



**YEARS
OF
CONTINUOUS
PROGRESS**



**KING WAN
CORPORATION
LIMITED**

Annual Report **2015**

WE TAKE PRIDE IN WHAT WE DO. I SERVE IN MY CAPACITY WITH PASSION. – MANDIN ADAH JUNE ROSALES WE ENJOY WORKING TOGETHER. I AM GIVEN THE OPPORTUNITY TO IMPROVE MYSELF IN MY SKILLS, KNOWLEDGE WHILE BUILDING MY CHARACTER. – TERESA TENG THIS IS MY SCHOOL AND MY HOME. I AM ABLE TO CONTRIBUTE AND LEARN WHILE MANAGING MY HOME FRONT WELL. – DEXSTER ANG "I APPRECIATE WORKING WITH COLLEAGUES WHO VALUE THE CONTRIBUTIONS FROM A SENIOR STAFF." – MOHAMAD TAIB BIN MOHAMAD ISA I HAVE RECENTLY JOINED THE COMPANY AND I SENSE THE CARE AND CONCERN FROM MY COLLEAGUES WHOM I CAN TRUST AND RELY ON. – THOMAS ONG MY FRIENDS AND THE BOND I HAVE MADE HERE HAS MADE ME STRONGER – MOHD HAIRULNIZAM BIN OTHMAN THE KINDNESS AND PATIENCE SHOWN FROM MY SENIOR COLLEAGUES HAS HELPED ME TREMENDOUSLY. – PYAE SOE KHINE "I HAVE ENJOYED BEING PART OF THIS ORGANIZATION. I HAVE LEARNED HOW TO BE A TEAM PLAYER – YIN MYO AYE I HAVE BEEN GIVEN THE OPPORTUNITY TO LEAD A TEAM OF DRAFTERS. THEIR ENERGY FUELS ME. I WILL CONTINUE TO DO MY BEST. – SAMSIAH BTE OMAR WE COOPERATE AS A TEAM WITH A COMMON GOAL TO MEET OUR DEADLINES AND SHARE OUR KNOWLEDGE – TUN PHYO AYE THIS IS HOW I DEFINE MY COMPANY "KING WAN" • 源 "YUAN" MEANS: ORIGIN OR SOURCE, SATISFYING FULL 源渊 "YUAN" "YUAN" MEANS: DEEP IN RELATIONSHIP WITHIN COLLEAGUES AND SUPPLIERS/CLIENTS. – CHARLES TAN WE ARE COMMITTED. WE NOT ONLY WORK TOGETHER, WE ARE ALSO ACTIVE IN SERVING THE COMMUNITY TOGETHER. – ALVIN YEOW THERE IS WORK LIFE BALANCE HERE. I HAVE BEEN GIVEN THE OPPORTUNITY TO ENRICH MY CAREER, SOCIAL AND FAMILY LIFE. I WORK WITH COLLEAGUES AND SUPERVISORS V... BE DIVERSIFIED, FROM DIFFERENT WALKS OF LIFE, CULTURE, BACKGROUND, BUT WE WORK AS ONE UNITED - KING WAN



TRAITS THAT DEFINE KING WAN



KING WAN CORPORATION LIMITED

Annual Report 2015

Contents

- 02 Corporate Profile
- 03 Chairman's Statement
- 06 Board of Directors
- 08 Management & Key Executives
- 09 Group Structure
- 10 Business Review
- 14 Five-year Financial Highlights
- 15 Financial Charts
- 16 Corporate Social Responsibility
- 17 Corporate Information



**WE ENJOY
WORKING
TOGETHER**

“My colleagues
are like my
family away
from home.”



**WE ARE
COMMITTED**

“I feel that what I do
matters and have an
impact on the success of
the company.”





TUAS SOUTH DORMITORY

WE TAKE PRIDE IN WHAT WE DO



"We are able to share ideas and thoughts with the team and our immediate superiors."

WE ARE A TEAM



"It fits my personality and goals for continued growth."



TAMPINES TOWN HUB

"I have been empowered to fulfill my role to the best of my ability."

WE HAVE AN ENVIRONMENT OF TRUST

Corporate Profile

Established in 1977, King Wan Corporation Limited is a Singapore-based integrated building services company with principal activities in the provision of Mechanical and Electrical (M&E) engineering services for the building and construction industry.

Over the past three decades, King Wan has grown from strength to strength to expand beyond its core business, and successfully ignited new growth engines to propel the Group for greater shareholders' value. The Group operates through its network of subsidiaries and associates in Singapore, China and Thailand.

The Group operates principally in two major business segments as follows:

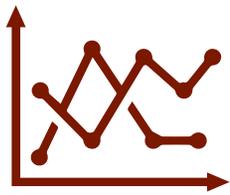
MECHANICAL & ELECTRICAL ENGINEERING AND SERVICES SEGMENT:

The Group provides multi-disciplined M&E engineering services such as the design and installation of plumbing and sanitary systems, air-conditioning and mechanical ventilation systems, electrical systems, fire protection and alarm systems, communications and security systems for the building and construction industry.

It also provides mobile chemical lavatories for rental and ancillary facilities for construction worksites as well as public and nationwide public events.

INVESTMENT PORTFOLIO SEGMENT:

Through direct investments, the Group now operates in three other business sectors i.e. Vessel Ownership and Chartering, Property Development, and Operation of Workers' Dormitory.



2000

Successful listing on the SEDAQ



Our Values

COMMITMENT

We are fully committed to our customers, our staff and our shareholders to give them returns that exceed their expectations.

QUALITY & RELIABILITY

We aim to provide services that are unsurpassed in quality and reliability attained through regulated, coordinated planning and management while ensuring competitive cost execution.

INTEGRITY & PROFESSIONALISM

We do our jobs with the highest level of integrity and professionalism.

PEOPLE

We value the contribution of each and every member of our team and seek to develop all staff to their fullest potential.

PASSION

We approach every task with heart and passion.

Chairman's Statement

Dear Shareholders

2015 not only marks the joyous SG50 Golden Jubilee for Singapore, but also the significant milestone of 15th anniversary for King Wan Corporation Limited (King Wan or the Group) (庆源企业). Since its listing in 2000, the Group has successfully upgraded to the Mainboard in 2003 and expanded both in breadth and depth of its business operations over the past 15 years.

Navigating through the waves of global economic uncertainty, the Group has built a dynamic and resilient organisation which is underpinned in continuity and sustenance. Led by the Board of Directors and supported by a team of dedicated staff, the Group has expanded the geographical footprint from Singapore to China and Thailand. We have improved the Group's financial performance by leaps and bounds over the past 15 years and nearly tripled its market capitalisation from S\$35.3 million from its listing in 2000 to S\$97 million in 2015.

Anchored on our strategy of building multi-country, multi-industry portfolio, we have not only strengthened our core Mechanical & Electrical (M&E) business, but also successfully ventured into a spectrum of investment ventures to augment the revenue streams for the Group.

YEAR IN REVIEW

The Group's revenue for FY2015 recorded S\$85.2 million, a decrease of 11% compared to FY2014. The decrease was due to lower recognition of revenue from Mechanical and Electrical (M&E) contracts for the year. However, gross profit margin for the works completed in FY2015 was 14.6%, higher than the 14.0% achieved in FY2014.

The Group's net profit after income tax surged 154% to S\$17.1 million. The profits included the one-time net gain from the completion of divestment of the two associates in Thailand during the year and the impairment allowance made on loans due from an associate.

STRONG FINANCIAL POSITION

The Group's financial position continues to be strong. The Group's net assets stood at S\$98.2 million as at 31 March 2015, a 13.7% increase from S\$86.4 million as at 31 March 2014. Net asset value per share stood at 28.1 cents as at 31 March 2015 as compared to 24.8 cents in the previous year.

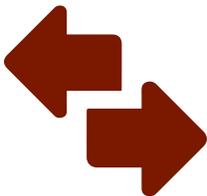
Cash and cash equivalents stand at to S\$11.4 million as at 31 March 2015 as compared to S\$9.0 million as at 31 March 2014.

STRENGTHENING M&E BUSINESS

During the year, the Group has successfully completed a wide spectrum of Mechanical & Electrical (M&E) projects from both private and public sectors. Among some of our noteworthy key projects completed include the iconic Singapore Sports Hub as well as private residential projects like Blossom Residences, Silversea Residence, Sophia Residence, Ardmore Three and Twentyone Anguilla Park. Key public residential projects completed include Sengkang N4C20, Punggol West C28, Yishun N4C3, Hougang N4C17 and Bukit Panjang N5C13.

The Group currently has approximately S\$187 million worth of the M&E engineering contracts on hand, out of which S\$110 million worth of contracts were secured during the financial year.

Some of notable new commercial projects secured during the year include Jewel Changi Airport, Tuas South Dormitory, Selerang Camp, Assisi Hospice, Crowne Plaza Extension, Tampines Town Hub and Overseas Family School. For new private residential projects, we have won for condominiums like New Futura and The Venue. For new public residential projects, we have bagged the projects in Woodlands N1C26 & C27, Tampines Town Hub and Sembawang N1C10 and Punggol West C40.



2003

Upgraded to the Singapore Exchange Mainboard



2004

- Acquired a 20% stake in Thailand-based Environment Pulp and Paper Co Ltd (EPPCO)
- Subscribed for a 20% interest in ethanol production firm Ekarat Pattana Co., Ltd (Ekarat Pattana)
- Entered the property market through our associate Dalian Shicheng Property Development Co., Ltd (Dalian Shicheng) and associate, Meadows Bright Development Pte Ltd (Meadows Bright)
- M&E Engineering arm, King Wan Construction Pte Ltd (King Wan Construction) accredited ISO 9001-2000

OTHER INVESTMENTS

Vessel ownership & chartering

The investment in our investment ventures have also successfully raked in steady recurring revenues streams. The Group's investment in the ownership and chartering of a 'Supramax' dry bulk carrier, "Hai Jin", has yielded positive contribution to King Wan's bottomline 2 years in a row since its charter hire arrangement commenced in March 2013.

Property development

The Property Development segment remains challenging in view of the slowdown in the property sector in both Singapore and China. The properties in Singapore have been marketed aggressively and the sale statistics for the 2 projects, The Skywoods and Starlight Suites have been encouraging in FY2015. However, while we remain confident of

the long term prospect of the property sector in China, the Group has deliberated carefully on the subdued property market situation in Dalian on the provision of impairment loss of S\$12 million for this fiscal year.

Completion of sale of Thai associates

The completion of the sale of our two Thai associates, Environment Pulp and Paper Co Ltd (EPPCO) and Ekarat Pattana Co Ltd (EPC), has contributed net profits of S\$24 million to the Group's bottomline this year.

As consideration for the sale of the 2 associates, King Wan was allotted shares in Kaset Thai International Sugar Corporation Public Company Limited (KTIS). The Group is closely monitoring the KTIS share price on Stock Exchange of Thailand and the expected returns from any dividends declared. We will maintain the shareholdings until it can provide the highest possible return to the Group.

Investment in workers' dormitory

The Group has also made a foray into the development of purpose-built workers' dormitory business through a 19% stake in a consortium which will be involved in the design, development and operations of a 9,200- bed workers' dormitory, one of the largest workers' dormitory projects in Singapore.

The Group expects the demand for quality purpose built accommodation for foreign workers to remain robust. The project has commenced construction and is scheduled for completion in the first quarter of 2016. Thereafter, the investment will form a sustainable source of income for the Group.

BUSINESS OUTLOOK

The Group believes that its growth in the near future will continue to be primarily driven by its M&E engineering business. The Group will continue to grow its presence in Singapore by bidding for a wide spectrum of M&E engineering projects. The Group also plans to focus on improving efficiency and management optimisation in its portfolio of projects.



According to the Building & Construction Authority (BCA), Singapore's average annual construction demand for 2015 and 2016 is projected to be between S\$25 billion and S\$34 billion, of which 60% is expected to be contributed by building projects. Given its solid track record and well-established reputation as a reliable and efficient provider of M&E engineering services in the building and construction industry, the Group will strive to secure contracts from government bodies as well as major developers and/or main contractors.

With sound financial backing, King Wan will be in a strong position to explore more strategic investments that will add value to shareholders. We will continue to deepen our reach in the markets we are operating in and explore opportunities in other geographical markets and business segments.

REWARDING SHAREHOLDERS

The Board of Directors is pleased to recommend a one-tier tax-exempt final dividend of 1.0 Singapore cents per share subject to shareholders' approval at the forthcoming annual general meeting to be held on 30 July 2015. Upon approval, the dividend will be payable on 18 August 2014. King Wan is committed to reward all its shareholders for their loyal support in the past one year.

Upon the approval of this final dividend, together with the interim dividend already paid, the total dividend for the financial year would amount to 1.7 Singapore cents per share.

NOTE OF APPRECIATION

On behalf of the Board, I would like to express my deepest appreciation to all stakeholders who have been instrumental in King Wan's success over the past years— customers, business associates, management team, staff and shareholders.

I am grateful for the loyal support of our customers and business associates through all these years. Our strategic partnership will ensure King Wan can

nurture greater sustainability for our business operations as well as the communities we operate in. I look forward to the unwavering commitment of our management team and staff who are pivotal to our success.

We will grow from strength to strength in building our market leadership in our core businesses and nurture new growth opportunities in Singapore and beyond.

Last but not least, I would like to thank the Board of Directors for their invaluable guidance. Together, we can drive innovation to scale new heights for King Wan and all our stakeholders.



CHUA KIM HUA
Chairman



2006

- *"The Inspira", Meadow Bright's first development fully sold*
- *King Wan Construction was awarded the iconic HDB project – The Pinnacle @ Duxton*

We will grow from strength to strength in building our market leadership in our core businesses and nurture new growth opportunities in Singapore and beyond.

Board of Directors

2008 *bizSAFE₂*

- King Wan Construction attained bizsafe level 2 awarded by Singapore's Work Safety and Health Advisory Committee (WSHAC)
- Completion of Ekarat Pattana's production plant and commencement of commercial production

1 CHUA KIM HUA
Group Chairman

First appointed
8 February 2000
Re-appointed
29 July 2014

Mr Chua Kim Hua, 75, serves as the Group's Chairman and is also a member of the Nomination Committee. Bringing with him more than 40 years of experience in the building and construction industry, he started his career in 1967 as a licensed Public Utilities Board electrician. He joined the Group as a Director in July 1983 and paved the way for its expansion and diversification. Mr Chua has been playing a pivotal role in steering and stabilizing the Group's businesses. He continues to lead its efforts to actively seek new business opportunities for the Group and is responsible for its long-term growth and development.

He has been conferred the Long Service Award by the Ministry of Education and has also been awarded the Public Service Medal, Pingat Bakti Masyarakat (PBM) and the Public Service Star, Bintang Bakti Masyarakat (BBM).



2 CHUA ENG ENG
Managing Director

First appointed
9 November 2000
 Re-elected
30 July 2013

Ms Chua Eng Eng, 45, serves as the Managing Director (MD) of the Group. She provides leadership and direction to deliver performance for the Group. As MD, she drives the Group strategy and oversees all of the Group's operation, business development, corporate planning, and the implementation of policies and activities. Ms Chua plays a crucial role in networking with key strategic partners and growing the leadership capabilities within the Group. She is also responsible for administration, investment, recruitment, and financial, legal and corporate affairs.

She holds a Bachelor of Arts in Economics from the National University of Singapore.

3 CHUA HAI KUEY
Executive Director

First appointed
8 February 2000
 Re-elected
29 July 2014

Mr Chua Hai Kuey, 64, is an Executive Director of the Group and the Managing Director of King Wan Construction Pte Ltd. He is responsible for the Group's day-to-day operations including the technical, engineering and quality control aspects of all projects. In addition, he oversees the supervision of projects, troubleshoots when necessary and takes requisite measures to monitor wastage and control cost. His job scope also includes project management, project tenders and quality management.

He holds an advanced level General Certificate of Education.

4 LIM HOCK BENG
Independent
Non-Executive Director

First appointed
22 June 2001
 Re-appointed
29 July 2014

Mr Lim Hock Beng, 75, is an Independent Non-Executive Director and serves as the Chairman of the Audit Committee and a member of the Remuneration and the Nomination Committees. He founded Lim Associates (Pte) Ltd (now known as Boardroom Corporate & Advisory Services Pte Ltd) in 1968 and was its Managing Director until his retirement at the end of 1995. He has more than 30 years of experience and knowledge in the corporate secretarial field, which includes advising listed companies on compliance with the listing rules. Since 1996, he has been the Managing Director of Aries Investments Pte Ltd, a private investment holding company with its principal interests in the investment of quoted securities and overseas properties.

He currently serves on the Board as well as on the Audit Committee of several listed companies in Singapore, among them, Huan Hsin Holdings Ltd, GP Industries Ltd, Colex Holdings Ltd and TA Corporation Ltd.

Mr Lim holds a Diploma in Management Accounting and Finance and is a Fellow member of the Singapore Institute of Directors.

5 GOH CHEE WEE
Independent
Non-Executive Director

First appointed
9 November 2000
 Re-elected
30 July 2013

Mr Goh Chee Wee, 69, is an Independent Non-Executive Director. He is the Chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee. He is currently a Director of a number of public listed companies. He was formerly a Member of Parliament and Minister of State for Trade and Industry, Labour, and Communications. He was also the Group Managing Director of listed company, Comfort Group Ltd.

Mr Goh holds a Bachelor of Science (First-Class Honours) degree from the then University of Singapore and a Master of Science (Engineering) degree from the University of Wisconsin, USA.

6 NATHAPUN
SIRIVIRIYAKUL
Independent
Non-Executive Director

First appointed
6 November 2008
 Re-elected
29 July 2014

Mr Nathapun Siriviriyaikul, 50, is an Independent Non-Executive Director and a member of the Audit and the Remuneration Committees. He was Alternate Director to Ms Ganoktip Siriviriyaikul since 28 November 2006 before being appointed a full Director on 6 November 2008. He is currently a Chief Executive Officer, Bio Energy and Products of Kaset Thai International Sugar Corporation Public Company Limited.

Mr Siriviriyaikul holds a Bachelor of Engineering from Chulalongkorn University and a Master of Business Administration from Washington State University.

Management & Key Executives

SIOW NGET YUEN, PRISCILLA

Director

King Wan Construction
Pte Ltd (KWC)

Ms Siow Nget Yuen, Priscilla, 64, was appointed a Director of KWC in November 2000. She first joined KWC in August 1978 as an Administration and Finance Officer, and was promoted to Administration and Finance Manager in 1994. She has since been promoted Director and now assists the executive directors in the areas of human resource management, administration and finance.

CHEW CHEE YUEN, FRANCIS

Chief Finance Officer

King Wan Corporation Ltd

Mr Chew Chee Yuen, Francis, 45, oversees the Group's overall financial, accounting and tax matters. He is also responsible for financial and management reporting of the Group and the compliance with the regulations of the Singapore Exchange. Mr Chew has been with the Group for more than 15 years and had, prior to joining the Group, served as a corporate auditor in a multi-national corporation covering the Asia Pacific region. He had also previously served as an auditor in a "Big 4" accounting firm.

Mr Chew holds a Bachelor of Accountancy from the Nanyang Technological University. He is a non-practising member of the Institute of Singapore Chartered Accountants.

ER SOON KIAT, JOE

Deputy Director

Air-conditioning &
Mechanical
Ventilation Division
King Wan Construction
Pte Ltd (KWC)

Mr Er Soon Kiat, Joe, 45, has been the company's Deputy Director for the Airconditioning & Mechanical Ventilation (ACMV) Division since July 2013. He is responsible for overseeing the ACMV Division's operational, design, contracts negotiation, project management and performance. He first joined KWC in November 2001 as a mechanical engineer. From then, he was involved in various assignments, actively contributing to the design and project management of the Group's building construction projects as Project Manager and subsequently, Deputy Director.

With 20 years' of experience in the construction industry, Mr Er holds a Bachelor of Engineering (Mechanical) from the Engineering Council of the United Kingdom and a Master of Science (Building Science) from National University of Singapore. He is a Registered Chartered Engineer and also a Senior Member of the Institution of Engineers Singapore.

