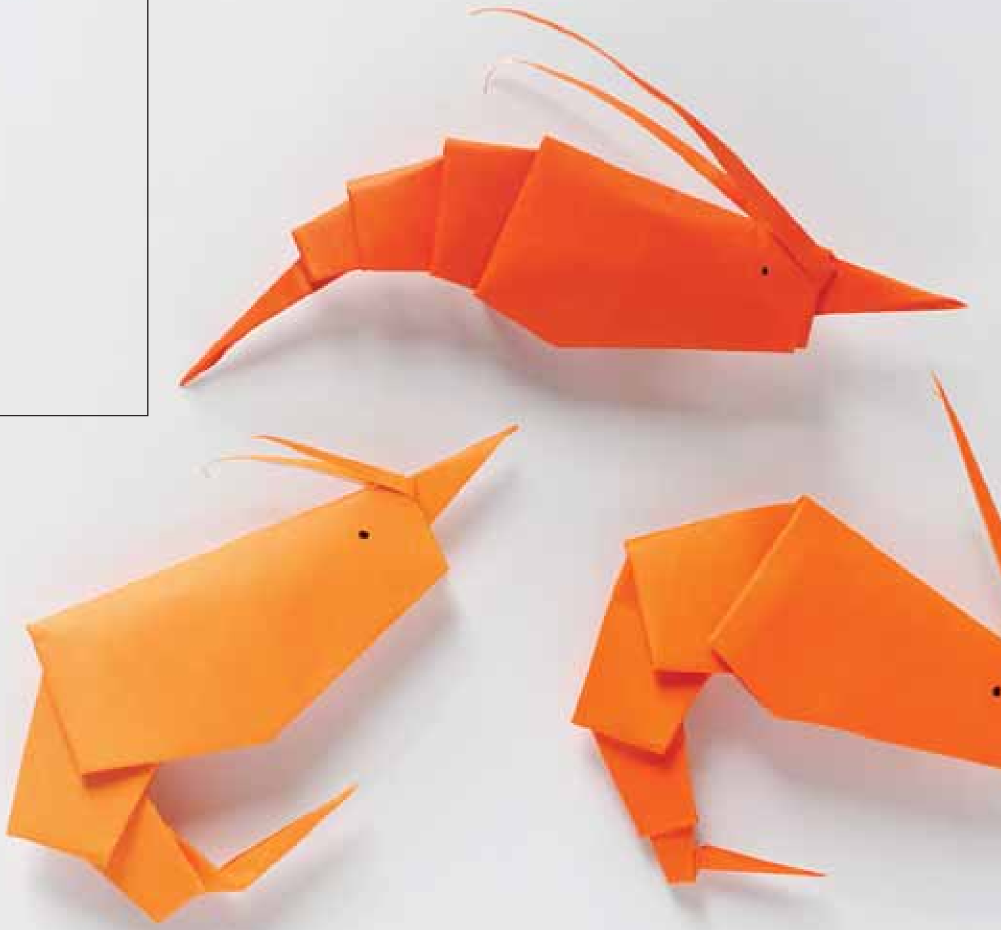
- L&M Foundation Specialist (Vietnam) Limited Company

SOIL INVESTIGATION, INSTRUMENTATION AND SPECIALISED SURVEYING WORKS

SUBSIDIARIES

SINGAPORE

- Soil Investigation Pte Limited
- Wisescan Engineering Services Pte Ltd



SALES AND LEASE OF FOUNDATION ENGINEERING EQUIPMENTS AND ACCESSORIES

SUBSIDIARIES

SINGAPORE

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

MALAYSIA

- ICE Far East Sdn Bhd

HONG KONG

- ICE Far East (HK) Limited

THAILAND

- ICE Far East (Thailand) Co., Ltd

INDIA

- IMT – THL India Private Limited

PHILIPPINES

- THL Foundation Equipment Pte Ltd (Philippines) Inc

MYANMAR

- THL Foundation Equipment (Myanmar) Company Limited

OTHERS

SUBSIDIARIES

SINGAPORE

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

JOINT OPERATIONS

SINGAPORE

- NHCS Investment Pte Ltd
- NH Singapore Biotechnology Pte Ltd

ASSOCIATES

MALAYSIA

- WB Top3 Development Sdn Bhd

HONG KONG

- Coriolis Hertford Limited

UK

- Railway Street Hertford Ltd
- Allunite Limited

OTHER INVESTMENTS

MALAYSIA

- THAB Development Sdn Bhd
- THAB PTP Sdn Bhd

BOARD OF DIRECTORS

CHEE TECK KWONG PATRICK
Independent Non-Executive Chairman

Mr Chee Teck Kwong Patrick, PBM, joined the Board as an Independent Director in March 1998 and was appointed as a Non-Executive Chairman of our Company in September 2002. He chairs the Nominating Committee and is also a member of the Remuneration and Audit Committees. Mr Chee holds a Bachelor of Laws (Hons) Degree from the University of Singapore. He is an Advocate and Solicitor of the Supreme Court of Singapore and a Solicitor of the senior courts of England and Wales. He has been in private legal practice since 1980. He is now a Senior Legal Consultant with Withers KhattarWong, an international law firm. His areas of practice are corporate and commercial matters, banking and finance, cross-border joint ventures and investments, mergers and acquisitions, and listing of companies. He has also advised on property law and has handled several landmark development projects in Singapore, Indonesia, Malaysia and China. He also conducts civil litigation and arbitration proceedings. He had initiated and was instrumental to the setting up of a fully licensed KhattarWong LLP in Vietnam.

Mr Chee is a Notary Public and a Commissioner for Oaths. He is a member of Singapore Institute of Arbitrators and Singapore Institute of Directors. He has served several years in the sub-committee of National Crime Prevention Council, Singapore, and worked with National Productivity Board, Singapore in developing and seeing the successful launch of some well known franchises in Singapore in the early 1990s. From 2002 to 2013, Mr Chee was the Organising Chairman of the "National Street Soccer League-Lee Hsien Loong Challenge Trophy".

He also sits on the Board of several public listed companies including Ramba Energy Limited, Hai Leck Holdings Limited and China International Holdings Limited. He is also Honorary Legal Adviser to Hospitality Purchasing Association Singapore, and several big clans and trade associations in Singapore.

Mr Chee is the recipient of the National Day Awards 2003 – The Public Service Medal (Pingat Bakti Masyarakat) from the President of Republic of Singapore.

SEE YEN TARN
Executive Director /
Group Chief Executive Officer

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

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

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

TEO BENG TECK
Non-Executive Director

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

TAN EE PING
Independent Director

Er Tan joined the Board as an Independent Director in August 2003. Er Tan is currently the Chairman of the Remuneration and Risk Management Committees. He runs his own professional consulting firm, TEP Consultants Pte Ltd since 1970. Er Tan holds a Bachelor of Civil Engineering (Hons) degree from the University Malaya. He is a Fellow of the Academy of Engineering, Singapore. He was conferred the Honorary Fellowship of ASEAN Federation of Engineering Organizations in 2006 and the Honorary Fellowship of the Institution of Engineers, Singapore in 2008. He is presently an accredited principal adjudicator, principal mediator and arbitrator and Panel member, Strata Title Board. He was awarded the Public Service Medal (PBM) by the President of the Republic of Singapore in 1997. In 2016, he was awarded the Distinguished Professional Engineer Award by the Professional Engineers Board, Singapore.

TAN HUP FOI @ TAN HUP HOI
Independent Director

Mr Tan joined the Board as an Independent Director in April 2006. He is the Chairman of the Audit Committee and is a member of the Nominating Committee. He is the Honorary Vice-President of the International Association of Public Transport (UITP) and Honorary Chairman of UITP Asia-Pacific Division. Mr Tan has over 30 years experience in the transport industry. He was the Chief Executive of Trans-Island Bus Services Ltd from 1994 to 2005 and also the Deputy President of SMRT Corporation Ltd from 2003 to 2005. A Colombo Plan scholar, Mr Tan graduated from Monash University in Australia with a First Class Honours degree in Mechanical Engineering in 1974 and he obtained a Master of Science (Industrial Engineering) degree from University of Singapore in 1979. Mr Tan was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 1996 and Bintang Bakti Masyarakat (Public Service Star) in 2008 by the President of Republic of Singapore.

KEY MANAGEMENT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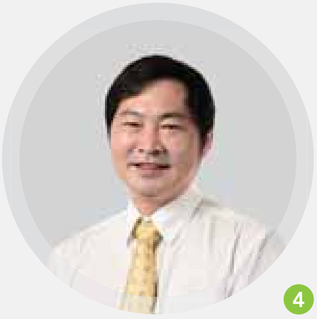
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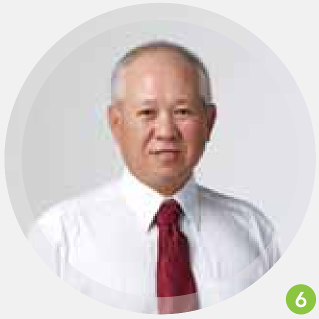
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1. SEE YEN TARN
2. KOO CHUNG CHONG
3. LEE QUANG LOONG
4. LIM YEOW BENG
5. GWEE BOON HONG
6. PHOON SOO HIN
7. GOH SWEE LENG
8. LIM KOH SENG
9. WONG WAI LIN, EILEEN
10. KAM WAI CHIANG, GARY

11. TANG JOO KIM
12. KELVIN CHUE MUN WAI
13. LOH BOON CHONG
14. LIM YONG KENG DANNY (LIN YONGQING)
15. TING HUA KEONG
16. CHUA KENG GUAN
17. LAWRENCE CHONG JONG AN
18. HAH HEN KHEAN
19. KAAN CHI LOONG
20. LIM LEONG KOO
21. YEE LIP CHEE


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KEY MANAGEMENT

EXECUTIVE COMMITTEE (EXCO)

MEMBER OF CSC GROUP

1 SEE YEN TARN
Executive Director / Group Chief Executive Officer / EXCO Member of CSC Group

Mr See is also the Executive Director of the Board of Directors of the Company. Please refer to page 28 of the Annual Report for his profile under the Board of Directors' section.

2 KOO CHUNG CHONG
Group Chief Operating Officer / EXCO Member of CSC Group

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

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

3 LEE QUANG LOONG
Chief Financial Officer and Company Secretary / EXCO Member of CSC Group

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

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

CORPORATE

4 LIM YEOW BENG
Director, Contracts

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

5 GWEE BOON HONG
Director, Technical

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

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

6 PHOON SOO HIN
Director, Regional Business

Mr Phoon joined the Group in May 2008 as a Senior Project Manager of CS Construction & Geotechnic Pte Ltd. He was subsequently appointed the Managing Director of Siam CSC Engineering Co Ltd ("SCE") in March 2011 where he was responsible for the foundation engineering works, business development and management of SCE in Thailand. In January 2017, he was appointed as Director, Regional Business where he was responsible for identifying new business opportunities in the regional market and overseeing the development of new overseas businesses and projects.

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

7 GOH SWEE LENG
Senior Manager, Group Marketing / Tender

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

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

8 LIM KOH SENG
Head, Group Human Resource & Administration

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

He has more than 20 years of Human Resource experience in both the private sector and the public sector. Mr Lim obtained his Bachelor degree in Business Administration from the National University of Singapore and subsequently a post graduate degree in Master of Science in Human Resource Management from the National University of Ireland.

9 WONG WAI LIN, EILEEN
Senior Purchasing Manager

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

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

10 KAM WAI CHIANG, GARY
IT & QEHS Manager

Mr Gary Kam joined CSC Holdings Limited in 2007 as Group IT & QEHS manager. He has more than 20 years of experience in IT and ISO 9000, 14000 & 18000 in the construction industry.

He holds a Bachelor Degree in Engineering (Mechanical) from the University of Melbourne, Australia and a Master Degree in Business (IT) from RMIT, Australia.

KEY MANAGEMENT

OPERATION

SINGAPORE

BORED PILES DIVISION

11 TANG JOO KIM
Executive Director of CS Bored Pile System Pte Ltd ("CSBP") and DW Foundation Pte Ltd ("DWF")

Mr Tang joined the Group in April 2011 as Deputy General Manager of CSBP. In April 2012, he was promoted to the position of General Manager of CSBP and DWF. He was appointed as a Director of CSBP and DWF in April 2015. In April 2017, he has been redesignated to Executive Director of CSBP and DWF.

Mr Tang has more than 20 years of experience in the field of structural design, geotechnical and foundation engineering. He holds a Diploma and Advance Diploma in Civil Engineering from the Singapore Polytechnic and a Bachelor Degree (1st Class Hons) in Civil Engineering from the University of Glasgow (UK).

12 KELVIN CHUE MUN WAI
General Manager of CS Bored Pile System Pte Ltd ("CSBP") and DW Foundation Pte Ltd ("DWF")

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

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

DIAPHRAGM WALLS AND SOIL IMPROVEMENT DIVISIONS

13 LOH BOON CHONG
Director of L&M Foundation Specialist Pte Ltd ("LMFS")

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

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

DRIVEN PILES / JACK-IN PILES / MICRO PILES

14 LIM YONG KENG DANNY (LIN YONGQING)
Director of CS Construction & Geotechnic Pte Ltd ("CSCG")

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

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

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

SOIL INVESTIGATION, INSTRUMENTATION AND SPECIALISED SURVEYING WORKS

15 TING HUA KEONG
General Manager and Director of Soil Investigation Pte Limited ("SIPL")

Mr Ting joined SIPL as a geotechnical engineer in October 1998. He joined the Group when SIPL was acquired in April 2007. Upon joining the Group, he was appointed a director of SIPL and oversaw the technical department of SIPL. He was subsequently promoted to become the General Manager/Director of SIPL in 2011 and is now responsible for overall management of SIPL.

Mr Ting graduated from the National University of Singapore in 1998 with a degree in civil engineering, and later obtained a Master of Science in 2005 in the same field. He has more than 17 years of experience in the area of soil investigation, laboratory testing and geotechnical and structural instrumentation and geophysical methods.

16 CHUA KENG GUAN
Managing Director of Wisescan Engineering Services Pte Ltd ("WES")

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

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

SALES AND LEASE OF FOUNDATION ENGINEERING EQUIPMENTS AND ACCESSORIES

17 LAWRENCE CHONG JONG AN
Managing Director of THL Foundation Equipment Pte Ltd ("THLFE")

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

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

18 HAH HEN KHEAN
Managing Director of ICE Far East Pte Ltd ("ICEFE")

Mr Hah joined ICEFE in January 1999. He joined the Group when ICEFE sold a majority stake to THL Foundation Equipment Pte Ltd in June 2011.
Mr Hah has more than 26 years of experience in the civil and structural engineering field.

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

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

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

19 KAAN CHI LOONG
Director of THL Foundation Equipment Pte Ltd ("THLFE")

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

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

MALAYSIA

BORED PILES / DIAPHRAGM WALLS DIVISION DRIVEN PILES, JACK–IN PILES & MICRO PILES DIVISION

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

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

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

VIETNAM

BORED PILES AND OTHER GEOTECHNICAL ENGINEERING SERVICES

21 YEE LIP CHEE
General Director of L&M Foundation Specialist (Vietnam) Limited Company ("LMVN")

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

Mr Yee has more than 20 years of experience in the field of deep foundation works. He holds a Bachelor degree in Civil Engineering from the National Taiwan University.

CSC EVENTS

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1. **Kai Gong Ceremony**
   22 February 2017
2. **Annual General Meeting**
   26 July 2017
3. **7th Month Prayer**
   22 August 2017
4. **Shou Gong Dinner**
   09 February 2018
5. **Kunde Geotechnical Visit CSC**
   09 May 2018

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

CSC Holdings Limited (the "Company") continues to nurture a high standard of corporate governance and confirms its commitment to comply with the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"), with the aim to preserve and enhance shareholders' value. This report describes the corporate governance framework and practices that the Company has adopted with reference to the Code.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board of Directors ("Board") of the Company is responsible for the corporate governance of the Company and its subsidiaries (the "Group"), which ensures the protection of the shareholders' interests and the enhancement of long-term shareholder value. On top of its statutory responsibilities, the role of the Board includes:

(a) providing entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) establishing a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) reviewing the performance of the Management;

(d) identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) setting the Group's values and standards (including ethical standards), and ensure that obligations to the Shareholders and others are understood and met;

(f) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;

(g) reviewing the business plans and financial performance of the Group regularly;

(h) putting in place and reviewing the processes for financial reporting and compliance; and

(i) deciding on matters reserved for the Board's decision, which includes, but is not limited to, major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructurings, mergers and acquisitions, share issuances, distribution of dividends, major corporate policies on key areas of operation, the release of quarterly, half-yearly and full-year results and interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual) of a material nature.

In order to discharge the duties of the Board, all Board members bring their independent judgement, diversified knowledge, experience and expertise to address issues of strategy, performance, resources and the standards of conduct of the Company. At all times, all Directors objectively discharge their duties and responsibilities as fiduciaries in the interests of the Company.

The Board also delegates certain of its functions to the Audit Committee (the "AC"), Nominating Committee (the "NC"), Remuneration Committee (the "RC") and Risk Management Committee (the "RMC"), which would make recommendations to the Board. Each Committee has its own defined terms of reference and operating procedures.

Formal board meetings are held quarterly to oversee the business affairs of the Group, and to approve, if applicable, any financial or business objectives and strategies. Ad-hoc meetings are convened when the circumstances require. In addition, the Directors also received updates on the business of the Group through regular presentations and meetings. The Constitution of the Company (the "Constitution") allows board meetings to be conducted by means of telephone conference, or other methods of simultaneous communication by electronic or other communication facilities. When a physical board meeting is not possible, the Board can communicate through electronic means or via circulation of written resolutions for approval.

CORPORATE GOVERNANCE REPORT

The attendance of Directors at meetings of the Board and Board Committees for the financial year ended 31 March 2018 ("FY2018") is set out below:

	Board Meeting		Audit Committee		Remuneration Committee	
Name of Directors	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Chee Teck Kwong Patrick	4	4	4	4	1	1
See Yen Tarn	4	4	NA	NA	NA	NA
Teo Beng Teck	4	4	4	4	1	1
Tan Ee Ping	4	4	NA	NA	1	1
Tan Hup Foi @ Tan Hup Hoi	4	4	4	4	NA	NA

	Nominating Committee		Risk Management Committee	
Name of Directors	No. of Meetings	Attendance	No. of Meetings	Attendance
Chee Teck Kwong Patrick	1	1	NA	NA
See Yen Tarn	1	1	4	4
Teo Beng Teck	NA	NA	4	4
Tan Ee Ping	NA	NA	4	4
Tan Hup Foi @ Tan Hup Hoi	1	1	NA	NA

All newly appointed Directors will be given letters explaining the terms of their appointment as well as their duties and obligations. The newly appointed Directors will also receive an orientation that includes briefing by Management on the Group's structure, businesses, operations and policies, as well as their duties and obligations.

