BUKIT SEMBAWANG
ESTATES LIMITED

Homes
for Every Generation

Annual Report 2018

CONTENTS

Corporate Profile

Our Mission Statement

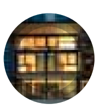
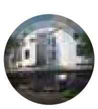
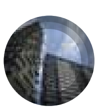
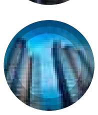
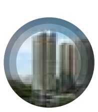
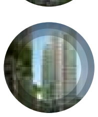
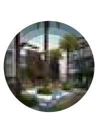
Building quality homes for every generation

For over half a century, Bukit Sembawang Group has built many of Singapore's renowned and established residential developments comprising landed homes, private condominiums and apartments.

Bukit Sembawang Group started developing landed properties in the 1950s. Bukit Sembawang Estates Limited was incorporated in Singapore in 1967 and was one of the pioneer companies that obtained public-listing on SGX Mainboard in 1968. The Group focuses on property development, investment and other property-related activities.

In our efforts to continually create and build better homes, we have extended our expertise to develop high-end private properties where no details are spared in bringing you the higher sophistication in life. Branded fittings and provisions are provided to reflect a true mark of prestige and quality, catering to different lifestyle requirements and cosmopolitan outlook of the new group of homebuyers. Our widely-acclaimed portfolios of private condominiums include Verdure at Holland, Paterson Suites, The Vermont on Cairnhill, Skyline Residences, Paterson Collection and 8 St Thomas which have all been completed.

Our commitment to continually deliver well-designed quality homes has won us awards and accolades. We have won BCA Construction Excellence Awards and numerous Green Mark awards for our various projects. Our recent awards include the following:

	COMPANY OVERALL	2015 • Singapore Golden Jubilee Business Awards 2017 • BCI Asia Top Ten 2017 Developers Awards
	LUXUS HILLS PHASE 1 TO 5	2016 • FIABCI-SINGAPORE Singapore Property Awards
	LUXUS HILLS PHASE 5	2016 • BCA Construction Excellent Award (CEA) Merit 2017 • Best Residential Development (Singapore) Category in Asia Pacific Property Awards
	LUXUS HILLS PHASE 6 & 7	2017 • FIABCI-SINGAPORE Singapore Property Awards 2018 • Award Winner Residential Development (Singapore) Category in Asia Pacific Property Awards 2018 • FIABCI World Prix d'Excellence Awards World Silver Winner in Residential (Low Rise) Category
	LUXUS HILLS PHASE 8	2015 • BCA Green Mark Gold[PLUS]
	LUXUS HILLS PHASE 9	2015 • BCA Green Mark Platinum
	8 ST THOMAS	2011 • BCA Green Mark Gold 2014 • BCA BIM Awards Gold
	14 & 16 LENGKOK ANGSA	2016 • The International Architecture Award 2016 2017 • Architecture with the distinction "Iconic Awards 2017 – Winner" 2017 • Silver Award for DFA (Design for Asia)
	NIM COLLECTION PHASE 1 & 2	2018 • BCA Green Mark Gold[PLUS]
	PATERSON COLLECTION	2012 • BCA Green Mark Gold[PLUS] 2017 • BCA Construction Excellent Award (CEA) Merit
	PATERSON SUITES	2015 • FIABCI-SINGAPORE Singapore Property Awards 2017 • Best Residential High Rise Development (Singapore) Category in Asia Pacific Property Awards
	SKYLINE RESIDENCES	2011 • BCA Green Mark Gold 2016 • FIABCI-SINGAPORE Singapore Property Awards
	THE VERMONT ON CAIRNHILL	2015 • Highly Commended Residential Development (Singapore) Category in Asia Pacific Property Awards 2015 • FIABCI-SINGAPORE Singapore Property Awards
	WATERCOVE	2017 • BCA Green Mark Gold[PLUS]

We have also aligned our operations to ISO standards since 2000 when we were accorded BCA ISO 9001:2008. In March 2017, we were accorded the ISO 9001:2015 for Quality Management Systems and the ISO 14001:2015 for Environmental Management System for Provision of Property Development and Management Services.

Bukit Sembawang Group, one of the pioneers in residential property development, has established a reputation as a trusted developer in building homes by continually delivering well-designed quality homes which are sought after, generation after generation.

Watercove

Tenure : Freehold

Location : Wak Hassan Drive, next to Sembawang Park.