CHUA KOK CHUAN

Deputy Director

Plumbing and
Sanitary Division
King Wan Construction
Pte Ltd (KWC)

Mr Chua Kok Chuan, 43, has been the company's Deputy Director for the Plumbing and Sanitary (P&S) Division since July 2013. He oversees all operational, design and project management and is also currently responsible for the P&S Division's contracts negotiation, development, planning and overall performance. He joined KWC in October 1997 as a mechanical and electrical engineer. He was instrumental in expanding the Division's operations as the Group embarked on commercial and institutional projects.

Rising through the ranks over the years from Project Manager to Deputy Director, he has contributed significantly to the design, implementation and project management of the P&S component of the Group's building construction projects.

Mr Chua holds a Bachelor of Engineering (Mechanical) from the University of Glasgow.

Group Structure



INVESTMENT PORTFOLIO

CORE BUSINESS



Business Review



augment its business reach and maintain the winning formula in securing new contract tenders in the years ahead.

The Group possesses the highest “L6” BCA grading and second highest “L5” BCA grading in the following workheads of the M&E engineering categories under the contractors’ registry administered by the Building & Construction Authority:

Workhead	Description	Grading
ME12	Plumbing and Sanitary Works	L6
ME15	Integrated Building Services	L6
ME05	Electrical Engineering	L6
ME01	Air-Conditioning, Refrigeration and Ventilation Works	L5

For the past 15 years, King Wan has built an enduring business model which is centred on its core Mechanical and Electrical (M&E) business. Through direct investments, the Group now operates in three other business sectors i.e. Vessel Ownership and Chartering, Property Development, and Development of Workers’ Dormitory.

The “L6” BCA grade allows the holder to bid for all public sector contracts in Singapore in the relevant workhead category of unlimited contract value. The Group is one of four companies in Singapore to possess the “L6” BCA grading in the ME12 (Plumbing and Sanitary Works) workhead category in the M&E engineering industry.

MECHANICAL AND ELECTRICAL ENGINEERING & SERVICES

The Group’s M&E business provides multi-discipline engineering services, such as the design and installation of plumbing and sanitary systems, air-conditioning and mechanical ventilation systems, electrical systems, fire protection and alarm systems, communications and security systems, for the building and construction industry.

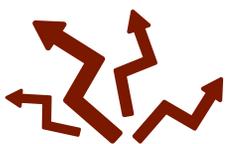
In the financial year ended 31 March 2015 (FY2015), the revenue from M&E business declined by 12.4% to S\$80.3 million as compared to S\$91.67 million recorded in the last financial year (FY2014). The decrease in revenue was due to lower value of revenue recognisable from ongoing M&E projects. Revenue from M&E business accounted for 94 per cent of the Group’s total turnover in FY2015.

Over the years, the Group has consolidated its stature as a market leader as well as a cost-effective, multi-disciplined M&E engineering service provider in Singapore. It has successfully joined hands with reputable contractors, as well as property developers, for M&E projects covering commercial, institutional, educational, residential, hotels & industrial market segments.

The reduction in revenue resulted in a 7% decrease in gross profits to S\$12.46 million in FY2015 from S\$13.34 million in FY2014. However, gross profit margin for the works done in FY2015 was 14.6%, higher than the 14.0% achieved in FY2014.

Armed with a strong track record of successful public and private sectors projects, the Group is highly competitive to

As at end of May 2015, King Wan has amassed approximately S\$187 million worth of M&E engineering contracts on hand, out of which S\$110 million worth of contracts were secured in the financial year. The Group expects the M&E business segment



2009

- *Environment Pulp and Paper Co., Ltd (EPPCO) expanded into the non-wood fibre market to include the food and food packaging industry*
- *Subscribed for 30% stake in S.I. Property Co., Ltd in Thailand*
- *Meadows Bright launched its 2nd project “Starlight Suites”*

to continue contributing positively to the Group's results in the next 12 months.

In its new order book, the Group has not only sustained the contract volume in both private and public residential projects, but also secured an increase in the variety of commercial developments. Some of the notable new commercial projects secured include Jewel Changi Airport, Tuas South Dormitory, Selerang Camp, Assisi Hospice, Crowne Plaza Extension, Tampines Town Hub and Overseas Family School. This clearly demonstrates the Group's technical competency to undertake commercial projects with a wide array of requirements.

PORTABLE LAVATORIES

Another component of King Wan's core services include the provision of mobile chemical lavatories for rental and other ancillary facilities for construction worksites as well as public and nationwide public events.

This segment continued to provide a stable income for King Wan with a contribution of S\$3.6 million to the Group's turnover. Contributing 4% to the Group's total revenue, it has offered a steady recurring

income stream to the Group for the past 18 years.

With ongoing business volume from the building and construction sector, and sports and outdoor entertainment activities in Singapore, the outlook for our portable toilet services is expected to remain positive.

INVESTMENT PORTFOLIO

Through direct investments, the Group now operates in three other business portfolio i.e. Vessel Ownership and Chartering, Property Development, and Development of Workers' Dormitory.

1) Property Development

The Property Development segment engages in the development, marketing and sale of residential and commercial properties in Singapore, China, and Thailand. This is made via investments in associate companies, in partnership with business partners.

In Singapore, the Group's investments in property developments are spearheaded by Meadows Bright Development Pte Ltd (Meadows Bright) via a 40% stake in the

JEWEL CHANGI AIRPORT



associate company. One of the ongoing project is the "Skywoods", a 420-unit condominium development along Dairy Farm Road. First launched in August 2013, the project is expected to be completed by 2016.



JEWEL CHANGI AIRPORT

Another ongoing project undertaken by Meadows Bright is "The Starlight Suites", a 35-storey block comprising 105 freehold apartments located at River Valley Close. First launched in August 2010, the project has been since been completed in FY2015.

In China, the Group owns a 36.6 per cent stake in Dalian Shicheng Property Development (S) Pte Ltd, which is responsible for its property developments in Dalian. Established in 2004, the company operates a multi-phased mixed development at LuShunKou District in Dalian with a land area of approximately 240,000 square metres. Being a multi-phased development, the project is now into phase 7 of the project, which will consist of residential as well as shop front units.



2010

King Wan Construction
accredited ISO 9001-2008

Due to austerity measures imposed by the Chinese central government, the PRC real estate sector has experienced a slowdown in recent years. This has prompted property developers to reconsider their sales strategies and overall profitability of their projects.

While we remain confident of the long term prospect of the sector, the Group has carefully considered the current subdued property market situation in Dalian before deciding to provide an impairment on the loans made to the associate amounting to S\$12 million. The Group will continue to closely monitor the market situation. Any development plans for the remaining phases of the development, comprising mainly of commercial areas, will depend on whether the local market conditions improve.

2) Vessel Ownership & Chartering

Through the associate company, Gold Hyacinth Development Pte Ltd (Gold Hyacinth), the Group has ventured into the vessel ownership and chartering business since January 2013. Its first purchase was a new Crown 58 'Supramax' Bulk Carrier, named "Hai Jin". Designed and built to carry dry bulk commodities, the carrier has a deadweight of 58,000 tons and a net tonnage of 19,582 tons.

This investment has contributed positively to King Wan's bottomline in the last 2 financial years, since it commenced operations in March 2013.

3) Workers' Dormitory

In 2014, King Wan has entered the growth sector of workers' dormitory operations via a 19% stake in a consortium which will be involved in the design, development and operations of one of the largest workers' dormitory projects in Singapore. The consortium has successfully secured a land tender awarded by the Jurong Town Corporation ("JTC") that will be developed into a 9,200-bed workers' dormitory.

The new facility will be developed on a 37,170.5 square metres plot of land located at Tuas South Street, Singapore and has a lease term of 20 years. The site will enable the consortium to design, develop and operate one of the largest workers' dormitory in Singapore. The dormitory will cater mainly to foreign workers in the marine, process and manufacturing industries. The dormitory is targeted to commence operations by 2016.

This purpose-built dormitory will be self-sufficient to meet the needs of its residents and will be outfitted with comprehensive communal facilities, which will include games rooms, TV rooms, multi-purpose halls, gymnasiums, reading rooms, a fitness corner, basketball courts, cricket fields, free Wi-Fi access at communal areas as well as sickbays and postal services. It will also have commercial facilities such as minimart, canteen, barber shop, beer garden and ATM.

The new facility will be conveniently located opposite one of the four planned recreation centres by the government for foreign workers, which is expected to be ready by 2016.

The Group expects the growth in demand for foreign labour to be supported by the promising outlook for Singapore's offshore and marine industries as well as strong demand for public sector projects.

As such, the demand for quality purpose built accommodation for these workers is expected to remain robust.

4) Kaset Thai International Sugar Corporation Public Company Limited (KTIS)

Based on the Sales & Purchase Agreement signed for the divestment of Environment Pulp and Paper Company Limited (EPPCO) and Ekarat Pattana Company Limited (EPC) on 25 April 2012, the Group was allotted approximately 3.01% or 116.3 million

shares of Kaset Thai International Sugar Corporation Public Company Limited (KTIS) issued common shares, which is worth approximately S\$45.4 million when it was listed on the Stock Exchange of Thailand (SET) on 28 April 2014. The net profits accruing from the completion of the SPA is approximately S\$24 million.

The Group is closely monitoring the KTIS share price on Stock Exchange of Thailand and the expected returns from any dividends declared.

With the expected returns from the KTIS, we will be in a strong position to explore more strategic investments that will add value to shareholders. We will continue to deepen our reach in the markets we are operating in and explore opportunities in other geographical markets and business segments.



2012

The Group sold its entire shareholding interests in EPPCO and EPC, for THB 1.2 billion (approximately S\$50.2 million)

Five-year Financial Highlights

Year ended 31 March

	2011	2012	2013	2014	2015
	(S\$million)	(S\$million)	(S\$million)	(S\$million)	(S\$million)
Profit & Loss Account					
Turnover	70.4	57.2	66.3	95.4	85.2
Net Profit after Tax	14.5	14.0	7.1	6.7	17.1
Balance Sheet					
Fixed Assets	11.5	5.9	5.3	5.6	5.3
Current and Other Assets	89.4	101.1	120.6	129.4	156.9
Total Assets	100.9	107.0	125.9	135.0	162.2
Short and Long Term Borrowings	8.4	6.1	15.5	26.2	39.3
Other Liabilities	17.2	17.3	25.5	22.4	24.7
Total Liabilities	25.6	23.4	41.0	48.6	64.0
Shareholders' funds	75.3	83.6	84.9	86.4	98.2
Total Reserves & Liabilities	100.9	107.0	125.9	135.0	162.2

Per Share Data (Cents)

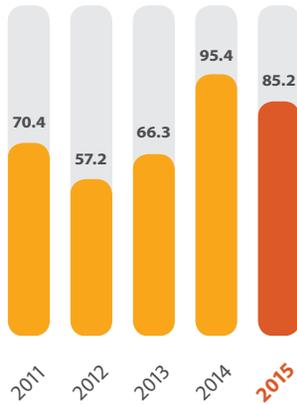
No of Shares	349,176,870	349,176,870	349,176,870	349,176,870	349,176,870
EPS (Basic)	4.15	4.01	2.02	1.93	4.89
Net Assets	21.56	23.95	24.31	24.75	28.11
Dividend paid/payable (net)	1.30	1.50	1.50	2.00	1.70

Financial Ratios

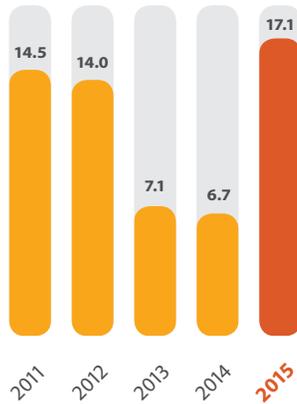
Return on Shareholders' Funds	19.2%	16.7%	8.3%	7.8%	17.4%
Return on Total Assets Employed	14.4%	13.1%	5.6%	5.0%	10.5%
Gross Debt to Total-Equity Ratio	11.4%	7.3%	18.3%	30.3%	40.0%
Dividend Payout	31.3%	37.4%	74.3%	103.6%	34.8%
Dividend Cover (times)	3.19	2.67	1.35	0.97	2.88

Financial Charts

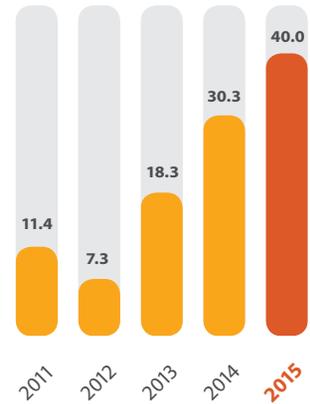
TURNOVER
(S\$Million)



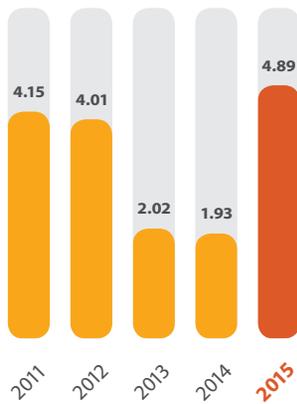
NET PROFIT AFTER TAX
(S\$Million)



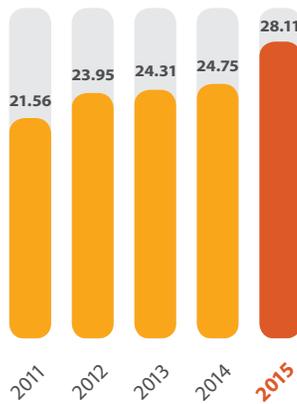
GROSS DEBT TO TOTAL-EQUITY RATIO
(%)



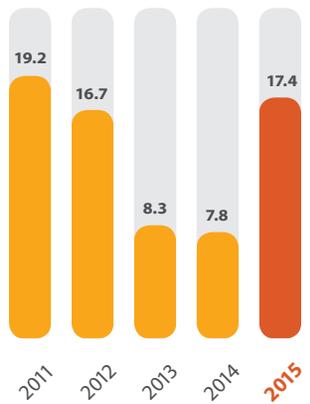
EARNINGS PER SHARE
(Cents)



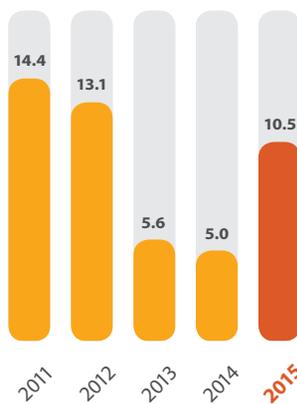
NTA PER SHARE
(Cents)



RETURN ON SHAREHOLDERS' FUNDS
(%)



RETURN ON TOTAL ASSETS EMPLOYED
(%)



2013

- King Wan ventured into a new business segment – vessel ownership and chartering-- through Gold Hyacinth Development Pte Ltd (Gold Hyacinth). The Group's first purchase is a new Crown 58 'Supramax' Bulk Carrier, named "Hai Jin"
- King Wan Construction achieved bizSAFE Star

Corporate Social Responsibility

At King Wan, we are not only committed to deliver strong business performance and shareholders' value, but also uphold good practices for sustainable business conduct as well as social success and development. As an active corporate citizen, King Wan enables community outreach as part of our staff development, where we highly encourage the spirit of volunteerism among staff in support of community programmes and charitable causes.

This year, our adopted charitable organisation is the Muscular Dystrophy Association (Singapore) or MDAS in short. MDAS is a voluntary welfare organisation which aims to maximise the quality of life of people with muscular dystrophy and their families through integrating them into society.



(from left to right) Samuel Ng, Tony Lau and Jeffrey Heng tying the guard to the motorised wheelchair



Wilson Sia (centre), together with David Poh (extreme left) helping one of our beneficiaries onto the motorised wheelchair before the Power Soccer session

King Wan has been working closely with MDAS since Sept 2014 through volunteering at their weekly Power Soccer sessions with their beneficiaries. The first competitive team sport designed and developed specifically for power wheelchair users. Power Soccer combines the skill of the wheelchair user with the speed and power of the chair itself, to participate in an extremely challenging game similar to soccer.

Our staff volunteers help in harnessing the guards on their motorized wheelchairs and monitoring their oxygen levels at intervals throughout the game. We are also participating in their upcoming fundraising and awareness carnival in August 2015.



Our King Wan volunteers facilitated the Annual National Disability League 2014 Power Soccer Competition

2014



- Completed the M&E project for the iconic landmark, Singapore Sports Hub
- King Wan entered the market for purpose built worker's dormitory through 19% stake in a consortium which will be involved in the design, development and operations of a 9,200 bed workers' dormitory project in Singapore



YEARS OF CONTINUOUS PROGRESS



**KING WAN
CORPORATION
LIMITED**

Financials **2015**

Financial Contents

01	Report of the Directors
05	Statement of Directors
06	Independent Auditors' Report
08	Statements of Financial Position
10	Consolidated Statement of Profit or Loss and Other Comprehensive Income
11	Statements of Changes in Equity
13	Consolidated Statement of Cash Flows
15	Notes to Financial Statements
73	Report on Corporate Governance
91	Analysis of Shareholdings
92	Substantial Shareholders
93	Notice of Annual General Meeting

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2015.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Mr Chua Kim Hua (Chairman)
 Ms Chua Eng Eng (Managing Director)
 Mr Chua Hai Kuey
 Mr Goh Chee Wee
 Mr Lim Hock Beng
 Mr Nathapun Siriviriyakul

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Names of directors and Company in which interests are held	Shareholdings registered in name of director	
	At beginning of year	At end of year
The Company – King Wan Corporation Limited	Ordinary shares	
Chua Kim Hua	44,113,319	44,113,319
Chua Eng Eng	36,576,906	36,576,906
Chua Hai Kuey	22,247,676	22,247,676

The directors' interests in the shares of the Company at April 21, 2015 were the same at March 31, 2015.

Report of the Directors

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

5 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under options

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

6 AUDIT COMMITTEE

The Audit Committee ("AC") of the Company, consists of all non-executive and independent directors, comprises of the following members as at the date of this report:

Mr Lim Hock Beng (Chairman)
Mr Goh Chee Wee
Mr Nathapun Siriviriyakul

The AC has met five times during the financial year. The AC had also met up with the external and internal auditors during the year and other directors were also invited to attend some of the meetings. The AC had also met with the external auditors and the internal auditors without the presence of the management. All minutes of the meetings are circulated to all members of the Board. The company secretary is also the secretary to the AC.

The key responsibility of the AC is to assist the Board in fulfilling its responsibilities for the Group's financial reporting, management of financial and control risks and monitoring of the internal control system. The AC will make enquiries in order to satisfy themselves on the adequacy of the processes supporting the Group's financial reporting, its system of internal control, risk identification and management, its internal and external audit processes, and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct.

Report of the Directors

The primary functions of the AC are as follows:

- review with the external auditors, their audit plan, recommendations to management, audit report and management's response thereto and any matters which the external auditors wish to discuss, without the presence of management;
- review with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the internal control system together with management's responses thereto and any matters which the internal auditors wish to discuss, without the presence of management;
- review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and the External Auditors' report on those financial statements;
- review the quarterly, half yearly and annual announcements as well as other announcements on to shareholders and the Singapore Exchange Securities Trading Ltd ("SGX-ST") prior to submission to the Board;
- make recommendations to the Board on the appointment of the external auditors and the audit fee;
- review any related party transactions;
- review assistance given by the Group's officers to the external and internal auditors and ensure that the internal audit function is adequately resourced; and
- carry out such other functions as may be agreed by the AC and the Board.

To effectively discharge its responsibilities, the AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has reviewed the scope of work proposed by the external auditors and is satisfied with their independence and objectivity. The AC has recommended to the directors the nomination of Deloitte & Touche LLP for reappointment as auditors of the Group at the forthcoming Annual General Meeting of the Company. The AC has also undertaken a review of all non-audit services provided by the auditors and is of the opinion that they will not affect the independence of the auditors.

Report of the Directors

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



Chua Kim Hua



Chua Eng Eng

June 30, 2015

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 8 to 72 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at March 31, 2015, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS



Chua Kim Hua



Chua Eng Eng

June 30, 2015

Independent Auditors' Report

To the members of King Wan Corporation Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of King Wan Corporation 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 March 31, 2015, and the consolidated statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 72.