Directors are provided with regular updates, particularly on relevant new laws and regulations by the Company Secretary. The Directors are issued with a copy of the Company's Best Practices on Securities' Dealings as they are privy to price sensitive information. The Directors have access to the advice and services of the Company Secretary and Management, and may in appropriate circumstances, seeks independent professional advice concerning the affairs of the Group. Directors have the opportunity to meet with Management to gain a better understanding of the Group's business operations and governance practices. Directors are informed and encouraged to attend relevant courses and trainings conducted by Singapore Institute of Directors, SGX-ST, businesses and consultants, as may be relevant to the effective discharge of their responsibilities, at the expense of the Group.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board consists of five Directors, three of whom are Independent Directors. The Directors as at the date of this report are as follows:-

Name of Directors	Date of appointment / Date of last re-election	Functions	Current directorships in other listed companies and other major appointments	Past directorships in other listed companies and major appointments over the preceding three years
Mr Chee Teck Kwong Patrick*	20 March 1998 / 27 July 2016	Independent Non-Executive Chairman Chairman of the Nominating Committee and member of the Remuneration and Audit Committees	Director of – China International Holdings Limited – Hai Leck Holdings Limited – Ramba Energy Limited	Director of – Hanwell Holdings Limited – Tat Seng Packaging Group Ltd – Hengxin Technology Ltd
Mr See Yen Tarn	11 November 2005/ Not subject to retirement under Regulation 104 of the Company's Constitution	Group Chief Executive Officer Member of the Nominating, Risk Management and Executive Committees	Director of – LCT Holdings Limited – Eindec Corporation Limited – Singhaiyi Group Ltd	Director of Lizhong Wheel Group Ltd
Mr Teo Beng Teck	24 November 2003/ 26 July 2017	Non-Executive Director Member of the Risk Management, Audit and Remuneration Committees	Nil	Nil
Mr Tan Ee Ping*	28 August 2003/ 27 July 2016	Independent Director Chairman of the Remuneration and Risk Management Committees	Nil	Nil
Mr Tan Hup Foi @ Tan Hup Hoi	3 April 2006/ 27 July 2015	Independent Director Chairman of the Audit Committee and member of the Nominating Committee	Nil	Director of – SHC Capital Asia Limited – Cityneon Holdings Limited

* Mr Chee Teck Kwong Patrick and Mr Tan Ee Ping will be retiring under Regulation 104 of the Company's constitution and will not be offering themselves up for re-election at the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

PRINCIPLE 4: BOARD MEMBERSHIP
PRINCIPLE 5: BOARD PERFORMANCE

NOMINATING COMMITTEE

The NC comprises Mr Chee Teck Kwong Patrick (Chairman), Mr Tan Hup Foi @ Tan Hup Hoi and Mr See Yen Tarn, the majority of whom, including the Chairman, are independent.

The NC is responsible for *inter alia* the following:

(a) reviewing the structure, size and composition of the Board;

(b) reviewing the succession plans for Directors;

(c) evaluation the performance and the effectiveness of the Board;

(d) determining whether the Directors possess the necessary qualifications and expertise required to carry out his duties as a Director;

(e) reviewing training and professional development programmes for the Board;

(f) determining on an annual basis as to whether a Director is independent; and

(g) establishing procedures for and making recommendations to the Board on all Board appointments and re-appointments.

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

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

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

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

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

(a) The considerable amount of experience and wealth of knowledge that each Independent Director brings to the Company.

(b) The attendance and active participation in the proceedings and decision making process of the Board and Committee meetings.

(c) Provision of continuity and stability at the Board level as each Independent Director has developed deep insight into the business of the Company and possesses experience and knowledge of the business.

(d) The qualification and expertise of each Independent Director provides reasonable checks and balances for he Management.

(e) Each Independent Director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company. Each of them is adequately prepared, responsive and actively involved in the discussions at the meeting.

(f) Each Independent Director provides overall guidance to Management and acts as safeguard for the protection of Company's assets and shareholders' interests.

(g) Each Independent Director is the Chairman of their respective committees and has led their respective Board Committees effectively in making independent and objective decision.

CORPORATE GOVERNANCE REPORT

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

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

In furtherance to rigorous review of independence of Independent Directors, the NC had re-designed and enhanced the internal assessment criterias. Factors considered in this rigorous approach include questions on family connections, voting arrangements at shareholders'/directors' meetings, financial dependency on director fees and level of objectivity demonstrated at meetings, character and attitude of the Independent Directors including whether such Directors:-

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

– has any material contractual relationship with the Group other than as a Director.

In this regard, the NC with the concurrence of the Board, after rigorous review of the independence of (i) Mr Chee Teck Kwong Patrick; (ii) Mr Tan Hup Foi @ Tan Hup Hoi; and (iii) Mr Tan Ee Ping by having served on the Board as Directors beyond nine years are of the view that they continue to remain independent. Each Independent Director has abstained from voting on any resolution where it relates to their individual re-appointment.

The NC has recommended the nomination of Mr Tan Hup Foi @ Tan Hup Hoi for re-election as Director at the forthcoming AGM. The Board has accepted this recommendation and being eligible, Mr Tan Hup Foi @ Tan Hup Hoi will be offering himself for re-election at the AGM.

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

Details of academic and professional qualifications of all the Directors are set out in the Board of Directors' section of this Annual Report.

The NC has put in place a process for selection and appointment of new Directors. This provides the procedure for identification of potential candidates, evaluation of candidate skills, knowledge and experience, assessment of candidates' suitability and recommendation for nomination to the Board.

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

– there should be a strong and independent element on the Board, with Independent Directors making up at least one-third of the Board where:

  (a) the Chairman of the Board and the CEO is not the same person; and

  (b) the Chairman of the Board should be an Independent Non-Executive Director.

– the Board should comprise business leaders and professionals with legal, finance, engineering business and management backgrounds.

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

CORPORATE GOVERNANCE REPORT

The NC, in considering the re-appointment of any Director, evaluates the performance of the Director. The NC has conducted a self-assessment process that requires each Director to assess the performance of the Board as a whole for FY2018. The self-assessment process took into consideration, *inter alia*, board structure, corporate strategy and planning, risk management and internal control, performance measurement and compensation, succession planning, financial reporting, conduct of meetings and communication with shareholders. The findings were then collated and analysed, and thereafter presented to the NC for discussion.

Although the Directors are not evaluated individually, the factors taken into considerations for the re-nomination of the Directors for the current year are based on the contributions made by the Directors at the meetings.

The review of the Board's performance is undertaken collectively by the Board annually.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to ensure that the Board is able to fulfill its responsibilities, the Management provides the Board members with quarterly management accounts and all relevant information. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings and AC meetings to answer queries and provide detailed insights into their areas of operations. A quarterly report of the Group's activities is also provided to the Directors.

The Board, either individually or as a group, in the furtherance of their duties, has access to independent professional advice, if necessary, at the Company's expense.

The Board has separate and independent access to the Company Secretary and other senior management executives of the Company and the Group at all times in carrying out their duties. The Company Secretary attends all Board and Board Committee meetings and prepares minutes of the meetings. The Company Secretary provides advice, secretarial support and assistance to the Board and ensures adherence to the Board procedures and relevant rules and regulations applicable to the Company. The appointment and removal of the Company Secretary is a decision made by the Board as a whole.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE ON REMUNERATION

REMUNERATION COMMITTEE

The RC comprises three Non-Executive Directors, namely Mr Tan Ee Ping (Chairman), Mr Chee Teck Kwong Patrick and Mr Teo Beng Teck, the majority of whom, including the Chairman, are independent. The RC has access to external expert advice, if required.

The key functions of the RC under the terms of reference include, *inter alia*:-

(a) reviewing and recommending to the Board a framework for the remuneration of the Director and key senior executives and determining specific remuneration packages for each executive Director. These recommendations are submitted for endorsement by the entire Board and covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, and benefits in kind;

(b) reviewing the terms and conditions of the service contracts of Directors and reviewing clauses allowing the early termination of the service contract and the corresponding compensation; and

(c) determining whether any Director is eligible for any benefits under any share option schemes or performance share plans as may be implemented.

CORPORATE GOVERNANCE REPORT

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

The members of the RC are not allowed to participate in any decision concerning their own remuneration and no Director is involved in determining his own remuneration.

The RC also has full authority to engage and access independent and professional advice on remuneration matters, at the expense of the Company, if required.

The performance of the Company's Executive Directors (together with other key senior executives) will be reviewed periodically by the RC and the Board.

The RC had recommended to the Board an amount of $321,000 as Directors' fees for the year ending 31 March 2019. This recommendation had been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

The annual remuneration bands of the Directors are set out below:-

Remuneration Band	Name of Directors	Directors' Fees (%)**	Service Fees (%)	Salaries [1] (%)	Bonus [2] (%)	Total (%)
$500,000.01 to $750,000	See Yen Tarn*	–	–	76.67	23.33	100.00
Below $250,000	Chee Teck Kwong Patrick	100.00	–	–	–	100.00
	Teo Beng Teck	70.87	29.13	–	–	100.00
	Tan Ee Ping	100.00	–	–	–	100.00
	Tan Hup Foi @ Tan Hup Hoi	100.00	–	–	–	100.00

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

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

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

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

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

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

In order to provide a macro perspective of the remuneration patterns of key executives, while maintaining the confidentiality, the disclosure of the top ten executives' remuneration (who are not Directors of the Company or the CEO) of the Group for FY2018 are set out below:-

Remuneration Band	Number of Key Executives	Salaries [1] (%)	Bonus [2] (%)	Others (Benefits in Kinds) (%)	Total (%)
$250,000.01 to $500,000	9	76.80	23.20	0	100.00
$250,000 and below	1	83.30	16.70	0	100.00

(1) The salary amount shown is inclusive of allowances and CPF.

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

The aggregate total remuneration paid to the top ten executives (who are not Directors of the Company or the CEO) of the Group for FY2018 is approximately $3,428,700.

None of the employees of the Group, who are immediate family members of a Director or the CEO, had remuneration exceeding $50,000 during the year under review.

The remuneration policy for staff adopted by the Company comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Group's and individual's performance.

THE CSC PERFORMANCE SHARE SCHEME 2008 ("PSS SCHEME")

The Company has established the PSS Scheme which was approved by shareholders at the EGM held on 25 July 2008 as a long-term incentive scheme for Directors and employees of the Group.

The PSS Scheme is for a maximum period of 10 years commencing on the adoption date. The termination of the PSS Scheme shall not affect any awards which have been granted, whether such awards have been released (whether fully or partially) or not.

The PSS Scheme is administered by the RC.

The main responsibility of the RC with respect to the PSS Scheme is to:

- Ensure that the rules of the PSS Scheme are adhered to;
- Select eligible Directors and employees of the Group to participate in the PSS Scheme; and
- Determine the number of shares to be offered to each participant taking into consideration, the service and performance of the participant.

No grant or award was vested under the PSS Scheme in FY2018.

PRINCIPLE 10: ACCOUNTABILITY

The Board is mindful of its overall responsibility to shareholders for ensuring that the Group is well guided by its strategic objectives so as to deliver long term shareholder value. The Board is supported by board committees with certain areas of responsibilities and the provision of a continual flow of relevant information on a timely basis by the Management enables the Board to effectively discharge its duties. In order to fulfill its responsibility to provide a balanced and understandable assessment of the Company's performance, position and prospects, the Board updates the shareholders on the operations and financial position of the Group through quarterly, half-yearly and full-year results announcements in addition to timely announcements of other matters as prescribed by the relevant rules and regulations. The Board has also taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the SGX-ST Listing Manual, by establishing written policies where appropriate.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

RISK MANAGEMENT POLICIES AND PROCESSES

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

(a) ensuring that Management maintains a sound system of risk management to safeguard shareholders' interests and the Group's assets;

(b) determining the nature and extent of significant risks that the Board is willing to take in achieving its strategic objective;

(c) determining the levels of risk tolerance and risk policies of the Company;

(d) overseeing Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems); and

(e) reviewing the adequacy and effectiveness of the risk management and internal control systems annually.

RISK MANAGEMENT COMMITTEE

In order to assist the Board in fulfilling its oversight responsibilities on risk management, the Group has set up a Risk Management Committee, comprising three Directors, namely Mr Tan Ee Ping (Chairman), Mr See Yen Tarn and Mr Teo Beng Teck.

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

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

(a) reviewing the overall operating risk management philosophy, guidelines and major policies for effective risk management, including risk profile, risk tolerance level and risk strategy;

(b) reviewing of tendering procedure for major projects and risk management control in project management;

(c) overseeing and advising the Board on the current operating risk exposure and future risk strategy of the Company;

(d) reviewing periodically the effectiveness of the Group's internal controls and risk management systems and framework to manage and mitigate risk within the agreed strategy; and

(e) evaluating risks in new business and in new markets.

The internal auditors also assist the Management, AC and the Board by identifying and highlighting any areas of concern it comes across while conducting the audit.

INTERNAL CONTROLS

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

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

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

The Group's key internal controls include:

- establishment of risk management policies and systems;
- establishment of policies and approval limits for key financial and operational matters, and issues reserved for the Board;
- maintenance of proper accounting records;
- the reliability of financial information;
- safeguarding of assets;
- ensuring compliance with appropriate legislation and regulations;
- engaging qualified and experienced persons to take charge of important functions; and
- implementation of safety, security and internal control measures and taking up appropriate insurance coverage for employees.

The Board has received the assurances from the CEO and the Chief Financial Officer ("CFO") that:-

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the system of risk management and internal controls in place within the Group (including financial, operational, compliance and information technology controls) are adequate and effective in addressing the material risks in the Group in its current business environment.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliances and information technology controls and risk management systems were adequate and effective as at 31 March 2018 to meet the needs of the Group in its current business environment.

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

PRINCIPLE 12: AUDIT COMMITTEE

AUDIT COMMITTEE

The AC comprises three Non-Executive Directors, namely Mr Tan Hup Foi @ Tan Hup Hoi (Chairman), Mr Chee Teck Kwong Patrick and Mr Teo Beng Teck, the majority of whom, including the Chairman, are independent. At least two members, including the Chairman have relevant accounting and related financial management expertise or experience.

The AC carries out its functions as set out under its terms of reference. The AC monitors the changes in accounting policies, reviews internal audit appraisals and adequacy of the Group's internal controls, reviews interested person transactions, and discusses accounting implications of major transactions so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance. In addition, the AC reviews together with the external auditor, the audit plan, audit issues, audit report and Management's responses.

CORPORATE GOVERNANCE REPORT

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

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

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

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

The AC meets at least four times a year. The AC also meets with both the internal and external auditors, without the presence of Management at least once a year to review any matter that might be raised.

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

In identifying the key audit matters, the AC and external auditors had deliberated on the key audit matters and their disclosures. Having considered these key audit matters and their disclosure, the AC concurred with the external auditors on the approach and methodology applied to each of the key audit matters and its disclosures as set out under the Independent Auditor's Report on pages 59 to 60 of the Annual Report.

The AC has also conducted a review of all non-audit services provided by the auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the auditors. The audit and non-audit fees paid / payable to the external auditors for FY2018 were $450,116 and $107,453 respectively. The AC, with the concurrence of the Board, had recommended the re-appointment of KPMG LLP as external auditors at the forthcoming AGM of the Company.

WHISTLE-BLOWING POLICY

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

PRINCIPLE 13: INTERNAL AUDIT

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

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

The scope of the IA function is as follows:-

(a) to evaluate the reliability, adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls of the Company and its subsidiaries in scope;

(b) to highlight key business issues and operational weaknesses to the AC for deliberation with copies of these reports extended to the Group CEO, CFO and other relevant senior management officers; and

(c) to discuss the summary of findings and recommendations as well as the status of implementation of the actions agreed by Management at the AC meetings.

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

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

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

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

PRINCIPLE 14: SHAREHOLDER RIGHTS
PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

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

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

CORPORATE GOVERNANCE REPORT

The Company encourages shareholders to participate actively in general meetings. Shareholders are informed of Shareholders' Meeting through notices published in the national newspapers. The Company sends electronic Annual Report, Circular including the Notice of AGM (by way of a CD-ROM) to all shareholders at least 14 days before the AGM to ensure that all the shareholders have adequate time to review the Annual Report before the AGM. Upon request, hardcopies of the Annual Report are provided to shareholders.

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

The Company does not have a formal dividend policy. The Board considers the Company's capital structure, cash requirements and future plans in deciding whether to declare dividends. The Company has not distributed dividends for FY2018 to conserve its cash reserves for operation amidst volatile market conditions.

The Regulations allows a member of the Company to appoint up to two proxies to attend and vote in place of the member. Proxies need not be a member of the Company. At the moment, the Company has not provided in the Regulations to allow for voting in absentia and electronic voting methods such as by mail, email, fax etc.

At AGMs, shareholders are given the opportunity to air their views and ask questions regarding the Group and its businesses. Separate resolutions on each distinct issue are proposed at general meetings for approval. The Board members and Chairman of the Board, AC, NC and RC are present and available to address shareholders' questions at the AGM. The external auditors are present to address shareholders' queries about the conduct of audit and the preparation and content of auditors' report. The legal advisors will also be invited to attend the AGM (if necessary).

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

To ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings has to be conducted by way of poll with effect from 1 August 2015. The Chairman of the meeting, with the assistance of service providers engaged by the Company, will brief shareholders to familiarise them with the detailed procedures involved in voting by way of poll. An announcement containing the detailed results of the number of votes cast for, and against, each resolution and the respective percentages will be announced after the general meeting via SGXNet (www.sgx.com).

EXECUTIVE COMMITTEE

The Executive Committee is headed by the Group CEO, Mr See Yen Tarn and comprises Mr Koo Chung Chong and Mr Lee Quang Loong. It meets weekly to review strategic, business and operational issues and determine policies of the Group to ensure the smooth functioning of the Group. The Executive Committee implements and communicates the directions and guidelines of the Board and Board Committees to relevant departments and employees.

