Strength in Unity

Annual Report 2016

KING WAN CORPORATION LIMITED

Contents

At King Wan, we recognise that it is the strength of our people that empowers King Wan's resilience and progress. Therefore, this year, we focus our efforts on realising our people's potential and fostering synergy within and across the various teams. We are poised to advance into the future – as one.

Building Strength
Hand in Hand

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 four 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 ancilliary 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.

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.

Our Tampines Hub

The Crest

Jewel@Buangkok

Chairman's Statement

"Testing times draw out the best from an organization. Reaching deep into its dynamism and resilience and led by the Board of Directors, our team of dedicated staff has tackled the challenges head-on and has held its own despite the very tough conditions."

DEAR SHAREHOLDERS

FY2016 had been a watershed year for King Wan Corporation Limited (King Wan or the Group) (庆源企业) as it recorded its first full year net loss in the last decade. FY2016 had served to remind us that no organization is immune to the economic forces of the global market. FY2016 had also put to test the strengths and competencies that the Group had painstakingly developed throughout the years. At the end of the day, areas for improvements have been identified and acted upon while strengths have been further affirmed.

Testing times draw out the best from an organization. Reaching deep into its dynamism and resilience and led by the Board of Directors, our team of dedicated staff has tackled the challenges head-on and has held its own despite the very tough conditions.

The Group's core business in Mechanical & Electrical (M&E) business had continued to form the backbone to the Group's performance during the year. By riding on technological innovation, it has continued to drive the Group forward by expanding its portfolio of services and client base.

YEAR IN REVIEW

The Group's revenue for FY2016 surged to S$100.8 million, an increase of 18% compared to FY2015. The increase was brought about by a healthier order book for Mechanical and Electrical (M&E) contracts prevailing throughout the year, resulting in more revenue recognizable.

Despite the good performance from the Group's M&E business, the Group suffered a net loss after income tax of S$17.9 million, mainly due to:

i. impairment recognized on available-for-sale investments relating to shares of Kaset Thai International Sugar Corporation Public Company Limited ("KTIS") (listed on the Stock Exchange of Thailand), held by the Group as at financial year end; and

ii. Allowance made in connection with the Group's real estate development business in Dalian, China and loans made to an associate in the vessel ownership and chartering business.

SOUND FINANCIAL POSITION

Despite a very tough year, the Group's financial position continues to be strong. The Group's net assets stood at S$76.4 million as at 31 March 2016, converting to a net asset value of 21.89 cents per share. Cash and cash equivalents stand at S$5.6 million as at 31 March 2016, compared to S$11.4 million as at 31 March 2015, due to funding of ongoing investments

STRENGTHENING M&E BUSINESS

Despite the very challenging local construction sector, the Group had continued to trudge forward in its bid to increase its spectrum of M&E projects from both the private and public sectors. Among some of our noteworthy key projects completed during the year include public residential projects such as **Bukit Panjang N4C15** and **Punggol East C44**, private residential projects such as **The Watercolour Executive** condominium, **The Tennery** and **Le Nouvel Ardmore** condominium and commercial

projects such as the **Overseas Family School**.

The Group also did extremely well in securing new projects despite very competitive conditions. Some of the residential projects secured include **Tampines N6C1A/1B**, **Alana** condominium, **Wandervale** condominium, **Sims Urban Oasis**, **Lake Grande** and the **Jewel@Buangkok**. Other notable projects include the **Laguna Hotel** at Laguna Golf Green and installation of services at **Orchid Country Club**.

The Group currently has approximately S$164.5 million worth of the M&E engineering contracts on hand, out of which S$69.0 million worth of contracts were secured during the financial year.

OTHER INVESTMENTS

Vessel Ownership & Chartering

The vessel chartering sector is currently facing a trough in charter rates, in line with the declining global economic environment. Recovery is expected to take more than 12 months. During this period, charter rates are expected to remain low. The Group will focus on securing reputable charterers who can provide high revenue visibility as well as steady inflow of funds for the associate.

Property Development

With the disposal of Meadows Property (S'pore) Pte Ltd [the Group's associate developing the Starlight Suites project in Singapore] in May 2016, , the remaining development left in Singapore is the 420-unit condominium project – The Skywoods. Sale of this development has been very encouraging and is expected to be fully sold in FY2017.

The outlook of property sector in China remains uncertain. The Group will complete all construction activities and will not commence on any new phases under the Singapore Garden development until the market has shown clear signs of recovery.

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 dormitory has been completed in May 2016 and has commenced filling up its beds.

With a less positive outlook on the general economy and with stiff competition expected to come from other neighboring dormitories, the associate will likely take a longer time to fill its beds. However, the Group expects the demand for quality purpose-built accommodation for foreign workers to recover in the mid-term.

BUSINESS OUTLOOK

The Group continues to take the view that its M&E engineering business will continue to be the main driving force for the Group in the near future. The Group will continue to grow its presence in Singapore by bidding for a wide spectrum of M&E engineering

Laguna Hotel

projects, dealing in different trades and business sectors. The Group also plans to improve its project delivery efficiency via management optimization and leveraging on technological innovation.

The Building and Construction Authority (BCA) has projected that the total construction demand or the value of construction contracts to be awarded this year to be between $27 billion and $34 billion, with about 65 per cent driven by public sector demand. The average construction demand is expected to be sustained between $26 billion and $35 billion in 2017 and 2018, and between $26 billion to $37 billion in 2019 and 2020.

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.

The next few years for the Group will be crucial as it works to consolidate its operations. With sound financial backing, King Wan will be in a strong position to explore and deepen its reach in the markets it is operating in.

DIVIDENDS

In anticipation of a very challenging operating environment in the next 12 months, the Board of Directors has not recommended that a dividend be paid for the financial year just ended.

The Board of Directors is aware of the importance of rewarding shareholders but at the same time, has to remain mindful of the importance of conserving cash in the current economic climate.

The Board of Directors will continue to monitor the Group's cash position carefully and will make any dividend payment decisions after prioritizing the Group's cash requirement.

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 heartened and grateful for the unwavering support of our customers and business associates through all these years. I believe that our strategic partnership will help to overcome any obstacles encountered and will ensure the sustainability of King Wan's business operations in years to come. I look forward to further enriching and strengthening the commitment of our management team and staff where each and every single one is a contributing factor to our success.

We will continue to build upon our strengths and shall continue to enhance our market leadership in our core businesses and be vigilant to new growth opportunities in Singapore and beyond.

Last but not least, I would like to thank the Board of Directors for their invaluable advice, guidance and support. With strength in unity, we shall scale new heights for King Wan and all our stakeholders.

CHUA KIM HUA
Chairman

Board of Directors

1. CHUA KIM HUA
Group Chairman
First appointed – 8 February 2000,
Re-appointed – 30 July 2015

Mr Chua Kim Hua, 76, 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 HAI KUEY
Executive Director
First appointed – 8 February 2000,
Re-elected – 29 July 2014

Mr Chua Hai Kuey, 65, 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.

3. CHUA ENG ENG
Managing Director
First appointed – 9 November 2000,
Re-elected – 30 July 2015

Ms Chua Eng Eng, 46, 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 overseas 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 developing 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.

(left to right)

4. GOH CHEE WEE
Independent Non-Executive Director
First appointed – 9 November 2000,
Re-elected – 30 July 2015

Mr Goh Chee Wee, 70, 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.

5. NATHAPUN SIRIVIRIYAKUL
Independent Non-Executive Director
First appointed – 6 November 2008,
Re-elected – 29 July 2014

Mr Nathapun Siriviriyakul, 51, is an Independent Non-Executive Director and a member of the Audit and the Remuneration Committees. He was Alternate Director to Ms Ganoktip Siriviriyakul since 28 November 2006 before being appointed a full Director on 6 November 2008. He is currently a Deputy Chief Executive Officer of Kaset Thai International Sugar Corporation Public Company Limited.

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

6. LIM HOCK BENG
Independent Non-Executive Director
First appointed – 22 June 2001,
Re-appointed – 30 July 2015

Mr Lim Hock Beng was appointed as an Independent Non-Executive Director on 22 June 2001 and was last re-appointed as Director on 30 July 2015. He serves as the Chairman of the Group's Audit Committee and is a member of the Remuneration Committee and the Nominating Committee. Mr Lim is also the Lead Independent Director. Since 1996, Mr Lim 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. Prior to that, 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 in 1995. Mr Lim 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. Mr Lim holds a Diploma in Management Accounting and Finance and is a fellow member of the Singapore Institute of Directors. Mr Lim is also an independent non-executive director of four public listed companies in Singapore, namely Huan Hsin Holdings Ltd, GP Industries Ltd, TA Corporation Ltd and Colex Holdings Limited. He currently serves as the chairman of audit committees of TA Corporation Ltd and Huan Hsin Holdings Ltd, chairman of nominating committee of GP Industries Ltd as well as chairman of remuneration committee of Colex Holdings Limited.

Management & Key Executives

SIOW NGET YUEN, PRISCILLA
Director
King Wan Construction Pte Ltd (KWC)

Ms Siow Nget Yuen, Priscilla, 65, 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 Financial Officer
King Wan Corporation Ltd

Mr Chew Chee Yuen, Francis, 46, 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 an international public accounting firm in Singapore.

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
Director
King Wan Construction Pte Ltd (KWC)

Mr Er Soon Kiat, Joe, 46, has been appointed the company's Director since April 2016. He is responsible for overseeing the Airconditioning & Mechanical Ventilation 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 as 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
Director
King Wan Construction Pte Ltd (KWC)

Mr Chua Kok Chuan, 44, has been appointed the company's Director since April 2016. He oversees all operational, design and project management and is also currently responsible for the Plumbing and Sanitary (P&S) and Electrical (EL) 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 Director, he has contributed significantly to the design, implementation and project management of the P&S and EL components of the Group's building construction projects.

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

Group Structure

INVESTMENT PORTFOLIO

- **100%** King Wan Development Pte. Ltd. (Singapore)
  - **40%** Meadows Bright Development Pte. Ltd. (Singapore)
    - **50%** Bukit Timah Green Development Pte. Ltd. (Singapore)
  - **36.6%** Dalian Shicheng Property Development (S) Pte. Ltd. (Singapore)
    - **100%** Dalian Shicheng Property Development Co., Ltd (China)
  - **30%** S.I. Property Co., Ltd (Thailand)
- **100%** King Wan Industries Pte. Ltd. (Singapore)
  - **50%** Soon Zhou Investments Pte. Ltd. (Singapore)
    - **100%** Blue Oasis Investments Pte. Ltd. (Singapore)
      - **100%** Dalian Blue Oasis Properties Co., Ltd. (China)
  - **49%** Chang Li Investments Pte. Ltd. (Singapore)
  - **49%** Soon Li Investments Pte. Ltd. (Singapore)
  - **49%** Li Ta Investments Pte. Ltd. (Singapore)
- **100%** Harmony Investment Holding Pte. Ltd. (Singapore)
  - **19%** Nexus Point Investments Pte. Ltd. (Singapore)
- **100%** Gold Topaz Pte. Ltd. (Singapore)
  - **30%** Gold Hyacinth Development Pte. Ltd. (Singapore)

CORE BUSINESS

- **100%** King Wan Construction Pte. Ltd. (Singapore)
- **100%** K&W Mobile Loo Services Pte. Ltd. (Singapore)

Business Review


Laguna Hotel

Since its listing in the Singapore Exchange in year 2000, King Wan has built an enduring business model where it builds upon its strengths and competencies in its core Mechanical and Electrical (M&E) business in Singapore, while at the same time, diversify its business through direct investments in other businesses. The Group now operates in three other business sectors i.e. Vessel Ownership and Chartering, Property Development, and Development of Workers' Dormitory.

MECHANICAL AND ELECTRICAL ENGINEERING & SERVICES

The Group's M&E business provides multi-disciplined 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 Singapore.

Over the last four decades, the Group has distinguished itself as a dominant player in the industry as well as a cost-effective, multi-disciplined M&E engineering service provider in Singapore.

Throughout the years, it has successfully partnered reputable contractors and property developers, for M&E projects spanning across different market segments including commercial, institutional, educational, residential, hotels & industrial market segments. Helmed by a very experienced management team and a strong track record of successful public and private sectors projects, the Group has remained highly competitive and trustworthy, further enhancing its business reach and ability in securing new contract tenders in the years ahead.