MANAGEMENT'S RESPONSIBILITY 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

To the members of King Wan Corporation Limited

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at March 31, 2015 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

June 30, 2015

Statements of Financial Position

March 31, 2015

	Note	Group		Company	
		2015 \$	2014 \$	2015 \$	2014 \$
ASSETS					
Current assets					
Cash and cash equivalents	6	11,350,261	11,219,322	440,523	4,029,204
Trade receivables	7	13,057,089	9,335,580	-	-
Other receivables and prepayments	8	165,178	158,909	20,034	9,701
Amount due from subsidiaries	9	-	-	16,711,981	16,956,012
Held-for-trading investments	10	612,858	480,519	-	37,315
Inventories	11	1,259,445	1,013,781	-	-
Construction work-in-progress	12	10,074,530	15,694,127	-	-
		<u>36,519,361</u>	<u>37,902,238</u>	<u>17,172,538</u>	<u>21,032,232</u>
Non-current assets classified as held for sale	13	-	21,642,772	-	9,840,000
Total current assets		<u>36,519,361</u>	<u>59,545,010</u>	<u>17,172,538</u>	<u>30,872,232</u>
Non-current assets					
Other receivables	8	72,166,145	67,622,180	-	-
Property, plant and equipment	14	5,343,386	5,626,840	9,638	14,755
Investment in subsidiaries	15	-	-	26,389,213	35,268,954
Investment in associates and a joint venture	16	3,702,791	2,166,295	2,831,953	1,981,181
Available-for-sale investments	17	44,441,074	-	34,269,751	-
Total non-current assets		<u>125,653,396</u>	<u>75,415,315</u>	<u>63,500,555</u>	<u>37,264,890</u>
Total assets		<u>162,172,757</u>	<u>134,960,325</u>	<u>80,673,093</u>	<u>68,137,122</u>

Statements of Financial Position (cont'd)

March 31, 2015

	Note	Group		Company	
		2015	2014	2015	2014
		\$	\$	\$	\$
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	18	18,944,832	12,673,931	-	-
Construction work-in-progress	12	3,038,404	505,560	-	-
Trade payables and bills payables	19	33,260,371	26,309,983	-	-
Other payables	20	4,510,974	5,308,059	3,157,562	3,472,641
Current portion of finance leases	21	278,702	244,290	-	-
Amount due to a subsidiary	22	-	-	6,124,298	992,454
Provision for rectification costs	23	1,408,227	986,864	-	-
Income tax payable		1,453,352	1,686,260	95,000	75,000
Total current liabilities		62,894,862	47,714,947	9,376,860	4,540,095
Non-current liabilities					
Bank borrowings	18	384,374	-	-	-
Finance leases	21	510,254	601,707	-	-
Deferred tax liabilities	24	214,859	214,859	-	-
Total non-current liabilities		1,109,487	816,566	-	-
Capital and reserves					
Share capital	25	46,813,734	46,813,734	46,813,734	46,813,734
Retained earnings		50,892,450	41,493,592	24,246,878	16,783,293
Foreign currency translation reserve	26	156,670	(1,878,514)	-	-
Investment revaluation reserve	27	305,554	-	235,621	-
Total equity		98,168,408	86,428,812	71,296,233	63,597,027
Total liabilities and equity		162,172,757	134,960,325	80,673,093	68,137,122

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2015

	Note	Group	
		2015 \$	2014 \$
Revenue	28	85,243,986	95,386,907
Cost of sales		(72,787,829)	(82,044,539)
Gross profit		12,456,157	13,342,368
Other operating income	29	4,635,742	3,886,729
Other gains	30	24,420,739	12,602
Administrative expenses		(9,978,753)	(8,515,685)
Allowance for amount due from an associate	3(b)	(12,000,000)	-
Share of (loss) profit of associates	16	(389,929)	65,732
Finance costs	31	(736,507)	(523,251)
Profit before income tax		18,407,449	8,268,495
Income tax expense	32	(1,326,680)	(1,533,238)
Profit for the year	33	17,080,769	6,735,257
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value adjustment of available-for-sale investments	17	305,554	-
Exchange differences on translation of foreign operations (associates)		60,444	61,049
Reclassification adjustment of cumulative exchange differences to profit or loss upon disposal of associates		1,974,740	-
Other comprehensive income for the year		2,340,738	61,049
Total comprehensive income for the year		19,421,507	6,796,306
Earnings per share (cents)			
Basic and diluted	34	4.89	1.93

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended March 31, 2015

	Share capital \$	Retained earnings \$	Foreign currency translation reserve \$	Investment revaluation reserve \$	Total \$
Group					
Balance at April 1, 2013	46,813,734	39,995,988	(1,939,563)	-	84,870,159
Total comprehensive income for the year:					
Profit for the year	-	6,735,257	-	-	6,735,257
Other comprehensive income for the year	-	-	61,049	-	61,049
Total	-	6,735,257	61,049	-	6,796,306
Transactions recognised directly in equity:					
Dividends (Note 35)	-	(5,237,653)	-	-	(5,237,653)
Balance at March 31, 2014	46,813,734	41,493,592	(1,878,514)	-	86,428,812
Total comprehensive income for the year:					
Profit for the year	-	17,080,769	-	-	17,080,769
Other comprehensive income for the year	-	-	2,035,184	305,554	2,340,738
Total	-	17,080,769	2,035,184	305,554	19,421,507
Transactions recognised directly in equity:					
Dividends (Note 35)	-	(7,681,911)	-	-	(7,681,911)
Balance at March 31, 2015	46,813,734	50,892,450	156,670	305,554	98,168,408

Statements of Changes in Equity (cont'd)

Year ended March 31, 2015

	Share capital \$	Retained earnings \$	Investment revaluation reserve \$	Total \$
Company				
Balance at April 1, 2013	46,813,734	12,061,376	-	58,875,110
Total comprehensive income for the year:				
Profit for the year	-	9,959,570	-	9,959,570
Transactions recognised directly in equity:				
Dividends (Note 35)	-	(5,237,653)	-	(5,237,653)
Balance at March 31, 2014	46,813,734	16,783,293	-	63,597,027
Total comprehensive income for the year:				
Profit for the year	-	15,145,496	-	15,145,496
Other comprehensive income for the year	-	-	235,621	235,621
Total	-	15,145,496	235,621	15,381,117
Transactions recognised directly in equity:				
Dividends (Note 35)	-	(7,681,911)	-	(7,681,911)
Balance at March 31, 2015	46,813,734	24,246,878	235,621	71,296,233

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended March 31, 2015

	Group	
	2015	2014
	\$	\$
Operating activities		
Profit before income tax	18,407,449	8,268,495
Adjustments for:		
Depreciation of property, plant and equipment	1,187,450	1,074,193
Loss on disposal of property, plant and equipment	11,668	4,630
Allowance for doubtful trade receivables	798,154	357,194
Bad debts written off on trade receivables	44,994	3,313
(Reversal of) allowance for inventories obsolescence	(31,484)	171,854
Inventories written off	-	30,246
Change in fair value of held-for-trading investments	76,103	15,939
Dividend income from held-for-trading investments	(16,186)	(12,602)
Dividend income from available-for-sale investments	(1,326,966)	-
Gain on disposal of available-for-sale investments	(270,465)	-
Interest income	(1,908,112)	(1,771,372)
Interest expense	736,507	523,251
Allowance for amounts due from an associate	12,000,000	-
Gain on disposal of associates	(24,134,088)	-
Share of loss (profit) of associates	389,929	(65,732)
Provision (reversal of provision) of rectification costs	505,779	(54,893)
Fee income from financial guarantee to associates	(942,716)	(753,311)
Operating cash flows before movements in working capital	5,528,016	7,791,205
Trade receivables	(4,564,657)	(1,887,631)
Other receivables and prepayments	(6,269)	(500,632)
Construction work-in-progress	8,152,441	(7,846,816)
Inventories	(214,180)	(82,929)
Trade payables and bills payables	6,950,390	5,571,447
Other payables	857,228	601,953
Provision for rectification costs	(84,416)	(20,362)
Cash generated from operations	16,618,553	3,626,235
Income taxes paid	(1,559,589)	(1,484,967)
Interest paid	(736,507)	(523,251)
Net cash from operating activities	14,322,457	1,618,017

Consolidated Statement of Cash Flows (cont'd)

Year ended March 31, 2015

	Group	
	2015	2014
	\$	\$
Investing activities		
Interest received	41,300	104,749
Investment in an associate	(190,000)	(450,000)
Investment in a joint venture	-	(500)
Advances to associates	(14,721,153)	(5,890,000)
Dividends received from held-for-trading investments	16,186	12,602
Dividends received from available-for-sale investments	1,326,966	-
Purchase of property, plant and equipment (Note A)	(703,330)	(583,149)
Purchase of held-for-trading investments	(250,000)	(38,813)
Proceeds from the disposal of property, plant and equipment	49,275	33,548
Proceeds from sale of held-for-trading investments	41,558	-
Proceeds from disposal of available-for-sale investments	1,498,965	-
Net cash used in investing activities	<u>(12,890,233)</u>	<u>(6,811,563)</u>
Financing activities		
Dividends paid	(7,681,911)	(5,237,653)
Repayments of obligations under finance leases (Note A)	(274,649)	(111,104)
Proceeds from bank borrowings	8,829,206	2,875,255
Net cash from (used in) financing activities	<u>872,646</u>	<u>(2,473,502)</u>
Net increase (decrease) in cash and cash equivalents	2,304,870	(7,667,048)
Cash and cash equivalents at the beginning of the year	<u>9,045,391</u>	<u>16,712,439</u>
Cash and cash equivalents at end of the year (Note 6)	<u>11,350,261</u>	<u>9,045,391</u>

Note A:

During the year, the Group purchased property, plant and equipment with an aggregate cost of \$964,939 (2014 : \$1,479,009) of which \$217,609 (2014 : \$847,620) was acquired under finance lease arrangements.

Notes to Financial Statements

March 31, 2015

1 GENERAL

The Company (Registration No. 200001034R) is incorporated in Singapore with its registered office and principal place of business at No. 8 Sungei Kadut Loop, Singapore 729455. The Company is listed on the mainboard of Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding. The subsidiaries and associates in the Group are principally engaged in activities as disclosed in Notes 15 and 16 to the financial statements respectively.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2015 were authorised for issue by the Board of Directors on June 30, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On April 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/ revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

In the current year, the Group has applied for the first time FRS 110, FRS 112, FRS 27 and FRS 28 together with the amendments to FRS 110 and FRS 112 regarding the transitional guidance.

Other than FRS 112, the application of the new and revised standards has not had any material impact on the amounts recognised in the consolidated financial statements. FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements as disclosed in Notes 15 and 16 to the financial statements.

At the date of authorisation of these financial statements, the following FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*
- Improvements to Financial Reporting Standards (January 2014)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following where management is still assessing the effects:

FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets. FRS 109 will be effective January 1, 2018.

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods.

In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

FRS 115 Revenue From Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 which will be effective January 1, 2017 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments which will be effective January 1, 2016 have been made to the following:

- materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- statements of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- presentation of items of other comprehensive income (“OCI”) arising from equity-accounted investments – An entity’s share of OCT of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will be subsequently be reclassified to profit or loss.
- notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	Topic	Key amendment
FRS 108 <i>Operating Segments</i>	Aggregation of Operating Segments	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’.
	Reconciliation of the total of the reportable segments’ assets to the entity’s assets	Clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

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

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition, it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other gains' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Available-for-sale financial assets

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses and interest calculated using the effective interest method which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Loans and receivables

Trade and other receivables and amount due from subsidiaries that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For certain categories of financial asset, such as trade receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed subsequently.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or when they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NON-CURRENT ASSETS HELD FOR SALE - Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

INVENTORIES - Inventories comprising raw materials and consumables are stated at the lower of cost and net realisable value. Cost includes all cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

CONSTRUCTION CONTRACTS - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold property	-	over the terms of the lease which is 3½%
Plant and machinery	-	5% to 20%
Office equipment	-	10% to 33½%
Motor vehicles	-	10% to 20%
Portable toilets	-	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IMPAIRMENT OF TANGIBLE ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the tangible asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

ASSOCIATES AND JOINT VENTURE - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Dividends to the shareholders are recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accrual for profit sharing

The Group recognises a liability and an expense for profit sharing 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.

Provision for rectification costs

The Group recognises a liability and an expense for rectification costs upon completion of the construction work and the obligation is made based on management's best estimates of the expected costs which are to be incurred pending the finalisation of the final account between the Group and its respective sub-contractors based on past experience and assessment of the projects.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or losses in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight-line basis.

Rendering of services

Revenue from rendering of services of short-term nature is recognised when the services are completed.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see above).

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

Management fee income

Management fee income is recognised in profit or loss as and when the services are rendered.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT OBLIGATIONS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, associates and interests in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from 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.

Notes to Financial Statements

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively) or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation in the Group's currency translation reserve, are reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, cash at bank, fixed deposits and bank overdrafts and are subject to an insignificant risk of changes in value.

Notes to Financial Statements

March 31, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no instances of application of judgements of the use of estimation techniques which may have a significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Allowances for doubtful trade receivables and amount due from subsidiaries

The policy for allowance for doubtful trade receivables of the Group and amount due from subsidiaries are based on the evaluation of collectability of debts, ageing analysis of accounts and on management's estimate. A consideration amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer and on-going dealings with them. Where the expectation is different from the original estimate, such differences will impact the carrying value of receivables in the period in which such estimate changed.

As at the end of the reporting period, the carrying amount of trade receivables, net of allowances for doubtful trade receivables and amount due from subsidiaries are disclosed in Note 7 and 9 respectively.

(b) Amount due from associates and joint venture

Dalian Shicheng Property Development (S) Pte Ltd and Dalian Shicheng Property Development Co., Ltd. ("Dalian")
The Group assesses at the end of each reporting period whether the advances to Dalian is recoverable. The advances to Dalian (classified under "advance to associate") at the end of the reporting period amounts to \$6,498,821 (net of allowance of \$12,000,000) (2014 : \$17,666,589).

In assessing the recoverability of the advances to Dalian, the Group considers the present value of estimated future cash flow, discounted at the original effective interest rate compared against the carrying amount of advances to Dalian.

For March 31, 2014, the present value of estimated future cash flows, discounted at the original effective interest rate was calculated on the bases that

- the remaining property units (developed and under developments) would be sold to third party at prevailing market rate based on valuation by an independent valuer;
- the undeveloped land parcels were valued at market rate based on valuation by an independent valuer;
- all assets and liabilities are realisable and repayable at current fair values;

Notes to Financial Statements

March 31, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

- costs to completion are estimated for construction, finance, tax and overheads costs.

For March 31, 2015, management has reassessed the basis due to the weak market conditions and change in the business strategy with regards to the property development project in People's Republic of China. The net present value was calculated on the same bases as that of 2014 except that the remaining property under development are priced based on prevailing market price and adjusted for the assumptions that the remaining property are sold in a single lot and paid for in the next 6 months.

Based on the above bases, the Group has made an allowance of \$12,000,000 on advances to Dalian during the year. In the event that any of the above bases of valuation varies, additional allowance required may be adjusted accordingly.

The right to recovery of the amount due from Dalian is subordinated to the right of a bank for loans given to Dalian. The Company together with another shareholder of Dalian, have provided joint and several corporate guarantees of \$60,480,615 for bank loans given to Dalian which is included in Note 36 to the financial statements.

Meadows Bright Development Pte Ltd and Meadows Property (Spore) Pte Ltd ("Meadows")

The Group assesses at the end of each reporting period whether the advances to Meadows is recoverable. In assessing the recoverability of the advances to Meadows, the Group considers the present value of estimated future cash flow, discounted at the original effective interest rate compared against the carrying amount of advances to Meadows.

At the end of the reporting period, the present value of estimated future cash flows, discounted at the original effective interest rate was calculated on the basis that the property units (under developments) would be sold to third party at prevailing market rate. As at the end of the reporting period of 2015 and 2014, there is no allowance on advances to Meadows.

Nexus Point Investments Pte Ltd

The advances to Nexus is to fund the construction of a dormitory. The Group considers that the future returns would be in excess of the cost of investment and advances to Nexus and determined that no allowance is required.

Other associates and joint venture

The Group considers the market value of the properties determined by an independent valuer against the carrying value of the properties held by the other associates and joint venture at the end of the reporting period. There is no indication that the advances to the other associates and joint venture had been impaired.

The carrying amount of amount due from associates and joint venture is disclosed in Note 8 to the financial statements.

(c) Impairment in value of investment in associates and joint venture – Group level

The Group assesses annually whether its investment in associates and joint venture has any indication of impairment in accordance with the accounting policy. Management evaluates, among other factors, the market and economic environment in which the associates and joint venture operate, economic performance of these entities i.e. existing financial performance as well as operating profit forecasts and the duration and extent to which the cost of investments in these entities exceed their net tangible assets values and fair value of investments less cost to sell. As at the end of the reporting period, no impairment allowance is made.

If the performance of the associates or joint venture and/or market condition were to deteriorate which will affect the Group's investments in associates or joint venture, impairment may be required.

Notes to Financial Statements

March 31, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Certain carrying value of the investment in associates is nil at the end of the reporting period as the Group has recognised losses incurred by the associates to the Group's cost of investment in the associates. The Group did not recognise the excess losses incurred by the associates as the Group does not have the legal or constructive obligation or made payments on behalf of the associates.

The carrying value of the investment in associates and joint venture is disclosed in Note 16 to the financial statements.

(d) Investment in subsidiaries and associates at company level

The Company assesses annually whether its investment in subsidiaries and associates has any indication of impairment in accordance with the accounting policy. Management evaluates, among other factors, the market and economic environment in which the subsidiaries and associates operate, economic performance of these entities i.e. existing financial performance as well as operating profit forecasts and the duration and extent to which the cost of investments in these entities exceed their net tangible assets values and fair value of investments less cost to sell. As at the end of the reporting period, an impairment allowance of \$9,200,000 (2014 : Nil) was made, for investment in subsidiaries and \$825,210 (2014 : Nil) for investment in associates.

If the performance of the subsidiaries and associates and/or market condition were to deteriorate which will affect the Company's investments in subsidiaries and associates, additional impairment may be required.

The carrying value of the investment in subsidiaries and associates and joint venture are disclosed in Notes 15 and 16 respectively to the financial statements.

(e) Construction work-in-progress and revenue from construction contracts

Revenue and profit recognition on uncompleted projects are dependent on estimating the total outcome of the construction contract, as well as work done to date. Actual outcome in terms of actual costs or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date. The carrying amount of the Group's net construction work-in-progress is disclosed in Note 12 to the financial statements.

(f) Provision for rectification costs

Provision for rectification costs were made by the Group in respect of completed projects and the Group continues to have the responsibility to rectify defects at no recharge. These provisions were made based on 0.5% of the contract price after taking into account historical trends. The provision made at the end of reporting period is disclosed in Note 23 to the financial statements.

(g) Provision for foreseeable losses

The Group reviews its construction work-in-progress to determine whether there is any indication of foreseeable losses. Provision for foreseeable losses were made based on management's assessment on total estimated contract costs that exceed total contract revenue. Management estimates total contract costs based on contracted amounts with subcontractors, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration current market conditions and historical trends of the amounts incurred.

Identified foreseeable losses are recognised immediately in profit or loss when it is probable that total contract costs will exceed total contract revenue. At the end of the reporting period, the Group has assessed that no provision for foreseeable losses is required (Note 12).

Notes to Financial Statements

March 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Loans and receivables (including cash and cash equivalents):				
- Cash and cash equivalents	11,350,261	11,219,322	440,523	4,029,204
- Trade receivables	13,057,089	9,335,580	-	-
- Other receivables (excluding prepayments)	72,267,587	67,724,224	9,934	51
- Amount due from subsidiaries	-	-	16,711,981	16,956,012
- Amount due from customers for contracts-in-progress	10,074,530	15,694,127	-	-
	<u>106,749,467</u>	<u>103,973,253</u>	<u>17,162,438</u>	<u>20,985,267</u>
Fair value through profit and loss:				
- Held-for-trading	612,858	480,519	-	37,315
Available-for-sale financial assets	<u>44,441,074</u>	<u>-</u>	<u>34,269,751</u>	<u>-</u>
Financial liabilities				
Amortised cost:				
- Bank borrowings	19,329,206	12,673,931	-	-
- Trade payables and bills payables	33,260,371	26,309,983	-	-
- Other payables	4,510,974	5,308,059	3,157,562	3,472,641
- Amount due to a subsidiary	-	-	6,124,298	992,454
- Finance leases	788,956	845,997	-	-
	<u>57,889,507</u>	<u>45,137,970</u>	<u>9,281,860</u>	<u>4,465,095</u>

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group and Company do not have any financial instruments which are subject to enforceable master netting arrangements or any netting agreements.