Units : 80 strata landed development comprising 76 terrace and 4 semi-detached houses

Facilities : Resort-style concept with a clubhouse, gymnasium, jacuzzi, onsen spa, swimming pool and thematic garden

Award : Watercove is awarded BCA Green Mark GOLD[PLUS]

Artist's Impression

Artist's Impression

Artist's Impression

Artist's Impression

Nim Collection (Phase 1 & 2)

Tenure : 99-year leasehold

Location: Nim Road, off Ang Mo Kio Ave 5

Units : 98 landed estate comprising terrace, semi-detached and detached houses

Award : Nim Collection is awarded BCA Green Mark GOLD[PLUS]


Artist's Impression



8 St Thomas

Tenure : Freehold

Location: 8 St Thomas Walk

Units : 2 blocks of 35-storey high towers comprising 250 units of 1, 2, 3, 4 bedroom apartments and penthouses

Facilities: Full condominium with basement carpark. Facilities include swimming pool, spa pool, function room, gymnasium, tennis court, playground and thematic sky terraces

Awards : BCA Green Mark Gold & BCA BIM Awards Gold

Artist's Impression


Artist's Impression


Artist's Impression

Luxus Hills (Phase 8 & 9)

Tenure : 999-year leasehold

Location: Ang Mo Kio Ave 5

Units : 78 landed estate comprising terrace and semi-detached houses

Awards : Phase 8 - BCA Green Mark GOLD[PLUS]
Phase 9 – BCA Green Mark PLATINIUM


Artist's Impression



Makeway View

Tenure : Freehold

Location: Residential development at Kampong Java Road, located in close proximity to Orchard, Newton and Bukit Timah

Site : 3,863.1 sqm land acquired through collective sale in March 2018

Katong Park Towers

Tenure : 99-year leasehold

Location: Residential development at Arthur Road, located in coveted enclave of Meyer and Mountbatten area

Site : 13,076.9 sqm land acquired through collective sale in March 2018

GROUP STRUCTURE

Bukit Sembawang Estates Limited
Investment Holding

- 100% Sembawang Estates (Private) Limited
- 100% Singapore United Estates (Private) Limited
- 100% Bukit Sembawang View Pte. Ltd.
- 100% Paterson Collection Pte. Ltd.
- 100% Paterson One Pte. Ltd.
- 100% BSEL Development Pte. Ltd.
- 100% Bukit Sembawang Land Pte. Ltd.
- 100% Bukit Sembawang Residences Pte. Ltd.*

As of 31 March 2018
All companies are incorporated in Singapore
*Dormant as of date

Chairman's Statement

Review of Past Year's Performance

The Group's profit before tax for the financial year ended 31 March 2018 (FY2018) was $65.5 million, a decrease of 17.9% as compared with $79.7 million for FY2017. The lower profits as compared with the previous year was due to lower profits recognised for projects sold during the year based on the percentage of completion method. In FY2018, profits were recognised mainly from sales of Watercove and Nim Collection. In FY2017, profits were recognised mainly from sales of Luxus Hills Phase 6 and 7, and Skyline Residences.

Correspondingly, the Group's profit after tax for FY2018 declined to $55.3 million, from $72.5 million for FY2017. Revenue for FY2018 was $98.1 million (FY2017: $143.4 million).

Total equity stood at $1.25 billion. There were no bank borrowings.

In FY2018, we launched 2 new residential projects: Watercove in May 2017 and Nim Collection Phase 1 in January 2018. Sales of these projects achieved relative success and at the end of FY2018, we have sold approximately 57% of Watercove and 30% of Nim Collection Phase 1. In FY2018, we have also sold the last 4 units of Skyline Residences, and the 2 semi-detached houses located along Lengkok Angsa.

We have retained our residential project, Paterson Collection, for long term investment. We shall be signing a management agreement with the Frasers Hospitality Group, who will manage this project as Serviced Apartments under the Fraser Residence brand.

In March 2018, we have successfully tendered for the collective sale of 2 residential properties: freehold Makeway View on Makeway Avenue and 99-year leasehold Katong Park Towers on Arthur Road. The acquisition of these 2 projects will add to our land bank for condominium development.

Current Year's Prospects

The Singapore economy is forecasted to grow between 1.5% and 3.5% for 2018.