The Group possesses the highest "L6" BCA grading in the following workheads of the M&E engineering categories under the contractors' registry administered by the Building & Construction Authority:

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

Over the last four decades, the Group has distinguished itself as a dominant player in the industry as well as a cost-effective, multi-disciplined M&E engineering service provider in Singapore.

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.

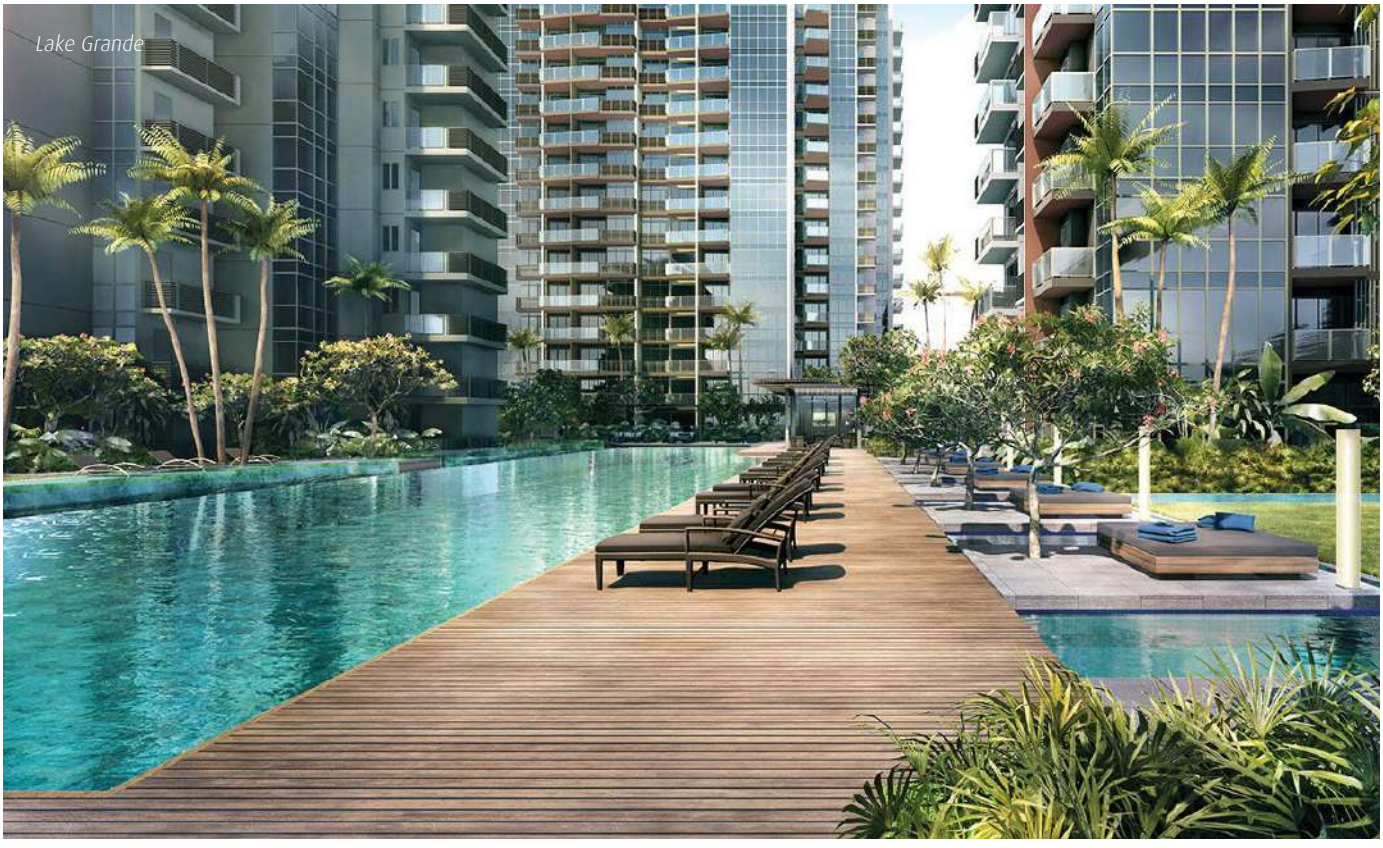
In FY2016, the revenue from M&E business improved by a healthy 20% to S$96.4 million as compared to S$80.3 million recorded in FY2015. The increase in revenue was due to a stronger order book during the financial year resulting in higher revenue recognisable from ongoing M&E projects. Revenue from M&E business accounted for 95.7 per cent of the Group's total turnover in FY2016.

The increase in revenue also resulted in a 31% increase in gross profits to S$16.4 million in FY2016 from S$12.5 million in FY2015.

As at end of May 2016, King Wan has amassed approximately S$164.5 million worth of M&E engineering contracts on hand, out of which S$69.0 million worth of contracts were secured in during the financial year.

The M&E business segment is expected to remain challenging with higher competition for projects available in the market. Nevertheless, M&E business will remain the core business of the Group and will continue to contribute positively to the Group's results for the next 12 months.

The Group has managed to sustain its ability to secure both residential and commercial projects dealing in different trades. This clearly demonstrates the Group's technical competency to undertake projects with a wide array of requirements.


Lake Grande

PORTABLE LAVATORIES

Another component of King Wan's core services include the provision of mobile chemical lavatories for rental and other ancilliary 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$3.5 million to the Group's turnover. Contributing 3.5% to the Group's total revenue, it has offered a steady recurring income stream to the Group for the past 19 years.

This business segment is expected to face increased competition in the coming year in the view of the tougher business environment.

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 investment in property development is spearheaded by Meadows Bright Development Pte. Ltd. ("Meadows Bright"), an 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 has been making good progress and is expected to be fully sold in FY2017.

Another project undertaken by Meadows Bright is "The Starlight Suites", a 35-storey block comprising 105 freehold apartments located at River Valley Close. Meadows Bright has, in May 2016, completed the sale of Meadows Property (S'pore) Pte Ltd, its wholly-owned subsidiary and developer of the Starlight Suites project. Loans amounting to S$11 million that were previously extended to the associate, is expected to be repaid in the coming financial year.

In China, the Group owns a 36.6% stake in Dalian Shicheng Property Development (S) Pte Ltd, which is responsible for its property developments in Dalian. The project is now into phase 7 of the project, which will consist of residential as well as shop front units. The local real estate sector has continued to remain subdued.

The Group has carefully considered the current subdued property market situation in Dalian before deciding to make an allowance on all remaining loans made to the associate, amounting to S$10.7 million, in the current year. The Group will continue to closely monitor the market situation. Any further 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 its associate company, Gold Hyacinth Development Pte. Ltd. (Gold Hyacinth), the Group owns and operates a Crown 58 'Supramax' Bulk Carrier, named

Tuas South Dormitory

Portable lavatories continued to provide a stable income for King Wan with a contribution of S$3.5 million to the Group's turnover.

"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.

The general operating charter environment has been challenging, tracking the performance of the global economy. This has placed immense pressure on charter rates and vessel value. In view of the unfavorable conditions encountered in the current financial year, the Group has made allowance on the loans extended to the associate amounting to S$1.0 million.

The vessel chartering business remains challenging in the next 12 months with chartering rates expected to remain low.

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 Tuas South, Singapore. The consortium has successfully secured a land tender of 20 years awarded by the Jurong Town Corporation ("JTC") that can be developed into a 9,200-bed workers' dormitory.

The first phase of the purpose-built dormitory has been completed in the last quarter of the financial year, while the second and final phase of the development was completed in May 2016. The dormitory has commenced taking in tenants and is currently in its starting up phase.

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

During the current financial year, there was sharp decrease in the share price of the KTIS shares held by the Group. The decrease was brought about by a worse than expected market environment in the sector that KTIS is operating in, which directly affected KTIS' share price.

The corresponding decrease in the traded share value resulted in the requirement to impair the investment as at financial year end. This resulted in a loss recognized of S$12.7 million in the current financial year.

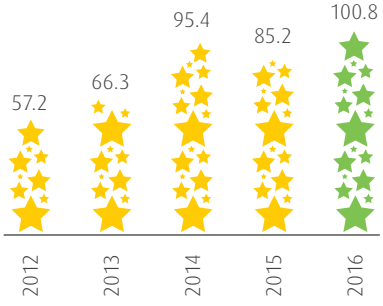
Five-year Financial Highlights

Year ended 31 March

	2012 (S$million)	2013 (S$million)	2014 (S$million)	2015 (S$million)	2016 (S$million)
Profit & Loss Account					
Turnover	57.2	66.3	95.4	85.2	100.8
Net Profit (Loss) after Tax	14.0	7.1	6.7	17.1	(17.9)
Balance Sheet					
Fixed Assets	5.9	5.3	5.6	5.3	4.3
Current and Other Assets	101.1	120.6	129.4	156.9	148.0
Total Assets	107.0	125.9	135.0	162.2	152.3
Short and Long Term Borrowings	6.1	15.5	26.2	39.7	51.1
Other Liabilities	17.3	25.5	22.4	24.3	24.8
Total Liabilities	23.4	41.0	48.6	64.0	75.9
Shareholders' funds	83.6	84.9	86.4	98.2	76.4
Total Reserves & Liabilities	107.0	125.9	135.0	162.2	152.3
Per Share Data (Cents)					
No of Shares	349,176,870	349,176,870	349,176,870	349,176,870	349,176,870
Earnings (Loss) Per Share (Basic)	4.01	2.02	1.93	4.89	(5.12)
Net Assets	23.95	24.31	24.75	28.11	21.89
Dividend paid/payable (net)	1.50	1.50	2.00	1.70	–
Financial Ratios					
Return on Shareholders' Funds	16.7%	8.3%	7.8%	17.4%	(23.4%)
Return on Total Assets Employed	13.1%	5.6%	5.0%	10.5%	(11.8%)
Gross Debt to Total-Equity Ratio	7.3%	18.3%	30.3%	40.0%	66.9%
Dividend Payout	37.4%	74.3%	103.6%	34.8%	–
Dividend Cover (times)	2.67	1.35	0.97	2.88	–

Financial Charts

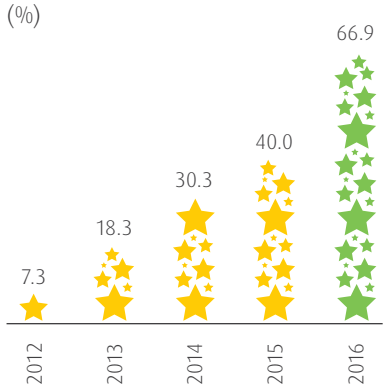
Turnover
(S$million)



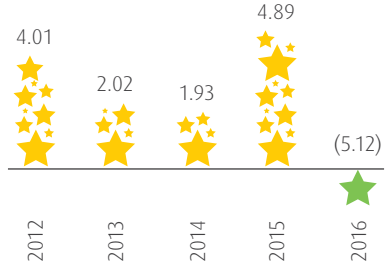
Junction Nine and Nine Residences *Credit: CEL Development Pte Ltd*

Net Profit (Loss) After Tax
(S$million)

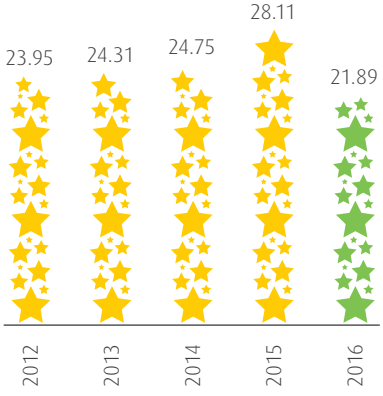
Gross Debt to Total-Equity Ratio
(%)



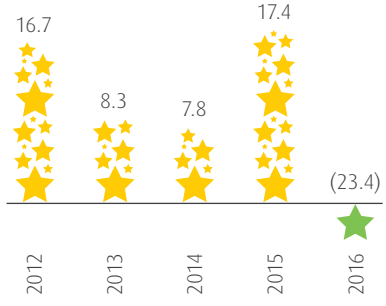
Earnings (Loss) Per Share
(cents)



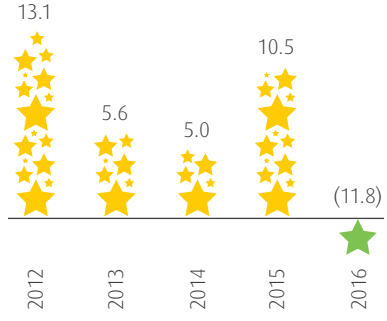
Net Assets per share
(cents)



Return on Shareholders' Funds
(%)



Return on Total Assets Employed
(%)



Corporate Social Responsibility

King Wan strongly believes that an organisation's success is not measured solely by its business achievements, but also the positive role it plays in upholding good corporate practices and its ability to make meaningful contributions to the community that it operates in.