Notes to Financial Statements

March 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives

The Group's overall risk management programme seeks to minimise potential adverse effects of the financial performance of the Group.

The Group's activities expose it to a variety of financial risks, including market risk (foreign currency exchange risk, interest rate risk, equity price risk), credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

Foreign currency risk occurs as a result of the transactions that are not denominated in their respective functional currencies.

Transactions of the individual entities within the Group are mainly transacted in their respective functional currencies except for available-for-sales investments which is denominated in Thai Baht.

No sensitivity analysis is prepared as the Group and the Company does not expect any material effect on the Group's and the Company's profit or loss arising from the effects of reasonably possible changes to foreign currency risk at the end of the reporting period.

The foreign currency risk relating to available-for-sales investments do not have any effect on the Group's and the Company's profit or loss as it is a non-monetary item and changes arising from foreign exchange is recognised in the investment revaluation reserves.

The Company's subsidiaries operate mainly in Singapore and transact mainly in Singapore dollars. Exposures to foreign currency risks are minimal. The Group's associates operate mainly in Singapore and People's Republic of China ("PRC"). The Group is exposed to currency translation risk on the net assets in foreign operations mainly in PRC (Renminbi).

(ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group as a result of fluctuation in interest rates.

The Group is exposed to cash flow interest rate risk in relation to short-term bank borrowings and bills payables and the effective interest rates are disclosed in Note 4(c)(v).

The Group is not exposed to cash flow interest rate risk in relation to loan to associates, long-term bank borrowings and finance lease as the interest rate have been fixed at the inception of the loan to associates, long-term borrowings and finance lease. Interest rate of the loan to associates is disclosed in Note 8, long-term bank borrowing is disclosed in Note 18 and finance lease is disclosed in Note 21 to the financial statements. The Group does not have interest rate hedging policy and management monitors interest rate exposure closely.

Notes to Financial Statements

March 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for short-term bank borrowings and bill payables at the end of the reporting period. For floating rates liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit or loss would decrease/increase by \$190,099 (2014 : \$126,614).

(iii) Equity price risk management

The Group's exposure to equity risks arising from equity investments classified as held-for-trading and available-for-sale investments. Available-for-sale investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments. Further details of these equity investments can be found in Note 10 and 17 to the financial statements.

Equity price sensitivity

The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of held-for-trading equity investments, if equity prices had been 10% higher/lower and all other variables were held constant, the Group's profit or loss would increase/decrease by \$61,286 (2014 : \$48,052).

In respect of available-for-sale investments, if equity prices had been 10% higher/lower and all other variables were held constant, there is no impact to the Group's and the Company's profit or loss. The Group's and Company's investment revaluation reserve would increase/decrease by \$4,444,107 (2014 : Nil) and \$3,426,975 (2013 : Nil) respectively.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed periodically by the management.

Concentration of credit risk with respect to trade receivables in the construction industry in which the Group operates does exist in view of the limited number of main contractors that the Group has been dealing with, and in respect of other receivables, the Group has a balance from associates of \$72,166,145 (2014 : \$67,578,180) and the Company has a balance from subsidiaries of \$16,711,981 (2014 : \$16,956,012).

Notes to Financial Statements

March 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

The maximum amount the Group could be forced to settle under the financial guarantee contract is disclosed in Note 36. Based on the expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables, amount due from subsidiaries and financial guarantees are disclosed in Notes 7, 8, 9 and 36 to the financial statements respectively.

(v) Liquidity risk management

Liquidity risk arises when the Group is unable to meet its obligations towards other counterparties.

The Group manages its liquidity risk by matching the payment and receipt cycle. The directors of the Group are of the opinion that liquidity risk is contained given that the Group has sufficient equity funds to finance its operations and that if required, financing can be obtained from its lines of banking credit facilities.

At the end of the reporting period, the Group's current liabilities exceed the Group's current assets by \$26,375,501. Management has assessed and is confident that the Group will be able to continue as a going concern as the Group; (a) would be able to roll over the term loan on maturity; (b) would be able to realise the available-for-sale investment when required; and (c) has unutilised banking facilities of \$34,150,514 and unutilised Multicurrency Medium Term Note of \$150,000,000 as at March 31, 2015.

Notes to Financial Statements

March 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Liquidity and interest risk analyses

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year \$	Within 2 to 5 years \$	After 5 years \$	Adjustment \$	Total \$
Group						
2015						
Non-interest bearing	-	30,406,378	15,696,516	209,496	-	46,312,390
Fixed interest rate instruments	2.68	4,205,879	53,952,794	3,911,016	(1,632,612)	60,437,077
		<u>34,612,257</u>	<u>69,649,310</u>	<u>4,120,512</u>	<u>(1,632,612)</u>	<u>106,749,467</u>
2014						
Non-interest bearing	-	28,560,171	17,944,031	-	-	46,504,202
Fixed interest rate instruments	3.01	7,880,576	51,249,320	-	(1,660,845)	57,469,051
		<u>36,440,747</u>	<u>69,193,351</u>	<u>-</u>	<u>(1,660,845)</u>	<u>103,973,253</u>
Company						
2015						
Non-interest bearing	-	17,162,438	-	-	-	17,162,438
2014						
Non-interest bearing	-	17,208,154	-	-	-	17,208,154
Fixed interest rate instruments	1.62	3,779,110	-	-	(1,997)	3,777,113
		<u>20,987,264</u>	<u>-</u>	<u>-</u>	<u>(1,997)</u>	<u>20,985,267</u>

Notes to Financial Statements

March 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year \$	Within 2 to 5 years \$	After 5 years \$	Adjustment \$	Total \$
Group						
2015						
Non-interest bearing	-	16,661,027	-	-	-	16,661,027
Variable interest rate instruments	2.36	38,184,370	-	-	(164,632)	38,019,738
Fixed interest rate instruments	4.00	521,099	390,848	-	(32,741)	879,206
Finance lease liability (fixed rate)	2.33	296,965	522,865	-	(30,874)	788,956
Financial guarantee contract	-	148,118,810	-	-	(146,578,230)	1,540,580
		<u>203,782,271</u>	<u>913,713</u>	<u>-</u>	<u>(146,806,477)</u>	<u>57,889,507</u>
2014						
Non-interest bearing	-	18,161,899	-	-	-	18,161,899
Variable interest rate instruments	2.44	25,511,478	-	-	(188,717)	25,322,761
Finance lease liability (fixed rate)	2.96	265,870	624,296	-	(44,169)	845,997
Financial guarantee contract	-	130,720,728	-	-	(129,913,415)	807,313
		<u>174,659,975</u>	<u>624,296</u>	<u>-</u>	<u>(130,146,301)</u>	<u>45,137,970</u>

Notes to Financial Statements

March 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

	Weighted average effective interest rate %	On demand or within 1 year \$	Within 2 to 5 years \$	After 5 years \$	Adjustment \$	Total \$
Company						
2015						
Non-interest bearing	-	7,706,713	-	-	-	7,706,713
Financial guarantee contract	-	191,305,882	-	-	(189,730,735)	1,575,147
		<u>199,012,595</u>	-	-	(189,730,735)	<u>9,281,860</u>
2014						
Non-interest bearing	-	3,619,276	-	-	-	3,619,276
Financial guarantee contract	-	158,639,794	-	-	(157,793,975)	845,819
		<u>162,259,070</u>	-	-	(157,793,975)	<u>4,465,095</u>

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, bank borrowings and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at the end of the reporting period, the fair value measurements of the fair value through profit or loss – held-for-trading investments and available-for-sale investments for the Group and the Company were determined based on quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1).

There is no transfer between levels of the fair value hierarchy during the year and prior year.

Notes to Financial Statements

March 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 18, 19 and 21 to the financial statements, and equity attributable to owners of the parent, comprising issued capital and retained earnings. The Group is required to maintain a minimum Group's net worth, a maximum gearing ratio and a minimum current ratio in order to comply with the financial covenants in the loan agreements with the banks.

Management has reviewed the Group's compliance with the financial covenants for its bank facilities and is satisfied that the Group has complied with them.

Management reviews the capital structure on a yearly basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the Group will balance its overall capital structure through the payment of dividends, new share as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from prior year.

The Group monitors capital based on the Group's gross gearing and net gearing. The Group's gross gearing is calculated as total borrowings divided by total equity, whilst net gearing is calculated as net borrowings divided by total equity. Net borrowings are calculated as total bank borrowings, bills payables and finance leases as disclosed in Notes 18, 19 and 21 to the financial statements respectively, less cash and bank balances as disclosed in Note 6 to the financial statements.

	Group	
	2015	2014
	\$	\$
Total borrowings	39,687,900	26,168,758
Total equity	98,168,408	86,428,812
Gross gearing (times)	0.40	0.30
Net borrowings	28,337,639	14,949,436
Total equity	98,168,408	86,428,812
Net gearing (times)	0.29	0.17

Notes to Financial Statements

March 31, 2015

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, the Group entered into the following transactions with related parties:

	Group	
	2015	2014
	\$	\$
Rental income from an associate	(15,426)	(15,119)
Interest income from an associate	(1,866,813)	(1,666,623)
Management fee income from an associate	(106,273)	(105,357)
Advances to associates and a joint venture	<u>14,721,153</u>	<u>5,890,000</u>

In the current financial year ended March 31, 2015, loans amounting to \$4,110,000 (2014 : \$2,350,000) were advanced to associates and a joint venture of the Group to enter into sale and purchase agreements with another associate of the Group, Dalian Shicheng Property Development Co., Ltd to purchase property units (Note 8).

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2015	2014
	\$	\$
Directors' and key management's remuneration:		
- Short-term benefits	3,797,085	3,166,896
- Post-employment benefits	91,280	101,150
	<u>3,888,365</u>	<u>3,268,046</u>
Directors' fees	176,000	176,000
	<u>4,064,365</u>	<u>3,444,046</u>

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Notes to Financial Statements

March 31, 2015

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Cash and bank balances	11,350,261	6,780,634	440,523	252,091
Fixed deposits	-	4,438,688	-	3,777,113
	11,350,261	11,219,322	440,523	4,029,204
Less: Bank overdrafts (Note 18)	-	(2,173,931)	-	-
Cash and cash equivalents in the statement of cash flows	11,350,261	9,045,391	440,523	4,029,204

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits that are readily convertible to cash within a short period of time. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest rate ranging from 0.38% to 2.20% per annum (2014 : 1.50% to 2.20% per annum) and for a tenure of approximately 14 to 91 days (2014 : 14 days).

Cash balances held with certain banks amounting to \$4,176,944 (2014 : \$3,396,333) earns interest at an interest rate ranging from 0.10% to 0.96% per annum (2014 : 1.00% to 3.00% per annum).

7 TRADE RECEIVABLES

	Group	
	2015	2014
	\$	\$
Unbilled trade receivables from construction contracts	7,975,648	5,532,007
Amounts receivable from construction contract customers	5,998,617	3,955,220
Amounts receivable from rendering of services	791,194	861,778
	14,765,459	10,349,005
Less: Allowance for doubtful receivables	(1,708,370)	(1,013,425)
Net	13,057,089	9,335,580

Unbilled trade receivables from construction contracts represent the remaining balances of the contract sum on the construction contracts to be billed. In accordance with the Group's accounting policy, revenue is recognised on the progress of the construction work. Upon completion of the construction work, the balance of the contract sum to be billed is included as unbilled trade receivables.

At March 31, 2015, retention monies held by customers for contract work amounted to \$3,037,187 (2014 : \$949,704). Retention sum of \$1,170,628 (2014 : \$265,085) are due for settlement after more than 12 months. They have been classified as current because they are expected to be realised in the normal operating cycle of the Group.

The average credit period is 30 days (2014 : 30 days). No interest is charged on overdue trade receivables.

Notes to Financial Statements

March 31, 2015

7 TRADE RECEIVABLES (CONT'D)

Before accepting any new customer, the Group performs a background search on the credit worthiness and litigation status. The credit limit of the customers is reviewed periodically by the management. Concentration of credit risk with respect of trade receivables in the construction industry does exist in view of the limited number of main contractors that the Group has dealings with. The Group's trade receivables comprises 6 debtors (2014 : 7 debtors) that individually represent more than 5% of the total balance of trade receivables.

Included in the Group's trade receivables balance are debtors with a carrying amount of \$1,193,190 (2014 : \$720,985) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 52 days (2014 : 50 days).

An allowance of \$1,708,370 (2014 : \$1,013,425) has been made for the estimated irrecoverable amounts from the rendering of services (including construction services). The allowance has been individually and collectively determined by reference to past default experience. Management believes that there is no further credit allowances required in excess of the allowance for doubtful receivables.

The table below is an analysis of trade receivables as at the end of the reporting period:

	Group	
	2015	2014
	\$	\$
Not past due and not impaired	11,863,899	8,614,595
Past due but not impaired (i)	1,193,190	720,985
	<u>13,057,089</u>	<u>9,335,580</u>
Impaired receivables – collectively assessed (ii)	1,708,370	1,013,425
Less: Allowance for doubtful receivables	(1,708,370)	(1,013,425)
	<u>-</u>	<u>-</u>
Total trade receivables, net	<u>13,057,089</u>	<u>9,335,580</u>

(i) Ageing of receivables that are past due but not impaired:

	Group	
	2015	2014
	\$	\$
< 3 months	1,102,207	498,986
3 months to 6 months	90,983	221,999
	<u>1,193,190</u>	<u>720,985</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

(ii) These amounts are stated before any deduction for impairment losses. These debts are aged more than 2 years. These receivables are determined to be impaired as at the end of the reporting period due to debtor in financial difficulties or have defaulted on payments.

Notes to Financial Statements

March 31, 2015

7 TRADE RECEIVABLES (CONT'D)

Movement in the allowance for doubtful receivables:

	Group	
	2015	2014
	\$	\$
At beginning of the year	1,013,425	1,306,599
Amounts written off during the year	(103,209)	(650,368)
Increase in allowance recognised in profit or loss (Note 33)	798,154	357,194
At end of the year	<u>1,708,370</u>	<u>1,013,425</u>

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Current:				
Other receivables	25,895	45,234	9,934	51
Prepayments	63,736	56,865	10,100	9,650
Advances to staff	300	300	-	-
Deposits	75,247	56,510	-	-
	<u>165,178</u>	<u>158,909</u>	<u>20,034</u>	<u>9,701</u>
Non-current:				
Amount due from associates and a joint venture (Notes 5 and 16)	84,166,145	67,578,180	-	-
Less: Allowance for amount due from an associate	(12,000,000)	-	-	-
Deposits	-	44,000	-	-
	<u>72,166,145</u>	<u>67,622,180</u>	<u>-</u>	<u>-</u>

Loans to associates and a joint venture amounting to \$53,260,134 (2014 : \$53,554,029) are unsecured, repayable on demand and bear an interest of 2.5% to 5.25% (2014 : 0.12% to 5.25%) per annum. The remaining loans to associates and a joint venture are unsecured, interest-free and repayable on demand. The management does not expect the loans to associates and a joint venture amounting to \$72,166,145 (2014 : \$67,578,180) will be repaid within the next 12 months and as such has classified it as non-current. Management has assessed that the interest charged on loan to associates and a joint venture approximate the market rates and hence, the carrying amounts of these assets approximate their fair values.

As at the end of the reporting period, an allowance of \$12,000,000 (2014 : Nil) is made for amount due from an associate as determined based on the present value of future cashflows discounted at the original effective interest rate compared against the carrying amount of advances to the associate (Note 3 (b)).

Notes to Financial Statements

March 31, 2015

9 AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2015	2014
	\$	\$
Subsidiaries - non-trade (Note 15)	16,711,981	16,956,012

The loans granted to the subsidiaries are interest-free, unsecured and repayable on demand.

10 HELD-FOR-TRADING INVESTMENTS

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
At beginning of the year	480,519	457,645	37,315	-
Additions during the year	250,000	38,813	-	38,813
Disposal during the year	(41,558)	-	(41,558)	-
Fair value change on held-for-trading investments (Note 33)	(76,103)	(15,939)	4,243	(1,498)
At end of the year	612,858	480,519	-	37,315

Held-for-trading investments are investments in quoted equity securities that offer the Group and the Company the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of the quoted securities are based on quoted bid market prices on the last market day of the financial year.

11 INVENTORIES

	Group	
	2015	2014
	\$	\$
Raw materials and consumables	1,540,276	1,326,096
Less: Allowance for inventories obsolescence	(280,831)	(312,315)
	1,259,445	1,013,781

Movement in the allowance for inventories obsolescence:

	Group	
	2015	2014
	\$	\$
At beginning of the year	312,315	140,461
(Decrease) increase in allowance recognised in profit or loss (Note 33)	(31,484)	171,854
At end of the year	280,831	312,315

The decrease of allowance for inventories obsolescence was due to the utilisation of related inventories during the year.

Notes to Financial Statements

March 31, 2015

12 CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2015	2014
	\$	\$
Contract costs incurred plus recognised profits (less recognised losses to date)	90,862,839	116,383,850
Less: Progress billing	<u>(83,826,713)</u>	<u>(101,195,283)</u>
	<u>7,036,126</u>	<u>15,188,567</u>
Contracts-in-progress at end of the reporting period:		
Amounts due from contract customers	10,074,530	15,694,127
Amounts due to contract customers	<u>(3,038,404)</u>	<u>(505,560)</u>
	<u>7,036,126</u>	<u>15,188,567</u>

During the financial years ended March 31, 2015 and March 31, 2014, no provision for foreseeable losses has been recognised in profit or loss.

13 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On April 25, 2012, the Company entered into a share sale agreement with a related party, Kaset Thai Industry Sugar Company Limited ("Kaset Thai") to sell its entire 20% shareholding interest in an associate, Environmental Pulp & Paper Company Ltd ("EPPCO") for a consideration of THB 918,000,000 (equivalent to approximately \$37.66 million).

On April 25, 2012, the Company's wholly owned subsidiary, King Wan Industries Pte Ltd ("KWI") entered into a share sale agreement with Kaset Thai to sell its entire 20% shareholding interest in an associate, Ekarat Pattana Company Limited ("EPC") for a consideration of THB 305,800,000 (equivalent to approximately \$12.54 million).

The consideration is to be settled by way of (i) 5% in cash and (ii) by way of listed shares of Kaset Thai. The 5% cash consideration of \$2,387,580 was received in prior year.

The shareholders of the Company approved the disposal of shares in both associates, EPPCO and EPC, during the Extraordinary General Meeting held on June 23, 2012.

The sale was completed on April 28, 2014 when Kaset Thai was listed on the Stock Exchange of Thailand. The Group was allotted a total of 116,318,000 ordinary shares in Kaset Thai with a market value of THB 1,163,180,000 (approximately \$45,364,020). The gain on disposal of associates (net of adjustment of cumulative exchange difference of \$1,974,740) amounted to \$24,134,088 and is recognised in 'other gains' in profit or loss.