DEALING IN SECURITIES

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

The Directors, officers and employees of the Company and its subsidiaries are notified that they are prohibited from trading in the Company's securities while in possession of unpublished material price-sensitive information, and during the period commencing two weeks before the announcement of Company's quarterly results and one month before the announcement of the Company's full year results and ending on the date of the announcement of the relevant results.

CORPORATE GOVERNANCE REPORT

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

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

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

MATERIAL CONTRACTS

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

INTERESTED PERSON TRANSACTIONS ("IPTS")

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

The Company does not have any general mandate from shareholders for IPTs.

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

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Tat Hong Plant Leasing Pte Ltd [(1)]	$2,863,686	NIL
Tat Hong Heavyequipment (Pte.) Ltd [(1)]	$2,571,315	NIL
THAB Development Sdn Bhd [(2)]	$911,440	NIL
Tat Hong Plant Hire Sdn Bhd [(1)]	$393,649	NIL
Tat Hong Machinery Pte Ltd [(1)]	$102,898	NIL

Notes:

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

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

Pursuant to the SHA, the Group subscribed for shares equivalent to 5% of the enlarged share capital of THAB for RM0.5 million (equivalent to $0.2 million) and granted a shareholder's loan of RM4.4 million (equivalent to $1.7 million) to THAB in October 2013.

In FY2018, the Group had granted additional shareholder's loans of RM2.8 million (equivalent to $0.89 million) to THAB for financing of property development.

SUSTAINABILITY REPORTING

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

We will publish our inaugural Sustainability Report by 31 December 2018. To minimise the impact on the environment, the report will be published online via our website at www.cschl.com.sg and uploaded on the SGXNet.

WHITEWASH WAIVER IN RELATION TO RIGHTS CUM WARRANTS ISSUE

Capitalised terms used below, unless otherwise defined, shall have the same meanings as defined in the circular to shareholders of the Company dated 12 November 2015.

In connection with the Rights cum Warrants Issue that was undertaken by the Company, a Whitewash Waiver was granted on 12 October 2015 by the Securities Industry Council of Singapore whereby TH Investments Pte Ltd and its Concert Parties (comprising Tat Hong Investments Pte Ltd, Chwee Cheng & Sons Pte Ltd, Mr Ng Chwee Cheng, Chwee Cheng Trust, Mr Ng San Tiong, Mr Ng Sun Ho Tony, Mr Ng San Wee David and Mr Ng Sun Giam Roger) ("Concert Party Group") are waived from the requirement to make a general offer made pursuant to Rule 14 of the Singapore Code on Takeovers and Mergers (the "Code") as a result of the subscription for their pro-rate entitlement of the Rights Shares and Warrants Shares arising from the exercise of pro-rata entitlement of the Warrants under the Rights cum Warrants Issue.

The following disclosure note is provided in connection with the requirements of Note 2 on Section 2 of Appendix 1 of the Code.

(a) In the Extraordinary General Meeting held on 27 November 2015, the Independent Shareholders of the Company approved the Whitewash Resolution waiving their rights to receive a mandatory general offer from the Concert Party Group, for all the issued shares in the capital of the Company not already owned or controlled by them, as a result of the Concert Party Group's subscription of the Rights Shares and Warrants Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue. The Whitewash Resolution is subject to the acquisition of the Warrant Shares by the Concert Party Group upon the exercise of the Warrants being completed by 29 December 2020 (inclusive), which is within five (5) years of the date of issue of the Warrants;

(b) As at 12 June 2018 (i.e. Latest Practical Date), the Concert Party Group holds in aggregate:

    (i) 1,155,618,407 Shares, representing approximately 52.27% of the voting rights in the Company; and

    (ii) 276,232,590 Warrants, out of which 113,942,490 Warrants were pursuant to the Whitewash Waiver;

(c) The maximum potential voting rights of the Concert Party Group in the Company as at the Latest Practical Date, assuming that only the Concert Party Group (but not other shareholders) converts their Warrants in full is approximately 57.57% (based on the enlarged share capital of the Company of 2,487,240,136 Shares (excluding treasury shares) immediately following the allotment and issue of 276,232,590 Warrant Shares to the Concert Party Group);

(d) Having approved the Whitewash Resolution on 27 November 2015, Shareholders have waived their rights to receive a general offer from Concert Party Group at the highest price paid by the Concert Party Group for the Shares in the past 6 months preceding the date of the acquisition of the Warrant Shares; and

(e) Having approved the Whitewash Resolution on 27 November 2015, Shareholders could be foregoing an opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2018.

In our opinion:

(a) the financial statements set out on pages 63 to 141 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 for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

DIRECTORS

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

Chee Teck Kwong Patrick	(Chairman)
See Yen Tarn	(Group Chief Executive Officer)
Teo Beng Teck	
Tan Ee Ping	
Tan Hup Foi @ Tan Hup Hoi	

DIRECTORS' INTERESTS

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Chee Teck Kwong Patrick		
– ordinary shares		
– interest held	5,949,333	5,949,333
– warrants		
– interest held	7,436,665	7,436,665

DIRECTORS' INTERESTS (CONT'D)

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
See Yen Tarn		
– ordinary shares		
– deemed interest	9,266,666	9,866,666
– warrants		
– deemed interest	10,583,330	10,583,330
Teo Beng Teck		
– ordinary shares		
– interest held	5,260,000	5,260,000
– warrants		
– interest held	6,575,000	6,575,000
Tan Ee Ping		
– ordinary shares		
– interest held	6,089,333	6,089,333
– deemed interest	66,666	66,666
– warrants		
– interest held	7,611,665	7,611,665
– deemed interest	83,330	83,330

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 April 2018.

Except as disclosed under the "Share Options" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

SHARE OPTIONS

The CSC Performance Share Scheme 2008

The CSC Performance Share Scheme 2008 (the PSS Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 25 July 2008. The PSS Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tan Ee Ping, Chee Teck Kwong Patrick and Teo Beng Teck.

Other information regarding the PSS Scheme is set out below:

(i) Awards represent the right of a participant to receive fully-paid shares free of charge, upon the participant satisfying the criteria set out in the PSS Scheme.

(ii) The Committee has the absolute discretion on the following in relation to an award:

 (a) select eligible directors and employees to participate in the PSS Scheme;

 (b) determine the number of shares to be offered to each participant; and

 (c) assess the service and performance of the participants.

(iii) All awards are settled by physical delivery of shares.

(iv) The PSS Scheme shall continue to be in force for a maximum period of ten (10) years commencing on the adoption date.

No shares have been granted to the directors or the controlling shareholders of the Company or their associates or participants under the PSS Scheme since the commencement of the PSS Scheme. At the end of the financial year, there were no shares granted under the PSS Scheme.

WARRANTS

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

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

Date of issue of warrants	Exercise price per warrants	Warrants outstanding at 1 April 2017	Warrants issued	Warrants exercised	Warrants outstanding at 31 March 2018	Expiry date
30/12/2015	$0.01	1,441,101,590	–	(20,556,300)	1,420,545,290	29/12/2020

DIRECTORS' STATEMENT

AUDIT COMMITTEE

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

- Tan Hup Foi @ Tan Hup Hoi (Chairman), independent director
- Chee Teck Kwong Patrick, independent director
- Teo Beng Teck, non-executive director

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

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

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- adequacy and effectiveness of the internal audit function;
- report of the internal auditor on the Group's internal control system;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- independence of the external auditors of the Company and the nature and extent of the non-audit services provided by the external auditors; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors as required under Section 206(1A) of the Act and determined that the external auditors were independent in carrying out their audit of the financial statements. The Audit Committee has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

DIRECTORS' STATEMENT

AUDITORS

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

On behalf of the Board of Directors

Chee Teck Kwong Patrick
Chairman

See Yen Tarn
Group Chief Executive Officer

25 June 2018

INDEPENDENT AUDITORS' REPORT

To the members of CSC Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CSC Holdings Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 141.

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

Basis for opinion

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

Key audit matters

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

<u>Recognition of construction-related revenue, costs and provisions (Refer to Notes 21, 22 and 23 to the financial statements)</u>

Risk:

Owing to the long-term and complex nature of the Group's construction contracts, there is an inherent risk that the projects may run into losses. The stage of completion used for revenue recognition is based on survey reports of contract activities. Project costs estimation including contingencies, and variation orders in project accounting are highly judgemental. Any changes in these estimates could result in material variances in the contract revenue and budgeted costs, including recognition of additional provisions for foreseeable losses, rectification costs and liquidated damages. The budgeted and progressive project margin recognised on existing projects could significantly change in future periods.

How the matter was addressed in our audit:

We selected a sample of contracts for testing using qualitative and quantitative criteria, such as contracts with low or negative margins, those with claims and other adverse developments during the financial year.

We verified the contract revenues and costs recognised to contract terms, project status reports and other relevant supporting documents. We reviewed the reasonableness of estimates used and evaluated for the risk of possible management bias. We also reviewed management's assessment of the estimated costs to complete and probability of further costs, such as rectification costs and liquidated damages.

Impairment of trade receivables and amount due from customers for contract works (Refer to Note 12 to the financial statements)

Risk:

The Group's trade receivables and amount due from customers for contract works amounted to $41 million and $84 million respectively. The Group identifies debtors with potential recoverability issues, based on repayment trends and aging of the receivables.

Judgement is required to determine if adequate impairment losses were made against these exposures.

How the matter was addressed in our audit:

We assessed the recoverability of receivables, focusing on individually significant and long outstanding amounts. We also analysed the payment history of these debtors and checked for receipts subsequent to the year-end. We also considered the contract performance and other non-contractual arrangements reached with customers, including settlement arrangements.

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

Risk:

The Group has a significant asset base and continues to be loss-making in the current financial year. In assessing whether the carrying amount of the property, plant and equipment has been impaired, management considered the following impairment triggers, namely: poor economic performance, and pessimistic industry and economic outlook.

Where there were indicators of impairment, the Group engaged external valuers to value its property, plant and equipment to determine their recoverable amounts. The valuation technique adopted and the related assumptions are inherently judgemental.

How the matter was addressed in our audit:

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

We evaluated the appropriateness of the assumptions used by the external valuer by comparing them against market observable data and other relevant information.

Other information

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

We have obtained the directors' statement prior to the date of this auditor's report. The remaining other information are expected to be made available to us after that date.

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

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

INDEPENDENT AUDITORS' REPORT

To the members of CSC Holdings Limited

When we read the remaining other information that are expected to be made available to us after the date of this auditors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and 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.

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

To the members of CSC Holdings Limited

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditors' report is Ling Su Min.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
25 June 2018

STATEMENT OF FINANCIAL POSITION

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	156,221	164,929	22	31
Goodwill	5	1,452	1,452	–	–
Investments in:					
– subsidiaries	6	–	–	120,530	114,592
– associates	8	1,666	904	–	–
– a joint venture	9(a)	–	704	–	–
Other investments	10	914	879	–	–
Trade and other receivables	12	12,881	10,544	–	–
Deferred tax assets	19	93	252	23	19
		173,227	179,664	120,575	114,642
Current assets					
Inventories	11	23,694	25,257	–	–
Trade and other receivables	12	121,863	137,287	19,262	26,485
Cash and cash equivalents	13	18,726	18,532	249	1,398
		164,283	181,076	19,511	27,883
Asset held for sale	14	198	–	–	–
		164,481	181,076	19,511	27,883
Total assets		337,708	360,740	140,086	142,525
Equity attributable to owners of the Company					
Share capital	15	80,498	80,292	80,498	80,292
Reserves	16	51,942	64,652	51,367	49,403
		132,440	144,944	131,865	129,695
Non-controlling interests	7	26,761	25,900	–	–
Total equity		159,201	170,844	131,865	129,695
Non-current liabilities					
Loans and borrowings	18	21,215	21,632	16	26
Deferred tax liabilities	19	1,853	1,726	–	–
		23,068	23,358	16	26
Current liabilities					
Loans and borrowings	18	59,162	64,050	160	10
Trade and other payables	20	86,511	84,960	8,012	12,753
Excess of progress billings over construction work-in-progress	21	926	186	–	–
Provisions	22	8,610	15,917	–	–
Current tax payable		230	1,425	33	41
		155,439	166,538	8,205	12,804
Total liabilities		178,507	189,896	8,221	12,830
Total equity and liabilities		337,708	360,740	140,086	142,525

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2018

	Note	2018 $'000	2017 $'000
Revenue	23	340,439	252,360
Cost of sales		(327,580)	(244,114)
Gross profit		12,859	8,246
Other income		2,867	2,306
Distribution expenses		(732)	(526)
Administrative expenses		(24,059)	(25,711)
Other operating expenses		(278)	(2,850)
Results from operating activities		(9,343)	(18,535)
Finance income		185	213
Finance expenses		(3,621)	(3,843)
Net finance expenses	24	(3,436)	(3,630)
Share of profit of an associate (net of tax)		3	–
Share of profit/(loss) of joint ventures (net of tax)		1	(247)
		4	(247)
Loss before tax		(12,775)	(22,412)
Tax expense	25	(675)	(2,313)
Loss for the year	26	(13,450)	(24,725)
(Loss)/profit attributable to:			
Owners of the Company		(14,314)	(25,282)
Non-controlling interests		864	557
Loss for the year		(13,450)	(24,725)
Loss per share	27		
Basic loss per share (cents)		(0.65)	(1.16)
Diluted loss per share (cents)		(0.65)	(1.16)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2018

	2018 $'000	2017 $'000
Loss for the year	(13,450)	(24,725)
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Revaluation surplus of property, plant and equipment	–	11,828
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	1,732	(1,595)
Foreign currency translation differences on disposal of a joint venture reclassified to profit or loss	–	63
Foreign currency translation differences on dilution of interest in a joint venture reclassified to profit or loss	(1)	–
Other comprehensive income for the year, net of tax	1,731	10,296
Total comprehensive income for the year	(11,719)	(14,429)
Total comprehensive income attributable to:		
Owners of the Company	(12,710)	(14,943)
Non-controlling interests	991	514
Total comprehensive income for the year	(11,719)	(14,429)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

	Note	Share capital $'000	Capital reserve $'000	Reserve for own shares $'000
At 1 April 2016		80,289	17,798	(2,354)
Total comprehensive income for the year				
(Loss)/profit for the year		–	–	–
Other comprehensive income				
Foreign currency translation differences		–	–	–
Foreign currency translation differences on disposal of a joint venture		–	–	–
Revaluation surplus of property, plant and equipment		–	–	–
Total other comprehensive income		–	–	–
Total comprehensive income for the year		–	–	–
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners				
Issue of shares from exercise of warrants	15	3	–	–
Dividends paid to non-controlling interests		–	–	–
Total contributions by and distributions to owners		3	–	–
Changes in ownership interests in a subsidiary				
Capital contribution by non-controlling interests of a subsidiary		–	–	–
Total changes in ownership interests in a subsidiary		–	–	–
Total transactions with owners of the Company		3	–	–
At 31 March 2017		80,292	17,798	(2,354)
At 1 April 2017		80,292	17,798	(2,354)
Total comprehensive income for the year				
(Loss)/profit for the year		–	–	–
Other comprehensive income				
Foreign currency translation differences		–	–	–
Foreign currency translation differences on dilution of interest in a joint venture		–	–	–
Transfer of revaluation surplus of property, plant and equipment		–	–	–
Total other comprehensive income		–	–	–
Total comprehensive income for the year		–	–	–
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners				
Issue of shares from exercise of warrants	15	206	–	–
Dividends paid to non-controlling interests		–	–	–
Total contributions by and distributions to owners		206	–	–
Changes in ownership interests in a subsidiary				
Capital contribution by non-controlling interests of a subsidiary		–	–	–
Total changes in ownership interests in a subsidiary		–	–	–
Total transactions with owners of the Company		206	–	–
At 31 March 2018		80,498	17,798	(2,354)

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

Reserve on consolidation $'000	Foreign currency translation reserve $'000	Revaluation reserve $'000	Other reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
116	(5,885)	–	(881)	70,801	159,884	25,454	185,338
–	–	–	–	(25,282)	(25,282)	557	(24,725)
–	(1,552)	–	–	–	(1,552)	(43)	(1,595)
–	63	–	–	–	63	–	63
–	–	11,828	–	–	11,828	–	11,828
–	(1,489)	11,828	–	–	10,339	(43)	10,296
–	(1,489)	11,828	–	(25,282)	(14,943)	514	(14,429)
–	–	–	–	–	3	–	3
–	–	–	–	–	–	(195)	(195)
–	–	–	–	–	3	(195)	(192)
–	–	–	–	–	–	127	127
–	–	–	–	–	–	127	127
–	–	–	–	–	3	(68)	(65)
116	(7,374)	11,828	(881)	45,519	144,944	25,900	170,844
116	(7,374)	11,828	(881)	45,519	144,944	25,900	170,844
–	–	–	–	(14,314)	(14,314)	864	(13,450)
–	1,605	–	–	–	1,605	127	1,732
–	(1)	–	–	–	(1)	–	(1)
–	–	(629)	–	629	–	–	–
–	1,604	(629)	–	629	1,604	127	1,731
–	1,604	(629)	–	(13,685)	(12,710)	991	(11,719)
–	–	–	–	–	206	–	206
–	–	–	–	–	–	(195)	(195)
–	–	–	–	–	206	(195)	11
–	–	–	–	–	–	65	65
–	–	–	–	–	–	65	65
–	–	–	–	–	206	(130)	76
116	(5,770)	11,199	(881)	31,834	132,440	26,761	159,201

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Loss for the year		(13,450)	(24,725)
Adjustments for:			
Allowance for foreseeable losses on construction work-in-progress	21	740	–
Bad debts written off/(back)	26	50	(20)
Depreciation of property, plant and equipment	4	25,816	26,941
Gain on dilution of interest in a joint venture		(1)	–
Gain on disposal of:			
– property, plant and equipment		(1,723)	(1,287)
– a joint venture		–	(179)
– assets held for sale		(91)	–
Impairment losses recognised/(reversed) on:			
– property, plant and equipment	4	63	98
– trade and other receivables	12	(161)	1,712
Inventories written down	11	148	909
Inventories written off	26	96	–
Net finance expenses	24	3,436	3,630
Property, plant and equipment written off	26	–	1
Provision for liquidated damages	22	116	654
Provision for rectification costs	22	2,160	437
Share of profit of an associate (net of tax)		(3)	–
Share of (profit)/loss of joint ventures (net of tax)		(1)	247
Tax expense	25	675	2,313
		17,870	10,731
Changes in:			
Inventories		(3,127)	(2,089)
Trade and other receivables		13,177	21,075
Trade and other payables		(5,964)	(11,632)
Cash generated from operations		21,956	18,085
Taxes paid		(1,763)	(1,743)
Interest received		185	213
Net cash generated from operating activities		20,378	16,555
Cash flows from investing activities			
Acquisition of property, plant and equipment		(11,176)	(13,055)
Proceeds from disposal of:			
– property, plant and equipment		6,958	4,387
– subsidiaries in prior year		–	286
– a joint venture in prior year		839	548
– assets held for sale		365	–
Acquisition of an associate		–	(904)
Incorporation of a joint venture		–	(749)
Subscription of convertible notes in investee	10	(120)	–
Net cash used in investing activities		(3,134)	(9,487)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	Note	2018 $'000	2017 $'000
Cash flows from financing activities			
Interest paid		(3,172)	(3,217)
Dividends paid to non-controlling interests of a subsidiary		(195)	(195)
Proceeds from:			
– bank loans		11,655	28,897
– refinancing of finance lease liabilities		1,760	–
– bills payable		64,791	32,017
– cash grant from Productivity and Innovation Credit Scheme for acquisition of property, plant and equipment		60	64
– issue of shares from exercise of warrants, net of expenses		206	3
Repayment of:			
– bank loans		(24,369)	(20,505)
– bills payable		(53,427)	(38,535)
– finance lease liabilities		(13,093)	(16,792)
Decrease/(increase) in fixed deposit pledged		1,000	(1,000)
Net cash used in financing activities		(14,784)	(19,263)
Net increase/(decrease) in cash and cash equivalents		2,460	(12,195)
Cash and cash equivalents at 1 April		13,090	25,935
Effect of exchange rate fluctuations on cash held		208	(650)
Cash and cash equivalents at 31 March	13	15,758	13,090

Significant non-cash transactions

(a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $13,836,000 (2017: $16,924,000), of which $2,704,000 (2017: $2,992,000) were acquired by means of finance leases arrangements. At reporting date, the unpaid liabilities from the purchase of property, plant and equipment amounted to $2,254,000 (2017: $2,441,000). The unpaid liabilities for prior year's acquisition of property, plant and equipment amounting to $2,238,000 (2017: $1,500,000) were paid during the financial year.