Over the years, our commitment to Corporate Social Responsibility (CSR) has evolved gradually from traditional philanthropy and participation in ad-hoc charitable events to forming strategic partnerships with our beneficiaries.

Since 2014, King Wan has been working closely with the Muscular Dystrophy Association (Singapore) ("MDAS"). Our staff volunteers weekly at their Power Soccer sessions by facilitating the games and ensuring the safety of the participants throughout the event.

This year, we actively participated in MDAS public awareness event themed "Celebrating Life – Go The Dystance" (GTD2015) It is a carnival filled with interactive games that aims to promote inclusiveness and help beneficiaries with Muscular Dystrophy integrate into the society.

Building up to GTD2015 that took place in August 2015, a group of our enthusiastic staff went the extra mile by initiating a month long "food for love" drive. It is their way to show support to the programmes and services MDAS runs for more than 270 beneficiaries. It was a delicious journey as they honed their culinary skills by rolling out a series of food bentos, snacks and desserts for our company staff, sub-contractors and friends. Together with our earnest appeal for sponsorships, we managed to raise S$10,000 towards this worthy cause.

GTD2015 was a huge success. The spirit of volunteerism shines through in each individual even as bonds are forged across departments. Happy employees indeed make positive, productive ones. From the onset of fund raising, followed by the creative use of PVC pipes in designing and constructing of all the game booth structures prior to the event, to the manning and cleaning up of the booths on the actual day, proves that there is Strength in Unity!

Thomas Ong (extreme left) helping members of the public gain hands-on experience sitting in a wheelchair and going through obstacles.

Priscilla Siow (in red) assisting members of the public at a simulation course

Frederick Chng (centre in red) facilitating at the nerf gun shooting game stall where difficulties have been added for players to experience physical limitations.

"Food for Love" Liew Soo Chew preparing thunder tea rice

Financial Contents

Directors' Statement

The directors present their statement 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, 2016.

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 22 to 88 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at March 31, 2016, and the financial performance, 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.

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:

	Shareholdings registered in name of director	
Names of directors and Company in which interests are held	At beginning of year	At end of year
The Company	**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, 2016 were the same at March 31, 2016.

Directors' Statement

4 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.

5 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 had 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.

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;

Directors' Statement

5 AUDIT COMMITTEE (CONT'D)

- 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.

6 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

July 4, 2016

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, 2016, and the consolidated statement of profit or 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 22 to 88.

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 financial statements 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.

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 financial position of the Group and of the Company as at March 31, 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

July 4, 2016

Statements of Financial Position

March 31, 2016

	Note	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
ASSETS					
Current assets					
Cash and cash equivalents	6	5,567,519	11,350,261	401,002	440,523
Trade receivables	7	9,031,859	13,057,089	-	-
Other receivables and prepayments	8	48,412,406	165,178	11,700	20,034
Amount due from subsidiaries	9	-	-	7,107,146	16,711,981
Held-for-trading investments	10	584,277	612,858	-	-
Inventories	11	1,119,163	1,259,445	-	-
Construction work-in-progress	12	13,202,057	10,074,530	-	-
Total current assets		77,917,281	36,519,361	7,519,848	17,172,538
Non-current assets					
Other receivables	8	36,185,370	72,166,145	-	-
Property, plant and equipment	13	4,294,644	5,343,386	4,522	9,638
Investment in subsidiaries	14	-	-	26,142,151	26,389,213
Investment in associates and joint ventures	15	2,509,922	3,702,791	1,990,592	2,831,953
Available-for-sale investments	16	31,392,803	44,441,074	24,207,866	34,269,751
Total non-current assets		74,382,739	125,653,396	52,345,131	63,500,555
Total assets		152,300,020	162,172,757	59,864,979	80,673,093

Statements of Financial Position

March 31, 2016

	Note	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	17	24,480,995	18,944,832	-	-
Construction work-in-progress	12	3,969,455	3,038,404	-	-
Trade payables and bills payables	18	35,510,743	33,260,371	-	-
Other payables	19	4,627,470	4,510,974	3,796,202	3,157,562
Current portion of finance leases	20	270,636	278,702	-	-
Amount due to a subsidiary	21	-	-	10,409,299	6,124,298
Provision for rectification costs	22	988,383	1,408,227	-	-
Income tax payable		1,956,952	1,453,352	40	95,000
Total current liabilities		71,804,634	62,894,862	14,205,541	9,376,860
Non-current liabilities					
Bank borrowings	17	3,619,475	384,374	-	-
Finance leases	20	239,618	510,254	-	-
Deferred tax liabilities	23	214,859	214,859	-	-
Total non-current liabilities		4,073,952	1,109,487	-	-
Capital and reserves					
Share capital	24	46,813,734	46,813,734	46,813,734	46,813,734
Retained earnings		29,506,795	50,892,450	(1,154,296)	24,246,878
Foreign currency translation reserve	25	100,905	156,670	-	-
Investment revaluation reserve	26	-	305,554	-	235,621
Total equity		76,421,434	98,168,408	45,659,438	71,296,233
Total liabilities and equity		152,300,020	162,172,757	59,864,979	80,673,093

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2016

	Note	Group 2016 $	2015 $
Revenue	27	100,757,821	85,243,986
Cost of sales		(84,405,922)	(72,787,829)
Gross profit		16,351,899	12,456,157
Other operating income	28	3,342,149	4,635,742
Other gains	29	9,407	24,420,739
Administrative expenses		(7,254,994)	(9,978,753)
Other operating expenses	30	(24,889,432)	(12,000,000)
Share of loss of associates	15	(2,128,099)	(389,929)
Finance costs	31	(1,371,946)	(736,507)
(Loss) Profit before income tax		(15,941,016)	18,407,449
Income tax expense	32	(1,953,070)	(1,326,680)
(Loss) Profit for the year	33	(17,894,086)	17,080,769
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Fair value adjustment of available-for-sale investments	26	(13,048,271)	305,554
Reclassification to profit or loss from equity on impairment of available-for-sale investments	30	12,742,717	-
Exchange differences on translation of foreign operations (associates)	25	(55,765)	60,444
Reclassification adjustment of cumulative exchange differences to profit or loss upon disposal of associates	25	-	1,974,740
Other comprehensive (loss) income for the year		(361,319)	2,340,738
Total comprehensive (loss) income for the year		(18,255,405)	19,421,507
(Loss) Earnings per share (cents)			
Basic and diluted	34	(5.12)	4.89

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended March 31, 2016

	Share capital	Retained earnings	Foreign currency translation reserve	Investment revaluation reserve	Total
	$	$	$	$	$
Group					
Balance at April 1, 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
Total comprehensive loss for the year:					
Loss for the year	-	(17,894,086)	-	-	(17,894,086)
Other comprehensive loss for the year	-	-	(55,765)	(305,554)	(361,319)
Total	-	(17,894,086)	(55,765)	(305,554)	(18,255,405)
Transactions recognised directly in equity:					
Dividends (Note 35)	-	(3,491,569)	-	-	(3,491,569)
Balance at March 31, 2016	46,813,734	29,506,795	100,905	-	76,421,434

Statements of Changes in Equity

Year ended March 31, 2016

	Share capital $	Retained earnings $	Investment revaluation reserve $	Total $
Company				
Balance at April 1, 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
Total comprehensive loss for the year:				
Loss for the year	-	(21,909,605)	-	(21,909,605)
Other comprehensive loss for the year	-	-	(235,621)	(235,621)
Total	-	(21,909,605)	(235,621)	(22,145,226)
Transactions recognised directly in equity:				
Dividends (Note 35)	-	(3,491,569)	-	(3,491,569)
Balance at March 31, 2016	46,813,734	(1,154,296)	-	45,659,438

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended March 31, 2016

	Group	
	2016	**2015**
	$	$
Operating activities		
(Loss) Profit before income tax	(15,941,016)	18,407,449
Adjustments for:		
Depreciation of property, plant and equipment	1,180,263	1,184,868
Loss on disposal of property, plant and equipment	77,402	11,668
Allowance for doubtful trade receivables	214,852	798,154
Bad debts written off on trade receivables	-	44,994
Reversal of allowance for inventories obsolescence	(4,828)	(31,484)
Change in fair value of held-for-trading investments	28,581	76,103
Dividend income from held-for-trading investments	(9,407)	(16,186)
Dividend income from available-for-sale investments	(814,810)	(1,326,966)
Gain on disposal of available-for-sale investments	-	(270,465)
Interest income	(1,558,855)	(1,908,112)
Interest expense	1,371,946	736,507
Allowance for amounts due from associates	11,841,516	12,000,000
Impairment loss in available-for-sale investments	12,742,717	-
Gain on disposal of associates	-	(24,134,088)
Share of loss of associates	2,128,099	389,929
(Reversal of) Provision for rectification costs	(280,816)	505,779
Fee income from financial guarantee to associates	(502,649)	(942,716)
Operating cash flows before movements in working capital	10,472,995	5,525,434
Trade receivables	3,810,378	(4,564,657)
Other receivables and prepayments	(141,449)	(6,269)
Construction work-in-progress	(2,191,592)	8,155,023
Inventories	145,110	(214,180)
Trade payables and bills payables	2,250,372	6,950,390
Other payables	76,051	857,228
Provision for rectification costs	(139,028)	(84,416)
Cash generated from operations	14,282,837	16,618,553
Income taxes paid	(1,449,470)	(1,559,589)
Interest paid	(1,371,946)	(736,507)
Net cash from operating activities	11,461,421	14,322,457

Consolidated Statement of Cash Flows

Year ended March 31, 2016

	Group	
	2016	**2015**
	$	$
Investing activities		
Interest received	37,466	41,300
Investment in an associate	-	(190,000)
Advances to associates	(22,888,000)	(14,721,153)
Dividends received from held-for-trading investments	9,407	16,186
Dividends received from available-for-sale investments	814,810	1,326,966
Purchase of property, plant and equipment (Note A)	(222,434)	(703,330)
Purchase of held-for-trading investments	-	(250,000)
Proceeds from the disposal of property, plant and equipment	8,627	49,275
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	(22,240,124)	(12,890,233)
Financing activities		
Dividends paid	(3,491,769)	(7,681,911)
Dividends refunded	200	-
Repayments of obligations under finance leases (Note A)	(278,702)	(274,649)
Proceeds from bank borrowings	10,800,000	9,200,000
Repayments of bank borrowings	(2,028,736)	(370,794)
Net cash from financing activities	5,000,993	872,646
Net (decrease) increase in cash and cash equivalents	(5,777,710)	2,304,870
Cash and cash equivalents at the beginning of the year	11,350,261	9,045,391
Effect of foreign exchange rate changes on balances held in foreign currencies	(5,032)	-
Cash and cash equivalents at end of the year (Note 6)	5,567,519	11,350,261

Note A:

In 2015, the Group purchased property, plant and equipment with an aggregate cost of $964,939 of which $217,609 was acquired under finance lease arrangements, with the balance of $44,000 offset by the prepayment for the acquisition of plant and equipment made in 2014.

See accompanying notes to financial statements.

Notes to Financial Statements

March 31, 2016

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, associates and joint ventures in the Group are principally engaged in activities as disclosed in Notes 14 and 15 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, 2016 were authorised for issue by the Board of Directors on July 4, 2016.

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, 2015, 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.

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:

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- FRS 109 *Financial Instruments*[1]
- FRS 115 *Revenue from Contracts with Customers*[1]
- Amendments to FRS *115 Clarifications* to FRS 115 *Revenue from Contracts with Customers*[1]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*[2]

[1] Applies to annual periods beginning on or after April 1, 2018, with early application permitted.
[2] Applies to annual periods beginning on or after April 1, 2016, with early application permitted.

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.

Key requirements of FRS 109:

- 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.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at 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 to be 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.

- 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.

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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 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.

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional reliefs on contract modifications and completed contracts.

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.

- 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 OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will 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.

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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:

- 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.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

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

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in the Group's ownership interests in existing subsidiaries (cont'd)

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 or 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.

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 at fair value, with changes in fair value 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.

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 or 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' and 'other operating expenses' lines in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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.