Notes to Financial Statements

March 31, 2015

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings and properties	Plant and machinery	Office equipment	Motor vehicles	Portable toilets	Total
	\$	\$	\$	\$	\$	\$
Group						
Cost:						
At April 1, 2013	8,279,323	1,123,033	1,356,584	3,861,216	1,620,222	16,240,378
Additions	-	50,844	175,251	1,230,169	22,745	1,479,009
Disposals	-	(102,299)	(187,665)	(365,459)	(2,109)	(657,532)
At March 31, 2014	8,279,323	1,071,578	1,344,170	4,725,926	1,640,858	17,061,855
Additions	-	16,811	160,134	699,818	88,176	964,939
Disposals	-	(54,455)	(167,919)	(255,080)	-	(477,454)
At March 31, 2015	8,279,323	1,033,934	1,336,385	5,170,664	1,729,034	17,549,340
Accumulated depreciation:						
At April 1, 2013	5,432,854	830,346	984,221	2,192,842	1,536,829	10,977,092
Depreciation for the year ⁽¹⁾	357,553	47,282	119,676	517,409	35,357	1,077,277
Disposals	-	(83,459)	(173,063)	(360,723)	(2,109)	(619,354)
At March 31, 2014	5,790,407	794,169	930,834	2,349,528	1,570,077	11,435,015
Depreciation for the year ⁽¹⁾	357,146	44,277	145,513	602,572	37,942	1,187,450
Disposals	-	(18,196)	(155,529)	(242,786)	-	(416,511)
At March 31, 2015	6,147,553	820,250	920,818	2,709,314	1,608,019	12,205,954
Carrying amount:						
At March 31, 2015	2,131,770	213,684	415,567	2,461,350	121,015	5,343,386
At March 31, 2014	2,488,916	277,409	413,336	2,376,398	70,781	5,626,840

Notes to Financial Statements

March 31, 2015

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Total
	\$
Company	
Office equipment	
Cost:	
At April 1, 2013	-
Additions	15,350
At March 31, 2014 and 2015	<u>15,350</u>
Accumulated depreciation:	
At April 1, 2013	-
Depreciation for the year ⁽¹⁾	595
At March 31, 2014	595
Depreciation for the year ⁽¹⁾	5,117
At March 31, 2015	<u>5,712</u>
Carrying amount:	
At March 31, 2015	<u>9,638</u>
At March 31, 2014	<u>14,755</u>

The Group's certain plant and equipment with carrying amount of \$1,042,189 (2014 : \$1,102,835) are secured under finance leases.

⁽¹⁾ Included herein are depreciation expenses amounting to \$2,582 (2014 : \$3,084) which have been allocated to and recorded under the construction work-in-progress (Note 12).

Details of the leasehold property held by the Group are set out below:

Location	Description	Area	Tenure
8 Sungei Kadut Loop Singapore 729455	Single storey build warehouse with a 3-storey ancillary office block on leased land from JTC	12,494 sq metre	Lease term of 30 years from March 16, 1991

Notes to Financial Statements

March 31, 2015

15 INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	\$	\$
Unquoted equity shares - at cost	34,940,189	34,940,187
Less: Impairment loss in value of investment in subsidiary (i)	(9,200,000)	-
	25,740,189	-
Deemed investment arising from financial guarantees provided to banks on behalf of subsidiaries (ii) (Note 20)	649,024	328,767
Net	26,389,213	35,268,954

- (i) The impairment loss in value of investment in subsidiary relates to impairment of investment in King Wan Development Pte Ltd who hold investment in Dalian Shicheng Property Development (S) Pte. Ltd.. Refer to Notes 3 (b) and 3 (d) to the financial statements for further details on impairment assessment of amount due from associates and joint venture and impairment assessment of investment in subsidiaries and associates at company level.
- (ii) The Company has provided financial support to certain subsidiaries for a period of twelve months from the end of the reporting period so as to enable the subsidiaries to continue to operate as a going concern and meet their contractual obligations when they fall due.

The subsidiaries of the Company at the end of the reporting period are as follows:

Name of subsidiaries	Principal activities/ Place of operation and country of incorporation	Proportion of ownership interest and voting power held	
		2015	2014
		%	%
King Wan Construction Pte Ltd ⁽¹⁾	Provision of mechanical and electrical engineering services/Singapore	100	100
K & W Mobile Loo Services Pte Ltd ⁽¹⁾	Owner, renters and operators of mobile lavatories and other facilities/Singapore	100	100
King Wan Industries Pte Ltd ⁽¹⁾	Investment holding/Singapore	100	100
King Wan Development Pte Ltd ⁽¹⁾	Investment holding/Singapore	100	100
Gold Topaz Pte Ltd ⁽¹⁾	Investment holding/Singapore	100	100
Harmony Investment Holding Pte Ltd ⁽¹⁾	Investment holding/Singapore	100	-

⁽¹⁾ Audited by Deloitte & Touche LLP, Singapore.

⁽²⁾ The Company acquired Harmony Investment Holding Pte Ltd ("Harmony") during the year from its directors at a consideration of \$2 as Harmony is a dormant entity. Audited by Deloitte & Touche LLP, Singapore.

Notes to Financial Statements

March 31, 2015

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Unquoted equity shares - at cost	11,455,846	11,265,846	-	-
Share of post-acquisition accumulated results, net of dividends received	(11,754,783)	(11,364,854)	-	-
Share of foreign currency translation reserve	183,606	123,162	-	-
Excess of nominal value over fair value of advances given to associates	160,960	160,960	-	-
Deemed investment arising from financial guarantees provided to banks on behalf of Group's associates	3,657,162	1,981,181	2,831,953	1,981,181
Net	<u>3,702,791</u>	<u>2,166,295</u>	<u>2,831,953</u>	<u>1,981,181</u>

The associates of the Group at the end of the reporting period are as follows:

Name of associates	Principal activities/ Place of operation and country of incorporation	Proportion of effective ownership interest and voting power held	
		2015	2014
		%	%
<u>Held through King Wan Industries Pte Ltd</u>			
Soon Li Investments Pte Ltd ⁽⁶⁾	Investment holding/Singapore	49	49
Chang Li Investments Pte Ltd ⁽⁶⁾	Investment holding/Singapore	49	49
Li Ta Investments Pte Ltd ⁽⁶⁾	Investment holding/Singapore	49	49

Notes to Financial Statements

March 31, 2015

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

Name of associates	Principal activities/ Place of operation and country of incorporation	Proportion of effective ownership interest and voting power held	
		2015	2014
		%	%
<u>Held through King Wan Development Pte Ltd</u>			
Meadows Bright Development Pte Ltd ⁽⁶⁾	Property development/Singapore	40	40
Meadows Property (S'pore) Pte Ltd ⁽⁶⁾	Property development/Singapore	35.6	35.6
Bukit Timah Green Development Pte Ltd ⁽⁶⁾	Property development/Singapore	20	20
Dalian Shicheng Property Development (S) Pte Ltd ⁽¹⁾	Property development and investment holding/Singapore	36.6	36.6
Dalian Shicheng Property Development Co., Ltd ⁽⁴⁾	Development, marketing, sale and management of residential and commercial properties/People's Republic of China	36.6	36.6
S.I. Property Co., Ltd ⁽⁵⁾	Owner and rental of office and commercial space/Thailand	30	30
<u>Held through Gold Topaz Pte Ltd</u>			
Gold Hyacinth Development Pte Ltd ⁽¹⁾	Chartering of vessels/Singapore	30	30
<u>Held through Harmony Investment Holding Pte Ltd</u>			
Nexus Point Investments Pte Ltd ⁽⁷⁾	Investment holding/Singapore	19	-
<u>Held through King Wan Industries Pte Ltd</u>			
Soon Zhou Investments Pte Ltd ⁽⁵⁾	Investment holding/Singapore	50	50

Notes to Financial Statements

March 31, 2015

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

- (1) Audited by Deloitte & Touche LLP, Singapore.
- (2) 88.9% owned by the Group's associate, Meadows Bright Development Pte Ltd. Audited by Deloitte & Touche LLP, Singapore.
- (3) 50.0% owned by the Group's associate, Meadows Bright Development Pte Ltd. Audited by Ernst & Young LLP, Singapore.
- (4) Dalian Shicheng Property Development Co., Ltd ("DSPC") is 100% owned by the Group's associate, Dalian Shicheng Property Development (S) Pte Ltd ("DSPS"). 100% shareholdings in DSPC are pledged to a financial institution for banking facilities granted to DSPS.
- DSPC is audited by Deloitte Touche Tohmatsu CPA Co., Ltd.
- (5) Audited by another firm of auditors, Thanapan & Associates, Certified Public Accountants, Thailand.
- (6) Audited by Chan Leng Leng & Co., Singapore.
- (7) Nexus Point Investments Pte Ltd ("Nexus") incorporated during the year, is an associate of the Group as the Group is able to exercise significant influence over Nexus by virtue of its contractual right to appoint one out of five directors of the Board of Nexus.

Summarised financial information in respect of the Group's associates is set out below:

	2015	2014
	\$	\$
Total assets	500,986,967	349,965,625
Total liabilities	(511,750,205)	(359,736,616)
Net liabilities	<u>(10,763,238)</u>	<u>(9,770,991)</u>
Group's share of associates' net liabilities	<u>(4,326,971)</u>	<u>(3,211,286)</u>
Revenue	33,142,874	46,985,492
Profit (Loss) for the year	<u>249,546</u>	<u>(3,378,158)</u>
Group's share of associates' (loss) profit for the year	<u>(389,929)</u>	<u>65,732</u>

Notes to Financial Statements

March 31, 2015

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

Summarised financial information in respect of the Group's material associates is set out below:

Dalian Shicheng Property Development (S) Pte Ltd's Group ("DPS")

	2015	2014
	\$	\$
Current assets	105,680,357	94,161,510
Non-current assets	138,106	488,702
Current liabilities	(117,923,817)	(83,046,481)
Non-current liabilities	-	(26,237,925)
Revenue	10,743,586	819,440
Profit (Loss) for the year	769,133	(7,739,811)

Reconciliation of the above summarised financial information to the carrying amount of the interest in DPS recognised in the consolidated financial statements:

	2015	2014
	\$	\$
Net liability of the associate	(12,105,354)	(14,634,194)
Proportion of the Group's ownership interest in DPS	36.6%	36.6%
The Group's interest in DPS	(4,430,560)	(5,356,115)
Carrying amount of the Group's interest in DPS in statement of financial position	-	-

As at the end of the reporting period, the Group has not recognised loss amounting to \$4,430,560 (2014 : \$5,356,115) incurred by DPS as this represents loss in excess of the Group's interest in DPS. The loss is not recognised against advances to DPS (Note 8) as the advances to DPS are not investment in nature. Refer to Note 3 (b) to the financial statements for further details on impairment assessment of amount due from associates and joint venture.

Meadows Bright Development Pte Ltd's Group ("MBD")

	2015	2014
	\$	\$
Current assets	175,709,399	197,136,851
Current liabilities	(176,618,026)	(197,359,698)
Revenue	17,766,217	40,329,846
(Loss) Profit for the year	(524,679)	1,041,529

Notes to Financial Statements

March 31, 2015

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the interest in MBD recognised in the consolidated financial statements:

	2015	2014
	\$	\$
Net liability of the associate	(908,627)	(222,847)
Proportion of the Group's ownership interest in MBD	40%	40%
The Group's interest in MBD	(363,451)	(89,150)
Carrying amount of the Group's interest in MBD in statement of financial position	<u>1,848,746</u>	<u>1,610,455</u>

Gold Hyacinth Development Pte Ltd ("GHD")

	2015	2014
	\$	\$
Current assets	1,148,339	680,979
Non-current assets	26,860,991	25,695,750
Current liabilities	(2,870,115)	(2,136,815)
Non-current liabilities	<u>(24,698,438)</u>	<u>(24,201,743)</u>
Revenue	4,456,119	4,369,050
Profit for the year	<u>375,351</u>	<u>589,116</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in GHD recognised in the consolidated financial statements:

	2015	2014
	\$	\$
Net asset of the associate	440,777	38,171
Proportion of the Group's ownership interest in GHD	30%	30%
The Group's interest in GHD	132,233	11,451
Carrying amount of the Group's interest in GHD in statement of financial position	<u>219,241</u>	<u>78,853</u>

Nexus Point Investments Pte Ltd ("Nexus")

	2015	2014
	\$	\$
Current assets	157,659,106	-
Current liabilities	(61,548,346)	-
Non-current liabilities	<u>(95,245,753)</u>	-
Revenue	-	-
Loss for the period	<u>(131,533)</u>	-

Notes to Financial Statements

March 31, 2015

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nexus recognised in the consolidated financial statements:

	2015	2014
	\$	\$
Net asset of the associate	865,007	-
Proportion of the Group's ownership interest in Nexus	19%	-
The Group's interest in Nexus	164,351	-
Carrying amount of the Group's interest in Nexus	<u>1,172,095</u>	<u>-</u>

Aggregate information of associates that are not individually material

	2015	2014
	\$	\$
The Group's share of profit (loss) from operations	7,427	(86,418)
Aggregate carrying amount of the Group's interests in these associates	<u>462,709</u>	<u>424,593</u>

17 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Quoted equity shares, at fair value	<u>44,441,074</u>	-	<u>34,269,751</u>	-

The investment in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year.

18 BANK BORROWINGS

	Group	
	2015	2014
	\$	\$
Bank overdrafts	-	2,173,931
Short-term bank borrowings	18,450,000	10,500,00
Current portion of long-term bank borrowings	494,832	-
	<u>18,944,832</u>	<u>12,673,931</u>
Non-current portion of long-term bank borrowings	384,374	-
	<u>19,329,206</u>	<u>12,673,931</u>

Notes to Financial Statements

March 31, 2015

18 BANK BORROWINGS (CONT'D)

In prior year, the bank overdrafts were unsecured, repayable on demand and bore interest at rates ranging from 5.00% to 5.25% per annum and were arranged at floating rates.

The short-term bank borrowings extended by the banks to a subsidiary of the Company, King Wan Construction Pte Ltd, are on 3 to 6 months revolving basis and are borrowed for the purpose of short-term cash commitments. The borrowings are guaranteed by the Company and bear interest at rates ranging from 2.14% to 3.57% (2014 : 1.79% to 3.11%) per annum, and are arranged at floating rates thus exposing the Group to cash flow interest rate risks.

The long-term bank borrowings extended by the banks to a subsidiary are for a term of 2 years and are repayable over 24 monthly instalments. The bank borrowings were drawn down for the purpose of financing on-going construction projects. The bank borrowings are guaranteed by the Company and bear fixed interest at rate of 4% per annum.

The carrying amounts of these borrowings approximate fair value as the interest rate approximates the prevailing market rate.

19 TRADE PAYABLES AND BILLS PAYABLES

	Group	
	2015	2014
	\$	\$
Bills payables	19,569,738	12,648,830
Trade payables - outside parties	9,737,083	9,882,807
Accrual for subcontractor costs	3,953,550	3,778,346
	<u>33,260,371</u>	<u>26,309,983</u>

Bills payables are repayable between 2 to 6 months (2014 : 3 to 5 months) from the date the bills are first issued. The carrying amount of the bills payables approximates its fair value due to its short-term maturity. Bills payables bear interest at rates ranging from 1.82% to 2.42% (2014 : 1.79% to 2.20%) per annum and are supported by a corporate guarantee given by the Company.

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period on purchases of goods from outside parties is 3 months (2014 : 3 months). No interest is charged on overdue trade payables.

Notes to Financial Statements

March 31, 2015

20 OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Other payables	1,165,555	1,096,064	148,785	189,659
Related parties (Notes 13)	-	2,387,580	-	1,791,270
Associates (Note 16)	371,209	371,209	-	-
Directors	182,430	221,430	182,430	221,430
Accrual for profit sharing	1,251,200	424,463	1,251,200	424,463
Financial guarantees	1,540,580	807,313	1,575,147	845,819
	<u>4,510,974</u>	<u>5,308,059</u>	<u>3,157,562</u>	<u>3,472,641</u>

The amounts due to the related parties, associates and directors are unsecured, interest-free and repayable on demand.

Included in the Group's and Company's non-trade payables at the end of the reporting period were unamortised financial guarantee fee income of \$1,540,580 and \$1,575,147 (2014 : \$807,313 and \$845,819) respectively. The Company issued financial guarantees to financial institutions for credit facilities obtained by its subsidiary and certain associates, and recorded a deemed financial guarantee fee income in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. The deemed income was amortised over the period of the guarantee. The guarantee fee was not charged by the Company to the subsidiary and associates. The full amount of the guarantee fee is deemed to be the additional investment in the associates and subsidiaries.

The Group is a party to financial guarantee contracts where an entity in the Group has provided financial guarantee of \$148,118,810 (2014 : \$130,720,728) to banks in respect of associates of the Group. The Company also provides financial guarantee of \$191,305,882 (2014 : \$158,639,794) to banks in respect of loans borrowed by certain subsidiaries and associates.

21 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
	\$	\$	\$	\$
Group				
Amounts payable under finance leases:				
Within one year	296,965	265,870	278,702	244,290
In the second to fifth years inclusive	522,865	624,296	510,254	601,707
	<u>819,830</u>	<u>890,166</u>	<u>788,956</u>	<u>845,997</u>
Less: Future finance charges	(30,874)	(44,169)	N/A	N/A
Present value of lease obligations	<u>788,956</u>	<u>845,997</u>	<u>788,956</u>	<u>845,997</u>
Less: Amount due for settlement within 12 months			<u>(278,702)</u>	<u>(244,290)</u>
Amount due for settlement after 12 months			<u>510,254</u>	<u>601,707</u>

Notes to Financial Statements

March 31, 2015

21 FINANCE LEASES (CONT'D)

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 4 years (2014 : 4 years). For the financial year ended March 31, 2015, the average effective borrowing rate was 2.61% (2014 : 2.96%) per annum. Interest rates are fixed at the contract date, and thus exposing the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 14).

22 AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary was unsecured, interest-free and repayable on demand.

23 PROVISION FOR RECTIFICATION COSTS

The provision for rectification costs represents management's best estimate of the expected costs which are to be incurred pending the finalisation of the final account between the Group and its respective subcontractors, based on past experience and assessment of the projects.

Movement for provision for rectification costs:

	Group	
	2015	2014
	\$	\$
At beginning of the year	986,864	1,062,119
Charge (credit) to profit or loss	505,779	(54,893)
Payments	(84,416)	(20,362)
At end of the year	1,408,227	986,864

24 DEFERRED TAX LIABILITIES

	Group	
	2015	2014
	\$	\$
At beginning of financial year	214,859	194,859
Charge to profit or loss (Note 32)	-	20,000
At end of financial year	214,859	214,859

This represented tax effect of accelerated tax over book depreciation and temporary difference.

Notes to Financial Statements

March 31, 2015

25 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		\$	\$
Issued and paid-up:				
At beginning and end of financial year	349,176,870	349,176,870	46,813,734	46,813,734

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

26 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of Group's presentation currency.

Movement in foreign currency translation reserves:

	Group	
	2015	2014
	\$	\$
At beginning of the year	(1,878,514)	(1,939,563)
Changes during the year recognised in other comprehensive income	60,444	61,049
Reclassification to profit or loss on disposal of associates (Note 13)	1,974,740	-
At end of the year	156,670	(1,878,514)

27 INVESTMENT REVALUATION RESERVE

Investment revaluation reserve represents revaluation of available-for-sale investments to market values as at year-end.