(b) During the financial year, the Group disposed of property, plant and equipment with a carrying amount of $3,781,000 (2017: $3,923,000) for a sale consideration of $5,504,000 (2017: $5,211,000), of which $267,000 (2017: $1,697,000) has not yet been received as at reporting date. Sale proceeds of $1,721,000 (2017: $873,000) from prior year's disposal of property, plant and equipment were received during the financial year.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 June 2018.

1. DOMICILE AND ACTIVITIES

CSC Holdings Limited ('the Company') is a company incorporated in the Republic of Singapore. The address of the Company's registered office is No. 2, Tanjong Penjuru Crescent, Singapore 608968.

The financial statements of the Group as at and for the year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interests in associates and a joint operation.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in note 6 to the financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

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

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

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

- Note 4 – Estimation of recoverable amounts, useful lives and residual values of property, plant and equipment
- Note 5 – Assumptions relating to and estimation of recoverable amounts of cash-generating units with goodwill
- Note 6 – Measurement of impairment losses on interests in subsidiaries
- Note 11 – Measurement of net realisable value on inventories
- Note 12 – Measurement of impairment losses on trade and other receivables and amount due from customers for contract works
- Note 21 – Measurement of allowance for foreseeable losses on construction work-in-progress
- Note 22 – Measurement of provisions for liquidated damages and rectification costs
- Note 23 – Estimation of revenue and profit recognised on foundation engineering contracts

Measurement of fair values

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Further information about the assumptions made in measuring fair values is included in note 28.

2. BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

The Group has applied the following amendments for the first time for annual period beginning on 1 April 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12);* and
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendments to FRS 7)

From 1 April 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 March 2018 (see note 18). Comparative information has not been presented.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Foreign currency

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Foreign currency (cont'd)

Foreign operations

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

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

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

3.2 Basis of consolidation

Business combinations

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

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (cont'd)

Business combinations (cont'd)

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

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

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

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

Subsidiaries

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (cont'd)

Loss of control

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

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

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

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

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

Joint operations

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

Transactions eliminated on consolidation

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

Subsidiaries, associates and joint ventures in the separate financial statements

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

Recognition and measurement

Freehold and leasehold land and properties

Freehold and leasehold land and properties are initially measured at cost and subsequently carried at its revalued amounts, being the fair value at the date of revaluation, less accumulated depreciation and impairment loss, if any, recognised after the date of revaluation.

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

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

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

Plant and equipment

All other items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

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

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

Subsequent costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

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

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

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

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Subsequent measurement

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments

Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers or retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any interest income, are recognised in profit or loss.

Financial assets at fair value through profit or loss comprise investment in convertible notes.

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents and trade and other receivables (excluding prepayments).

Cash and cash equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Unquoted available-for-sale financial asset whose fair value cannot be measured reliably are carried at cost less impairment loss.

Available-for-sale financial assets comprise equity securities.

Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

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

The Group classifies non-derivative financial liabilities in the other financial liabilities category.

Other financial liabilities are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables (excluding deposits received, advance payments received for contracts and deferred revenue).

Share capital

Ordinary shares

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are measured at an amount to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives.

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

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

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in plant and equipment (note 3.3). Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

3.7 Inventories

Equipment and machinery, spare parts and raw materials

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Construction work-in-progress

Construction work-in-progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see note 3.14) less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented in trade and other receivables as amount due from customers for contract works for all contracts in which costs incurred plus attributable profits exceed progress billings and recognised losses. If progress billings and recognised losses exceed costs incurred plus recognised profits, then the difference is presented as excess of progress billings over construction work-in-progress in the statement of financial position.

3.9 Impairment

Non-derivative financial assets

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

Available-for-sale financial assets

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

For unquoted shares that are carried at cost less accumulated impairment losses, any impairment loss is recognised on profit or loss. Any subsequent recovery of impairment loss is not reversed.

Associates and joint venture

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

Non-financial assets

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

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

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

Impairment losses are recognised in profit or loss. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

Non-financial assets (cont'd)

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

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

3.10 Non-current assets held for sale

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

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

3.11 Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

3.12 Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial guarantee contracts

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

3.14 Revenue

Construction 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 the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

Contract revenue includes the initial amount of revenue agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that the economic benefits associated with the contract will flow to the entity and they can be reliably measured.

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 include: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

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 progress of construction work based on surveys of work performed to date.

Trading of building products and plant and equipment

Revenue from trading of building products, plant and equipment are measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue (cont'd)

Rental income

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

3.15 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. For grants relating to acquisition of long-term assets, the grant received is off-set against the cost of the long-term assets and reduces future depreciation or amortisation expenses. For grants relating to qualified expenditure, these grants are recognised in profit or loss as deduction from the related expenses or recognised as other income on a systematic basis in the same period in which the expenses are recognised.

3.16 Finance income and finance costs

Finance income comprises mainly interest income on funds invested and imputed interest on non-current amount due from customers for contract works that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and imputed interest on non-current amount due from customers for contract works that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.17 Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Tax (cont'd)

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

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

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

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

3.18 Earnings per share

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

3.19 Segment reporting

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

Segment results that are reported to the Group's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Leasehold land and properties $'000	Assets under construction $'000	Plant and machinery $'000	Office equipment, renovations and furniture and fittings $'000	Motor vehicles and containers $'000	Total $'000
Group							
Cost/valuation							
At 1 April 2016	–	13,210	110	338,759	13,414	3,880	369,373
Additions	875	5,287	284	8,894	1,027	557	16,924
Reclassification from inventories	–	–	–	2,260	–	–	2,260
Reclassification	–	(236)	–	34	202	–	–
Revaluation	11	11,817	–	–	–	–	11,828
Elimination of accumulated depreciation against cost on revaluation	–	(2,983)	–	–	–	–	(2,983)
Disposals/write-offs	–	–	–	(7,232)	(2,298)	(149)	(9,679)
Transfer to inventories	–	–	–	(7,421)	–	–	(7,421)
Effect of movements in exchange rates	(34)	5	(19)	(2,599)	(78)	(33)	(2,758)
At 31 March 2017	852	27,100	375	332,695	12,267	4,255	377,544
Additions	–	217	451	11,138	656	1,374	13,836
Reclassification from inventories	–	–	–	7,613	–	–	7,613
Reclassification to assets held for sale	–	(198)	–	(1,296)	–	–	(1,494)
Disposals/write-offs	–	–	–	(12,805)	(22)	(772)	(13,599)
Transfer to inventories	–	–	–	(5,811)	–	–	(5,811)
Effect of movements in exchange rates	63	5	43	2,764	83	31	2,989
At 31 March 2018	915	27,124	869	334,298	12,984	4,888	381,078

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

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

	Freehold land $'000	Leasehold land and properties $'000	Assets under construction $'000	Plant and machinery $'000	Office equipment, renovations and furniture and fittings $'000	Motor vehicles and containers $'000	Total $'000
Group							
Accumulated depreciation and impairment losses							
At 1 April 2016	–	2,221	–	185,964	10,345	2,931	201,461
Depreciation	–	517	–	25,325	709	390	26,941
Reclassification	–	244	–	(287)	43	–	–
Impairment losses	–	–	–	98	–	–	98
Elimination of accumulated depreciation against cost on revaluation	–	(2,983)	–	–	–	–	(2,983)
Disposals/write-offs	–	–	–	(3,891)	(1,715)	(149)	(5,755)
Transfer to inventories	–	–	–	(5,400)	–	–	(5,400)
Effect of movements in exchange rates	–	1	–	(1,678)	(51)	(19)	(1,747)
At 31 March 2017	–	–	–	200,131	9,331	3,153	212,615
Depreciation	–	1,486	–	23,154	635	541	25,816
Impairment losses	–	–	–	63	–	–	63
Reclassification to assets held for sale	–	–	–	(1,022)	–	–	(1,022)
Disposals/write-offs	–	–	–	(9,065)	(20)	(733)	(9,818)
Transfer to inventories	–	–	–	(4,527)	–	–	(4,527)
Effect of movements in exchange rates	–	–	–	1,668	45	17	1,730
At 31 March 2018	–	1,486	–	210,402	9,991	2,978	224,857
Carrying amounts							
At 1 April 2016	–	10,989	110	152,795	3,069	949	167,912
At 31 March 2017	852	27,100	375	132,564	2,936	1,102	164,929
At 31 March 2018	915	25,638	869	123,896	2,993	1,910	156,221

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

	Office equipment, renovations and furniture and fittings $'000
Company	
Cost	
At 1 April 2016, 31 March 2017 and 31 March 2018	68
Accumulated depreciation	
At 1 April 2016	28
Depreciation	9
At 31 March 2017	37
Depreciation	9
At 31 March 2018	46
Carrying amounts	
At 1 April 2016	40
At 31 March 2017	31
At 31 March 2018	22

(i) Included in the above are property, plant and equipment acquired under finance lease arrangements (note 18) with the following carrying amounts:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Plant and machinery	37,506	46,778	–	–
Office equipment, renovations and furniture and fittings	144	198	22	31
Motor vehicles	1,536	620	–	–
	39,186	47,596	22	31

(ii) Leasehold land and properties, and plant and machinery of the Group with total carrying amounts of $26,381,000 (2017: $28,103,000) are mortgaged to banks as security for certain bank facilities extended by the banks to the Group (note 18).

(iii) The Group's freehold and leasehold land and properties were revalued on 31 March 2017 based on valuations performed by independent professional valuers. The surplus of $11,828,000 arising from the revaluations had been credited to other comprehensive income and accumulated in equity under revaluation reserve (note 16). The fair value of land and properties has been determined based on the market approach. The valuation model analysed comparable sales of similar land and properties and took into consideration in-house adjustments made by the valuers on the comparable sale prices of an average of 9.6% to reflect the leasehold land and properties of the Group. Management has performed internal valuations to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Based on this internal valuation exercise, management concluded that the previously held external valuation continues to be appropriate as at 31 March 2018. The fair value measurement is categorised as Level 3 on the fair value hierarchy and estimated fair value would increase/(decrease) if the adjustments and comparable prices were higher/(lower). If the revalued land and properties had been included in the financial statements at historical cost less accumulated depreciation, the carrying amount as at 31 March 2018 would have been $15,354,000 (2017: $16,124,000).

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

(iv) Impairment loss is recognised when events and circumstances indicate that the property, plant and equipment may be impaired and the carrying amounts of the plant and equipment exceed their recoverable amounts. As a result of the challenging macro environment that resulted in losses recognised for the year, the Group carried out an impairment assessment on the Group's plant and equipment. The recoverable amounts of certain plant and equipment were estimated using the fair value less costs to sell approach.

Under the market approach, the fair values were based on independent appraisals undertaken by a professional valuer at the reporting date. The valuation model analyses comparable sales of similar plant and machinery and takes into consideration in-house adjustments made by the valuer on the comparable sale prices of an average of 11.2% (2017: 8.2%) to reflect the plant and equipment of the Group. The fair value measurement is categorised as Level 3 on the fair value hierarchy and a 1% increase in the in-house adjustments would result in a decrease in fair value of $985,000 (2017: $1,820,000) and decrease in profit or loss (and accumulated profits) of $38,000 (2017: $75,000).

As a result of the assessment, a total impairment loss of $63,000 (2017: $98,000) was recognised on certain plant and equipment in the sales and lease of equipment business segment. The impairment loss was recognised under other operating expenses in the consolidated statement of profit or loss.

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

Useful lives and residual values of property, plant and equipment

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

Impairment assessment of plant and equipment

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

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

Management judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Changing the assumptions used by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. The fair value less costs of disposal calculation is based on available data from binding sales transaction, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

Classification of assets

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

5. GOODWILL

	Goodwill on consolidation $'000
Group	
Cost	
At 1 April 2016, 31 March 2017 and 31 March 2018	2,539
Accumulated impairment losses	
At 1 April 2016, 31 March 2017 and 31 March 2018	1,087
Carrying amounts	
At 1 April 2016, 31 March 2017 and 31 March 2018	1,452

Impairment testing for cash-generating units containing goodwill

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

	2018 $'000	2017 $'000
Soil Investigation Pte Ltd ("SI")	900	900
Wisescan Engineering Services Pte Ltd ("WES")	552	552
	1,452	1,452

The Group has determined the recoverable amounts of SI and WES cash-generating units based on value in use calculations. The value in use was determined by discounting the expected future cash flows generated from the continuing use of each unit. The cash flow projections are based on financial budgets covering a five-year (2017: five-year) period.

The key assumptions used for value in use calculations are as follows:

	SI		WES	
	2018 %	2017 %	2018 %	2017 %
Revenue growth rate	0 – 2.4	0 – 4.0	0 – 3.9	0 – 20.0
Pre-tax discount rate	9.8	9.8	9.8	9.8

The discount rates used are pre-tax and reflect the specific risks relating to the cash-generating unit.

Based on the above assumptions, the recoverable amounts of SI and WES cash-generating units were higher than their respective carrying amounts.

The Group believes that any reasonably possible changes in the above key assumptions relating to SI and WES are not likely to cause its recoverable amounts to be materially lower than its carrying amounts.

Source of estimation uncertainty

Goodwill is assessed for impairment on an annual basis. The impairment assessment requires an estimation of the value-in-use of the cash-generating unit to which the goodwill is allocated. Actual cash flows will differ from these estimates as a result of differences between assumptions used and actual operations. Accordingly, there would be adjustments to the recoverable amounts of the cash-generating units, which could affect future periods' profit or loss.

6. INVESTMENTS IN SUBSIDIARIES

	Company 2018 $'000	Company 2017 $'000
Equity investment, at cost	116,889	110,889
Impairment losses	(8,307)	(8,245)
	108,582	102,644
Shareholder's loan	11,948	11,948
	120,530	114,592

The shareholder's loan is unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less impairment losses.

As at 31 March 2018, certain non-trade amounts due from subsidiaries of $6,000,000 (2017: $8,225,000) were capitalised and recorded by the Company as increase in cost of investment in the subsidiaries.

Due to the lack of positive cash flows from active operations by certain subsidiaries, the Company fully impaired its investments in those subsidiaries whose recoverable amounts were deemed to be $Nil at the reporting date; and an impairment loss of $62,000 (2017: $Nil) was recognised in other operating expenses during the year ended 31 March 2018.

Source of estimation uncertainty

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

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest held by the Group 2018 %	Effective equity interest held by the Group 2017 %
Held by Company				
+ CS Construction & Geotechnic Pte. Ltd. and its subsidiary:	Investment holding and piling and civil engineering works	Singapore	100	100
+ CS Geotechnic Pte. Ltd.	Civil engineering, piling, foundation and geotechnical engineering works (currently dormant)	Singapore	100	100
+ CS Bored Pile System Pte. Ltd.	Bored piling works	Singapore	100	100

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest held by the Group 2018 %	2017 %
Held by Company (cont'd)				
+ THL Engineering Pte. Ltd. and its subsidiaries:	Investment holding, sales and rental of heavy equipment, machinery and spare parts (currently dormant)	Singapore	100	100
+ THL Foundation Equipment Pte. Ltd. and its subsidiaries:	Investment holding, trading and rental of construction equipment and related parts	Singapore	55	55
+ ICE Far East Pte. Ltd. and its subsidiaries:	Investment holding, trading and rental of piling hammers and other foundation equipment	Singapore	46.75	46.75
* ICE Far East Sdn. Bhd.	Trading and rental of piling hammers and other foundation equipment	Malaysia	46.75	46.75
# ICE Far East (HK) Limited	Rental of machinery and other related services	Hong Kong	46.75	46.75
* ICE Far East (Thailand) Co., Ltd	Trading and rental of machinery and other related services	Thailand	46.75	46.75
# ICE Far East Offshore Pte. Ltd.	Trading and rental of foundation engineering equipment and other related services (currently dormant)	Singapore	46.75	46.75
# IMT-THL India Private Limited	Trading and rental of construction equipment and related parts	India	55	55
# THL Foundation Equipment (Philippines) Inc	Wholesale trading of equipment, spare parts and consumable items	Philippines	55	55
# THL Foundation Equipment (Myanmar) Company Limited	Rental of foundation equipment and trading of construction materials	Myanmar	49.5	49.5
+ Kolette Pte. Ltd.	Sale and sublet of land and property development (currently dormant)	Singapore	100	100
* CS Geo (Malaysia) Sdn. Bhd.	Piling, foundation and geotechnical engineering works	Malaysia	100	100

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest held by the Group 2018 %	2017 %
Held by Company (cont'd)				
+ L&M Foundation Specialist Pte. Ltd. and its subsidiaries:	Investment holding, piling, foundation and geotechnical engineering works	Singapore	100	100
# L&M Foundation Specialist (Vietnam) Limited Company	Piling, foundation and geotechnical engineering works	Vietnam	100	100
* L&M Ground Engineering Sdn. Bhd.	Piling, foundation and geotechnical engineering works (currently dormant)	Malaysia	100	100
* G-Pile Sistem Sdn. Bhd. and its subsidiary:	Investment holding, piling, foundation and geotechnical engineering works	Malaysia	100	100
* GPSS Geotechnic Sdn. Bhd.	Piling, foundation and geotechnical engineering works (currently dormant)	Malaysia	100	100
+ Soil Investigation Pte. Ltd. and its subsidiary:	Investment holding, soil investigation, laboratory testing, geotechnical instrumentation and monitoring works	Singapore	100	100
+ Wisescan Engineering Services Pte. Ltd.	Land surveying, tunnel and structural deformation monitoring survey, tunnelling survey	Singapore	70	70
* CSC Ground Engineering Sdn. Bhd. and its subsidiary:	Investment holding	Malaysia	100	100
* Borneo Geotechnic Sdn. Bhd.	Piling, foundation and geotechnical engineering works	Malaysia	100	100
+ DW Foundation Pte. Ltd.	Bored piling works	Singapore	100	100
+ CS Ground Engineering (International) Pte. Ltd.	Investment holding	Singapore	100	100
+ CS Industrial Properties Pte. Ltd.	Investment holding	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest held by the Group 2018 %	2017 %
Held by Company (cont'd)				
+ CS Real Estate Investments Pte Ltd and its subsidiary:	Investment holding, property development, property investment, property management and other related activities	Singapore	100	100
+ Coldhams Alliance Pte. Ltd.	Investment holding, real estate activities with owned or leased properties	Singapore	100	–

\+ Audited by KPMG LLP Singapore

* Audited by other member firms of KPMG International

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

Although the Group owns less than half of ICE Far East Pte. Ltd. and its subsidiaries and THL Foundation Equipment (Myanmar) Company Limited, the management has determined that the Group has control through its control over the Board of Directors of these entities.