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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' and 'other operating expenses' lines 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. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

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.

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from contract customers. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to contract customers. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts due to construction contracts customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

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 buildings and properties	-	over the terms of the lease which is 3⅓%
Plant and machinery	-	5% to 20%
Office equipment	-	10% to 33⅓%
Motor vehicles	-	10% to 20%
Portable toilets	-	20%

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 VENTURES - 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.

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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

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

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.

Notes to Financial Statements

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Dividend income

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

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 joint ventures, 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, 2016

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 a separate component of equity under the header of 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 and cash at bank and are subject to an insignificant risk of changes in value.

Notes to Financial Statements

March 31, 2016

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 that will have a significant effect on the amounts recognised in the financial statements, except for judgements involving estimations, 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) Recoverable amount of trade receivables and amount due from subsidiaries

(i) Allowances for doubtful trade receivables

The policy for allowance for doubtful trade receivables of the Group are based on the evaluation of collectability of debts, ageing analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of trade 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 trade receivables in the period in which such estimate changed.

As at the end of the reporting period, the carrying amount of trade receivables is disclosed in Note 7 to the financial statements.

(ii) Recoverable amount of receivables from subsidiaries

The Company assesses annually whether the advances to subsidiaries 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 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 and advances to subsidiaries exceed their net tangible assets values.

As at the end of the reporting period, the carrying amount of amount due from subsidiaries is disclosed in Note 9 to the financial statements.

(b) Recoverable amount of receivables from associates / joint ventures

(i) Dalian Shicheng Property Development (S) Pte Ltd ("DSPDS") group, comprising DSPDS and its subsidiary - Dalian Shicheng Property Development Co., Ltd ("DSPDC")

The Group assesses at the end of each reporting period whether the advances to DSPDS group is recoverable. The carrying amount of advances to DSPDS group at the end of the reporting period is $Nil (2015: $6,498,821) (net of allowance of $22,671,294) (2015: $12,000,000) (Note 8).

The ability to recover advances to DSPDS group is dependent on the ability to sell the properties ("Singapore Garden") of DSPDC in Dalian, PRC at the values estimated by management and to develop the properties at the cost estimated by management. The values of properties have been estimated by management with the assistance of an independent valuer.

Notes to Financial Statements

March 31, 2016

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

As at the end of the reporting period, an allowance of $22,671,294 (2015: $12,000,000) (Note 8) was made as a result of reduction in estimated net realisable value of properties of DSPDC. The assessment of recoverable amount of advances to DSPDS group is based on market value of development properties assuming full completion of partially completed units and development of remaining land.

(ii) Soon Zhou Investments Pte. Ltd. ("SZI") group, comprising SZI and its subsidiaries

The Group assesses at the end of each reporting period whether the advances to SZI group is recoverable. The carrying amount of advances to SZI group at the end of the reporting period is $15,335,096 (2015: $6,555,753), no impairment loss was recognised in 2016 and 2015 (Note 8).

In 2016, a subsidiary of SZI contracted with DSPDC to purchase development properties in Singapore Garden for cash consideration of RMB175 million (equivalent to $38 million). SZI group remitted $36 million to DSPDC using bank loan and funds equally contributed by the Company and a Joint Guarantor.

After considering the financial position of SZI group and the valuation of the properties in Singapore Garden estimated by an independent valuer, management expects the advances to SZI group to be recoverable. In making this assessment, significant assumptions include the ability of DSPDC to complete the development of certain partially completed units included in the sale to SZI group, transfer of ownership of the property units to SZI group in accordance with PRC regulations, and the ability of SZI group to realise the estimated values of the properties.

(iii) Meadows Bright Development Pte Ltd and Meadows Property (S'pore) Pte Ltd ("Meadows group")

The Group assesses at the end of each reporting period whether the advances to Meadows group is recoverable. The carrying amount of advances to Meadows group at the end of the reporting period is $48,101,819 (2015: $42,831,791), no impairment loss was recognised in 2016 and 2015 (Note 8).

In assessing the recoverability of the advances to Meadows group, 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 group. The present value of estimated future cash flows, discounted at the original effective interest rate was calculated on the basis that the properties (under developments and held for sale) would be sold to third party at prevailing market rate or net realisable value. If the market condition is to deteriorate which will affect the market price of the properties, the Group's advances to Meadows group may be impaired.

(iv) Gold Hyacinth Development Pte Ltd ("GHD")

The advances to GHD is to support its operation in chartering of vessel. The Group assesses at the end of each reporting period whether the advances to GHD is recoverable. The carrying amount of advances to GHD at the end of the reporting period is $2,997,297 (2015: $4,025,121) (net of allowance of $1,045,300) (2015: $Nil) (Note 8).

In assessing the recoverability of the advances to GHD, the Group evaluates, among other factors, the market and economic environment in which the associate operates, economic performance of this entity i.e. existing financial performance as well as operating profit forecasts and the duration and extent to which the cost of investment in this entity and advances to GHD exceed the fair value less cost of disposal.

As at the end of the reporting period, an allowance of $1,045,300 (2015: $Nil) (Note 8) was made based on the market conditions reflecting the recoverability of the net assets in GHD.

If the market condition is to deteriorate which will affect the financial performance of GHD, further impairment may be required.

Notes to Financial Statements

March 31, 2016

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

(v) Nexus Point Investments Pte Ltd ("Nexus")

The advances to Nexus is to fund the construction of a dormitory. The Group assesses at the end of each reporting period whether the advances to Nexus is recoverable. The carrying amount of advances to Nexus at the end of the reporting period is $13,444,904 (2015: $7,825,197), no impairment loss was recognised in 2016 and 2015 (Note 8).

In assessing the recoverability of the advances to Nexus, the Group evaluates, among other factors, the market and economic environment in which the associate operates, economic performance of this entity i.e. existing financial performance as well as operating profit forecasts and the duration and extent to which the cost of investment in this entity and advances to Nexus exceed its fair value less cost of disposal. If the market condition is to deteriorate which will affect the financial performance of Nexus, impairment may be required.

(vi) Other associates

The Group assess at the end of each reporting period whether the advances to other associates is recoverable. The carrying amount of advances to other associates at the end of the reporting period is $4,413,423 (2015: $4,429,462) (net of allowance of $124,922) (2015: $Nil) (Note 8).

The recoverability of the advances to other associates is dependent on the ability to sell the properties ("Singapore Garden") acquired from DSPDC in Dalian, PRC at the values estimated by management. The values of properties have been estimated by management with the assistance of an independent valuer.

As at the end of the reporting period, an allowance of $124,922 (2015: $Nil) (Note 8) was made based on the market conditions reflecting the recoverability of the net assets in other associates.

(c) Assessment of contingent liabilities for guarantees given in connection with bank loans of DSPDS group and SZI group (entities described in Note 3 (b)(i) and (b)(ii) above)

(i) The Company together with another shareholder (the "Joint Guarantor") of the associate, DSPDS group, provided joint and several corporate guarantees to a bank for credit facilities utilised by DSPDS group for development of the Singapore Garden. At March 31, 2016, the outstanding bank loan of DSPDS group was $22,227,513 (2015: $24,500,000).

(ii) In 2016, the Company and the Joint Guarantor provided joint and several guarantee to bank for a bank loan taken by SZI group to fund part of the acquisition of properties from DSPDC (Note 3(b)(ii)). At March 31, 2016, the outstanding bank loan is $21,989,143 (2015: $Nil).

In assessing whether the Group needs to record any liability in respect of the above joint and several guarantees, management engaged an independent valuer to estimate the gross development value ("GDV") of the properties of DSPDC which is the projected value upon full completion of development of properties which are currently partially developed or yet to be developed. The valuation also includes the market value in existing state which is the GDV less all cost to complete, marketing cost, sales tax and developers' profit.

Based on these estimates, management expects that DSPDS group will be able to realise sufficient proceeds to repay its loan from the bank loan referred to in paragraph (i) above.

Management expects that future sales proceeds from units purchased by SZI group from DSPDC will be sufficient for SZI group to repay the bank loan referred to in paragraph (ii) above.

Notes to Financial Statements

March 31, 2016

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

It is anticipated that the Group together with the Joint Guarantor will be required to fund instalment payments due on the bank loans and cash required to continue development of partially completed units of DSPDC included in the purchase contract referred to in Note 3(b)(ii) and development of the currently undeveloped land. However, such payments are expected to be recovered subsequently from the eventual sale of DSPDC properties.

Based on the above assessment, management has made the judgement that as of March 31, 2016, no provision for loss need to be made in connection with the bank guarantees.

The above assessment is based on the best estimates of net cash flows which may be realised from sale of properties of DSPDC and is highly dependent on estimates of cost to complete the partially completed units, the ability to sell the properties for the estimated amounts, the timing of sale relative to timing of repayment of bank loans and the assumption that the Joint Guarantor will jointly fund 50% of instalment payments due on the bank loans and jointly provide any cash required to continue development of the partially completed units of DSPDC and the remaining land of DSPDC.

Management will monitor the above projections, reassess the judgements and accounting estimates periodically.

(d) Impairment in value of investment in associates and joint ventures – Group level

The Group assesses annually whether its investment in associates and joint ventures 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 ventures 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 ventures and/or market condition were to deteriorate which will affect the Group's investments in associates or joint ventures, impairment may be required.

As disclosed in Note 15, certain carrying value of the investment in associates and joint ventures is $Nil at the end of the reporting period (2015: $Nil) as the Group has recognised losses incurred by the associates and joint ventures to the Group's cost of investment in the associates and joint ventures. The Group did not recognise the excess losses incurred by the associates and joint ventures as the Group does not have the legal or constructive obligation or made payments on behalf of the associates and joint ventures.

The carrying cost of the investment in associates and joint ventures is disclosed in Note 15 to the financial statements.

(e) Investment in subsidiaries, associates and joint ventures at company level

The Company assesses annually whether its investment in subsidiaries, associates and joint ventures 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, associates and joint ventures 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 $10,000,000 (2015: $9,200,000) was made for investment in subsidiaries and $2,646,683 (2015: $825,210) for investment in associates and joint ventures, estimated based on the market conditions reflecting the recoverability of the net assets in subsidiaries, associates and joint ventures.

Notes to Financial Statements

March 31, 2016

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

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

The carrying amount of the investment in subsidiaries, associates and joint ventures are disclosed in Notes 14 and 15 respectively to the financial statements.

(f) Revenue recognition and contract cost from construction contracts

The Group recognises contract revenue and contract cost based on the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2. Significant assumptions are required in determining the stage of completion, the estimated total contract revenue and contract cost and the recoverability of the contracts sum. In making the assumption, the Group relies on past experience. Revenue from construction contracts is disclosed in Note 27 based on the estimated costs to completion.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

(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, 2016

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	
	2016	2015	2016	2015
	$	$	$	$
Financial assets				
Loans and receivables (including cash and cash equivalents):				
- Cash and cash equivalents	5,567,519	11,350,261	401,002	440,523
- Trade receivables	9,031,859	13,057,089	-	-
- Other receivables (excluding prepayments)	84,439,715	72,267,587	1,000	9,934
- Amount due from subsidiaries	-	-	7,107,146	16,711,981
- Amount due from customers for contracts-in-progress	13,202,057	10,074,530	-	-
	112,241,150	106,749,467	7,509,148	17,162,438
Fair value through profit and loss:				
- Held-for-trading	584,277	612,858	-	-
Available-for-sale financial assets	31,392,803	44,441,074	24,207,866	34,269,751
Financial liabilities				
Amortised cost:				
- Bank borrowings	28,100,470	19,329,206	-	-
- Trade payables and bills payables	35,510,743	33,260,371	-	-
- Other payables	4,627,470	4,510,974	3,796,202	3,157,562
- Amount due to a subsidiary	-	-	10,409,299	6,124,298
- Finance leases	510,254	788,956	-	-
	68,748,937	57,889,507	14,205,501	9,281,860

Notes to Financial Statements

March 31, 2016

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

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

Financial assets

Type of financial asset	(a) Gross amounts of recognised financial assets	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position	(c) = (a) - (b) Net amounts of financial asset
	$	$	$
2016			
Amount due from an associate	370,719	(370,719)	-

In 2015, the Group and Company did not have any financial instruments which were subject to enforceable master netting arrangements or any netting arrangements.

In 2016, other than above financial instrument, the Group and Company does not have any other financial instruments that are subject to offsetting, enforceable master netting arrangements or similar netting arrangements.