Movement in investment revaluation reserves:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
At beginning of the year	-	-	-	-
Changes during the year recognised in other comprehensive income	305,554	-	235,621	-
At end of the year	305,554	-	235,621	-

Notes to Financial Statements

March 31, 2015

28 REVENUE

	Group	
	2015	2014
	\$	\$
Amounts recognised from construction contracts	80,286,115	91,666,467
Rendering of services	3,630,905	3,720,440
Dividend income from available-for-sale investments	1,326,966	-
	85,243,986	95,386,907

29 OTHER OPERATING INCOME

	Group	
	2015	2014
	\$	\$
Rental income	1,001,495	1,129,330
Sundry income	20,366	33,066
Wage credit scheme	92,918	41,054
Special Employment Credit	-	53,239
Management fee income (Note 5)	115,873	105,357
Interest income from:		
- Associates	1,866,813	1,666,623
- External parties	41,300	104,749
Fee income from financial guarantee to associates	942,716	753,311
Net foreign exchange gain	554,261	-
	4,635,742	3,886,729

30 OTHER GAINS

	Group	
	2015	2014
	\$	\$
Gain on disposal of associates	24,134,088	-
Gain on disposal of available-for-sale investments	270,465	-
Dividend income from held-for-trading investments	16,186	12,602
Total	24,420,739	12,602

31 FINANCE COSTS

	Group	
	2015	2014
	\$	\$
Interest expense from:		
Bank borrowings	711,896	512,525
Finance leases	24,611	10,726
Total	736,507	523,251

Notes to Financial Statements

March 31, 2015

32 INCOME TAX EXPENSE

	Group	
	2015	2014
	\$	\$
Current tax	1,172,348	1,619,746
Deferred tax (Note 24)	-	20,000
Withholding tax	135,195	-
Under (over) provision of current tax in prior years	19,137	(106,508)
	1,326,680	1,533,238

Domestic income tax is calculated at 17% (2014 : 17%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2015	2014
	\$	\$
Profit before income tax	18,407,449	8,268,495
Income tax expense calculated at 17% (2014 : 17%)	3,129,266	1,405,644
Non-allowable items	2,797,622	614,818
Non-taxable items	(4,606,310)	(157,793)
Tax effect of share of results of associates	66,288	(11,175)
Tax exemptions	(134,952)	(124,946)
Withholding tax	135,195	-
Utilisation of deferred tax benefits not recognised	-	(51,664)
Tax concessions	(12,849)	-
Corporate tax rebate	(77,096)	(93,753)
Others	10,379	58,615
	1,307,543	1,639,746
Under (over) provision of current tax in prior years	19,137	(106,508)
	1,326,680	1,533,238

Notes to Financial Statements

March 31, 2015

32 INCOME TAX EXPENSE (CONT'D)

The Group has temporary differences available for offsetting against future taxable income as follows:

	Accelerated tax depreciation	Provisions	Net
	\$	\$	\$
Balance at April 1, 2013	(458,428)	1,062,119	603,691
Movement during the year	(228,651)	(75,255)	(303,906)
Balance at March 31, 2014	(687,079)	986,864	299,785
Movement during the year	38,498	421,364	459,862
Balance at March 31, 2015	(648,581)	1,408,228	759,647
Net deferred tax benefits not recorded:			
- March 31, 2015			129,140
- March 31, 2014			50,963

The realisation of the future income tax benefits from temporary differences is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

No deferred tax asset has been recognised in respect of the temporary differences due to the unpredictability of future income streams of the relevant entities in the Group.

Notes to Financial Statements

March 31, 2015

33 PROFIT FOR THE YEAR

Profit for the year is arrived at after charging (crediting):

	Group	
	2015	2014
	\$	\$
Directors' remuneration:		
Company	2,624,725	1,734,993
Subsidiaries	505,584	571,111
Directors' fees:		
Company	176,000	176,000
Staff costs (including directors' remuneration)	12,399,600	12,041,404
Costs of defined contribution plans included in staff costs	644,700	635,038
Allowance for doubtful receivables	798,154	357,194
Bad debts written off on trade receivables	44,944	3,313
Allowance for receivables from associate	12,000,000	-
(Reversal of) allowance for inventories obsolescence	(31,484)	171,854
Inventories written off	2,829	30,246
Cost of inventories recognised as expense	26,019,263	33,621,516
Net foreign exchange (gain) loss	(554,261)	148,799
Change in fair value of held-for-trading investments	76,103	15,939
Loss on disposal of property, plant and equipment	-	4,630
Audit fees:		
Paid to auditors of the Company	158,300	147,600
Non-audit fees paid to the auditors of the Company	50,000	-

Notes to Financial Statements

March 31, 2015

34 EARNINGS PER SHARE (CENTS)

The basic earnings per ordinary share is calculated by dividing the Group's profit for the year, \$17,080,769 (2014 : \$6,735,257) by the weighted average number of ordinary shares of 349,176,870 (2014 : 349,176,870) in issue during the financial year. Basic and diluted earnings per ordinary share is 4.89 cents (2014 : 1.93 cents).

The fully diluted earnings per share is calculated using the same weighted number of ordinary shares as there are no dilutive potential ordinary shares.

35 DIVIDENDS

On August 16, 2013, the directors of the Company declared and paid a final one-tier tax exempt dividend of 1.0 cents per share totalling \$3,491,769 in respect of the financial year ended March 31, 2013.

On December 12, 2013, the directors of the Company declared and paid an interim one-tier tax exempt dividend of 0.5 cents per share totalling \$1,745,884 in respect of the financial year ended March 31, 2014.

On August 15, 2014, the directors of the Company declared and paid final one-tier tax exempt dividend of 1.5 cents per share totalling \$5,237,653 in respect of the financial year ended March 31, 2014.

On December 9, 2014, the directors of the Company declared and paid an interim one-tier tax exempt dividend of 0.7 cents per share totalling \$2,444,258 in respect of the financial year ended March 31, 2015.

36 COMMITMENTS AND CONTINGENT LIABILITIES

	Group	
	2015	2014
	\$	\$
Corporate guarantees given to banks in respect of credit facilities utilised by the associates	143,907,775	126,509,694
Letter of guarantee given in favour of The Controller of Residential Property in respect of land held by associates	4,211,034	4,211,034

The maximum amount that the Group and Company could be forced to settle under the financial guarantee contracts are \$148,118,809 and \$191,305,882 (2014 : \$130,720,728 and \$158,639,794) respectively. The Group and Company consider that it is more likely than not that no amount will be payable under the arrangement.

Notes to Financial Statements

March 31, 2015

37 OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group rents out part of its leasehold property in Singapore under operating leases. Rental income earned during the year was \$1,001,495 (2014 : \$1,129,330).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2015	2014
	\$	\$
Within one year	448,374	293,256
2 to 5 years	5,937	3,065
	454,311	296,321

Operating lease payments represents rental receivable from tenants by the Group. Leases are negotiated for an average term of 1 year (2014 : 1 year) and rentals are fixed for an average of 1 year (2014 : 1 year).

The Group as lessee

	Group	
	2015	2014
	\$	\$
Minimum lease payments under operating leases included in profit or loss	248,803	239,286

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2015	2014
	\$	\$
Within one year	265,269	243,778
In the second to fifth years inclusive	960,046	975,113
After five years	242,627	477,072
Total	1,467,942	1,695,963

Operating lease payments represent rentals payable by the Group for land spaces where its leasehold property is located. The lease is negotiated for a term of 30 years and rental is fixed annually. The rental commitment is computed based on the existing rate as at March 31, 2015.

Notes to Financial Statements

March 31, 2015

38 SEGMENT INFORMATION

Business segments

The segment information reported externally was analysed on the basis of the types of products and services provided by the Group's operating segments. The information reported to the Group's chief operating decision maker for the purposes of resources allocation and assessment of segment performance is focused on these operating segments. The reportable segments under FRS 108 are plumbing and sanitary, electrical, toilet rental and investment holdings.

Plumbing and sanitary - Provision of plumbing and sanitary services includes the design and installation of water distribution systems and pipe network for sewage and waste water drainage.

Electrical - Provision of electrical engineering services includes the design and installation of electricity distribution systems, fire protection, alarm systems, communications and security systems as well as air conditioning and mechanical ventilation systems.

Toilet rental - Renting and operating of mobile lavatories and other facilities.

Investment holdings - Group's investment in associates.

Others - For those other activities which do not fall into the above categories.

Segment revenue and results are the operating revenue and results reported in the Group's statement of comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and results that can be allocated on a reasonable basis to a segment.

Inter-segment sales relates to sales between business segments and are stated at prevailing market prices. These sales are eliminated on consolidation.

Segment assets include all operating assets used by a segment and consist principally of cash, trade receivables, construction work-in-progress and property, plant and equipment. Unallocated assets comprise investment property and other assets that are not directly attributable to the segment. Capital expenditure includes the total cost incurred to acquire property, plant and equipment directly attributable to the segment.

Segment liabilities include all operating liabilities and consist principally of trade payables, provision for rectification costs and accrued expenses. Unallocated liabilities comprise bank borrowings, finance leases, income tax payable, deferred tax liabilities and other liabilities that are not directly attributable to the segment.

Information regarding the Group's reportable segments is presented below. The measurement basis of the Group's reportable segments is in accordance with its accounting policy.

Notes to Financial Statements

March 31, 2015

38 SEGMENT INFORMATION (CONT'D)

	Plumbing and sanitary		Electrical		Toilet rental	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Revenue						
External sales	60,216,205	59,707,964	20,069,910	31,958,503	3,632,851	3,724,577
Results						
Segment result	3,641,338	3,433,582	507,313	2,917,900	159,758	586,549
Unallocated expenses						
Net other operating income						
Finance costs						
Profit before income tax						
Income tax						
Profit for the year						
Other information						
Capital expenditure additions	7,705	25,422	7,705	25,422	367,005	978,517
Fee income from financial guarantee to associates	-	-	-	-	-	-
Depreciation *	17,129	18,678	17,129	18,678	263,590	202,806
Net allowance (reversal of) allowance for doubtful debts	643,393	206,529	154,473	154,473	288	(3,808)

* Includes depreciation expense of \$2,582 (2014 : \$3,084) allocated to construction work-in-progress.

Investment holdings		Others		Eliminations		Consolidated	
2015	2014	2015	2014	2015	2014	2015	2014
\$	\$	\$	\$	\$	\$	\$	\$
1,326,966	-	-	-	(1,945)	(4,137)	85,243,986	95,386,907
13,071,124	65,732	-	-	936,000	924,000	18,315,533	7,927,763
						(4,113,413)	(3,064,554)
						4,941,836	3,928,537
						(736,507)	(523,251)
						18,407,449	8,268,495
						(1,326,680)	(1,533,238)
						17,080,769	6,735,257
-	15,350	582,524	434,298	-	-	964,939	1,479,009
-	-	1,266,911	925,733	(324,195)	(172,422)	942,716	753,311
-	595	889,602	836,520	-	-	1,187,450	1,077,277
-	-	-	-	-	-	798,154	357,194

Notes to Financial Statements

March 31, 2015

38 SEGMENT INFORMATION (CONT'D)

	Plumbing and sanitary		Electrical	
	2015	2014	2015	2014
	\$	\$	\$	\$
ASSETS				
Segment assets	19,756,791	20,375,411	3,954,350	4,947,199
Unallocated assets				
Consolidated total assets				
LIABILITIES				
Segment liabilities	23,573,107	16,403,885	13,501,683	10,877,887
Unallocated liabilities				
Consolidated total liabilities				

Toilet rental		Investment holdings		Eliminations		Consolidated	
2015	2014	2015	2014	2015	2014	2015	2014
\$	\$	\$	\$	\$	\$	\$	\$
5,200,913	5,278,903	120,310,011	91,387,247	(2,001,076)	(2,001,958)	147,220,989	119,986,802
						14,951,768	14,973,523
						<u>162,172,757</u>	<u>134,960,325</u>
4,439,591	4,628,442	370,719	2,758,299	(3,275,842)	(3,471,657)	38,609,258	31,196,856
						25,395,091	17,334,657
						<u>64,004,349</u>	<u>48,531,513</u>

Notes to Financial Statements

March 31, 2015

38 SEGMENT INFORMATION (CONT'D)

Geographical segments

The Group operates mainly in Singapore and Thailand. Revenue is reported based on the location of customers regardless of where the goods are produced or services rendered. Assets and capital expenditure are shown by the geographical areas in which these assets are located.

	Revenue		Non-current assets	
	2015	2014	2015	2014
	\$	\$	\$	\$
Singapore	85,243,986	95,386,907	125,188,670	74,990,722
Thailand	-	-	464,726	424,593
	<u>85,243,986</u>	<u>95,386,907</u>	<u>125,653,396</u>	<u>75,415,315</u>

Information about major customers

There are 2 external customers that amount to 10% or more of the Group's revenue.

Report on Corporate Governance

King Wan Corporation Limited (the “Company”) and its subsidiaries (the “Group”) is dedicated to implementing the highest standards of corporate governance at all levels within the Group and is committed to ensuring that the standards are maintained throughout so as to enhance the value for shareholders and the Group in the long term.

Your Board of Directors supports the principles of corporate governance as laid out in the Code of Corporate Governance 2012 (the “2012 Code”), which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited (SGX-ST)’s listing rule.

The Company has reviewed its best practices and ensured continued transparency and accountability in line with the principles of the 2012 Code.

The Board is pleased to report to shareholders on the manner in which it has applied the principles of good governance and the extent to which it has complied with the best practices set out in the 2012 Code.

A. BOARD MATTERS

Principle 1: Board’s Conduct of its Affairs

Principle duties of the Board

The primary function of the Board of Directors (the “Board”) is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders.

Besides discharging its fiduciary duties and statutory responsibilities, the principal function of the Board includes:

- formulation of corporate strategies and charting the business direction of the Group, including the evaluation and approval of major funding, investments and divestments;
- overseeing the business and affairs of the Group by establishing strategies and financial objectives to be achieved;
- ensuring that necessary financial and human resources are in place for the Group to meet its objectives;
- implementing procedures in the evaluation of internal controls, risk assessment and management, and business reporting;
- review management performance;
- approving the nomination of directors; and
- assuming responsibility for the adoption of good corporate governance practices.

All directors exercise due diligence and independent judgment, and make decisions objectively in the best interest of the Group. This is one of the performance criteria for the peer and self assessment on the effectiveness of the individual directors.

Delegation by the Board

To assist in the execution of its responsibilities, the Board has established a number of Board Committees including an Audit Committee (“AC”), a Nomination Committee (“NC”) and a Remuneration Committee (“RC”). These committees function within clearly defined written terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored. All the Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Board accepts that while these various board committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Key features of board processes

Regular Board meetings are held to discuss and decide on specific issues including significant transactions with related and non-related parties, investments and divestments of assets, annual budget review, review of the Group’s financial performance and to approve the release of the quarter, half-year and full-year financial results. Although specific guidelines have not been formulated to set forth the matters that require Board’s approval, the Board, in general, deals with matters such as conflict of interest issues relating to directors and substantial shareholders, major acquisition and disposal of assets, dividend and other distribution to shareholders, and those transactions or matters which require Board’s approval under the provisions of the SGX-ST Listing Manual or any applicable regulations.

Report on Corporate Governance

The attendance of the Directors at Board and Board Committee meetings in FY2015, as well as the frequency of such meetings, is disclosed in the table below. Notwithstanding such disclosure, the Board is of the view that the contributions of each director extend beyond his/her attendance at these meetings and their contribution also come in other forms such as through the sharing of expertise, advice, experience and strategic networking relationships that are outside the confine of the Boardroom. Ad-hoc non-scheduled board meetings are convened as warranted by particular circumstances. Telephonic attendance and conference via audio communication at board meetings are allowed under the Company's Articles of Association.

Name	No. of Board Meetings Attended	No. of Audit Committee Meetings Attended	No. of Nomination Committee Meetings Attended	No. of Remuneration Committee Meetings Attended
No. of meetings held	4	5	1	1
Chua Kim Hua	4	NA	0	NA
Chua Eng Eng	4	NA	NA	NA
Chua Hai Kuey	4	NA	NA	NA
Lim Hock Beng	4	5	1	1
Goh Chee Wee	4	5	1	1
Nathapun Siriviriyakul	4	5	NA	1

The Group has in place an orientation program for new directors to ensure that incoming directors are familiar with the Group's business, corporate governance policies, disclosure of interests in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information. The orientation program gives directors an understanding of the Group's business to enable them to assimilate into their new roles. The program also allows the new director to get acquainted with senior management, thereby facilitating board interaction and independent access to senior management.

The directors are provided with continuing briefings and updates in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties as board or board committee members.

Briefings and updates provided for directors in Financial Year 2015 ("FY 2015")

- At AC meetings, the external auditor, Deloitte & Touche LLP, briefed the AC members on developments in accounting and governance standards.
- The Chairman, Managing Director and the Executive Director update the board at each meeting on business and strategic developments.

Directors can request for further explanations, briefings or information on any aspect of the Group's operations or business issues from management.

The Board is mindful of the best practice in the Code to initiate programmes for directors to meet their relevant training needs. In this regard, the Group is supportive of members in the participation of industry conferences and seminars and in the funding of members' attendance at any courses or training programs in connection with their duties as a director. The Company relies on the directors to update themselves on new laws, regulations and changing commercial risks.

Principle 2: Board Composition and Guidance

The Board comprise of six members, three executive directors and three non-executive directors. Details of the directors' shareholdings in the Company are set out in the Directors' Report.

Report on Corporate Governance

Directors' independence review

The Board comprised of three independent directors out of the total of six board members. The three independent non-executive directors are Mr. Lim Hock Beng, Mr. Goh Chee Wee, and Mr. Nathapun Siriviriyakul. The concept of independence adopted by the Board is in accordance with the definition of an independent director in the 2012 Code. The independence of each director is assessed annually by the Nomination Committee ("NC"). Each independent director is required to make annual declaration of Director's independence based on guidelines as set out in the 2012 Code.

Directors who have no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company, that could interfere, or be reasonably perceived to interfere with the exercise of the director's independent business judgment in the best interests of the Group are considered to be independent.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent, bearing in mind the guidelines set forth in the 2012 Code and any other salient factors which would render a director to be deemed not independent. For the purpose of determining directors' independence, every director has provided declaration of their independence which is deliberated upon by the NC and the Board.

The Board recognises that independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. An independent director's contributions in terms of experience, expertise, integrity, objectivity and independent judgment in engaging and challenging the management in the best interests of the Company as he performs his duties are more critical measures in ascertaining his independence than the number of years he has served.

Presently, Mr. Lim Hock Beng and Mr. Goh Chee Wee have served as independent directors of the Company for more than nine years. When there are such directors, the NC & the Board will do a rigorous review of their continuing contribution and independence and may exercise its discretion to extend their tenures in accordance to Guideline 2.4 of the 2012 Code.

Taking into account the views of the NC, the Board had concurred that both Mr. Lim Hock Beng and Mr. Goh Chee Wee continued to demonstrate strong independence in character and judgment in the discharge of their responsibilities as directors of the Company. They have continued to express their individual viewpoints, debated issues and objectively scrutinised and challenged management. They have sought clarification and amplification as they deemed required, including through direct access to the Group's employees.

Further, having gained in-depth understanding of the business and operating environment of the Group, they have provided the Company with much needed experience and knowledge of the industry. Based on the declaration of independence received from them, they have no association with management that could compromise their independence.

After taking into account all these factors, and also having weighted the need for Board's refreshment against tenure for relative benefit, the Board has determined that both Mr. Lim Hock Beng and Mr. Goh Chee Wee continue to be considered as independent directors, notwithstanding that they had served on the Board for more than nine years from the date of their first appointment.

The NC had reviewed the independence of each non-executive director for the financial year ended 31 March 2015 and is of the view that the three Independent Directors of the Company satisfy the criteria of independence and each and every Director share equal responsibility on the Board.

The independent directors make up half of the Board, which satisfies Guideline 2.2 of the 2012 Code. This provides a strong and independent element on the Board. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgment on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined.

Report on Corporate Governance

Role of the non-executive directors

The Board and management fully appreciate that an effective and robust Board whose members engage in open and constructive debate, and challenge management on its assumptions and proposals, is fundamental to good corporate governance.

A Board should also aid in the development of strategic proposals and oversee effective implementation by management to achieve set objectives. For this to happen, the Board and non-executive directors (NEDs), in particular, must be kept well informed of the Group's businesses and be knowledgeable about the industry the Group operates in.

To ensure that NEDs are well supported by accurate, complete and timely information, NEDs have unrestricted access to management. The Group has adopted initiatives to put in place processes to ensure that the Board and NEDs have sufficient time and resources to discharge their oversight functions effectively. These initiatives include:

- Regular informal meetings are held by management to brief the NEDs on prospective deals and potential developments at an early stage, before formal Board's approval is sought.
- Periodic information papers and board papers on the latest market developments and trends, and key business initiatives are circulated to NEDs on a timely basis to allow the directors to have sufficient time to review them.

A write-up of the individual directors is included in this Annual Report.

Principle 3: Chairman and Chief Executive Officer

Mr. Chua Kim Hua, the founder of the Group and executive Director also assumes the role of Chairman of the Board. He plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. As the Chairman, Mr. Chua Kim Hua ensures that Board meetings are held when necessary and sets the meeting agenda in consultation with the Managing Director. He reviews the Board papers before they are presented to the Board and ensures that Board members are provided with adequate, timely and clear information. He facilitates the effective contributions of the Board members, encourages constructive relations among the Board members and promotes high standards of corporate governance.

Although the Managing Director and the Chairman are immediate family members, the balance of power and authority is provided by three committees, namely AC, NC and RC which are all chaired by the Independent Directors.