7. NON-CONTROLLING INTERESTS

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

Name	Principal places of business/ Country of incorporation	Operating segment	Ownership interests held by NCI 2018 %	2017 %
THL Foundation Equipment Pte. Ltd. and its subsidiaries ("THLFE Group")	Singapore	Sales and lease equipment	45	45
Wisescan Engineering Services Pte. Ltd. ("WES")	Singapore	Foundation and geotechnical engineering	30	30

7. NON-CONTROLLING INTERESTS (CONT'D)

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

	THLFE Group $'000	WES $'000	Intra-group elimination $'000	Total $'000
2018				
Revenue	46,761	7,732		
Profit	539	1,566		
Other comprehensive income	232	–		
Total comprehensive income	771	1,566		
Attributable to NCI:				
– Profit	350	470	44	864
– Other comprehensive income	127	–	–	127
– Total comprehensive income	477	470	44	991
Non-current assets	45,169	2,359		
Current assets	45,469	8,201		
Non-current liabilities	(6,238)	(289)		
Current liabilities	(32,533)	(1,588)		
Net assets	51,867	8,683		
Net assets attributable to NCI	25,884	2,605	(1,728)	26,761
Cash flows from operating activities	5,508	1,387		
Cash flows from/(used in) investing activities	3,605	(80)		
Cash flows used in financing activities (including dividends paid to NCI of $195,000)	(8,390)	(650)		
Net increase in cash and cash equivalents	723	657		
2017				
Revenue	47,439	8,743		
(Loss)/Profit	(597)	1,311		
Other comprehensive income	(86)	–		
Total comprehensive income	(683)	1,311		
Attributable to NCI:				
– (Loss)/profit	(240)	393	404	557
– Other comprehensive income	(43)	–	–	(43)
– Total comprehensive income	(283)	393	404	514

7. NON-CONTROLLING INTERESTS (CONT'D)

	THLFE Group $'000	WES $'000	Intra-group elimination $'000	Total $'000
2017				
Non-current assets	47,975	2,686		
Current assets	47,456	8,257		
Non-current liabilities	(5,930)	(245)		
Current liabilities	(34,001)	(2,932)		
Net assets	55,500	7,766		
Net assets attributable to NCI	25,341	2,330	(1,771)	25,900
Cash flows from operating activities	5,009	1,534		
Cash flows from/(used in) investing activities	614	(600)		
Cash flows used in financing activities (including dividends paid to NCI of $195,000)	(6,579)	(652)		
Net (decrease)/increase in cash and cash equivalents	(956)	282		

8. INVESTMENT IN ASSOCIATES

	Group 2018 $'000	Group 2017 $'000
Unquoted equity investments	681	–*
Shareholder's loans	985	904
	1,666	904

* Less than $1,000

Details of the associates are as follows:

	Coriolis Hertford Limited [1]	WB TOP3 Development Sdn. Bhd. ("TOP3")
Nature of relationship with the Group	Strategic investor in property development project in United Kingdom	Strategic investment in property development project in Malaysia
Principal place of business/country of incorporation	Hong Kong	Malaysia
Ownership interest/voting rights held	21% (2017: 21%)	19% (2017: Nil)

[1] The associate is not considered to be individually significant.

8. INVESTMENT IN ASSOCIATES (CONT'D)

(i) On 16 September 2016, the Group acquired 21% ownership in the equity interest of Coriolis Hertford Limited ("CHL") for a cash consideration of $7 and granted a shareholder's loan of $904,000 to CHL. CHL holds a 40% stake in Railway Street Hertford Limited ("RSH"), which has obtained full planning permission to carry out a property development project in Hertford, United Kingdom.

The Group has assessed that it has significant influence because it has representation on the Board of Directors and has power to participate in the financial and operating policies of CHL.

By virtue of the shareholder's agreement with its other investors, the Group is entitled to a return equal to 55% on the shareholder's loan for a period of 21 months from the date of commencement of development of the project. The Group will also be entitled to a further pro-rata return for each day of delay. As the Group is not entitled to any profits other than the 55% return, no share of profits have been recognised for the year.

(ii) Please refer to note 9(a)(ii) for details on investment in TOP3. Although the Group owns less than 20 percent interests in TOP3, management has assessed that it has significant influence because it participates in the financial and operating policies of TOP3 through its representation on the Board of Directors.

The following table summarises the financial information of the Group's interest in TOP3, based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information relating to TOP3 is only for the period from 14 September 2017 to 31 March 2018.

	TOP3 $'000
2018	
Revenue	29
Profit after tax	18
Other comprehensive income	148
Total comprehensive income	166
Attributable to NCI	134
Attributable to investee's shareholder	32
Non-current assets	1,402
Current assets	2,610
Current liabilities	(430)
Net assets	3,582
Attributable to NCI	2,901
Attributable to investee's shareholder	681
Group's interest in net assets of investee at beginning of the year	–
Reclassified from investment in a joint venture	649
Share of total comprehensive income	
– Profit after tax	3
– Other comprehensive income	29
	32
Carrying amount of interest in investee at end of the year	681

9. JOINT ARRANGEMENTS

(a) Joint venture

	Group 2018 $'000	Group 2017 $'000
Unquoted equity investment	–	628
Shareholder's loan	–	76
	–	704

Details of the joint venture are as follows:

Name of joint venture	Principal activities	Nature of relationship with the Group	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2018 %	2017 %
Held by CS Real Estate Investments Pte Ltd					
# WB TOP3 Development Sdn. Bhd. (formerly known as TOP3 Development Sdn. Bhd.) ("TOP3")	Property development	Strategic investment in property development project in Malaysia	Malaysia	–*	40

Audited by another firm of certified public accountant.
* The Group holds equity interest of 19% in TOP3 as at 31 March 2018 (see note 8).

(i) In 2017, the Group disposed of its investment in Siam CSC Engineering Co., Ltd for a total consideration of $1,396,000. As a result, a gain of $179,000 was recognised in the prior year's consolidated statement of profit or loss. The Group received the remaining proceeds of $839,000 (2017: $548,000) with a foreign exchange loss of $9,000 in the current financial year.

(ii) On 20 May 2016, the Group entered into a Shareholders' Agreement ("Shareholder Agreement") with several parties (collectively, the "JV Partners") to jointly undertake a proposed commercial development in Seremban, Negeri Sembilan, Malaysia. Pursuant to the Shareholder Agreement, the JV Partners incorporated TOP3 to acquire a piece of freehold land in Seremban in connection with the development of commercial properties for sale.

On 23 June 2016, the Group subscribed for ordinary shares equivalent to 40% of the equity interest of TOP3 for a subscription price of RM2,000,000 (equivalent to $669,000) and granted a shareholder's loan of RM240,000 (equivalent to $81,000) (2017: equivalent to $76,000) to TOP3.

On 14 September 2017, the Group entered into a new Shareholders' Agreement ("Revised Shareholder Agreement") with several parties in relation to the investment in a joint venture of the Group, TOP3 Development Sdn. Bhd.

Pursuant to the Revised Shareholder Agreement, TOP3 increased its share capital from RM5,000,000 to RM10,526,320 by way of issuance of 5,526,320 new ordinary shares to a new party. As a result, the Group's equity interest in TOP3 was diluted from 40% to 19%. Following the dilution in shareholdings and terms and conditions of the Revised Shareholder Agreement, the Group reclassified the investment in TOP3 to an investment in associate.

9. JOINT ARRANGEMENTS (CONT'D)

(a) Joint venture (cont'd)

The following table summarises the financial information of the Group's joint ventures, based on their financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information relating to TOP3 is only for the period from 1 April 2017 to 13 September 2017.

	TOP3 $'000
2018	
Revenue	5
Profit after tax [a]	2
Other comprehensive income	47
Total comprehensive income	49
Group's interest in net assets of investee at beginning of the year	628
Share of total comprehensive income	
– Profit after tax	1
– Other comprehensive income	19
	20
Gain on dilution of interest	1
Reclassified to investment in an associate	(649)
Carrying amount of interest in investee at end of the year	–

a Includes interest income of $5,000.

	SCE $'000	TOP3 $'000	Total $'000
2017			
Revenue	1,659	9	
Loss after tax [b]	(552)	(8)	
Other comprehensive income	114	(92)	
Total comprehensive income	(438)	(100)	
Non-current assets	–	1,238	
Current assets [c]	–	522	
Current liabilities	–	(189)	
Net assets	–	1,571	
Attributable to NCI	–	943	
Attributable to investee's shareholder	–	628	
Group's interest in net assets of investee at beginning of the year	1,342	–	1,342
Additions during the year	–	669	669
Share of total comprehensive income			
– Loss after tax	(270)	(4)	(274)
– Other comprehensive income	55	(37)	18
	(215)	(41)	(256)
Realisation of unrealised profits on transactions with joint venture	27	–	27
Translation difference	63	–	63
Disposals during the year	(1,217)	–	(1,217)
Carrying amount of interest in investee at end of the year	–	628	628

b SCE: Includes depreciation of $488,000, interest expense of $1,000 and tax credit of $3,000;
TOP3: Includes interest income of $9,000.

c TOP3: Includes cash and cash equivalents of $436,000.

9. JOINT ARRANGEMENTS (CONT'D)

(b) Joint operation

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

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

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

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

Details of the joint operation are as follows:

Name of joint operation	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2018 %	2017 %
Held by CS Industrial Properties Pte. Ltd.				
# NHCS Investment Pte. Ltd. and its subsidiary:	Investment holding	Singapore	49	49
# NH Singapore Biotechnology Pte. Ltd.	Providing fabrication, repair and maintenance facilities for heavy machinery	Singapore	49	49

Audited by another firm of public accountants and chartered accountants.

At the reporting date, the Company had issued guarantees to a bank in respect of bank facilities granted to NHBT amounting to $5,632,000 (2017: $4,957,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

10. OTHER INVESTMENTS

	Group	
	2018	2017
	$'000	$'000
Other investments		
Unquoted shares, at cost	169	193
Shareholder's loan	625	686
	794	879
Convertible notes	120	–
	914	879

(a) Unquoted shares relate to ordinary shares equivalent to 5% of the equity interests of THAB Development Sdn Bhd ("THAB"), held by L&M Ground Engineering Sdn Bhd, a 100% owned subsidiary of the Group. The fair value of the unquoted equity shares cannot be measured reliably as there is no active market to appraise the value of these unquoted equity shares. Accordingly, the unquoted equity shares are carried at cost less accumulated impairment losses.

The shareholder's loan due from THAB is unsecured, bears interest at 6 month Kuala Lumpur Interbank Offered Rate + 0.5% premium and settlement is neither planned nor likely to occur in the foreseeable future. Since the amount is, in substance, a part of the Group's net investment in THAB, it is stated at cost less impairment losses.

(b) On 14 December 2017, the Group entered into an Investment Agreement (the "Agreement"), to subscribe for $240,000 of unsecured convertible notes (the "Notes") issued by Ackcio Pte. Ltd. ("Ackcio"). The Notes are subscribable over 6 monthly instalments of $40,000 each, commencing from January 2018. As at 31 March 2018, the Group has subscribed to $120,000 of the Notes.

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

The Notes have been designated at fair value through profit or loss because they are managed on a fair value basis and their performance is actively managed.

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

11. INVENTORIES

	Group	
	2018	2017
	$'000	$'000
Equipment and machinery	12,180	13,783
Spare parts	9,396	9,983
Raw materials	2,118	1,491
	23,694	25,257
Allowance for obsolete inventories	–*	–*
	23,694	25,257

* Less than $1,000

The cost of inventories recognised in cost of sales amounted to $124,164,000 (2017: $84,519,000).

Included in the above are inventories amounting to $700,000 (2017: $168,000) acquired under finance lease agreements (note 18).

As at 31 March 2018, the write down of inventories to net realisable value amounted to $148,000 (2017: $909,000) for the Group. The write down has been included in other operating expenses.

The movements in allowance for obsolete inventories during the year are as follows:

	Group	
	2018	2017
	$'000	$'000
At 1 April	–*	23
Allowance utilised	–	(21)
Effect of movements in exchange rates	–	(2)
At 31 March	–*	–*

* Less than $1,000

Source of estimation uncertainty

For the financial year ended 31 March 2018, the Company engaged an independent valuer to assess the valuation of inventories. The net realisable value of certain inventories were estimated using the fair value less costs to sell approach. The fair value is based on the amount for which an asset could be exchanged between a willing buyer and a willing seller in an arm's length transaction.

A review is made on declines in net realisable value below cost which is recorded against the inventory balance for any such declines. These reviews require management to compare costs to the selling price less costs of completion and costs to make the sale to ascertain whether inventories are valued at the lower of cost and net realisable value. In any case, the net realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include technical assessment and review of changing prices in subsequent sales.

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

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Non-current assets				
Amount due from customers for contract works	12,881	10,544	–	–
Current assets				
Trade receivables	44,052	52,049	1	1
Impairment losses	(2,779)	(4,410)	–	–
	41,273	47,639	1	1
Amount due from customers for contract works	82,073	91,912	–	–
Impairment losses	(10,776)	(11,269)	–	–
	71,297	80,643	–	–
Other receivables	4,967	3,480	35	89
Amounts owing by:				
– subsidiaries (trade)	–	–	4,908	5,719
– impairment losses	–	–	(3)	–
	–	–	4,905	5,719
– subsidiaries (non-trade)	–	–	14,481	20,676
– Impairment losses	–	–	(160)	–
	–	–	14,321	20,676
– related corporations (trade)	112	64	–	–
– a related corporation (non-trade)	5	–	–	–
	117,654	131,826	19,262	26,485
Deposits	3,158	4,844	–	–
Tax recoverable	533	266	–	–
Total current loans and receivables	121,345	136,936	19,262	26,485
Prepayments	518	351	–	–
	121,863	137,287	19,262	26,485

Amount due from customers for contract works include retention monies of $34,478,000 (2017: $33,770,000) related to construction work-in-progress.

All the outstanding balances with subsidiaries and related corporations are unsecured, interest-free and repayable on demand. The outstanding balances with subsidiaries and related corporations are not impaired as at the financial year-end.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

The ageing of loans and receivables at the reporting date was as follows:

	Gross 2018 $'000	Impairment losses 2018 $'000	Net 2018 $'000	Gross 2017 $'000	Impairment losses 2017 $'000	Net 2017 $'000
Group						
Not past due	91,762	–	91,762	105,761	(107)	105,654
Past due 0 – 30 days	7,903	–	7,903	2,487	(4)	2,483
Past due 31– 90 days	6,923	–	6,923	6,142	(12)	6,130
Past due 91– 180 days	12,794	(923)	11,871	11,670	(1,505)	10,165
Past due 181– 365 days	4,887	–	4,887	7,097	(486)	6,611
More than 365 days	23,512	(12,632)	10,880	30,002	(13,565)	16,437
	147,781	(13,555)	134,226	163,159	(15,679)	147,480
Company						
Not past due	19,423	(163)	19,260	26,483	–	26,483
Past due 0 – 30 days	–	–	–	–	–	–
Past due 31 – 90 days	–	–	–	–	–	–
Past due 91– 180 days	–	–	–	–	–	–
Past due 181– 365 days	–	–	–	–	–	–
More than 365 days	2	–	2	2	–	2
	19,425	(163)	19,262	26,485	–	26,485

The movements in impairment losses in respect of loans and receivables during the year were as follows:

	Trade receivables $'000	Amount due from customers for contract works $'000	Total $'000
Group			
2018			
At 1 April	4,410	11,269	15,679
Impairment losses reversed	(47)	(114)	(161)
Impairment losses utilised	(1,625)	(369)	(1,994)
Effect of movements in exchange rates	41	(10)	31
At 31 March	2,779	10,776	13,555
2017			
At 1 April	2,906	11,471	14,377
Impairment losses recognised/(reversed)	1,939	(227)	1,712
Impairment losses utilised	(400)	(12)	(412)
Effect of movements in exchange rates	(35)	37	2
At 31 March	4,410	11,269	15,679

The impairment losses for the Group are related to several customers that have encountered financial difficulties and have indicated that they are not expecting to be able to pay their outstanding balances.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group's primary exposure to credit risk arises on its trade receivables and amount due from customers for contract works. Concentration of credit risk relating to trade receivables and amount due from customers for contract works is limited due to the Group's many varied customers. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables and amount due from customers for contract works.