(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-sale 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-sale investments do not have any effect on the Group's and Company's profit or loss as it is a non-monetary item and changes arising from foreign exchange is recognised in the investment revaluation reserve with the exception of impairment losses.

Notes to Financial Statements

March 31, 2016

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

(c) Financial risk management policies and objectives (cont'd)

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 certain 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, certain bank borrowings and finance lease as the interest rate have been fixed at the inception of the loan to associates, certain bank borrowings and finance lease. Interest rate of the loan to associates is disclosed in Note 8, bank borrowings is disclosed in Note 17 and finance lease is disclosed in Note 20 to the financial statements. The Group does not have interest rate hedging policy and management monitors interest rate exposure closely.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for certain bank borrowings and bill payables at the end of the reporting period. For floating rate 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 $229,527 (2015: $190,099).

(iii) Equity price risk management

The Group's exposure to equity risks arise 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 Notes 10 and 16 to the financial statements.

Equity price sensitivity

The sensitivity analyses 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 $58,428 (2015: $61,286).

In respect of available-for-sale investments, if equity prices had been 10% lower and all other variables were held constant, the Group's and Company's profit or loss would decrease by $3,139,280 and $2,420,787 respectively. (2015: no impact to the Group's and Company's profit or loss, investment revaluation reserve would decrease by $4,444,107 and $3,426,975 respectively). If equity prices had been 10% higher and all other variables were held constant, there is no impact to the Group's and Company's profit or loss. The Group's and Company's investment revaluation reserve would increase by $3,139,280 and $2,420,787 respectively (2015: $4,444,107 and $3,426,975 respectively).

Notes to Financial Statements

March 31, 2016

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

(c) Financial risk management policies and objectives (cont'd)

(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 $84,292,539 (2015: $72,166,145) and the Company has a balance from subsidiaries of $7,107,146 (2015: $16,711,981).

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.

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.

Notes to Financial Statements

March 31, 2016

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

(c) Financial risk management policies and objectives (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
2016						
Non-interest bearing	-	37,028,192	-	1,503,862	-	38,532,054
Fixed interest rate instruments	2.41	39,939,818	-	36,113,169	(2,343,891)	73,709,096
		76,968,010	-	37,617,031	(2,343,891)	112,241,150
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
		34,612,257	69,649,310	4,120,512	(1,632,612)	106,749,467
Company						
2016						
Non-interest bearing	-	7,509,148	-	-	-	7,509,148
2015						
Non-interest bearing	-	17,162,438	-	-	-	17,162,438

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.

Notes to Financial Statements

March 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)
(c) Financial risk management policies and objectives (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
2016						
Non-interest bearing	-	15,664,801	-	-	-	15,664,801
Variable interest rate instruments	3.04	45,636,576	809,218	-	(540,424)	45,905,370
Fixed interest rate instruments	3.56	2,040,353	2,972,331	-	(362,214)	4,650,470
Finance lease liability (fixed rate)	2.61	280,188	242,677	-	(12,611)	510,254
Financial guarantee contract	-	100,743,222	-	-	(98,725,180)	2,018,042
		164,365,140	4,024,226	-	(99,640,429)	68,748,937
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)	2.61	296,965	522,865	-	(30,874)	788,956
Financial guarantee contract	-	148,118,810	-	-	(146,578,230)	1,540,580
		203,782,271	913,713	-	(146,806,477)	57,889,507
Company						
2016						
Non-interest bearing	-	12,099,388	-	-	-	12,099,388
Financial guarantee contract	-	154,408,116	-	-	(152,302,003)	2,106,113
		166,507,504	-	-	(152,302,003)	14,205,501
2015						
Non-interest bearing	-	7,706,713	-	-	-	7,706,713
Financial guarantee contract	-	191,305,882	-	-	(189,730,735)	1,575,147
		199,012,595	-	-	(189,730,735)	9,281,860

Notes to Financial Statements

March 31, 2016

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

(c) Financial risk management policies and objectives (cont'd)

(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:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) 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

(c) 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.

(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 17, 18 and 20 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 17, 18 and 20 to the financial statements respectively, less cash and bank balances as disclosed in Note 6 to the financial statements.

Notes to Financial Statements

March 31, 2016

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

(d) Capital risk management policies and objectives (cont'd)

	Group	
	2016	**2015**
	$	$
Total borrowings	51,066,094	39,687,900
Total equity	76,421,434	98,168,408
Gross gearing (times)	0.67	0.40
Net borrowings	45,498,575	28,337,639
Total equity	76,421,434	98,168,408
Net gearing (times)	0.60	0.29

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	
	2016	**2015**
	$	$
Rental income from an associate	(16,662)	(15,426)
Interest income from associates	(1,521,389)	(1,866,813)
Management fee income from associates	(109,987)	(106,273)
Advances to associates	14,423,000	10,611,153
Advances to joint ventures	8,465,000	4,110,000

At the end of the reporting period, loan amounting to $8,465,000 (2015: $4,110,000) were advanced to joint ventures of the Group to enter into sale and purchase agreements with another associate of the Group, Dalian Shicheng Property Development Co., Ltd to purchase properties.

Compensation of directors and key management personnel

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

	Group	
	2016	**2015**
	$	$
Directors' and key managements' remuneration:		
- Short-term benefits	2,623,869	3,797,085
- Post-employment benefits	116,023	91,280
	2,739,892	3,888,365
Directors' fees	176,000	176,000
	2,915,892	4,064,365

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, 2016

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Cash and bank balances	5,567,519	11,350,261	401,002	440,523

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

Cash balances held with certain banks amounting to $4,034,334 (2015: $4,176,944) earns interest at an interest rate ranging from 0.19% to 2.62% per annum (2015: 0.10% to 0.96% per annum).

7 TRADE RECEIVABLES

	Group	
	2016	2015
	$	$
Unbilled trade receivables from construction contracts	6,393,107	7,975,648
Amounts receivable from construction contract customers	3,637,774	5,998,617
Amounts receivable from rendering of services	894,200	791,194
	10,925,081	14,765,459
Less: Allowance for doubtful receivables	(1,893,222)	(1,708,370)
Net	9,031,859	13,057,089

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, 2016, retention monies held by customers for contract work amounted to $646,800 (2015: $3,037,187). Retention sum of $646,800 (2015: $1,170,628) 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 (2015: 30 days). No interest is charged on overdue trade receivables.

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 9 debtors (2015: 6 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 $874,782 (2015: $1,193,190) are past due and not impaired, and $8,157,077 (2015: $11,863,899) are neither past due nor impaired 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 trade receivables that are past due and not impaired is 54 days (2015: 52 days).

Notes to Financial Statements

March 31, 2016

7 TRADE RECEIVABLES (CONT'D)

An allowance of $1,893,222 (2015: $1,708,370) 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	
	2016	**2015**
	$	$
Not past due and not impaired	8,157,077	11,863,899
Past due but not impaired [(i)]	874,782	1,193,190
	9,031,859	13,057,089
Impaired receivables – collectively assessed [(ii)]	1,893,222	1,708,370
Less: Allowance for doubtful receivables	(1,893,222)	(1,708,370)
	-	-
Total trade receivables, net	9,031,859	13,057,089

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

	Group	
	2016	**2015**
	$	$
< 3 months	661,773	1,102,207
3 months to 6 months	213,009	90,983
	874,782	1,193,190

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.

Movement in the allowance for doubtful receivables:

	Group	
	2016	**2015**
	$	$
At beginning of the year	1,708,371	1,013,425
Amounts written off during the year	(30,001)	(103,209)
Increase in allowance recognised in profit or loss (Note 33)	214,852	798,154
At end of the year	1,893,222	1,708,370

Notes to Financial Statements

March 31, 2016

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Current:				
Amounts due from associates (Notes 5 and 15)	48,107,169	-	-	-
Other receivables	4,790	25,895	-	9,934
Prepayments	158,061	63,736	10,700	10,100
Advances to staff	300	300	-	-
Deposits	142,086	75,247	1,000	-
	48,412,406	165,178	11,700	20,034
Non-current:				
Amounts due from associates and a joint venture (Notes 5 and 15)	60,026,886	84,166,145	-	-
Less: Allowance for amounts due from associates and a joint venture	(23,841,516)	(12,000,000)	-	-
	36,185,370	72,166,145	-	-

Loans to associates and a joint venture amounting to $69,674,762 (2015: $56,260,133) are unsecured, repayable on demand and bear an interest of 2.5% (2015: 2.5% 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 $36,185,370 (2015: $72,166,145) 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 $23,841,516 (2015: $12,000,000) is made for amounts due from an associates (Note 3(b)(i)(iv)(vi)).

Movement in the allowance for doubtful receivables:

	Group	
	2016	2015
	$	$
At beginning of the year	12,000,000	-
Increase in allowance recognised in profit or loss (Note 33)	11,841,516	12,000,000
At end of the year	23,841,516	12,000,000

Notes to Financial Statements

March 31, 2016

9 AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2016	**2015**
	$	$
Subsidiaries – non-trade (Note 14)	15,710,318	16,711,981
Less: Allowance for doubtful receivables	(8,603,172)	-
	7,107,146	16,711,981

The loans granted to the subsidiaries are interest-free, unsecured and repayable on demand. As at the end of the reporting period, an allowance of $8,603,172 (2015: $Nil) was made based on the market conditions reflecting the recoverability of the net assets in subsidiaries.

Movement in the allowance for doubtful receivables:

	Company
	$
At April 1, 2014 and March 31, 2015	-
Increase in allowance recognised in profit or loss	8,603,172
At March 31, 2016	8,603,172

10 HELD-FOR-TRADING INVESTMENTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	$	$	$
Quoted equity shares, at fair value	333,152	362,858	-	-
Quoted debt securities, at fair value	251,125	250,000	-	-
	584,277	612,858	-	-
At beginning of the year	612,858	480,519	-	37,315
Additions during the year	-	250,000	-	-
Disposal during the year	-	(41,558)	-	(41,558)
Fair value change on held-for-trading investments	(28,581)	(76,103)	-	4,243
At end of the year	584,277	612,858	-	-

Held-for-trading investments are investments in quoted equity and debt 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 the quoted securities are based on quoted bid market prices on the last market day of the financial year.

Notes to Financial Statements

March 31, 2016

11 INVENTORIES

	Group	
	2016	**2015**
	$	$
Raw materials and consumables	1,395,166	1,540,276
Less: Allowance for inventories obsolescence	(276,003)	(280,831)
	1,119,163	1,259,445

Movement in the allowance for inventories obsolescence:

	Group	
	2016	**2015**
	$	$
At beginning of the year	280,831	312,315
Reversal of allowance for inventories obsolescence (Note 33)	(4,828)	(31,484)
At end of the year	276,003	280,831

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

12 CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2016	**2015**
	$	$
Contract costs incurred plus recognised profits (less recognised losses to date)	159,190,769	90,862,839
Less: Progress billing	(149,958,167)	(83,826,713)
	9,232,602	7,036,126
Contracts-in-progress at end of the reporting period:		
Amounts due from contract customers	13,202,057	10,074,530
Amounts due to contract customers	(3,969,455)	(3,038,404)
	9,232,602	7,036,126

During the financial years ended March 31, 2016 and March 31, 2015, no provision for foreseeable losses has been recognised in profit or loss.

Notes to Financial Statements

March 31, 2016

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings and properties	Plant and machinery	Office equipment	Motor vehicles	Portable toilets	Total
	$	$	$	$	$	$
Group						
Cost:						
At April 1, 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
Additions	11,816	18,224	165,382	-	27,012	222,434
Disposals	(25,380)	(47,363)	(188,940)	(14,713)	(11,278)	(287,674)
At March 31, 2016	8,265,759	1,004,795	1,312,827	5,155,951	1,744,768	17,484,100
Accumulated depreciation:						
At April 1, 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
Depreciation for the year [1]	357,056	42,356	151,958	597,549	36,228	1,185,147
Disposals	(13,586)	(26,979)	(135,087)	(14,713)	(11,280)	(201,645)
At March 31, 2016	6,491,023	835,627	937,689	3,292,150	1,632,967	13,189,456
Carrying amount:						
At March 31, 2016	1,774,736	169,168	375,138	1,863,801	111,801	4,294,644
At March 31, 2015	2,131,770	213,684	415,567	2,461,350	121,015	5,343,386

Notes to Financial Statements

March 31, 2016

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Total $
Company	
Office equipment	
Cost:	
At April 1, 2014, March 31, 2015 and 2016	15,350
Accumulated depreciation:	
At April 1, 2014	595
Depreciation for the year	5,117
At March 31, 2015	5,712
Depreciation for the year	5,116
At March 31, 2016	10,828
Carrying amount:	
At March 31, 2016	4,522
At March 31, 2015	9,638

The Group's certain plant and equipment with carrying amount of $921,853 (2015: $1,042,189) are secured under finance leases.