The Board had also appointed Mr. Lim Hock Beng as the Lead Independent Director. This is in line with Guideline 3.3 of the 2012 Code. Shareholders with concerns may contact him directly when contact through the normal channels via the Chairman, or Managing Director has failed to provide satisfactory resolution, or when such contact is inappropriate. All the independent directors, including Lead Independent Director, meet at least annually without the presence of other executive and non-independent directors to discuss matters of significance which are then reported to the Chairman accordingly. The Lead Independent Director also sits on the NC.

Principle 4: Board Membership

As at the date of this Report, our Board of Directors (the "Board") comprises the following members:

Chua Kim Hua	Executive Chairman
Chua Eng Eng	Managing Director
Chua Hai Kuey	Executive Director
Lim Hock Beng	Lead Independent Director
Goh Chee Wee	Independent Director
Nathapun Siriviriyakul	Independent Director

Report on Corporate Governance

Continuous Board Renewal

The Board, in conjunction with the NC, reviews the composition of the Board and Board committees annually, taking into account the performance and contribution of each individual director. Board composition is also evaluated to ensure diversity of skills and experience is maintained within the Board and Board committees. Based on the NC's assessment of independence of each individual director and his or her relevant expertise, and with the aim of ensuring compliance with the requirements of the 2012 Code, the Board reviews, and reconstitutes as appropriate, the membership of the Board committees.

The NC is made up of three members, two of whom are independent. The NC is chaired by Mr. Goh Chee Wee. The other members of the Committee are Mr. Lim Hock Beng and Mr. Chua Kim Hua.

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all board appointments and re-appointments. The key terms of reference of the NC include the following:

- Review and recommend to the Board on the appointment and re-appointment of directors (including alternate directors, if applicable).
- Review the skills required by the Board, and the size of the Board.
- Ensure that the Company adheres to the board composition rules, including having independent directors make up 50% of the Board under certain circumstances.
- Identify gaps in the mix of skills, experience and other qualities required in an effective board so as to better nominate or recommend suitable candidates to fill the gap. It uses its best efforts to ensure that the Directors appointed to the Board possesses the relevant background, experience and knowledge and that each Independent Director brings to the Board an independent and objective perspective to enable the making of balanced and well-considered decisions.
- Evaluate whether or not a director is able to and has been adequately carrying out his/her duties as director of the Company and when he has multiple board representations.
- Develop a process for evaluating the performance of the Board, its board committees and the contribution of each director.
- Formal assessment of the effectiveness of the Board as a whole and individual director.
- Review the training and professional development programs for the Board.
- Review the Board's succession plans for directors.

The NC meets at least once annually, which will entail the calling of meetings, notice to be given of such meetings, the voting and proceedings. Minutes of the deliberations and proceedings of the NC are recorded by the Company Secretary. The number of meetings held and attendance at the meetings during the last financial year are presented under "Board Matters" in this report.

Recommendation of Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment, re-appointment or termination of directors and Board committee members, taking into account the proper criteria for such appointments, the director's independence status, his or her participation and contributions during and outside Board meetings, the Code of Corporate Governance and other relevant factors as may be determined by the NC.

The Board recognises the contribution of its independent directors. They have, over time, developed deep insight into the Group's businesses and operations and are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its independent directors so as to be able to retain the services of the directors as necessary.

Directors' time commitments and multiple directorships

All directors are required to declare their board representations. The limit on the number of listed company directorships that a director may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by different factors.

Report on Corporate Governance

A director with multiple directorships is expected to ensure that sufficient attention is given to the affairs of the Group. The NC believe that each individual director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a director of our Company, notwithstanding his multiple board appointments.

The NC determines annually whether a director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a director of the Company.

The NC takes into account the results of the assessment of the effectiveness of the individual director, and the respective directors' actual conduct on the board, in making this determination.

In respect of FY 2015, the NC was of the view that each director has discharged his/her duties adequately.

Process for selection and appointment of new directors

When an existing director chooses to retire or the need for a new director arises, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new director. The NC then meets with the shortlisted potential candidates with the appropriate profile before nominating the most suitable candidates to the Board for appointment as director. This function extends to the recommendation on nomination of directors for re-election or reappointment having regard to their contributions, performance and their ability to carry out duties as directors.

Process for re-appointment of directors

The NC is responsible for re-appointment of directors. In its deliberations on the re-appointment of existing directors, the NC takes into consideration the director's contribution and performance (including his or her contribution and performance as an independent director, if applicable).

The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and board committees as well as the quality of intervention and special contribution.

We believe the Board renewal should be an ongoing process in order to ensure good corporate governance. The Company's Articles of Association require one-third of the Board to retire and subject to re-election by shareholders at every Annual General Meeting ("AGM").

The Directors are required to submit themselves for re-nomination and re-election at regular intervals of at least once every three years. In addition, a newly appointed director will submit himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation once every three years.

At the forthcoming AGM, the Directors retiring by rotation and who are seeking for re-election under Article 115 of the Company's Memorandum and Articles of Association are Mr. Goh Chee Wee and Ms. Chua Eng Eng. Mr. Chua Kim Hua and Mr. Lim Hock Beng will seek re-appointment under Section 153(6) of the Companies Act, Cap 50.

The NC reviewed the above nominations for the re-appointment taking into account, the director's individual credentials, his or her participation and contributions during and outside board meetings, as well as each director's listed company board directorships and any other relevant time commitments.

Mr. Chua Kim Hua and Mr. Lim Hock Beng abstained from participating in the discussions and recommendation in respect of their own re-appointments.

On the issue of competing time commitments that were faced when directors serve on multiple boards, the Committee noted that all the directors seeking re-election or re-appointment had adequately carried out their duties as directors of the Company during the year.

Report on Corporate Governance

The NC, after assessing the contribution, performance and their effectiveness as directors, recommended that the above four directors be nominated for re-appointment at the forthcoming annual general meeting.

Other key information on the individual Directors of the Company is set out in this Annual Report. Their shareholdings in the Company are also disclosed in the Directors' Report. None of the Directors hold shares in the subsidiaries of the Company.

Principle 5: Board Performance

Board Evaluation Policy

The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole, effectiveness of its board committees and the contribution by each individual director to the effectiveness of the Board on an annual basis.

Board Evaluation process

Each director had individually completed a confidential questionnaire covering areas such as board composition, the effectiveness of the board in its monitoring role and the attainment of the strategic and long-term objectives set by the Board. Based on results of the qualitative questionnaires completed by the directors, the Company Secretary submitted a Summary Report to the NC for discussion.

The NC reviewed the Summary Report to ascertain whether there were key areas for improvement / areas that required follow-up actions.

The NC considered the performance and effectiveness of the Board as a whole taking into consideration, attendance records at respective board and committee meetings, the contribution of each individual director to the board's effectiveness, board process, board accountability and communication with top management and standard of conduct. It also takes into consideration that the independent directors, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

Based on the summary of median scores of the results of the qualitative questionnaires completed by the directors, and compared with the median scores of the performance evaluation exercise submitted for the preceding year, the Committee noted that the directors were generally satisfied and that the performance of the directors was good, and as a group, the board provided core competencies with accounting/finance, business or management experience and industry knowledge.

For FY 2015, the NC was satisfied that all directors had discharged their duties adequately for the financial year and that no individual or small group of individuals dominates the Board's decision-making process. The Board collectively not only reflect a diverse wealth of experience and knowledge in business, finance, accounting, and technical and management skills, but they also possess independence in decision-making at Board level. The Board as a whole had performed effectively and contributed to the growth of the Group. The NC is also of the view that the Board's current size and composition effectively serves the Group.

Principle 6: Access to Information

Complete, Adequate and Timely Information

All Directors are provided with the names and contact details of the Company's senior management and the Company Secretary to facilitate unrestricted access to senior management and the Company Secretary in carrying out their duties. Requests for information from the Board are dealt with promptly by Management.

The Board is kept informed of all relevant information on material events and transactions accurately and promptly as and when they arise. Management also consults the Board whenever necessary.

An agenda for Board meetings together with the relevant papers are prepared in consultation with the Managing Director and are circulated before the holding of each Board and committee meetings. This allows control over the quality, quantity and timeliness of the flow of information between Management and the Board. The Board papers

Report on Corporate Governance

include sufficient background explanatory information from the Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. Such explanatory information may also be in the form of briefings to the Directors or formal presentations made by senior Management staff in attendance at Board meetings, or by external consultants engaged on specific projects.

Company Secretary

Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that Company's Memorandum and Articles of Association, relevant rules and regulations of the Companies Act and Listing Manual are complied with. She also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long term shareholder value.

Under the direction of the Managing Director, the Company Secretary ensures good information flows within the Board and its committees and between Management, Non-Executive Directors and Independent Directors.

The Company Secretary attends and prepares minutes for all Board meetings. As secretary for all board committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the board committees and management. The Company Secretary assists the Chairman of the Board, the Chairman/Chairperson of board committees and management in the development of the agendas for the various Board and board committee meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Independent Professional Advice

The Board members may, at any time, in the furtherance of their duties, request for independent professional advice and receive training at the Company's expense.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Remuneration Committee

As at the date of this Report, the RC comprises the following Independent Non-Executive Directors:

Goh Chee Wee, Chairman
Lim Hock Beng
Nathapun Siriviriyakul

The Board considers that the members of the RC collectively have strong management experience and expertise on remuneration issues.

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. In the event that a member of our RC is related to the employee under review, he will abstain from the review.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:

- Review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all aspect of remuneration, including but not limited to director's fees, salaries, allowances, bonus, and benefits in kind.
- Review and recommend to the Board, the specific remuneration packages for each director as well as for the key management personnel.

Report on Corporate Governance

- Review the level and mix of remuneration and benefits policies and practices of the Company, including the long-term incentive schemes on an annual basis. The performance of the Company and that of individual employees would be considered by the RC in undertaking such reviews.
- Review the Group's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.
- Review the development of senior staff and assesses their strengths and development needs based on the Group's leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

The RC has access to expert advice in the field of executive compensation outside the Company, when required, in framing the remuneration policy and determining the level and mix of remuneration for directors and key management personnel.

None of the members of the RC or any director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him/her.

The Committee meets at least once annually.

The number of meetings held and attendance at the meetings during the last financial year are presented under "Board Matters" in this report.

Principle 8: Level and Mix of Remuneration

When setting remuneration packages, the Company takes into consideration current practices of companies in the same industry and companies that are comparable in size and operations. The Group's financial performance and the performance of individual Directors are also taken into consideration.

The Group's compensation framework comprises fixed pay, and variable bonus. These are linked to corporate and individual performance, based on an annual appraisal process. The level and structure of the remuneration of directors and key management personnel are aligned with the long term interest and risk policies of the Company.

In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long term compensation.

Executive directors do not receive directors' fees. The structure for executive directors and key management personnel consist of the following components:

- Fixed remuneration
- Various bonus
- Other benefits

Fixed remuneration

The fixed remuneration comprises basic salary, statutory employer's contributions to the Central Provident Funds and fixed allowances. In setting remuneration packages, the Group takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors and key management personnel.

Variable bonus

Variable bonus is an annual remuneration component which varies according to the Group's and the individual's performance objectives. To link rewards to performance, the more senior the executive in the Group, the higher is the percentage of the variable bonus against total compensation.

Report on Corporate Governance

The Executive Directors participates in profit sharing, which is based on the performance of the Group as a whole. Additionally, in making its decision regarding appropriate performance objectives, the RC also considered the following factors relative to profit before tax and profit after tax:

- Each executive director and key management personnel believe he or she can meaningfully contribute to the achievement of performance objectives set.
- Maintaining the consistency of the objectives over a number of years allows for more accurate measurement and comparison of, and reward for, the desired performance from year to year.

Other benefits

The Group provides benefits consistent with local market practice, such as medical benefits, club membership and car allowance. Eligibility for these benefits will depend on individual salary grade and length of service.

Remuneration of non-executive directors

The non-executive Directors will receive a basic fee and a fee for their appointments in the various Board Committees in FY 2015. They will also receive additional fees if they are chairpersons of Board Committees. The Company is fully aware of the need to pay competitive fees to attract, retain and motivate the Directors. Directors' fees are recommended by the Board for approval at the Company's AGM.

Our Executive Directors have entered into service contracts with the Company, subject to renewal every three (3) years. The review of service contracts for Executive Directors come under the purview of the RC to ensure that fair and reasonable terms of service is tied in to performance. The service contracts of the Executive Directors were last renewed in 2014. Each service contract may be terminated by either party giving the other party at least three months prior written notice.

Principle 9: Disclosure on Remuneration

The breakdown of remuneration of the Directors of the Company for the year ended March 31, 2015 is set out below:

Name of Director	Fixed Component ⁽¹⁾	Variable Component ⁽²⁾	Provident Fund ⁽³⁾	Directors Fees	Total Compensation
	%	%	%	%	%
S\$750,001 to S\$1,000,000					
Chua Kim Hua	37%	62%	1%	0%	100%
Chua Hai Kuey	36%	63%	1%	0%	100%
Chua Eng Eng	35%	63%	2%	0%	100%
Up to S\$250,000					
Lim Hock Beng	0%	0%	0%	100%	100%
Goh Chee Wee	0%	0%	0%	100%	100%
Nathapun Siriviriyakul	0%	0%	0%	100%	100%

Notes

⁽¹⁾ Fixed Component refers to base salary for the financial year ended March 31, 2015.

⁽²⁾ Variable Component refers to variable bonus and profit sharing paid or payable.

⁽³⁾ Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund.

To maintain confidentiality of the remuneration policies of the Group, the Board is of the view that it is in the best interests of the Group not to fully disclose details of remuneration of each individual Director.

Report on Corporate Governance

Remuneration of Top Five Key Executives:

The following information relates to the remuneration of the Company's top five key executives (not being directors) for the financial year ended March 31, 2015:

Name of Executive	Fixed Component ⁽¹⁾ %	Variable Component ⁽²⁾ %	Provident Fund ⁽³⁾ %	Total Compensation %
S\$250,001 to S\$500,000				
First Executive	66%	29%	5%	100%
Second Executive	63%	32%	5%	100%
Third Executive	72%	23%	5%	100%
Up to S\$250,000				
Fourth Executive	70%	27%	3%	100%
Fifth Executive	59%	34%	7%	100%

Notes

- ⁽¹⁾ Fixed Component refers to base salary for the financial year ended March 31, 2015.
- ⁽²⁾ Variable Component refers to variable bonus paid in the financial year ended March 31, 2015.
- ⁽³⁾ Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund.

Due to competition related reasons, the names of the top five key management personnel are not disclosed.

For the financial year ended 31 March 2015, the aggregate remuneration (including employer CPF and benefits-in-kind of the top five key management personnel was S\$1,228,180 (FY2014 :\$1,273,293.)

There is no termination, retirement or post-employment benefits granted to directors and the top key management personnel (who are not directors).

Remuneration of employees who are immediate family members of a director

Ms. Chua Yean Cheng, the daughter of Mr. Chua Kim Hua (Chairman of the Group) and sister of Ms Chua Eng Eng (Managing Director of the Company), is employed by King Wan Construction Pte Ltd as an HR & Administration Manager and has received remuneration in that capacity.

Mr. Chua Zhi Hong, the son of Mr. Chua Hai Kuey (Executive Director of the Company), is employed by King Wan Construction Pte Ltd as a Senior Executive and has received remuneration in that capacity.

For FY2015, saved as disclosed in the following table, the Company and its subsidiary companies do not have any other employee who is an immediate family member of a director and whose remuneration exceeds S\$50,000.

Name of Executive	Fixed Component ⁽¹⁾ %	Variable Component ⁽²⁾ %	Provident Fund ⁽³⁾ %	Total Compensation %
S\$50,001 to S\$100,000				
Chua Yean Cheng	65%	22%	13%	100%
Chua Zhi Hong	65%	22%	12%	100%

Report on Corporate Governance

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely, reliable and full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST. Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

Financial results and annual reports are announced or issued within legally prescribed periods. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board also reviews regulatory compliance reports from management to ensure that the Group complies with the relevant regulatory requirements. For the financial year ended 31 March 2015, the Board has received assurance from the Managing Director and CFO that in the execution of their respective duties as Managing Director and CFO and to the best of their knowledge and belief 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 regarding the effectiveness of the Group's risk management and internal controls system.

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Hence, Board members receive regular financial and business reports from management. Such reports keep the Board members informed of the Company's and the Group's performance, position and prospects.

The Board reviews and approves the results as well as any announcements before its release. The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within 45 days from the end of the quarter. Annual results are released within 60 days from the financial year-end. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

Principle 11: Risk Management and Internal Controls

The AC, through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy of the Group's system of controls, including financial, operational and compliance controls, established by Management.

In assessing the effectiveness of internal controls, the AC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations

Risk Management

The key risks of the Group are deliberated by Management and reported to the AC regularly. The AC reviews the adequacy and effectiveness of the internal controls, which includes the documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External auditors provide assurance over the risk of material misstatements in the Group's financial statements. Internal auditors provide assurance that controls over the key risks of the Group are adequate and effective.

Assurance from the Managing Director and CFO

The Board has received assurance from the Managing Director and CFO that:

- The financial records of the Group have been properly maintained and the financial statements for the year ended 31 March 2015 give a true and fair view of the Group's operations and finances; and

Report on Corporate Governance

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

Based on the review of the key risks identified, and the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management and the AC; and the aforesaid assurances from the Managing Director and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks were adequate for the financial year ended 31 March 2015.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

Principle 12: Audit Committee

As at the date of this Report, the AC comprises the following Independent Non-Executive Directors who do not have any existing business or professional relationship with our Group, our Directors or Substantial Shareholders: -

Lim Hock Beng, Chairman
Goh Chee Wee
Nathapun Siriviriyakul

The Chairman of the AC, Mr. Lim Hock Beng has vast experience in the field of accounting, auditing and risk management. The other members of the AC have many years of experience in business and financial management. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The main responsibilities of the AC are to assist the Board in discharging its statutory and other responsibilities relating to four main areas:

- Overseeing financial reporting;
- Overseeing internal control and risk management systems;
- Overseeing internal and external audit processes; and
- Overseeing Interested Party Transactions (IPTs).

The AC will make enquiries in order to satisfy themselves on the adequacy of the processes supporting the Group's financial reporting, its system of internal control, risk identification and management, its internal and external audit processes, and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct. The members of the AC carried out their duties in accordance with the written terms of reference which include the following:

- Review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- Review with the external auditors, their audit plan, evaluate the internal accounting controls, audit report, report on internal control weaknesses arising from the audit report and management's response thereto and any matters which the external auditors wish to discuss, without the presence of management;
- Review with the internal auditors, internal audit plan, the scope and the results of internal audit procedures and their evaluation of the internal control system together with management's responses thereto and any matters which the internal auditors wish to discuss, without the presence of Management;

Report on Corporate Governance

- Review the quarter, half year and full year financial statements and other announcements to shareholders and the SGX-ST prior to submission to the Board;
- Recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors. And their audit fee;
- Review the adequacy of the Group's internal controls;
- Review IPTs in accordance with the requirements of the SGX-ST's Listing Manual;
- Review assistance given by the Group's officers to the external and internal auditors and ensure that the internal audit function is adequately resourced;
- Carry out such other functions as may be agreed by the AC and the Board.

The AC has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any director or executive officer or any other person to attend its meetings.

Summary of the AC's activities

The CFO, Company Secretary, internal auditors and external auditors are invited to AC meetings. Other members of senior management are also invited to attend as appropriate to present reports.

The AC had also held meetings with the external auditors and internal auditors separately, without the presence of management. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the AC.

The principal activities of the AC during FY 2015 are summarised below:

Financial reporting

The AC met on a quarterly basis and reviewed the quarterly and full year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and audit committee report presented by the external auditors.

The AC reviewed the annual financial statements and also discussed with management, the CFO and the external auditors the significant accounting policies, judgment and estimate applied by the management in preparing the annual financial statements. The AC focused particularly on:

- Any significant adjustments resulting from the audit;
- The appropriateness of the going concern assumption in the preparation of the financial statements; and
- Any deficiencies in internal controls over financial reporting matters that came to external auditor's attention during their audit together with their recommendations.

Following the review and discussions, the AC then recommended to the Board for approval of the audited annual financial statements.

External audit processes

The AC manages the relationship with the Group's external auditors, on behalf of the Board. During FY2015, the AC assessed the cost effectiveness of the audit process, together with the auditor's approach to audit quality and transparency. The AC concluded that the auditors demonstrated appropriate qualifications and expertise and that the audit process was effective.