	Amounts owing by subsidiaries $'000
Company	
2018	
At 1 April	–
Impairment losses recognised	163
At 31 March	163

The Company's primary exposure to credit risk arises on its trade and non-trade amounts due from subsidiaries. The impairment losses for the Company is related to one subsidiary which does not have positive cash flows from any active operations and management has assessed that the said subsidiary is not able to fully settle the outstanding balance.

Source of estimation uncertainty

In performing the impairment assessment of financial receivables, the Group considered the ageing of the receivables, credit-worthiness of its customers and historical write-off of receivables. Except for the impaired receivables, the Group believes that no impairment loss is necessary in respect of the remaining receivables due to the good track record of its customers.

The Company assessed the collectability of the outstanding balances, having considered the financial conditions of the subsidiaries and their ability to make the required repayments. Management believes that no impairment loss is necessary in respect of the remaining balances. If the financial conditions of the subsidiaries were to deteriorate, further impairment may be required.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

13. CASH AND CASH EQUIVALENTS

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Cash at bank and in hand		12,090	9,619	249	398
Fixed deposits		6,636	8,913	–	1,000
Cash and cash equivalents in the statement of financial position		18,726	18,532	249	1,398
Bank overdrafts	18	(2,968)	(4,442)		
Fixed deposit pledged		–	(1,000)		
Cash and cash equivalents in the statement of cash flow		15,758	13,090		

As at 31 March 2017, fixed deposit amounting to $1,000,000 was pledged to a financial institution for finance lease facilities extended by the financial institution to the Group (note 18).

The bank overdrafts are unsecured and guaranteed by the Company.

14. ASSET HELD FOR SALE

Asset held for sale as at 31 March 2018 relates to a leasehold property located in Malaysia. It is measured according to the Group's policy stated in note 3.10 and the sale is expected to be completed within the next 12 months.

15. SHARE CAPITAL

	Group and Company 2018 No. of shares	2018 $'000	2017 No. of shares	2017 $'000
Issued and fully-paid ordinary shares with no par value:				
At 1 April	2,208,589,581	80,292	2,208,294,581	80,289
Exercise of warrants	20,556,300	206	295,000	3
At 31 March	2,229,145,881	80,498	2,208,589,581	80,292

All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

15. SHARE CAPITAL (CONT'D)

Ordinary shares

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

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

During the financial year, 20,556,300 shares were issued upon exercise of 20,556,300 warrants at $0.01 each, pursuant to the Rights cum Warrants Issue. As at 31 March 2018, there were outstanding warrants of 1,420,545,290 (2017: 1,441,101,590) for conversion into 1,420,545,290 (2017: 1,441,101,590) ordinary shares.

There were no buy-back of ordinary shares during the financial year. As at reporting date, the Company held 20,520,000 (2017: 20,520,000) of its own uncancelled shares.

Capital management

The Board's policy is to maintain an appropriate level of capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Consistent with prior year, the Board monitors the return on capital, which the Group defines as net profit after tax attributable to ordinary shareholders divided by average shareholders' equity excluding non-controlling interests. However, as the Group has suffered losses in 2017 and 2018, return on capital rates have become less meaningful. Hence, the Board has shifted their focus to monitoring capital using a gearing ratio, which is loans and borrowings divided by total equity (including non-controlling interests).

	Group	
	2018 $'000	2017 $'000
Loans and borrowings (note 18)	80,377	85,682
Total equity	159,201	170,844
Gearing ratio	50%	50%

The Board also continues to monitor the level of dividends to ordinary shareholders.

The loan facilities of certain subsidiaries are subject to externally imposed capital requirements where these subsidiaries are required to maintain net assets (total assets less total liabilities) or net tangible assets (total tangible assets less total tangible liabilities) in excess of specific financial thresholds. These subsidiaries have complied with these covenants at the reporting date.

Except as disclosed above, the Company and its subsidiaries are not subject to externally imposed capital requirements.

16. RESERVES

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

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Capital reserve	17,798	17,798	17,798	17,798
Reserve for own shares	(2,354)	(2,354)	(2,354)	(2,354)
Reserve on consolidation	116	116	–	–
Foreign currency translation reserve	(5,770)	(7,374)	–	–
Revaluation reserve	11,199	11,828	–	–
Other reserve	(881)	(881)	–	–
Accumulated profits	31,834	45,519	35,923	33,959
	51,942	64,652	51,367	49,403

The capital reserve represents the assigned fair value of the warrants issued by the Company and the effect of the capital reduction of the Company's ordinary shares from $0.05 to $0.01 per share during the financial year ended 31 March 2004. The capital reserve is not distributable in accordance with Article 142 of the Articles of Association of the Company.

Reserve for own shares comprises the cost of the Company's shares held by the Group (note 15).

The reserve on consolidation relates to the acquisition of non-controlling interests by a subsidiary pursuant to a scheme of restructuring in prior years.

The foreign currency translation reserve comprises:

(a) Foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and

(b) the exchange differences on monetary items which form part of the Group's net investment in foreign operations.

The revaluation reserve relates to the revaluation surplus on certain property, plant and equipment (note 4(iii)) measured using the revaluation model.

Other reserve relates to the changes in equity interest in subsidiaries without a change in control (i.e. represents difference between the purchase consideration and book value of the non-controlling interests).

17. SHARE-BASED PAYMENTS

The CSC Performance Share Scheme 2008

The CSC Performance Share Scheme 2008 (the PSS Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 25 July 2008. The PSS Scheme is administered by the Company's Remuneration Committee comprising three directors, Tan Ee Ping, Chee Teck Kwong Patrick and Teo Beng Teck.

Other information regarding the PSS Scheme is set out below:

(i) Awards represent the right of a participant to receive fully-paid shares free of charge, upon the participant satisfying the criteria set out in the PSS Scheme.

(ii) The Committee has the absolute discretion on the following in relation to an award:

  (a) select eligible directors and employees to participate in the PSS Scheme;

  (b) determine the number of shares to be offered to each participant; and

  (c) assess the service and performance of the participants.

(iii) All awards are settled by physical delivery of shares.

(iv) The PSS Scheme shall continue to be in force for a maximum period of ten (10) years commencing on the adoption date.

No shares have been granted to the directors or the controlling shareholders of the Company or their associates or participants under the PSS Scheme since the commencement of the PSS Scheme. At the end of the financial year, there were no shares granted under the PSS Scheme.

18. LOANS AND BORROWINGS

		Group		Company	
		2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current liabilities					
Secured bank loans		10,800	11,851	–	–
Unsecured bank loans		–	508	–	–
Finance lease liabilities		10,415	9,273	16	26
		21,215	21,632	16	26
Current liabilities					
Bank overdrafts	13	2,968	4,442	150	–
Bills payable		16,746	5,340	–	–
Secured bank loans		2,217	2,191	–	–
Unsecured bank loans		29,554	40,571	–	–
Finance lease liabilities		7,677	11,506	10	10
		59,162	64,050	160	10

The loans and borrowings are guaranteed by the Company, out of which $7,741,000 (2017: $9,828,000) are also guaranteed by a related corporation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

18. LOANS AND BORROWINGS (CONT'D)

The secured bank loans and finance lease liabilities are secured by:

(a) a charge over the Group's leasehold land and properties (note 4) with a carrying amount of $24,985,000 (2017: $26,300,000);

(b) a legal mortgage over the Group's plant and machinery (note 4) with a carrying amount of $1,396,000 (2017: $1,803,000);

(c) the Group's plant and machinery acquired under finance lease arrangements (note 4) with a carrying amount of $39,186,000 (2017: $47,596,000);

(d) the Group's inventories acquired under finance lease arrangements (note 11) with a carrying amount of $700,000 (2017: $168,000); and

(e) a charge over the Group's fixed deposit as at 31 March 2017 amounting to $1,000,000 (note 13).

Finance lease liabilities

Finance leases are payable as follows:

	Future minimum lease payments $'000	Interest $'000	Present value of minimum lease payments $'000
Group			
2018			
Within one year	8,358	681	7,677
Between one and five years	10,918	649	10,269
More than five years	151	5	146
	19,427	1,335	18,092
2017			
Within one year	12,131	625	11,506
Between one and five years	9,658	385	9,273
	21,789	1,010	20,779
Company			
2018			
Within one year	11	1	10
Between one and five years	17	1	16
	28	2	26
2017			
Within one year	11	1	10
Between one and five years	28	2	26
	39	3	36

18. LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

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

	Nominal interest rate %	Year of maturity	2018 Face value $'000	2018 Carrying amount $'000	2017 Face value $'000	2017 Carrying amount $'000
Group						
Secured floating rate bank loans	COF, SIBOR and SWAP + 1.75 – 2.41	2019 – 2022	13,017	13,017	13,999	13,999
Secured fixed rate bank loan	2.00 – 2.26	2018	–	–	47	43
Unsecured floating rate bank loans	SOR + 1.40	2019	454	454	1,733	1,733
Unsecured fixed rate bank loans	2.98 – 7.96	2019	29,100	29,100	39,346	39,346
Finance lease liabilities	1.23 – 3.50	2019 – 2025	19,427	18,092	21,789	20,779
Bank overdrafts	PR and BLR + 0.50 – 1.50	On demand	2,968	2,968	4,442	4,442
Bills payable	1.50 – 1.75, COF and SWAP + 0.85 – 2.50, prevailing interest rate + 1.50	2019	16,746	16,746	5,340	5,340
			81,712	80,377	86,696	85,682
Company						
Finance lease liabilities	2.80	2021	28	26	39	36
Bank overdrafts	PR	On demand	150	150	–	–
			178	176	39	36

BLR: Base Lending Rate
COF: Cost of Funds
PR: Prime Rate
SIBOR: Singapore Interbank Offered Rate
SOR: Swap Offered Rate
SWAP: Bank's Swap Rate

18. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				
	Trade and other payables $'000	Bank overdrafts $'000	Other loans and borrowings $'000	Finance lease liabilities $'000	Total $'000
Balance at 1 April 2017	84,960	4,442	60,461	20,779	170,642
Changes from financing cash flows					
Interest paid	(45)	(146)	(2,078)	(903)	(3,172)
Proceeds from:					
– bank loans	–	–	11,655	–	11,655
– refinancing of finance lease liabilities	–	–	–	1,760	1,760
– bills payable	–	–	64,791	–	64,791
Repayment of:					
– bank loans	–	–	(24,369)	–	(24,369)
– bills payable	–	–	(53,427)	–	(53,427)
– finance lease liabilities	–	–	–	(13,093)	(13,093)
Total changes from financing cash flows	(45)	(146)	(3,428)	(12,236)	(15,855)
Effect of changes in foreign exchange rates	1,869	–	206	284	2,359
Other changes					
Liability-related					
Change in bank overdrafts	–	(1,474)	–	–	(1,474)
Change in trade and other payables	(273)	–	–	–	(273)
New finance leases	–	–	–	8,362	8,362
Interest expense	–	146	2,078	903	3,127
Total liability-related other changes	(273)	(1,328)	2,078	9,265	9,742
Balance at 31 March 2018	86,511	2,968	59,317	18,092	166,888

19. DEFERRED TAX ASSETS AND LIABILITIES

Movements in deferred tax assets and liabilities of the Group (prior to setting off of balances) during the financial year are as follows:

	At 1 April 2016 $'000	Recognised in profit or loss (note 25) $'000	Translation differences $'000	At 31 March 2017 $'000	Recognised in profit or loss (note 25) $'000	Translation differences $'000	At 31 March 2018 $'000
Group							
Deferred tax assets							
Property, plant and equipment	(1,793)	233	–	(1,560)	139	–	(1,421)
Unutilised tax losses	(159)	(810)	–	(969)	263	2	(704)
Unutilised capital allowances	(1,435)	170	14	(1,251)	146	(8)	(1,113)
Provisions	(196)	(66)	19	(243)	155	(13)	(101)
Trade and other receivables	(10)	–*	–*	(10)	(13)	(1)	(24)
Others	(563)	269	18	(276)	95	(15)	(196)
Total	(4,156)	(204)	51	(4,309)	785	(35)	(3,559)
Deferred tax liabilities							
Property, plant and equipment	5,098	740	(55)	5,783	(512)	48	5,319

* Less than $1,000

Deferred tax assets of the Company are attributable to the following:

	Company 2018 $'000	Company 2017 $'000
Deferred tax assets		
Property, plant and equipment	–*	–*
Provisions	23	19
	23	19

* Less than $1,000

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

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Deferred tax assets	(93)	(252)	(23)	(19)
Deferred tax liabilities	1,853	1,726	–	–
	1,760	1,474	(23)	(19)

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade payables	59,859	56,723	19	32
Other payables	1,637	1,004	102	124
Accruals	19,784	22,693	983	1,060
Employee benefits	1,008	972	131	109
Amounts owing to:				
– subsidiaries (trade)	–	–	447	874
– subsidiaries (non-trade)	–	–	6,330	10,554
– related corporations (trade)	2,468	1,265	–	–
– a related corporation (non-trade)	50	–	–	–
Financial liabilities at amortised cost	84,806	82,657	8,012	12,753
Advance payments received for contracts	52	775	–	–
Deferred revenue	550	496	–	–
Deposits received	1,103	1,032	–	–
	86,511	84,960	8,012	12,753

All the outstanding balances with subsidiaries and related corporations are unsecured, interest-free and repayable on demand.

21. EXCESS OF PROGRESS BILLINGS OVER CONSTRUCTION WORK-IN-PROGRESS

	Note	Group	
		2018 $'000	2017 $'000
Costs incurred and attributable profits		446,309	391,411
Allowance for foreseeable losses		(740)	–
		445,569	391,411
Progress billings		(351,541)	(289,141)
		94,028	102,270
Excess of progress billings over construction work-in-progress		(926)	(186)
Amount due from customers for contract works	12	94,954	102,456
		94,028	102,270

The movement in allowance for foreseeable losses during the year was as follows:

	Group	
	2018 $'000	2017 $'000
At 1 April	–	–
Allowance recognised	740	–
At 31 March	740	–

Source of estimation uncertainty

Foreseeable losses

The Group recognises allowance for foreseeable losses in profit or loss for certain customer contracts when it is probable that total costs will exceed total contract revenue. This assessment process involves significant estimates and uncertainties over factors such as outcome of negotiations with various parties involved in the projects, increase in construction costs and project delays. These uncertainties may result in management's estimates deferring from the future losses that the Group will incur and any changes to the allowance will affect profit or loss in the future years.

22. PROVISIONS

	Liquidated damages $'000	Rectification costs $'000	Total $'000
Group			
2018			
At 1 April	9,199	6,718	15,917
Provisions made	116	2,160	2,276
Provisions utilised	(6,573)	(3,014)	(9,587)
Effect of movements in exchange rates	4	–	4
At 31 March	2,746	5,864	8,610
2017			
At 1 April	8,551	10,247	18,798
Provisions made	654	437	1,091
Provisions utilised	–	(3,966)	(3,966)
Effect of movements in exchange rates	(6)	–	(6)
At 31 March	9,199	6,718	15,917

It is expected that the majority of the provisions will be utilised or no longer required within the next financial year.

Liquidated damages

The provision for liquidated damages is provided based on actual costs to be incurred for completed projects and estimated costs to be incurred for projects that are still ongoing. For projects yet to be completed, management has assessed the construction delays attributable to the Group as sub-contractor to the projects. The provision is estimated based on the probability that there will be outflow of resources arising from the delays and estimated using rates provided for in the contracts with the customers.

Rectification costs

The Group recognised provision for rectification costs based on actual costs to be incurred for completed projects and estimated costs to be incurred for projects that are still ongoing. For projects yet to be completed, the provision is provided by reference to actual historical costs percentage established since this most appropriately reflects the estimated costs for rectification works. It is possible that management's estimates used are not indicative of future rectification costs that it will incur. Any increase or decrease would affect profit or loss in the future years.

Source of estimation uncertainty

The provision recognised represents management's best estimate of the expected future cost required. Significant estimates and assumptions are made in determining the provisions. Those estimates and assumptions deal with uncertainties such as: changes to timing, extent and costs required. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statement of financial position and statement of profit or loss by adjusting the provision.

23. REVENUE

	Group	
	2018	2017
	$'000	$'000
Construction contracts	301,833	207,431
Trading of building products and plant and equipment	28,300	33,244
Rental income	10,306	11,685
	340,439	252,360

Source of estimation uncertainty

As explained in note 3.14, revenue and profit recognition on an uncompleted foundation engineering project is dependent on estimating the total outcome of the foundation engineering contract, as well as the work done to date. Based on the Group's experience and the nature of the foundation engineering activity undertaken, management makes estimates of the costs to complete, rectification and foreseeable costs at each reporting date. In addition, actual outcomes in terms of total costs or revenue may be higher or lower than estimated at the reporting date, which would affect the level of revenue and profit recognised in the current and future years.

24. FINANCE INCOME AND EXPENSES

	Group	
	2018	2017
	$'000	$'000
Interest income:		
– fixed deposits	132	181
– others	53	32
Finance income	185	213
Interest expense:		
– bank overdrafts	(146)	(152)
– finance leases	(903)	(1,200)
– bank loans	(1,701)	(1,622)
– bills payable	(374)	(249)
– others	(3)	–
Imputed interest on non-current amount due from customers for contract works	(494)	(620)
Finance expenses	(3,621)	(3,843)
Net finance expenses recognised in profit or loss	(3,436)	(3,630)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

25. TAX EXPENSE

	Group 2018 $'000	Group 2017 $'000
Current tax expense		
Current year	927	2,266
Over provided in prior years	(525)	(489)
	402	1,777
Deferred tax expense		
Origination and reversal of temporary differences	626	43
(Over)/under provided in prior years	(353)	493
	273	536
	675	2,313

Reconciliation of effective tax rate

	Group 2018 $'000	Group 2017 $'000
Loss for the year	(13,450)	(24,725)
Tax expense	675	2,313
Share of profit of an associate (net of tax)	(3)	–
Share of (profit)/loss of joint ventures (net of tax)	(1)	247
Loss before share of results of an associate, joint ventures and tax expense	(12,779)	(22,165)
Tax using Singapore tax rate at 17%	(2,172)	(3,768)
Effect of tax rates in foreign jurisdictions	334	196
Tax exempt income	(340)	(93)
Tax incentives	(189)	(466)
Non-deductible expenses	693	195
Tax losses and deductible temporary differences for which deferred tax assets were not recognised	3,456	6,306
Utilisation of previously unrecognised deferred tax assets	(229)	(61)
(Over)/under provided in prior years	(878)	4
	675	2,313

Deferred tax assets have not been recognised in respect of the following items:

	Group 2018 $'000	Group 2017 $'000
Tax losses arising from operations in:		
– Singapore	54,495	46,623
– Others	9,933	9,278
	64,428	55,901
Deductible temporary differences		
– Singapore	61,227	51,375
– Others	4,141	3,728
	65,368	55,103

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which certain subsidiaries of the Group can utilise the benefits therefrom.