(1) Included herein are depreciation expenses amounting to $4,884 (2015: $2,582) 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, 2016

14 INVESTMENT IN SUBSIDIARIES

	Company	
	2016	**2015**
	$	$
Unquoted equity shares – at cost	34,940,189	34,940,189
Less: Impairment loss on investment in subsidiary (i)	(10,000,000)	(9,200,000)
	24,940,189	25,740,189
Deemed investment arising from financial guarantees provided to banks on behalf of subsidiaries (ii) (Note 19)	1,201,962	649,024
Net	26,142,151	26,389,213

(i) The impairment loss in value of investment in subsidiary relates to impairment of investment in King Wan Development Pte Ltd who holds investment in Dalian Shicheng Property Development (S) Pte. Ltd.. Refer to Notes 3(b) and 3(e) to the financial statements for further details on impairment assessment of amount due from associates and joint ventures; and impairment assessment of investment in subsidiaries, associates and joint venture 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.

Movement in the impairment loss on investment in subsidiary

	Company	
	2016	**2015**
	$	$
At beginning of the year	9,200,000	-
Increase in allowance recognised in profit or loss (Note 33)	800,000	9,200,000
At end of the year	10,000,000	9,200,000

Notes to Financial Statements

March 31, 2016

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

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	
		2016	2015
		%	%
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	100

[1] Audited by Deloitte & Touche LLP, Singapore.

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Unquoted equity shares – at cost	11,455,846	11,455,846	-	-
Deemed investment arising from financial guarantees provided to banks on behalf of Group's associates and joint ventures	4,648,157	3,657,162	1,990,592	2,831,953
Excess of nominal value over fair value of advances given to associates	160,960	160,960	-	-
	16,264,963	15,273,968	1,990,592	2,831,953
Share of post-acquisition accumulated results, net of dividends received	(13,882,882)	(11,754,783)	-	-
Share of foreign currency translation reserve	127,841	183,606	-	-
Net	2,509,922	3,702,791	1,990,592	2,831,953

Notes to Financial Statements

March 31, 2016

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D)

Name of associates	Principal activities/ Place of operation and country of incorporation	Proportion of effective ownership interest and voting power held	
		2016	2015
		%	%
Held through King Wan Industries Pte Ltd			
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
Held through King Wan Development Pte Ltd			
Meadows Bright Development Pte Ltd [1]	Property development/Singapore	40	40
Meadows Property (S'pore) Pte Ltd [2]	Property development/Singapore	35.6	35.6
Bukit Timah Green Development Pte Ltd [3]	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
Held through Gold Topaz Pte Ltd			
Gold Hyacinth Development Pte Ltd [1]	Chartering of vessels/Singapore	30	30
Held through Harmony Investment Holding Pte Ltd			
Nexus Point Investments Pte Ltd [1]	Investment holding/Singapore	19	19

Notes to Financial Statements

March 31, 2016

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D)

Name of joint ventures	Principal activities/ Place of operation and country of incorporation	Proportion of effective ownership interest and voting power held	
		2016	2015
		%	%
Held through King Wan Industries Pte Ltd			
Soon Zhou Investments Pte Ltd [6]	Investment holding/Singapore	50	50
Held through Soon Zhou Investments Pte Ltd			
Blue Oasis Investments Pte Ltd [7]	Investment holding/Singapore	50	-
Dalian Blue Oasis Properties Co Ltd [7]	Investment holding/China	50	-

(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 LLP, Dalian Branch.

(5) Audited by another firm of auditors, Thanapan & Associates, Certified Public Accountants, Thailand.

(6) Audited by Chan Leng Leng & Co, Singapore.

(7) Blue Oasis Investments Pte Ltd and Dalian Blue Oasis Properties Co Ltd is 100% owned by the Group's joint venture, Soon Zhou Investments Pte Ltd.

Notes to Financial Statements

March 31, 2016

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D)

Summarised financial information in respect of the Group's material associates and joint ventures are set out below.

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

	2016	2015
	$	$
Current assets	55,229,729	105,680,357
Non-current assets	107,338	138,106
Current liabilities	(127,347,853)	(117,923,817)
Capital deficiency	(72,010,786)	(12,105,354)
Revenue	4,938,235	10,743,586
(Loss) Profit for the year	(60,948,870)	769,133
Other comprehensive income for the year	1,043,438	1,759,701
Total comprehensive (loss) income for the year	(59,905,432)	2,528,834

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

	2016	2015
	$	$
Net liabilities of the associate	(72,010,786)	(12,105,354)
Proportion of the Group's ownership interest in DSPS	36.6%	36.6%
The Group's interest in DSPS	(26,355,948)	(4,430,560)
Deemed investment arising from financial guarantees provided to banks on behalf of DSPS	825,211	825,211
Excess of nominal value over fair value of advances given to DSPS	40,960	40,960
	(25,489,777)	(3,564,389)
Carrying amount of the Group's interest in DSPS	-	-

As at the end of the reporting period, the Group has not recognised loss amounting to $25,489,777 (2015: $3,564,389) incurred by DSPS as this represents loss in excess of the Group's interest in DSPS.

Notes to Financial Statements

March 31, 2016

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D)
Meadows Bright Development Pte Ltd's Group ("MBD")

	2016	2015
	$	$
Current assets	134,079,924	175,216,399
Non-current assets	6,967,475	493,000
Current liabilities	(144,857,696)	(176,618,026)
Non-controlling interests	1,116,722	182,020
Capital deficiency	(2,693,575)	(726,607)
Revenue	25,191,205	17,766,217
Loss for the year, representing total comprehensive loss	(2,901,668)	(685,752)
Total comprehensive loss attributable to owners of MBD	(1,966,968)	(524,679)

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

	2016	2015
	$	$
Net liabilities of the associate	(2,693,575)	(726,607)
Proportion of the Group's ownership interest in MBD	40%	40%
The Group's interest in MBD	(1,077,430)	(290,643)
Deemed investment arising from financial guarantees provided to banks on behalf of MBD	1,731,778	1,731,778
Excess of nominal value over fair value of advances given to MBD	120,000	120,000
Pre-acquisition profits not recorded by the Group	287,611	287,611
	1,061,959	1,848,746
Carrying amount of the Group's interest in MBD	1,061,959	1,848,746

Notes to Financial Statements

March 31, 2016

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D)

Gold Hyacinth Development Pte Ltd ("GHD")

	2016 $	2015 $
Current assets	2,930,372	1,148,339
Non-current assets	20,083,976	26,860,991
Current liabilities	(2,926,724)	(2,888,192)
Non-current liabilities	(25,115,008)	(24,698,438)
Capital (deficiency) surplus	(5,027,384)	422,700
Revenue	4,227,603	4,456,119
(Loss) profit for the year	(5,605,532)	375,351
Other comprehensive profit for the year	155,448	9,179
Total comprehensive (loss) profit for the year	(5,450,084)	384,530

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

	2016 $	2015 $
Net (liability) asset of the associate	(5,027,384)	422,700
Proportion of the Group's ownership interest in GHD	30%	30%
The Group's interest in GHD	(1,508,215)	126,810
Deemed investment arising from financial guarantees provided to banks on behalf of GHD	92,429	92,429
	(1,415,786)	219,239
Carrying amount of the Group's interest in GHD	-	219,239

As at the end of the reporting period, the Group has not recognised loss amounting to $1,415,786 (2015: $Nil) incurred by GHD as this represents loss in excess of the Group's interest in GHD.

Notes to Financial Statements

March 31, 2016

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D)

Soon Zhou Investments Pte Ltd's Group ("Soon Zhou")

	2016	2015
	$	$
Current assets	45,076,349	8,397,313
Non-current assets	4,953,196	4,953,196
Current liabilities	(52,876,290)	(13,538,502)
Capital deficiency	(2,846,745)	(187,993)
Revenue	-	-
Loss for the year	(1,272,162)	(1,170,675)
Other comprehensive loss for the year	(1,386,589)	-
Total comprehensive loss for the year	(2,658,751)	(1,170,675)

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

	2016	2015
	$	$
Net liability of the joint venture	(2,846,745)	(187,993)
Proportion of the Group's ownership interest in Soon Zhou	50%	50%
The Group's interest in Soon Zhou	(1,423,373)	(93,997)
Deemed investment arising from financial guarantees provided to banks on behalf of Soon Zhou	520,254	-
	(903,119)	(93,997)
Carrying amount of the Group's interest in Soon Zhou	-	-

As at the end of the reporting period, the Group has not recognised loss amounting to $903,119 (2015: $93,997) incurred by Soon Zhou as this represents loss in excess of the Group's interest in Soon Zhou.

Notes to Financial Statements

March 31, 2016

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D)

Nexus Point Investments Pte Ltd ("Nexus")

	2016 $	2015 $
Current assets	2,528,454	2,821,731
Non-current assets	212,851,657	154,837,375
Current liabilities	(21,398,474)	(61,548,346)
Non-current liabilities	(196,244,020)	(95,245,753)
Capital (deficiency) surplus	(2,262,383)	865,007
Revenue	417,348	-
Loss for the year, representing total comprehensive loss for the year	(3,127,390)	(131,533)

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

	2016 $	2015 $
Net (liability) asset of the associate	(2,262,383)	865,007
Proportion of the Group's ownership interest in Nexus	19%	19%
The Group's interest in Nexus	(429,853)	164,351
Deemed investment arising from financial guarantees provided to banks on behalf of MBD	1,478,485	1,007,744
Carrying amount of the Group's interest in Nexus	1,048,632	1,172,095

Aggregate information of associates that are not individually material

	2016 $	2015 $
The Group's share of (loss) profit	(14,164)	7,427
Aggregate carrying amount of the Group's interest in these associates	399,331	462,711

Notes to Financial Statements

March 31, 2016

16 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Quoted equity shares, at fair value	31,392,803	44,441,074	24,207,866	34,269,751

The Group's and Company's investments in quoted equity shares include an impairment loss of $12,742,717 (2015: $Nil) and $9,826,264 (2015: $Nil) respectively.

The investment in quoted equity securities 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.

17 BANK BORROWINGS

	Group	
	2016	2015
	$	$
Short-term bank borrowings	21,450,000	18,450,000
Current portion of long-term bank borrowings	3,030,995	494,832
	24,480,995	18,944,832
Non-current portion of long-term bank borrowings	3,619,475	384,374
	28,100,470	19,329,206

The short-term bank borrowings extended by the banks to a subsidiary are on 1 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 2.69% to 4.08% (2015: 2.14% to 3.57%) 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 ranging from 2 to 5 years (2015: 2 years) and are repayable over 9 to 60 (2015: 24) monthly instalments. The long-term bank borrowings were drawn down for the purpose of financing on-going construction projects and guaranteed by the Company. Long-term bank borrowings amounting to $2,000,000 (2015: $Nil) bear interest at 3.05% (2015: Nil) per annum, and are arranged at floating rates thus exposing the Group to cash flow interest rate risks. The remaining amount of long-term bank borrowings bear fixed interest at rates ranging from 2.80% to 4.50% (2015: 4.00%) per annum.

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

Notes to Financial Statements

March 31, 2016

18 TRADE PAYABLES AND BILLS PAYABLES

	Group	
	2016	2015
	$	$
Bills payables	22,455,370	19,569,738
Trade payables - outside parties	9,832,899	9,737,083
Accrual for subcontractor costs	3,222,474	3,953,550
	35,510,743	33,260,371

Bills payables are repayable between 2 to 5 months (2015: 2 to 6 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 2.08% to 3.51% (2015: 1.82% to 2.42%) 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 (2015: 3 months). No interest is charged on overdue trade payables.