The AC recommended to the Board that Deloitte & Touche LLP (the "External Auditors") be re-appointed as the external auditor. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of Deloitte & Touche LLP at the forthcoming Annual General Meeting.

Report on Corporate Governance

Pursuant to the requirement in the SGX-ST's Listing Manual, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current Deloitte & Touche LLP's audit partner for the Company took over from the previous audit partner with effect from FY2011. In appointing auditors for the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712 and 715 of the SGX-ST's Listing Manual.

Auditor independence

In order to maintain the independence of the external auditors, the Group has specific policy which governs the conduct of non-audit work by the external auditors. This policy prohibits the external auditors from:

- Performing services which would result in the auditing of their own work;
- Participating in activities normally undertaken by management;
- Acting as advocate for the Group; or
- Creating a mutuality of interest between the auditors and the Group, for example being remunerated through a success fee structure.

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing any non-audit fees awarded to them. The AC is satisfied with the independence and objectivity of the external auditors after their review.

Interested person transactions

The AC reviewed the Group's IPTs to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders. On a quarterly basis, management reports to the AC the IPTs in accordance with the Company's Shareholders' Mandate for IPT.

Management reported that the internal control procedures for determining the transaction prices of IPTs had not change since the date of the last Annual General Meeting, at which the shareholders' mandate for IPTs was last renewed. The AC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of IPTs was effective.

Whistle Blowing Policy

Management had on the recommendation of the AC put in place the Whistle Blowing Policy for the King Wan Group since financial year 2007. This policy provides a channel to employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in matters of financial reporting or other matters. The AC ensures that arrangements are in place for the independent investigation of such matters and appropriate follow up actions are taken. There have been no established incidents pertaining to whistle blowing for FY 2015.

Principle 13: Internal Audit

The AC is responsible to approve the hiring, removal, evaluation and compensation of the internal auditors. The AC will ensure that the internal audit function is adequately resourced and has appropriate standing within the company.

The Group's internal audit function is outsourced to Ernst & Young Advisory Pte Ltd, an international accounting firm that is not the Company's auditors. The Partner-in-charge of the internal audit reported directly to the Chairman of the AC and assists in the identification of risks and assessing the adequacy of internal controls systems implemented. The Internal Auditors also made recommendations on how best to address material risks identified in the Group. The findings of the Internal Auditors are presented to the AC for review.

During the year, the Internal Auditors conducted its audit reviews based on the approved internal audit plan. All audit reports detailing findings and recommendations are provided to the Management who will respond on the actions to be taken. Periodically, the Internal Auditors would submit to the AC a report on the status of the audit plan and on audit findings, recommendations and actions taken by Management on such findings. Key findings are highlighted at the AC meetings for discussion and follow-up action. The AC monitors the timely and proper implementation of required corrective, preventive or improvement measures undertaken by Management.

The AC has reviewed the adequacy of the internal audit function and is satisfied that function is adequately resourced.

Report on Corporate Governance

D. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders' Rights

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Group strongly encourages shareholder participation during the AGM which will be held in Singapore. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business related matters. The articles allow a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the AGM. The articles also allow shareholders, who hold shares through nominees such as CPF and custodian banks, to attend the AGM as observers without being constrained by the two-proxy rule, subject to availability of seats.

Principle 15: Communication with Shareholders

Disclosure of information on a timely basis

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders and believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET, press release and the corporate website. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGX-net.

Interaction with shareholders

The Group has a dedicated investor relations team (IR team) which focuses on facilitating communications with shareholders and analysts on a regular basis and attending to their queries or concerns.

The IR team conducts analyst briefings (together with key management personnel) and participates in investor seminars and conferences to keep the market and investors apprised of the Group's corporate developments and financial performance.

During FY2015, the IR team, together with senior management, regularly engaged with local and foreign investors and analysts at conferences as well as one-on-one and group meetings. The aims of such engagements are to:

- Provide shareholders and investors with relevant information promptly, to enable them to have a better understanding of the Group's businesses and performance; and
- Solicit feedback from the investment community, including shareholders, on a range of strategic and topical issues. Such engagements provide invaluable insights to the Board and management on investors' views. It also helps the Group to identify areas of improvement for investor communication.

Dividend policy

The Board aims to declare and pay annual dividends to shareholders on a regular basis. In considering the level of dividend payments, the Board takes into account various factors including:

- The level of our available cash;
- The return on equity and retained earnings; and
- Our projected levels of capital expenditure and other investment plans.

Report on Corporate Governance

Principle 16: Conduct of Shareholders' Meetings

The Board believes in regular, timely and effective communications with shareholders on all major developments that impact the Group. The Company does not practice selective disclosure. Shareholders are informed of shareholders' meetings through published notices and reports or circulars sent to all shareholders. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The AGM procedures provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage, and openly communicate to the directors, their views on matters relating to the Company.

Pertinent information is communicated to shareholders on a regular and timely basis through:

- the Company's annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Singapore Companies Act, the Singapore Financial Reporting Standards and the SGX Listing Manual;
- financial statements containing a summary of the financial information and affairs of the Group for the period that are published on the SGX-NET;
- disclosures to the Singapore Exchange; and
- the Group's website at www.kingwan.com from which shareholders can access information on the Group. The website provides annual reports and profiles of the Group.

In addition, shareholders are encouraged to attend the AGM to ensure a greater level of shareholder participation and for them to be kept up to date as to the Group's strategies and goals.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the directors or Management questions regarding the Group and its operations. They will also have the opportunity to address any questions to the Chairman of the NC, AC and RC. The external auditors will also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Announcement of the results of each resolution are announced after the meeting via SGX-net. Minutes of general meetings will include substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. These minutes will be made available to shareholders upon their request.

Any queries and concerns regarding the Group can be conveyed to the following person:

Mr. Francis Chew, Chief Finance Officer
 Telephone No. : 65-6866 9246
 Fax No.: 65-6365 7675
 E-mail: francisc@kingwan.com.sg

E. CODE OF BUSINESS CONDUCT

King Wan's Code of Business Conduct also sets the standards and ethical conduct expected of employees of the Group. Directors, officers and employees are required to observe and maintain high standards of integrity as are in compliance with the law and regulations and company policies.

Report on Corporate Governance

F. SECURITIES TRANSACTIONS

Insider Trading Policy

The Company has a formal policy on dealings in the securities of the Company, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to all Directors and officers. It has adopted best practices on securities dealings in compliance with Rule 1207 (18) of the Listing Manual. In line with these best practices, the Company issues circulars to its Directors and officers informing that the Directors and its officers must not deal in its securities a month before the release of the full-year results and two weeks before the release of the quarterly results, as the case may be, and if they are in possession of unpublished material price-sensitive information. Directors and officers are also reminded that they should not deal in the Company's securities on short-term considerations.

Directors are required to notify the company of any dealings in the company's securities within two business days of the transactions. The Board is satisfied with the Group's commitment in compliance with the Code.

G. STATEMENT OF COMPLIANCE

Our Board confirms that for FY2015, our Company has complied with the principal corporate governance recommendations.

Analysis of Shareholdings

As At 18 June 2015

Issued and Fully paid up capital: S\$46,813,734

Class of Shares: Ordinary Shares with equal voting rights

SIZE OF HOLDINGS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 to 99	2	0.11	5	0.00
100 to 1000	58	3.29	55,910	0.02
1,001 to 10,000	461	26.12	3,143,052	0.90
10,001 to 1,000,000	1,221	69.18	93,153,391	26.68
1,000,001 AND ABOVE	23	1.30	252,824,512	72.40
TOTAL	1,765	100.00	349,176,870	100.00

There are no treasury shares held by the Company as at 18 June 2015.

TOP 20 SHAREHOLDERS AS AT 18 JUNE 2015

NO.	NAME OF SHAREHOLDERS	NUMBER OF SHARES	%
1	Ganoktip Siriviriyakul	76,875,000	22.02
2	Chua Kim Hua	43,938,319	12.58
3	Chua Eng Eng	33,461,906	9.58
4	Chua Hai Kuey	22,247,676	6.37
5	Maybank Kim Eng Securities Pte Ltd	16,463,700	4.72
6	Raffles Nominees (Pte) Ltd	12,255,100	3.51
7	Liong Kiam Teck	8,607,000	2.47
8	Ong Tze King	7,034,000	2.01
9	DBS Nominees Pte Ltd	4,775,700	1.37
10	Quah Biow Chye	3,730,000	1.07
11	UOB Kay Hian Pte Ltd	3,119,000	0.89
12	Hong Leong Finance Nominees Pte Ltd	2,458,000	0.70
13	United Overseas Bank Nominees Pte Ltd	2,114,600	0.61
14	CIMB Securities (Singapore) Pte Ltd	2,080,600	0.60
15	Hong Heng Co Pte Ltd	2,000,000	0.57
16	OCBC Nominees Singapore Pte Ltd	1,958,600	0.56
17	Phillip Securities Pte Ltd	1,942,300	0.56
18	Neo Tiam Poon @ Neo Thiam Poon	1,855,000	0.53
19	Ang Chin San	1,400,000	0.40
20	Ng Eng Kiong	1,222,811	0.35
TOTAL		249,539,312	71.47

Substantial Shareholders

As At 18 June 2015

[Accordingly to the Register to be kept by the Company]

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF ORDINARY SHARES	%	NO. OF ORDINARY SHARES	%
1. Ganoktip Siriviriyakul	76,875,000	22.02	Nil	Nil
2. Chua Kim Hua	44,113,319	12.63	Nil	Nil
3. Chua Eng Eng	36,576,906	10.48	Nil	Nil
4. Chua Hai Kuey	22,247,676	6.37	Nil	Nil

SUPPLEMENTARY INFORMATION

Dealing In Securities & Compliance With Best Practices Guide

The Company has adopted its own internal Code of Best Practices on Securities Transactions ("Securities Transaction Code").

The Securities Transaction Code (the "Code") provides guidelines to the Company's directors and key officers of the Group who have access to 'price sensitive' information, in the dealing of Company's securities. In accordance with Rule 1207(18) (b) of the Listing Manual, directors and key officers of the Group should not deal in the Company's securities on short-term considerations and should be mindful that the law on insider dealing is applicable at all times, notwithstanding that the Best Practices Guide may provide window periods for Directors and officers to deal in the Company's securities. Circulars are issued to its directors and key officers that they must not trade in the listed securities of the Company two weeks before the release of the quarterly financial results and one month before the release of the full-year financial results, ending on the date of announcement of the relevant results. Outside this window period, Directors are required to notify the Company of their dealings within two business days under Sections 165 and 166 of the Companies Act, Cap. 50.

The Board of Directors confirms that for the financial year ended 31 March 2015, the Company has complied with the principal corporate governance recommendations set out in the Best Practices Guide issued by the Singapore Exchange.

INTERESTED PERSON TRANSACTIONS

When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions.

The Board of Directors is updated regularly on any interested person transactions and their cumulative values. If the Company intends to enter into an interested person transaction that was not previously approved by shareholders, the Board of Directors will ensure that the Company complies with the requisite rules under Chapter 9.

During the financial year ended 31 March 2015, the Company has complied with the provisions under Chapter 9.

MATERIAL CONTRACTS

Save as disclosed in the report of the directors and financial statements, there was no other material contracts entered into by the Company or any of its subsidiaries involving the interest of the Chairman, Managing Director, any Director or substantial shareholders.

SHAREHOLDINGS IN THE HAND OF PUBLIC AS AT 18 JUNE 2015

The percentage of shareholdings in the hand of public is about 48.2%. Hence, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteen Annual General Meeting of KING WAN CORPORATION LIMITED (the "Company") will be held at the Board Room, 8 Sungei Kadut Loop, Singapore 729455 on Thursday, 30 July 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31 March 2015 and the Auditors' Report thereon.
[Resolution No. 1]
2. To re-elect Ms. Chua Eng Eng who is retiring by rotation under Article 115 of the Company's Articles of Association.
[Resolution No. 2]
3. To re-elect Mr. Goh Chee Wee who is retiring by rotation under Article 115 of the Company's Articles of Association.
[Resolution No. 3]
4. To pass a resolution pursuant to Section 153(6) of the Companies Act, Cap 50 to appoint Mr. Chua Kim Hua as Director of the Company to hold office until the next annual general meeting of the Company.
[Resolution No. 4]
5. To pass a resolution pursuant to Section 153(6) of the Companies Act, Cap 50 to appoint Mr. Lim Hock Beng as Director of the Company to hold office until the next annual general meeting of the Company.
[Resolution No. 5]
6. To approve Directors' Fees of S\$176,000 for the year ending 31 March 2016 (2015: S\$176,000) to be paid in arrears.
[Resolution No. 6]
7. To approve the payment of a final one-tier tax exempt dividend of 1.0 cent per ordinary share for the year ended 31 March 2015.
[Resolution No. 7]
8. To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.
[Resolution No. 8]

Notice of Annual General Meeting

AS SPECIAL BUSINESS:

9. To approve the issue of shares pursuant to Section 161 of the Companies Act, Chapter 50.

"THAT pursuant to Section 161 of the Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to (a) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); (b) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; (c) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (d) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) to issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:-

- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total issued shares (excluding treasury shares) in the capital of the Company;
- (ii) for the purpose of determining the aggregate number of shares that may be issued (subject to such manner of calculation as may be prescribed by SGX-ST) under (i) above, the percentage of issued share capital shall be based on the issued shares in the capital of the Company at the time this Resolution is passed, after adjusting for (1) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting when this Resolution is passed; and (2) any subsequent bonus issue or consolidation or sub-division of shares;
- (iii) 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 is waived by the SGX-ST) and the Company's Articles of Association; and
- (iv) unless revoked or varied by the Company in General Meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[Resolution No. 9]

ORDER OF THE BOARD

Eliza Lim Bee Lian

Company Secretary
Singapore, 14 July 2015

NOTES:

A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not also be a Member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at least 48 hours before the time appointed for the Meeting.

Notice of Annual General Meeting

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS TO BE TRANSACTED:

- a. Ms. Chua Eng Eng is an Executive Director of the Company.
- b. Mr. Goh Chee Wee is the Independent Director of the Company. If re-elected, he will remain as a member of the Audit Committee, Chairman of the Remuneration Committee and a member of the Nomination Committee.
- c. Mr. Chua Kim Hua is the Executive Chairman of the Company. If re-appointed, he will remain a member of the Nomination Committee.
- d. Mr. Lim Hock Beng is a Lead Independent Director, Chairman of the Audit Committee and also a member of the Remuneration Committee and Nomination Committee. If he is re-elected, he will continue as the Chairman of the Audit Committee and also a member of the Remuneration Committee and Nomination Committee.
- e. The Directors' Fees of S\$176,000 are fees payable to the Non-Executive Directors for the year ending 31 March 2016. Ordinary Resolution No. 6 if passed, will allow the Company to pay fees to directors on a quarterly basis, in arrears, as directors render their services during the course of the financial year ending 31 March 2016. This will facilitate directors' compensation for services rendered in a more timely manner.
- f. The Audit Committee has recommended that Deloitte & Touche LLP be re-appointed as Auditors.
- g. Resolution No. 9 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding 50% of the issued shares (excluding treasury shares) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders, does not exceed 20% of the Company's issued shares (excluding treasury shares). For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution No. 9 is passed, after adjusting for (a) 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 that Resolution No. 9 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Notice of Annual General Meeting

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of KING WAN CORPORATION LIMITED (the "Company") will be closed at 5.00 p.m. on 06 August 2015 (the "Books Closure Date") for the purpose of determining the entitlements of shareholders in respect of the proposed final one-tier tax exempt dividend of 1.0 cent per ordinary share.

Shareholders whose securities accounts with The Central Depository (Pte) Ltd are credited with shares as at 5.00 p.m. on the Books Closure Date will be entitled to the dividend.

Registrable transfers (in respect of Share not registered in the name of CDP) together with all relevant documents of title received by the Company's Registrar, M&C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on the Books Closure Date will, subject to the Articles of Association of the Company, be registered before entitlements to the dividend are determined.

The final one-tier tax exempt dividend if approved by shareholders, will be paid on 18 August 2015.

By Order of the Board

Eliza Lim Bee Lian

Company Secretary

14 July 2015

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that were the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page is intentionally left blank

This page is intentionally left blank

Proxy Form

Important:

1. For investors who have used their CPF monies to buy King Wan Corporation Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved nominee and is sent solely for information only.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name)

of _____ (Address)

being a member/members of King Wan Corporation Limited ("the Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the Annual General Meeting or such other person the Chairman may designate, as *my/our proxy/proxies to attend and to vote for me/us on my/our behalf, and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at the Board Room, 8 Sungei Kadut Loop, Singapore 729455 on Thursday, 30 July 2015 at 10.00 a.m. and at any adjournment thereof.

The Chairman intends to cast undirected proxy votes in favour of each of the proposed resolutions. Where the Chairman is appointed as *my/our proxy/proxies, *I/we acknowledge that the Chairman may exercise **my/our proxy/proxies even if he has an interest in the outcome of the resolution.

I/We have indicated with an "X" in the appropriate box against such item how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies may vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

	Resolutions relating to:	For	Against
1.	Adoption of the Reports and Accounts for the year ended 31 March 2015 and the Auditors' Report thereon.		
2.	Re-election of Ms. Chua Eng Eng as Director.		
3.	Re-election of Mr. Goh Chee Wee as Director.		
4.	Appointment of Mr. Chua Kim Hua as Director.		
5.	Appointment of Mr. Lim Hock Beng as Director.		
6.	Approval of Directors' fees.		
7.	To approve the payment of Final one-tier tax exempt dividend of 1.0 cent per ordinary share.		
8.	Re-appointment of Deloitte & Touche LLP as Auditors.		
9.	Authority for allotment and issuance of shares pursuant to Section 161 of the Companies Act, Cap. 50.		

Signed this day of July 2015

Total Number of shares held	No. of shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

Postage
Stamp

**To: The Company Secretary
KING WAN CORPORATION LIMITED
8 Sungei Kadut Loop
Singapore 729455**

Fold along dotted line

Fold along dotted line

NOTES:

- a. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares entered against your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument of proxy will be deemed to relate to all the Shares held by you.
- b. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies to attend and vote on his behalf and such proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be deemed to be alternative unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- c. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy by resolution of its directors or other governing body such person as it thinks fit to vote on its behalf.
- d. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company not less than 48 hours before the time appointed for the Annual General Meeting.
- e. 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.
- f. In the case of members whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company shall be entitled to reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting as certified by the CDP to the Company.
- g. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- h. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

Corporate Information

BOARD OF DIRECTORS

Chua Kim Hua (Chairman)
Chua Eng Eng (Managing Director)
Chua Hai Kuey
Lim Hock Beng
Goh Chee Wee
Nathapun Siriviriyakul

LEAD INDEPENDENT DIRECTOR

Lim Hock Beng

AUDIT COMMITTEE

Lim Hock Beng (Chairman)
Goh Chee Wee
Nathapun Siriviriyakul

REMUNERATION COMMITTEE

Goh Chee Wee (Chairman)
Lim Hock Beng
Nathapun Siriviriyakul

NOMINATION COMMITTEE

Goh Chee Wee (Chairman)
Lim Hock Beng
Chua Kim Hua

COMPANY SECRETARY

Eliza Lim Bee Lian, ACIS

AUDITORS

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore
6 Shenton Way
OUE Downtown 2, #33-00
Singapore 068809

AUDIT PARTNER

Giam Ei Leen
(First appointed in financial year 2011)

REGISTRAR

M&C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

BANKERS

DBS Bank
OCBC Bank
Maybank
UOB
ANZ Singapore
HSBC
Standard Chartered Bank
CIMB

REGISTERED OFFICE

8 Sungei Kadut Loop
Singapore 729455
Tel : 65-6368 4300
Fax : 65-6365 7675
E-mail: kwc@kingwan.com.sg
Website: www.kingwan.com



**KING WAN
CORPORATION
LIMITED**

8 Sungei Kadut Loop, Singapore 729455

t: +65 6368 4300 **f:** +65 6365 7675

e: kwc@kingwan.com.sg **w:** www.kingwan.com