On 18 February 2011, the Minister of Finance announced in his Budget Speech a new tax scheme called the Productivity and Innovation Credit Scheme ("PIC"), which allows business that invest in a range of productivity and innovation activities to claim enhanced deductions and/or allowances up to $400,000 of expenditure incurred for each category of activity from years of assessment 2011 to 2018. Accordingly, the tax charge of the Group for the years ended 31 March 2018 and 2017 had been reduced based on the above tax incentive.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

26. LOSS FOR THE YEAR

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

	Group	
	2018 $'000	2017 $'000
Allowance for foreseeable losses on construction work-in-progress	740	–
Bad debts written off/(back)	50	(20)
Depreciation of property, plant and equipment included in:		
– cost of sales	24,440	26,210
– administrative expenses	1,376	731
Directors' remuneration (excluding directors' fees)	649	629
Directors' fees	321	321
Foreign exchange (gain)/loss	(465)	757
Gain on dilution of interest in a joint venture	(1)	–
Gain on disposal of:		
– property, plant and equipment	(1,723)	(1,287)
– a joint venture	–	(179)
– assets held for sale*	(91)	–
Government grants deducted from:		
– cost of sales	(163)	(198)
– administrative expenses	(58)	(38)
Impairment losses recognised/(reversed) on:		
– property, plant and equipment	63	98
– trade and other receivables	(161)	1,712
Inventories written down	148	909
Inventories written off	96	–
Audit fees paid or payable to:		
– auditors of the Company	419	462
– other auditors	31	12
Non-audit fees paid or payable to:		
– auditors of the Company	82	103
– other auditors	25	12
Operating lease expenses included in:		
– cost of sales	23,105	16,702
– administrative expenses	1,713	1,743
Professional fees paid to a director	30	30
Property, plant and equipment written off	–	1
Provision for liquidated damages	116	654
Provision for rectification costs	2,160	437
Salaries, bonus and other costs	57,113	53,669
Contributions to defined contribution plans	3,282	3,329

* Reclassified to held for sale and sold during the current year.

27. LOSS PER SHARE

The calculation of basic loss per share at 31 March 2018 was based on the loss attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding of 2,193,883,958 (2017: 2,187,903,088), calculated as follows:

(a) Basic loss per share

	Group	
	2018 $'000	2017 $'000
Loss attributable to ordinary shareholders	(14,314)	(25,282)

	No. of shares	No. of shares
Weighted average number of:		
Issued ordinary shares at beginning of the year	2,208,589,581	2,208,294,581
Issue of shares in exercise of warrants	5,814,377	128,507
Ordinary shares held as treasury shares	(20,520,000)	(20,520,000)
Weighted average number of shares used to compute earnings per share	2,193,883,958	2,187,903,088

(b) Diluted loss per share

The calculation of diluted loss per share at 31 March 2018 was based on loss attributable to ordinary shareholders, and a weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 2,193,883,958 (2017: 2,187,903,088), calculated as follows:

	Group	
	2018 $'000	2017 $'000
Loss attributable to ordinary shareholders	(14,314)	(25,282)

The weighted average number of ordinary shares (diluted):

	No. of shares	No. of shares
Weighted average number of:		
Weighted average number of ordinary shares issued and potential shares assuming full conversion	2,193,883,958 *	2,187,903,088 *

* As the Group was in a loss position, the warrants were not included in the computation of diluted loss per share because these potential ordinary shares would have been anti-dilutive.

28. FINANCIAL RISK MANAGEMENT

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

In the opinion of the directors, the Group has taken appropriate quality control measures to mitigate the effect from any claims caused by product and construction defects, which may affect adversely its financial results, even though the Group is not covered by insurance against such events.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The carrying amounts of financial assets in the statements of financial position represent the Group's maximum exposures to credit risk, before taking into account any collateral held. The Group does not hold any collateral in respect of their financial assets.

Intra-group financial guarantees

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risk and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are given to its subsidiaries and a joint operation.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The intra-group financial guarantees are eliminated in preparing the consolidated financial statements. Estimates of the Company's obligation arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates, as presented under Liquidity risk.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Trade and other receivables

Risk management policy

The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral for trade and other receivables. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Loans and receivables	134,226	147,480	19,262	26,485
Cash and cash equivalents	18,726	18,532	249	1,398
	152,952	166,012	19,511	27,883

Exposure to credit risk

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was as follows:

	Group Carrying amount		Company Carrying amount	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Singapore	99,983	107,747	16,803	23,561
Malaysia	30,498	31,689	2,458	2,923
Vietnam	364	3,634	–	–
Thailand	2,742	2,611	1	1
Others	639	1,799	–	–
	134,226	147,480	19,262	26,485

The maximum exposure to credit risk for loans and receivables at the reporting date by business segment was as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Foundation and geotechnical engineering	117,270	133,394	13,123	21,154
Trading and lease of equipment	16,895	13,914	1	1
Others	61	172	6,138	5,330
	134,226	147,480	19,262	26,485

At the reporting date, there were no significant concentrations of credit risk with any counterparties.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

To ensure continuity of funding, the Group's policy is to use a mix of long-term and short-term financing. Short-term funding is obtained through overdraft, trust receipt and financing loan facilities. Long-term funding is primarily used for acquisition of property, plant and equipment. The Group evaluates various alternative financing arrangements to balance its debt leverage.

Included in total assets of the Group at the reporting date are amount due from customers for contract works and trade receivables totalling $125,451,000 (2017: $138,826,000). The liquidity of the Group is primarily dependent on the timely settlement of amount due from customers for contract works and trade receivables. The Group carefully monitors current and expected liquidity requirements to ensure that it maintains sufficient working capital and adequate external financing to meet its liquidity requirements in the short and longer term.

The Group maintains adequate short term facilities totalling approximately $143,908,000 (2017: $146,559,000) that can be drawn down to meet short term financing needs. As at reporting date, $63,238,000 (2017: $64,664,000) of the facilities had been utilised. The short term facilities attract a short term interest rate imposed by the applicable banks from time to time.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
2018					
Non-derivative financial liabilities					
Secured bank loans	13,017	14,193	2,546	11,647	–
Unsecured bank loans	29,554	29,746	29,746	–	–
Finance lease liabilities	18,092	19,427	8,358	10,918	151
Bank overdrafts	2,968	3,149	3,149	–	–
Bills payable	16,746	16,909	16,909	–	–
Trade and other payables *	84,806	84,806	84,806	–	–
Recognised financial liabilities	165,183	168,230	145,514	22,565	151
2017					
Non-derivative financial liabilities					
Secured bank loans	14,042	14,494	2,269	12,225	–
Unsecured bank loans	41,079	42,390	41,870	520	–
Finance lease liabilities	20,779	21,789	12,131	9,658	–
Bank overdrafts	4,442	4,705	4,705	–	–
Bills payable	5,340	5,491	5,491	–	–
Trade and other payables *	82,657	82,657	82,657	–	–
Recognised financial liabilities	168,339	171,526	149,123	22,403	–

* Excludes deposits received, advance payments received for contracts and deferred revenue.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Carrying amount $'000	Cash flows Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Company					
2018					
Non-derivative financial liabilities					
Finance lease liabilities	26	28	11	17	–
Bank overdrafts	150	157	157	–	–
Trade and other payables	8,012	8,012	8,012	–	–
Intra-group financial guarantee	–	199,455	199,455	–	–
Recognised financial liabilities	8,188	207,652	207,635	17	–
2017					
Non-derivative financial liabilities					
Finance lease liabilities	36	39	11	28	–
Trade and other payables	12,753	12,753	12,753	–	–
Intra-group financial guarantee	–	225,621	225,621	–	–
Recognised financial liabilities	12,789	238,413	238,385	28	–

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the financial guarantees granted to the subsidiaries and a joint arrangement.

Market risk

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

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

Exposure to interest rate risk

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

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Fixed rate instruments				
Financial assets	6,756	8,913	–	1,000
Financial liabilities	(47,192)	(60,168)	(26)	(36)
	(40,436)	(51,255)	(26)	964
Variable rate instruments				
Financial liabilities	(33,185)	(25,514)	(150)	–

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group accounts for its convertible notes, amounting to $120,000 (2017: $Nil), at fair value through profit or loss. An increase/decrease of 100 basis point ("bp") in interest rate at the reporting date would not have a material effect. The remaining fixed rate financial assets and liabilities are not accounted for at fair value through profit or loss and therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, an increase of 100 basis point ("bp") in interest rate at the reporting date would decrease profit or loss (and accumulated profits) (before any tax effect) by the amounts shown below. A decrease in 100 bp in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Variable rate financial instruments	(332)	(255)	(2)	–

There is no impact on other comprehensive income and equity.

Currency risk

Risk management policy

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies in which these transactions primarily are denominated are the Euro, US dollar, Japanese Yen, Chinese Renminbi and British Pound. Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is at an acceptable level.

The Group enters into forward exchange contracts with banks from time to time to reduce the adverse impact of foreign exchange risk on the Group's profitability.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	Euro $'000	US dollar $'000	Japanese Yen $'000	Chinese Renminbi $'000	British Pound $'000
Group					
2018					
Trade and other receivables	641	3,642	67	–	276
Cash and cash equivalents	53	1,698	–	–	1
Loans and borrowings	(351)	(2,290)	(158)	–	–
Trade and other payables	(406)	(1,537)	(1,441)	(2,283)	(42)
Net exposure	(63)	1,513	(1,532)	(2,283)	235
2017					
Trade and other receivables	1,540	536	1,133	–	100
Cash and cash equivalents	152	1,351	13	–	1
Loans and borrowings	(248)	(254)	–	–	–
Trade and other payables	(370)	(573)	(35)	(397)	(21)
Net exposure	1,074	1,060	1,111	(397)	80

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis

A 10% strengthening of following major currencies against the functional currency of each of the Group's entities at the reporting date would increase/(decrease) profit or loss (and accumulated profits) (before any tax effect) by the amounts shown below. Similarly, a 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

	Profit or loss	
	2018 $'000	2017 $'000
Group		
Euro	(6)	107
US dollar	151	106
Japanese Yen	(153)	111
Chinese Renminbi	(228)	(40)
British Pound	24	8

There is no impact on other comprehensive income and equity.

The Group and the Company is not exposed to any significant equity price risk as at 31 March 2018 and 31 March 2017.

Accounting classifications and fair values

Estimation of fair values

The following methods and assumptions are used to estimate fair values of the following significant classes of financial instruments:

Finance lease liabilities, non-current receivables and other investments

The fair values have been determined by discounting the relevant cash flows with current interest rates for similar instruments at the reporting date.

Floating interest rate bank loans

The carrying amounts of floating interest bearing loans, which are repriced within 1 to 6 months from the reporting date, reflect the corresponding fair values.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, current amount due from customers for contract works, cash and cash equivalents, trade and other payables and short term borrowings) are assumed to approximate their fair values because of the short period to maturity.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Designated at fair value $'000	Loans and receivables $'000	Other financial liabilities within the scope of FRS 39 $'000	Other financial liabilities outside the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Group							
31 March 2018							
Assets							
Other investments	10	120	–	–	–	120	120
Trade and other receivables #	12	–	134,226	–	–	134,226	134,226
Cash and cash equivalents	13	–	18,726	–	–	18,726	18,726
		120	152,952	–	–	153,072	153,072
Liabilities							
Bank overdrafts	18	–	–	(2,968)	–	(2,968)	(2,968)
Bills payable	18	–	–	(16,746)	–	(16,746)	(16,746)
Secured bank loans	18	–	–	(13,017)	–	(13,017)	(13,017)
Unsecured bank loans	18	–	–	(29,554)	–	(29,554)	(29,554)
Finance lease liabilities	18	–	–	–	(18,092)	(18,092)	(16,109)
Trade and other payables *	20	–	–	(84,806)	–	(84,806)	(84,806)
		–	–	(147,091)	(18,092)	(165,183)	(163,200)
31 March 2017							
Assets							
Trade and other receivables #	12	–	147,480	–	–	147,480	147,480
Cash and cash equivalents	13	–	18,532	–	–	18,532	18,532
		–	166,012	–	–	166,012	166,012
Liabilities							
Bank overdrafts	18	–	–	(4,442)	–	(4,442)	(4,442)
Bills payable	18	–	–	(5,340)	–	(5,340)	(5,340)
Secured bank loans	18	–	–	(14,042)	–	(14,042)	(14,043)
Unsecured bank loans	18	–	–	(41,079)	–	(41,079)	(41,079)
Finance lease liabilities	18	–	–	–	(20,779)	(20,779)	(19,055)
Trade and other payables *	20	–	–	(82,657)	–	(82,657)	(82,657)
		–	–	(147,560)	(20,779)	(168,339)	(166,616)

Excludes prepayments

* Excludes deposits received, advance payments received for contracts and deferred revenue.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Loans and receivables $'000	Other financial liabilities within the scope of FRS 39 $'000	Other financial liabilities outside the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Company						
31 March 2018						
Assets						
Trade and other receivables	12	19,262	–	–	19,262	19,262
Cash and cash equivalents	13	249	–	–	249	249
		19,511	–	–	19,511	19,511
Liabilities						
Bank overdrafts	18	–	(150)	–	(150)	(150)
Finance lease liabilities	18	–	–	(26)	(26)	(23)
Trade and other payables	20	–	(8,012)	–	(8,012)	(8,012)
		–	(8,162)	(26)	(8,188)	(8,185)
31 March 2017						
Assets						
Trade and other receivables	12	26,485	–	–	26,485	26,485
Cash and cash equivalents	13	1,398	–	–	1,398	1,398
		27,883	–	–	27,883	27,883
Liabilities						
Finance lease liabilities	18	–	–	(36)	(36)	(33)
Trade and other payables	20	–	(12,753)	–	(12,753)	(12,753)
		–	(12,753)	(36)	(12,789)	(12,786)

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at 31 March plus an adequate credit spread, and are as follows:

	Group 2018 %	Group 2017 %
Non-current trade and other receivables	4.88	4.88
Finance lease liabilities	1.50 – 3.40	1.50 – 3.50

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

Fair value hierarchy

The following defines the fair value hierarchy of financial instruments carried at fair value, by valuation method:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2018				
Financial assets measured at fair value				
Other investments	–	–	120	120
Financial assets not measured at fair value but for which fair values are disclosed				
Trade and other receivables	–	12,881	–	12,881
Financial liabilities not measured at fair value but for which fair values are disclosed				
Finance lease liabilities	–	(8,432)	–	(8,432)
2017				
Financial assets not measured at fair value but for which fair values are disclosed				
Trade and other receivables	–	10,544	–	10,544
Financial liabilities not measured at fair value but for which fair values are disclosed				
Unsecured bank loans	–	(508)	–	(508)
Finance lease liabilities	–	(7,549)	–	(7,549)
	–	(8,057)	–	(8,057)

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

Fair value hierarchy (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
2018				
Financial liabilities not measured at fair value but for which fair values are disclosed				
Finance lease liabilities	–	(13)	–	(13)
2017				
Financial liabilities not measured at fair value but for which fair values are disclosed				
Finance lease liabilities	–	(23)	–	(23)

Transfers between Levels 1, 2 and 3

There were no transfers of financial instruments between Levels 1, 2 and 3.

Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Fair value through profit or loss $'000
Group	
At 1 April 2017	–
Purchases	120
At 31 March 2018	120

29. COMMITMENTS

As at reporting date, the Group had the following commitments:

(a) Operating lease expenses commitments (as lessee)

The Group leases offices and equipment under operating leases. The leases typically run for an initial period of 6 months to 30.8 years, with an option to renew the lease after that date. Lease payments are usually revised at each renewal date to reflect market rentals. None of the leases include contingent rental.

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	2018 $'000	2017 $'000
Within 1 year	4,792	5,945
After 1 year but within 5 years	3,233	4,248
After 5 years	8,908	9,337
	16,933	19,530

(b) Capital expenditure contracted for but not recognised in the financial statements is as follows:

	2018 $'000	2017 $'000
Capital commitment in respect of:		
– acquisition of property, plant and equipment	1,143	943
– subscription of convertible notes	120	–

(c) Operating lease income commitments (as lessor)

There were no operating lease income commitments as at 31 March 2018 and 2017.

30. RELATED PARTIES

Transactions with key management personnel

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and senior management are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group 2018 $'000	Group 2017 $'000
Short-term employee benefits	5,925	6,356
Post employment benefits	322	376
	6,247	6,732

The aggregate value of transactions related to key management personnel over which they have control or significant influence are as follows:

	Note	Transaction value for the year ended 2018 $'000	Transaction value for the year ended 2017 $'000
Professional fees	26	30	30

Other related party transactions

Other than as disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Group 2018 $'000	Group 2017 $'000
Companies in which a substantial shareholder of the Group has substantial financial interests		
Revenue from foundation engineering works	51	49
Revenue from rental and service income	155	129
Sale of plant and equipment	11	810
Rental and operating lease expenses	(5,183)	(2,624)
Purchase of plant and equipment	(547)	(1,036)
Upkeep of machinery and equipment expenses	(474)	(63)

31. SEGMENT REPORTING

(a) Business segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's Board of Directors reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Foundation and geotechnical engineering:	Includes civil engineering, piling, foundation and geotechnical engineering, soil investigation, land surveying and other related services.
Sales and lease of equipment:	Sales and rental of foundation engineering equipment, machinery and spare parts.

Other operations include the sale and sublet of land, property development and fabrication, repair and maintenance services for heavy machinery. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2018 or 2017.