19 OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Other payables	1,096,308	1,165,555	177,459	148,785
Associates (Note 15)	490	371,209	-	-
Directors	261,430	182,430	261,430	182,430
Accrual for profit sharing	1,251,200	1,251,200	1,251,200	1,251,200
Financial guarantees	2,018,042	1,540,580	2,106,113	1,575,147
	4,627,470	4,510,974	3,796,202	3,157,562

The amounts due to 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 $2,018,042 and $2,106,113 (2015: $1,540,580 and $1,575,147) respectively. The Company issued financial guarantees to financial institutions for credit facilities obtained by its subsidiaries, joint ventures and certain associates (Note 36), 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, joint ventures and subsidiaries.

The Group and Company is a party to financial guarantee contracts where it has provided financial guarantee of $100,743,222 (2015: $148,118,810) to bank in respect of associates and joint venture of the Group. The Company also provides financial guarantee of $53,664,894 (2015: $43,187,072) to banks in respect of certain subsidiaries.

Notes to Financial Statements

March 31, 2016

20 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	$	$	$	$
Group				
Amounts payable under finance leases:				
Within one year	280,188	296,965	270,636	278,702
In the second to fifth years inclusive	242,677	522,865	239,618	510,254
	522,865	819,830	510,254	788,956
Less: Future finance charges	(12,611)	(30,874)	N/A	N/A
Present value of lease obligations	510,254	788,956	510,254	788,956
Less: Amount due for settlement within 12 months			(270,636)	(278,702)
Amount due for settlement after 12 months			239,618	510,254

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 4 years (2015: 4 years). At the end of the reporting period, the average effective borrowing rate was 2.61% (2015: 2.61%) 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 13).

21 AMOUNT DUE TO A SUBSIDIARY

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

22 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	
	2016	2015
	$	$
At beginning of the year	1,408,227	986,864
(Credit) Charge to profit or loss	(280,816)	505,779
Payments	(139,028)	(84,416)
At end of the year	988,383	1,408,227

Notes to Financial Statements

March 31, 2016

23 DEFERRED TAX LIABILITIES

	Group	
	2016	2015
	$	$
At beginning and end of financial year	214,859	214,859

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

24 SHARE CAPITAL

	Group and Company			
	2016	2015	2016	2015
	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.

25 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	
	2016	2015
	$	$
At beginning of the year	156,670	(1,878,514)
Changes during the year recognised in other comprehensive income	(55,765)	60,444
Reclassification to profit or loss on disposal of associates	-	1,974,740
At end of the year	100,905	156,670

Notes to Financial Statements

March 31, 2016

26 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	
	2016	**2015**	**2016**	**2015**
	$	$	$	$
At beginning of the year	305,554	-	235,621	-
Changes during the year recognised in other comprehensive income	(13,048,271)	305,554	(10,061,885)	235,621
Reclassification to profit or loss on impairment	12,742,717	-	9,826,264	-
At end of the year	-	305,554	-	235,621

27 REVENUE

	Group	
	2016	**2015**
	$	$
Amounts recognised from construction contracts	96,441,735	80,286,115
Rendering of services	3,501,276	3,630,905
Dividend income from available-for-sale investments	814,810	1,326,966
	100,757,821	85,243,986

28 OTHER OPERATING INCOME

	Group	
	2016	**2015**
	$	$
Rental income	882,827	1,001,495
Sundry income	126,008	29,966
Wage credit scheme	60,934	92,919
Special Employment Credit	75,998	-
Productivity and Innovation Credit scheme	24,891	-
Management fee income (Note 5)	109,987	106,273
Interest income from:		
- Associates	1,521,389	1,866,812
- External parties	37,466	41,300
Fee income from financial guarantee to associates	502,649	942,716
Net foreign exchange gain	-	554,261
	3,342,149	4,635,742

Notes to Financial Statements

March 31, 2016

29 OTHER GAINS

	Group	
	2016	**2015**
	$	$
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	9,407	16,186
	9,407	24,420,739

30 OTHER OPERATING EXPENSES

	Group	
	2016	**2015**
	$	$
Allowance for amount due from associates	11,841,516	12,000,000
Impairment loss on available-for-sale investments	12,742,717	-
Loss on disposal of property, plant and equipment	77,402	-
Changes in fair value of held-for-trading investments	28,581	-
Net foreign exchange loss	199,216	-
	24,889,432	12,000,000

31 FINANCE COSTS

	Group	
	2016	**2015**
	$	$
Interest expense from:		
Bank borrowings	1,353,683	711,896
Finance leases	18,263	24,611
	1,371,946	736,507

Notes to Financial Statements

March 31, 2016

32 INCOME TAX EXPENSE

	Group	
	2016	**2015**
	$	$
Current tax	1,901,298	1,172,348
Withholding tax	82,056	135,195
(Over) Under provision of current tax in prior years	(30,284)	19,137
	1,953,070	1,326,680

Domestic income tax is calculated at 17% (2015: 17%) of the estimated assessable (loss) profit for the year.

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

	Group	
	2016	**2015**
	$	$
(Loss) Profit before income tax	(15,941,016)	18,407,449
Income tax expense calculated at 17% (2015: 17%)	(2,709,973)	3,129,266
Non-allowable items	4,627,912	2,797,622
Non-taxable items	(124,428)	(4,606,310)
Tax effect of share of results of associates	361,777	66,288
Tax exemptions	(119,761)	(134,952)
Withholding tax	82,056	135,195
Tax concessions	-	(12,849)
Corporate tax rebate	(79,020)	(77,096)
Others	(55,209)	10,379
	1,983,354	1,307,543
(Over) Under provision of current tax in prior years	(30,284)	19,137
	1,953,070	1,326,680

Notes to Financial Statements

March 31, 2016

33 (LOSS) PROFIT FOR THE YEAR

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

	Group	
	2016	**2015**
	$	$
Directors' remuneration:		
Company	1,239,074	2,624,725
Subsidiaries	246,754	505,584
Directors' fees:		
Company	176,000	176,000
Staff costs (including directors' remuneration)	12,831,166	12,399,600
Costs of defined contribution plans included in staff costs	681,099	644,700
Allowance for doubtful receivables	214,852	798,154
Bad debts written off on trade receivables	-	44,944
Allowance for receivables from associate	11,841,516	12,000,000
Reversal of allowance for inventories obsolescence	(4,828)	(31,484)
Inventories written off	-	2,829
Cost of inventories recognised as expense	29,350,037	26,019,263
Net foreign exchange loss (gain)	199,216	(554,261)
Loss on disposal of property, plant and equipment	77,402	-
Audit fees:		
Paid to auditors of the Company	161,500	158,300
Non-audit fees paid to the auditors of the Company	-	50,000

Notes to Financial Statements

March 31, 2016

34 (LOSS) EARNINGS PER SHARE (CENTS)

The basic (loss) earnings per ordinary share is calculated by dividing the Group's loss for the year, $17,894,086 (2015: profit for the year, $17,080,769) by the weighted average number of ordinary shares of 349,176,870 (2015: 349,176,870) in issue during the financial year. Basic and diluted loss per ordinary share is 5.12 cents (2015: earnings per ordinary share is 4.89 cents).

The fully diluted (loss) 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 15, 2014, the directors of the Company declared and paid final one-tier 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.

On August 3, 2015, the directors of the Company declared and paid a final one-tier tax exempt dividend of 1.0 cents per share totalling $3,491,569 in respect of the financial year ended March 31, 2015.

36 COMMITMENTS AND CONTINGENT LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Corporate guarantees given to banks in respect of credit facilities utilised by:				
Subsidiaries	-	-	53,664,894	43,187,072
Associates and a joint venture	96,532,187	143,907,775	96,532,187	143,907,775
	96,532,187	143,907,775	150,197,081	187,094,847
Letter of guarantee given in favour of The Controller of Residential Property in respect of land held by associates	4,211,035	4,211,035	4,211,035	4,211,035
	100,743,222	148,118,810	154,408,116	191,305,882

The maximum amount that the Group and Company could be forced to settle under the financial guarantee contracts are $100,743,222 and $154,408,116 (2015: $148,118,810 and $191,305,882) 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, 2016

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 $882,827 (2015: $1,001,495).

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

	Group	
	2016	**2015**
	$	$
Within one year	311,490	448,374
2 to 5 years	3,074	5,937
	314,564	454,311

Operating lease payments represents rental receivable from tenants by the Group. Leases are negotiated for an average term of 1 year (2015: 1 year) and rentals are fixed for an average of 1 year (2015: 1 year).

The Group as lessee

	Group	
	2016	**2015**
	$	$
Minimum lease payments under operating leases included in profit or loss	332,944	248,803

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

	Group	
	2016	**2015**
	$	$
Within one year	263,720	265,269
In the second to fifth years inclusive	1,044,041	960,046
After five years	-	242,627
Total	1,307,761	1,467,942

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, 2016.

Notes to Financial Statements

March 31, 2016

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 and joint ventures.

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, 2016

38 SEGMENT INFORMATION (CONT'D)

	Plumbing and sanitary		Electrical		Toilet rental	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Revenue						
External sales	56,885,087	60,216,205	39,556,648	20,069,910	3,508,278	3,632,851
Results						
Segment result	8,705,888	3,641,338	1,858,260	507,313	93,073	159,758
Unallocated expenses						
Net other operating income						
Finance costs						
Profit before income tax						
Income tax						
(Loss) Profit for the year						
Other information						
Capital expenditure additions	9,112	7,705	9,112	7,705	27,012	367,005
Fee income from financial guarantee to associates and joint ventures	-	-	-	-	-	-
Depreciation*	16,075	17,129	16,075	17,129	273,090	263,590
Impairment loss on available-for-sale investments	-	-	-	-	-	-
Impairment loss on advances to associates	-	-	-	-	-	-
Net allowance for doubtful debts	148,469	643,393	20,409	154,473	45,974	288

* Includes depreciation expense of $4,884 (2015: $2,582) allocated to construction work-in-progress.

Investment holdings		Others		Eliminations		Consolidated	
2016	2015	2016	2015	2016	2015	2016	2015
$	$	$	$	$	$	$	$
814,810	1,326,966	-	-	(7,002)	(1,945)	100,757,821	85,243,986
(26,851,055)	13,071,124	-	-	119,730	936,000	(16,074,104)	18,315,533
						(1,739,074)	(4,113,413)
						3,244,108	4,941,836
						(1,371,946)	(736,507)
						(15,941,016)	18,407,449
						(1,953,070)	(1,326,680)
						(17,894,086)	17,080,769
-	-	177,198	582,524	-	-	222,434	964,939
-	-	1,002,083	1,266,911	(499,434)	(324,195)	502,649	942,716
-	-	879,907	889,602	-	-	1,185,147	1,187,450
12,742,717	-	-	-	-	-	12,742,717	-
11,841,516	12,000,000	-	-	-	-	11,841,516	12,000,000
-	-	-	-	-	-	214,852	798,154

Notes to Financial Statements

March 31, 2016

38 SEGMENT INFORMATION (CONT'D)

	Plumbing and sanitary		Electrical	
	2016	2015	2016	2015
	$	$	$	$
Assets				
Segment assets	17,746,831	19,756,791	4,846,050	3,954,350
Unallocated assets				
Consolidated total assets				
Liabilities				
Segment liabilities	23,115,302	23,573,107	16,735,536	13,501,683
Unallocated liabilities				
Consolidated total liabilities				

Toilet rental		Investment holdings		Eliminations		Consolidated	
2016	2015	2016	2015	2016	2015	2016	2015
$	$	$	$	$	$	$	$
2,799,870	5,200,913	118,195,264	120,310,011	(1,076)	(2,001,076)	143,586,939	147,220,989
						8,713,081	14,951,768
						152,300,020	162,172,757
3,999,781	4,439,591	-	370,719	(3,111,986)	(3,275,842)	40,738,633	38,609,258
						35,139,953	25,395,091
						75,878,586	64,004,349

Notes to Financial Statements

March 31, 2016

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	
	2016	2015	2016	2015
	$	$	$	$
Singapore	100,757,821	85,243,986	42,583,164	80,747,596
Thailand	-	-	31,799,575	44,905,800
	100,757,821	85,243,986	74,382,739	125,653,396

Information about major customers

There are Nil (2015: 2) external customers that amount to 10% or more of the Group's revenue.

39 EVENTS AFTER REPORTING PERIOD

On May 25, 2016, the Group's associate, Meadows Bright Development Pte Ltd had disposed its entire 88.89% shareholding interest in Meadows Property (S'pore) Pte Ltd ("MPS") for a cash consideration of approximately $14.9 million. MPS is the legal and beneficial owner of 23 strata units in the residential property development known as Starlight Suites located at River Valley Close, Singapore. The completion of the disposal is not expected to have a material impact on the Group.