The bases of measurement of the reportable segments are in accordance with the Group's accounting policies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

31. SEGMENT REPORTING (CONT'D)

(a) Business segments (cont'd)

Information about reportable segments

	Foundation and geotechnical engineering		Sales and lease of equipment		Total reportable segments	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
External revenue	302,239	207,953	38,200	44,407	340,439	252,360
Inter-segment revenue	47,901	22,238	15,010	6,843	62,911	29,081
Finance income	116	202	69	11	185	213
Finance expenses	(2,310)	(2,522)	(1,120)	(1,283)	(3,430)	(3,805)
Reportable segment (loss)/profit before tax	(14,324)	(23,519)	740	565	(13,584)	(22,954)
Share of loss of joint ventures	–	(244)	–	–	–	(244)
Reportable segment assets	235,430	255,308	86,031	87,777	321,461	343,085
Capital expenditure	12,412	10,479	1,424	1,160	13,836	11,639
Reportable segment liabilities	134,960	144,349	34,034	34,222	168,994	178,571
Other material items						
Allowance for foreseeable losses on construction work-in-progress	(740)	–	–	–	(740)	–
Depreciation of property, plant and equipment	(21,493)	(23,144)	(3,691)	(3,666)	(25,184)	(26,810)
Impairment losses (recognised)/ reversed on:						
– property, plant and equipment	–	–	(63)	(98)	(63)	(98)
– trade and other receivables	907	(1,001)	(746)	(711)	161	(1,712)
Gain/(loss) on disposal of:						
– property, plant and equipment	677	1,402	1,046	(115)	1,723	1,287
– a joint venture	–	179	–	–	–	179
– assets held for sale	91	–	–	–	91	–
Inventories written down	–	–	(148)	(909)	(148)	(909)
Inventories written off	–	–	(96)	–	(96)	–
Provision for liquidated damages	(116)	(654)	–	–	(116)	(654)
Provision for rectification costs	(2,160)	(437)	–	–	(2,160)	(437)

31. SEGMENT REPORTING (CONT'D)

(a) Business segments (cont'd)

Information about reportable segments (cont'd)

Reconciliations of reportable segment profit or loss, assets and liabilities and other segmental information:

	2018 $'000	2017 $'000
Finance expenses		
Total finance expenses for reportable segments	(3,430)	(3,805)
Finance expenses for other segments	(191)	(38)
	(3,621)	(3,843)
Profit or loss before tax		
Total profit or loss before tax for reportable segments	(13,584)	(22,954)
Profit or loss before tax for other segments	(95)	(225)
	(13,679)	(23,179)
Elimination of inter-segment transactions	5,713	5,985
Unallocated amount:		
– other corporate expenses	(4,813)	(4,971)
Share of profit of an associate	3	–
Share of profit/(loss) of joint ventures	1	(247)
Consolidated loss before tax	(12,775)	(22,412)
Depreciation of property, plant and equipment		
Total depreciation expenses for reportable segments	(25,184)	(26,810)
Depreciation expenses for other segments	(632)	(131)
	(25,816)	(26,941)
Share of profit/(loss) of joint ventures		
Total share of loss of joint ventures for reportable segments	–	(244)
Share of profit/(loss) of joint ventures for other segments	1	(3)
	1	(247)
Assets		
Total assets for reportable segments	321,461	343,085
Assets for other segments	13,648	14,010
	335,109	357,095
Investments in:		
– associates	1,666	904
– a joint venture	–	704
Deferred tax assets	93	252
Tax recoverable (under trade and other receivables)	533	266
Other unallocated amounts	307	1,519
Consolidated total assets	337,708	360,740
Liabilities		
Total liabilities for reportable segments	168,994	178,571
Liabilities for other segments	6,020	6,813
	175,014	185,384
Deferred tax liabilities	1,853	1,726
Current tax payable	230	1,425
Other unallocated amounts	1,410	1,361
Consolidated total liabilities	178,507	189,896

There are no reconciling items with respect to the other items.

31. SEGMENT REPORTING (CONT'D)

(b) Geographical segments

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Singapore $'000	Malaysia $'000	Thailand $'000	Vietnam $'000	Other regions $'000	Consolidated $'000
2018						
Revenue from external customers	269,828	63,247	5,582	649	1,133	340,439
Non-current assets	125,094	20,360	8,432	20	6,347	160,253
2017						
Revenue from external customers	169,303	60,465	16,224	4,288	2,080	252,360
Non-current assets	135,342	18,089	8,757	51	6,629	168,868

Non-current assets presented consist of property, plant and equipment, goodwill, investments in associates, a joint venture and other investments.

(c) Major customers

There are no major customers who solely account for 10% or more of the Group's total revenues.

32. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS

Applicable to 2019 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I), and IFRS issued by the International Accounting Standards Board. As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards.*

32. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS (CONT'D)

Applicable to 2019 financial statements (cont'd)

In addition to the adoption of the new framework, the following new SFRS(I)s, amendments to and interpretations of SFRS(I)s are effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS(I) 15*;
- SFRS(I) 9 *Financial Instruments*;
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- Applying SFRS(I) 9 *Financial Instruments* with SFRS(I) 4 *Insurance Contracts* (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

Summary of quantitative impact

The Group is currently finalising the transition adjustments. The estimated impact may be subject to changes arising from ongoing analysis, until the Group adopts SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9.

SFRS(I) 1

When the Group adopts SFRS(I) in 2019, the Group will apply SFRS(I) 1 with 1 April 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2019, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

32. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (cont'd)

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 March 2019, using the retrospective approach. As a result, the Group will apply all of the requirements of SFRS(I) 15 retrospectively, except as described below, and the comparative period presented in the 2019 financial statements will be restated.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

(i) Construction contracts

The Group currently recognises contract revenue by reference to the stage of completion of the contract activity, when the outcome of the construction contract can be estimated reliably. Under SFRS(I) 15, revenue is recognised over time as each performance obligation is satisfied. The progress towards complete satisfaction of each performance obligation is measured using appropriate methods, include the output method, which is similar to the Group's current approach.

The Group's contracts may include variable consideration such as discounts, incentives, performance bonuses, penalties, including liquidated damages for delays, and other similar terms. Under SFRS(I) 15, the Group is required to estimate the amount of consideration to which it expects to be entitled and variable amounts are only included in contract revenue to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved.

Under SFRS(I) 15, the Group also needs to consider all relevant facts and circumstances, including the time difference between the delivery of goods and services and payments, the difference between the promised consideration and selling price of the goods and services and the rationale for these differences, when assessing if they would constitute financing components of the contract.

Based on the Group's ongoing assessment, the Group currently does not expect any significant adjustments upon adoption of SFRS(I) 15.

(ii) Trading of building products and plant and equipment

The Group currently recognises revenue from the trading of building products and plant and equipment at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates, provided the level of expected return of goods and amount of trade discounts and volume rebates can be estimated reliably. Such arrangements represent variable consideration under SFRS(I) 15 and revenue is recognised to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved. Based on the Group's ongoing assessment, the Group currently does not expect any significant adjustments upon adoption of SFRS(I) 15.

32. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (cont'd)

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below.

- The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2019 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 April 2018.
- The following assessments have to be made on the basis of facts and circumstances that existed at 1 April 2018.
  - The determination of the business model within which a financial asset is held.
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income (FVOCI).
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL).

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group's expectation of the implications arising from changes in the accounting treatment, however, the actual tax effect may change when the transition adjustments are finalised.

(i) Classification and measurement: financial assets

For convertible notes that have been designated at FVTPL, the Group expects to continue classifying and measuring these assets at FVTPL. Available-for-sale equity instrument that is currently carried at cost is expected to be reclassified as financial assets subsequently measured at FVOCI as this investment is not held for trading. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using the amortised cost model under SFRS(I) 9. The Group does not expect the classification and measurement of financial assets to have significant impact on the financial statements, except for the available-for-sale equity instrument which the Group is in the midst of determining the fair value.

32. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (cont'd)

SFRS(I) 9 (cont'd)

(ii) Impairment

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss (ECL) model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

Under SFRS(I) 9, loss allowances of the Group will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables arising from the application of SFRS(I) 9. On adoption of SFRS(I) 9, the Group expects an increase in the impairment loss allowance. The Group is currently finalising its assessment.

Applicable to financial statements for the year 2020 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

Applicable to 2020 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

Applicable to 2022 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

32. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS (CONT'D)

The Group is still in the process of assessing the impact of the new SFRS(I), amendments to and interpretations of SFRS(I) on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2020 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities. The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 April 2019. Accordingly, existing lease contracts that are still effective on 1 April 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to note 29).

Until 2019, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

(i) The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 5.0% of the consolidated total assets and 9.5% of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

(ii) The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

SHAREHOLDINGS STATISTICS

AS AT 12 JUNE 2018

Class of equity security	:	Ordinary Shares
No of Treasury Shares Held	:	20,520,000
No of Subsidiary Holdings Held	:	Nil
Voting rights of ordinary shareholdings	:	On a show of hands: One vote for each member On a poll: One vote for each ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 12 June 2018, 45.84% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	49	0.51	1,420	0.00
100 – 1,000	204	2.10	158,801	0.01
1,001 – 10,000	2,917	30.08	21,723,104	0.97
10,001 – 1,000,000	6,418	66.19	486,625,423	21.81
1,000,001 and above	109	1.12	1,723,018,798	77.21
	9,697	100.00	2,231,527,546	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%*
1	Citibank Nominees Singapore Pte Ltd	794,504,203	35.93
2	Phillip Securities Pte Ltd	509,596,718	23.05
3	DBS Nominees Pte Ltd	21,928,770	0.99
4	Maybank Kim Eng Securities Pte Ltd	19,898,366	0.90
5	UOB Kay Hian Pte Ltd	15,659,266	0.71
6	Ong Kian Kok	15,460,000	0.70
7	DB Nominees (S) Pte Ltd	13,376,500	0.60
8	KGI Securities (Singapore) Pte Ltd	12,785,300	0.58
9	United Overseas Bank Nominees Pte Ltd	12,655,908	0.57
10	Phang Chu Mau	10,499,800	0.47
11	HSBC (Singapore) Nominees Pte Ltd	10,033,332	0.45
12	Poh Chee Kuan or Luo Taohong	9,999,333	0.45
13	Goh Guan Siong (Wu Yuanxiang)	9,621,700	0.44
14	OCBC Securities Private Ltd	9,051,065	0.41
15	Ting Lay Choon	7,740,400	0.35
16	OCBC Nominees Singapore Pte Ltd	7,364,995	0.33
17	Suey Hueh King	6,235,600	0.28
18	Tan Ee Ping	6,089,333	0.28
19	Chee Teck Kwong Patrick	5,949,333	0.27
20	CGS-CIMB Securities (S) Pte Ltd	5,941,514	0.27
		1,504,391,436	68.03

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 12 June 2018 of 2,211,007,546 (which excludes 20,520,000 shares which are held as treasury shares representing approximately 0.93% of the total number of issued shares excluding treasury shares).

SHAREHOLDINGS STATISTICS

AS AT 12 JUNE 2018

SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
Substantial Shareholders	Direct Interest	% [1]	Deemed Interest	% [1]
TH Investments Pte Ltd [2]	–	–	1,036,477,309	46.88
Chwee Cheng & Sons Pte Ltd [2]	–	–	1,036,477,309	46.88
Ng San Tiong [2][3]	–	–	1,048,753,308	47.43
Ng Sun Ho Tony [2]	–	–	1,036,477,309	46.88
Ng San Wee David [2]	–	–	1,036,477,309	46.88
Ng Sun Giam Roger [2]	–	–	1,036,477,309	46.88
Chiu Hong Keong or Khoo Yok Kee [4]	132,520,900	5.99	319,100	0.01

Notes:

(1) The percentage of shareholdings was computed based on the issued share capital of the Company as at 12 June 2018 of 2,211,007,546 shares (which excludes 20,520,000 shares which are held as treasury shares representing approximately 0.93% of the total number of issued shares excluding treasury shares).

(2) TH Investments Pte Ltd is a wholly-owned subsidiary of Tat Hong Investments Pte Ltd, which is a wholly-owned subsidiary of Chwee Cheng & Sons Pte Ltd. Being joint trustees of the Chwee Cheng Trust, each of the Trustees, Mr Ng San Tiong, Mr Ng Sun Ho Tony, Mr Ng San Wee David and Mr Ng Sun Giam Roger, is deemed to be interested in 1,036,477,309 Shares held by TH Investments Pte Ltd.

(3) Mr Ng San Tiong is also deemed interested in 12,275,999 Shares held through nominees.

(4) Dr Chiu Hong Keong or Mdm Khoo Yok Kee is deemed interested in 319,100 Shares held by their son through nominees.

ANALYSIS OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 99	21	2.68	915	0.00
100 – 1,000	9	1.15	4,530	0.00
1,001 – 10,000	18	2.29	130,045	0.01
10,001 – 1,000,000	649	82.78	121,700,200	8.58
1,000,001 and above	87	11.10	1,296,327,935	91.41
	784	100.00	1,418,163,625	100.00

TOP 20 WARRANTHOLDERS

S/No.	Name of Warrantholder	No. of Warrants	%
1	Chiu Hong Keong or Khoo Yok Kee	379,213,500	26.74
2	Citibank Nominees Singapore Pte Ltd	326,182,885	23.00
3	UOB Kay Hian Pte Ltd	128,086,330	9.03
4	DBSN Services Pte Ltd	40,000,000	2.82
5	Ong Kian Kok	25,000,000	1.76
6	Lim & Tan Securities Pte Ltd	20,092,630	1.42
7	Lin Qian Jun	20,000,000	1.41
8	DBS Vickers Securities (S) Pte Ltd	17,350,000	1.22
9	Ong Tiew Siam	15,000,000	1.06
10	Maybank Kim Eng Securities Pte Ltd	12,538,565	0.88
11	DB Nominees (S) Pte Ltd	12,150,000	0.86
12	Poh Chee Kuan or Luo Taohong	11,911,665	0.84
13	Phua Soo Sing Roy	11,835,000	0.83
14	HSBC (Singapore) Nominees Pte Ltd	11,416,725	0.81
15	Soh Kay Min	11,000,000	0.78
16	Seah Tee Peng @ Sia Tee Peng	10,600,000	0.75
17	Soh Cheng Geek	10,370,000	0.73
18	Wee Siew Tin	10,000,000	0.71
19	Tan Ee Ping	7,611,665	0.54
20	Loke Leong Seng	7,568,000	0.53
		1,087,926,965	76.72

NOTICE OF 21ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting ("AGM") of CSC Holdings Limited (the "Company") will be held at 4th Floor, No. 2 Tanjong Penjuru Crescent, Singapore 608968 on Friday, 27 July 2018 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 March 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Tan Hup Foi @ Mr Tan Hup Hoi, retiring by rotation pursuant to Regulation 104 of the Constitution of the Company and who, being eligible, offers himself for re-election. **(Resolution 2)**

   "Mr Tan Hup Foi @ Mr Tan Hup Hoi ("Mr Tan") is currently the Chairman of the Audit Committee and member of the Nominating Committee. Mr Tan will, upon re-election as a Director of the Company: (i) step down as the Chairman of the Audit Committee but remain a member of the Audit Committee; (ii) be appointed as the Chairman of the Nominating Committee; and (iii) be appointed as the Chairman of the Remuneration Committee. The Board considers Mr Tan to be independent."

   [See Explanatory Note (i)]

3. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 3)**

4. To approve the payment of Directors' Fees of $321,000 for the year ending 31 March 2019. **(Resolution 4)**

5. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares**

   "That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:-

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

   provided that:

   (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding Treasury Shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding Treasury Shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);

NOTICE OF 21ST ANNUAL GENERAL MEETING

(2) notwithstanding paragraph (1) above, the aggregate number of shares to be issued pursuant to a pro-rate renounceable rights issue shall not exceed one hundred per cent (100%) of the total number of issue shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);

(3) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (1) and (2) above, the total number of issued shares (excluding Treasury Shares and subsidiary holdings) shall be based on the total number of issued shares (excluding Treasury Shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier." **(Resolution 5)**

[See Explanatory Note (ii)]

7. **Authority to offer and grant awards under The CSC Performance Share Scheme**

"That pursuant to Section 161 of the Companies Act, the Directors of the Company be and are hereby authorized and empowered to offer and grant awards in accordance with the provisions of the CSC Performance Share Scheme (the "PSS Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the PSS Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the total aggregate number of additional ordinary shares to be issued pursuant to the PSS Scheme and such other share-based incentive scheme of the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier." **(Resolution 6)**

[See Explanatory Note (iii)]

By Order of the Board

Lee Quang Loong
Company Secretary

Singapore
5 July 2018

NOTICE OF 21ST ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Chee Teck Kwong Patrick and Mr Tan Ee Ping will be retiring under Regulation 104 of the Company's constitution and will not be offering themselves up for re-election at the AGM.

(ii) The Ordinary Resolution 5 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding Treasury Shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company, save that issues of shares pursuant to a pro-rata renounceable rights issue shall not exceed one hundred per cent (100%) of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) provided that the pro-rata renounceable rights shares must be listed and issued no later than 31 December 2018.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(iii) The Ordinary Resolution 6 in item 7 above, if approved, will empower the Directors of the Company, from the date of this Meeting until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant awards in accordance with the provisions of the PSS Scheme and to deliver from time to time such number of new shares as may be required to be delivered pursuant to the vesting of the awards under the PSS Scheme subject to the maximum number of shares prescribed under the terms and conditions of the PSS Scheme. The number of new shares to be issued under the PSS Scheme and such other share-based incentive scheme of the Company shall not exceed 15% of the total number of issued shares (excluding Treasury Shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, 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.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 2 Tanjong Penjuru Crescent, Singapore 608968 not less than forty-eight (48) hours before the time appointed for holding the AGM.

NOTICE OF 21ST ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member 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.

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CSC HOLDINGS LIMITED

Company Registration No. 199707845E
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy CSC Holdings Limited's shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s),the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 July 2018.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name)

of ______________________________ (Address)

being a member/members of **CSC HOLDINGS LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting (as defined below) as my/our proxy/proxies to vote for me/us on my/our behalf at the 21st Annual General Meeting (the "Meeting") of the Company to be held at the 4th Floor, No. 2 Tanjong Penjuru Crescent, Singapore 608968 on Friday, 27 July 2018 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolution relating to:	For	Against
1.	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 March 2018		
2.	Re-election of Mr Tan Hup Foi @ Tan Hup Hoi as a Director		
3.	Re-appointment of KPMG LLP as Auditors		
4.	Approval of Directors' Fees amounting to $321,000, for the financial year ending 31 March 2019		
5.	Authority to issue shares		
6.	Authority to offer and grant awards under The CSC Performance Share Scheme		

Dated this ____________ day of ____________ 2018.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

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Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary 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.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of Companies Act, Chapter 50.
3. A proxy need not be a member of the Company.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at No. 2 Tanjong Penjuru Crescent, Singapore 608968 not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Postage
Stamp

THE COMPANY SECRETARY
CSC HOLDINGS LIMITED
No. 2, Tanjong Penjuru Crescent,
Singapore 608968

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