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 FY2016, 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 Constitution.

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	1	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	3	4	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 2016 ("FY 2016")

- At AC meetings, the external auditor, Deloitte & Touche LLP, briefed the AC members on developments in accounting 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 Company's operations or business issues from management.

The Board is mindful of the best practice in the Code to initiate programs 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.

Sustainability issues

The Board recognises the importance of the Company's responsibility to achieve sustainable business growth in terms of corporate social responsibility ("CSR") and environment conservation for the communities in which the Group operates. The Group's CSR initiatives are set out under the "Corporate Social Responsibility" section of this report.

Report on Corporate Governance

Principle 2: Board Composition and Guidance

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

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 direct 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 recognizes 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.

As at the date of this report, Mr. Lim Hock Beng and Mr. Goh Chee Wee have served on the Board as independent non-executive directors from the date of their respective first appointment for more than nine years. 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.

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 scrutinized and challenged management. They have sought clarification and amplification as they deemed required, including through direct access to the Group's management.

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. There were also no relationships or circumstance which were likely to affect or could appear to affect their judgement.

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 non-executive 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 2016 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.

Report on Corporate Governance

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.

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 to act 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.

Report on Corporate Governance

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

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.

Report on Corporate Governance

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.

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 2016, 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 Constitution requires 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 Constitution are Mr. Chua Hai Kuey and Mr. Nathapun Siriviriyakul.

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.

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 2016, 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 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

Report on Corporate Governance

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 Constitution, 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.
- 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.

Report on Corporate Governance

- 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:

a. Fixed remuneration
b. Various bonuses
c. 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. The RC will consider the use of contractual provisions to allow the Company to reclaim incentive component of remuneration from executive directors in exceptional circumstances when their service agreements are next up for renewal.

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 2016. 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, 2016 is set out below:

Name of Director	Fixed Component (1)	Variable Component (2)	Provident Fund (3)	Directors Fees	Total Compensation
	%	%	%	%	%
Up to S$500,000					
Chua Kim Hua	79%	20%	1%	0%	100%
Chua Hai Kuey	79%	20%	1%	0%	100%
Chua Eng Eng	77%	19%	4%	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, 2016.
(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, 2016:

Name of Executive	Fixed Component (1)	Variable Component (2)	Provident Fund (3)	Total Compensation
	%	%	%	%
S$250,001 to S$500,000				
First Executive	64%	31%	5%	100%
Second Executive	67%	28%	5%	100%
Third Executive	70%	25%	5%	100%
Up to S$250,000				
Fourth Executive	68%	26%	6%	100%
Fifth Executive	58%	34%	8%	100%

Notes
(1) Fixed Component refers to base salary for the financial year ended March 31, 2016.
(2) Variable Component refers to variable bonus paid in the financial year ended March 31, 2016.
(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 2016, the aggregate remuneration (including employer CPF and benefits-in-kind of the top five key management personnel was S$1,269,953 (FY2015: $1,228,180.)

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 FY2016, 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.

Report on Corporate Governance

Name of Executive	Fixed Component (1) %	Variable Component (2) %	Provident Fund (3) %	Total Compensation %
S$50,001 to S$100,000				
Chua Yean Cheng	73%	14%	13%	100%
Chua Zhi Hong	75%	11%	14%	100%

Notes
(1) Fixed Component refers to base salary for the financial year ended March 31, 2016.
(2) Variable Component refers to variable bonus paid in the financial year ended March 31, 2016.
(3) Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund.

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 2016, 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

Report on Corporate Governance

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. The Internal and External Auditors conduct reviews in accordance with their audit plans to assess the adequacy of the internal controls that are in place. Any material non-compliance and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the Internal and External Auditors. The recommendations are followed up as part of the Group's continuous review of the system of internal controls.

Assurance from the CEO and CFO

The Board has received assurance from the CEO and CFO that:

- The financial records of the Group have been properly maintained and the financial statements for the year ended 31 March 2016 give a true and fair view of the Group's operations and finances; and

- 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 2016.

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, sits on the Board of Directors of four other public companies in Singapore and 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).

Report on Corporate Governance

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;
- 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 2016 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.

Report on Corporate Governance

External audit processes
The AC manages the relationship with the Group's external auditors, on behalf of the Board. During FY2016, 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.

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 this financial year (FY2016). 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 2016.

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.

Report on Corporate Governance

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.

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 Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the AGM.

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's management is available to communicate with shareholders and analysts on a regular basis and attending to their queries or concerns.

Key management personnel participate in investor seminars and conferences to keep the market and investors appraised of the Group's corporate developments and financial performance.

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:

Report on Corporate Governance

- 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.

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.

Report on Corporate Governance

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.

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 (19) 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 FY2016, our Company has complied with the principal corporate governance recommendations.

Report on Corporate Governance

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(19) 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 Section 165 of the Companies Act, Cap. 50.

The Board of Directors confirms that for the financial year ended 31 March 2016, 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 2016, 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 17 JUNE 2016
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.

Shareholdings Statistics

As at 17 June 2016

Issued and fully paid share capital: S$46,813,734
Number of Issued Shares: 349,176,870
Class of Shares: Ordinary Shares
Voting Rights: 1 vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 17 JUNE 2016

SIZE OF SHAREHOLDINGS	No. OF SHAREHOLDERS	%	No. OF SHARES	%
1 to 99	2	0.12	5	0.00
100 to 1000	60	3.47	55,510	0.02
1,001 to 10,000	459	26.56	3,160,952	0.90
10,001 to 1,000,000	1,182	68.40	90,678,391	25.97
1,000,001 and above	25	1.45	255,282,012	73.11
Total	1,728	100.00	349,176,870	100.00

There are no treasury shares held by the Company as at 17 June 2016.

TOP TWENTY SHAREHOLDERS AS AT 17 JUNE 2016

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	Raffles Nominees (Pte) Ltd	88,404,700	25.32
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	16,492,000	4.72
6	Liong Kiam Teck	8,607,000	2.47
7	Ong Tze King	6,976,000	2.00
8	DBS Nominees Pte Ltd	5,029,800	1.44
9	Quah Biow Chye	3,730,000	1.07
10	UOB Kay Hian Pte Ltd	2,877,000	0.83
11	Neo Tiam Poon @ Neo Thiam Poon	2,255,000	0.65
12	OCBC Nominees Singapore Pte Ltd	2,106,200	0.60
13	Hong Heng Co Pte Ltd	2,000,000	0.57
14	Hong Leong Finance Nominees Pte Ltd	1,958,000	0.56
15	Phillip Securities Pte Ltd	1,826,900	0.52
16	Ang Jui Khoon	1,723,500	0.50
17	Some Yew Pew	1,709,200	0.49
18	OCBC Securities Private Limited	1,599,100	0.46
19	United Overseas Bank Nominees Pte Ltd	1,443,500	0.41
20	Ang Chin San	1,400,000	0.40
	Total	249,785,801	71.54

Substantial Shareholders

As at 17 June 2016
as recorded in the Register of Substantial Shareholders

Name of Substantial Shareholder	Number of Ordinary Shares		Total	%
	Direct Interest	Deemed Interest		
Ganoktip Siriviriyakul	76,875,000	-	76,875,000	22.02
Chua Kim Hua	44,113,319	-	44,113,319	12.63
Chua Eng Eng	36,576,906	-	36,576,906	10.48
Chua Hai Kuey	22,247,676	-	22,247,676	6.37

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of King Wan Corporation Limited will be held at 8 Sungei Kadut Loop Singapore 729455 on Thursday, 28 July 2016 at 10:00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2016 together with the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr Chua Hai Kuey, who is retiring in accordance with Article 115 of the Company's Constitution, as a Director of the Company. **Resolution 2**

3. To re-elect Mr Nathapun Siriviriyakul, who is retiring in accordance with Article 115 of the Company's Constitution, as a Director of the Company.

   [Mr Nathapun Siriviriyakul shall, upon re-election as a Director of the Company, remain as member of the Audit Committee and Remuneration Committee. Mr Nathapun Siriviriyakul shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.] **Resolution 3**

4. To approve the Directors' fees of S$176,000 for the financial year ending 31 March 2017 (2016: S$176,000) to be paid on a quarterly basis, in arrears. **Resolution 4**

5. To re-appoint Deloitte & Touche LLP as independent auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolution(s), with or without amendments:

6. **Authority to allot and issue shares**

   "That pursuant to Section 161 of the Companies Act, Cap. 50. and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:

   (a) (i) allot and issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

---

Transport arrangement has been made for the shareholders at the bus stop in front of Yew Tee MRT station. Transport will leave promptly at 9.40am

Notice of Annual General Meeting

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

    (a) new shares arising from the conversion or exercise of any convertible securities;

    (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

    (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a 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 earlier."

[See Explanatory Note(i)] **Resolution 6**

7. **Proposed renewal of Share Purchase Mandate of the Company**

"That

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:-

    (i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or

    (ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

Notice of Annual General Meeting

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held; or

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held;

(c) in this Resolution:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) consecutive market days, on which transactions in the Shares were recorded, before the day on which the Shares are transacted on the SGX-ST, immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) consecutive market days;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed,

(i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price (as defined hereinafter),

the "Maximum Price" in either case, excluding related expenses of the purchase.

"Prescribed Limit" means ten per cent (10%) of the issued Shares of the Company as at the date of passing of this Resolution;

(d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as may be permitted under the Act; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

[See Explanatory Note(ii)] **Resolution 7**

Notice of Annual General Meeting

8. To transact any other business which may be properly transacted at an Annual General Meeting.

EXPLANATORY NOTES:

(i) The proposed Resolution 6 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

(ii) The proposed Resolution 7 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to repurchase (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10 per cent of the total number of issued ordinary shares excluding any shares which are held as treasury shares by the Company at prices up to but not exceeding the Maximum Price.

BY ORDER OF THE BOARD

Catherine Lim Siok Ching
Company Secretary

Date: 12 July 2016

Notice of Annual General Meeting

NOTES:

a) A member entitled to attend and vote at a general meeting is entitled to appoint no more than two proxies to attend, speak and vote on his behalf. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.

b) Pursuant to Section 181 of the Companies Act, Cap. 50., any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at a general meeting. Relevant intermediary is either:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or

   (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

c) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 8 Sungei Kadut Loop Singapore 729455 not less than 48 hours before the meeting.

d) A proxy need not be a member of the Company.

PERSONAL DATA PRIVACY:

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

KING WAN CORPORATION LIMITED
(Company Registration No: 200001034R)
(Incorporated in the Republic of Singapore)

Proxy Form

IMPORTANT
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We* _____ (Name), NRIC/Passport number* _____

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*

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

as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at 8 Sungei Kadut Loop Singapore 729455 on Thursday, 28 July 2016 at 10:00 a.m. and at any adjournment thereof.

(Please indicate in the spaces provided whether you wish the number of vote(s) you wish to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	Number of Votes For	Number of Votes Against
ORDINARY BUSINESS			
1	To receive and adopt the Directors' Statements, Audited Financial Statements and Auditors' Report for the financial year ended 31 March 2016		
2	To re-elect Mr Chua Hai Kuey as Director		
3	To re-elect Mr Nathapun Siriviriyakul as Director		
4	To approve the Directors' fees for the financial year ending 31 March 2017, payable quarterly in arrears		
5	To re-appoint Deloitte & Touche LLP as Independent Auditors		
6	To authorise the Directors to allot and issue shares		
7	To approve the proposed renewal of Share Purchase Mandate of the Company		

Note: Please note that the short descriptions given above to the Resolutions to be passed do not in any way whatsoever reflect the intent and purposes of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Dated this _____ day of _____ 2016

Total number of Shares held

_____

Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

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:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the general meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative.
3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the general meeting. Relevant intermediary is either:
   (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
   (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or
   (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Sungei Kadut Loop Singapore 729455 not later than 48 hours before the time set for the Annual General Meeting.
5. 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 under its common seal or signed on its behalf by an attorney duly authorized in writing or by an authorised officer of the corporation.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney the letter or power of attorney (or other authority) 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.
7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may 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 at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 July 2016.

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
Catherine Lim Siok Ching, ACIS

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

AUDIT PARTNER
Ang Poh Choo
(First appointed in financial year 2016)

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
CTBC Bank

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

Tel: +65 6368 4300
Fax: +65 6365 7675
Email: kwc@kingwan.com.sg

www.kingwan.com