According to URA real estate statistics, the overall private residential property prices increased by 3.9% in the 1st quarter 2018, compared with 0.8% increase in the previous quarter. This was the third consecutive quarter of increase in private residential property prices. The number of new residential units sold in the 1st quarter 2018 was 1,581 units, compared with 1,864 units sold in the previous quarter. The increase in private home prices indicates a market recovery.

The Group is optimistic of riding the market recovery and barring any unforeseen circumstances, the Group is expected to perform better in FY2019 compared with FY2018.

The Group will monitor closely the changing dynamics of the residential property market for timely launching of new residential projects for sale.

Current Year's Plans

For this forthcoming year, in addition to sales of the remaining units of Watercove and Nim Collection Phase 1, we plan to launch 8 St Thomas and Nim Collection Phase 2.

8 St Thomas is a 250-unit freehold condominium project located in the exclusive River Valley residential enclave. The TOP for this project was obtained in January 2018. Sales of this project will be a major contributor to our profits and cash flow.

The Group will continue our core business in development and sale of landed properties. Sales of Nim Collection Phase 2, consisting of 51 terraced houses, will also contribute to our bottom line.

The freehold Makeway View and 99-year leasehold Katong Park Towers, acquired through en-bloc purchases, have site areas of 3,863.1 sqm and 13,076.9 sqm respectively. These will be redeveloped into apartments for sale scheduled to be launched in 1st half 2019.

The Group shall continue to build up its land bank with a selective and disciplined approach to bidding for land acquisitions through en-bloc sales or Government Land Sales Programme.

The Paterson Collection project shall also be upgraded and furnished to Serviced Apartments. Upon completion of the upgrading, leasing of the Serviced Apartments under the Fraser Residence brand shall be a source of recurring income for the Group.

Chairman's Statement

Dividends

For the financial year 2018, the Company did not pay any interim dividend.

The Board is recommending a final dividend of 4 cents and a special dividend of 14 cents per ordinary share (FY2017: final dividend 4 cents and special dividend of 29 cents). The Company has maintained its final dividend policy of 4 cents per share. The lower special dividend, as compared with FY2017, is to preserve the Group's financial strength for growth and reinvestments. The total dividend payout ratio is 0.84.

The dividend payment, which amounts to $46.6 million, is subject to shareholders' approval at the 52nd Annual General Meeting ("AGM").

Directorate

Pursuant to the Company's Constitution, Mr Ng Chee Seng and Mr Tan Swee Siong shall be retiring by rotation at the forthcoming AGM. Being eligible, both Directors have consented to continue office and have offered themselves for re-election.

Acknowledgements

On behalf of the Board, I would like to thank the management and the staff for their continued dedication and efforts. I would also like to thank my fellow Directors for their support and wise counsel in my first term as Chairman. Last, but not least, I would like to thank our customers, our business partners, and our shareholders for their continued support and confidence.

Koh Poh Tiong
Chairman
12 June 2018


Skyline Residences

Five-Year Financial Summary

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Consolidated Statements of Financial Position As at 31 March					
Investment Property	**3,811**	3,973	4,135	4,202	4,362
Property, Plant and Equipment	**241,284**	102	79	132	204
Deferred Tax Assets	**16,814**	23,760	7,324	3,388	244
Net Current Assets	**987,322**	1,249,369	1,284,208	1,281,318	1,237,590
Deferred Taxation	**(2,511)**	(355)	(5,914)	(5,746)	(10,422)
	1,246,720	1,276,849	1,289,832	1,283,294	1,231,978
Share Capital	**631,801**	631,801	631,801	631,801	631,801
Reserves	**614,919**	645,048	658,031	651,493	600,177
Total Equity	**1,246,720**	1,276,849	1,289,832	1,283,294	1,231,978
Consolidated Statements of Comprehensive Income For the year ended 31 March					
Revenue	**98,135**	143,395	281,997	382,655	408,289
Profit Before Tax	**65,492**	79,732	106,901	109,055	133,324
Tax Expense	**(10,180)**	(7,274)	(14,922)	(16,313)	(22,066)
Profit After Tax	**55,312**	72,458	91,979	92,742	111,258


Nim Collection Phase 1 & 2

Group Financial Highlights

For the year ended 31 March	2018 $'000	2017 $'000
Revenue	98,135	143,395
Profit Before Tax	65,492	79,732
Profit After Tax	55,312	72,458
Net Dividends (proposed)	46,604	85,441
Share Capital	631,801	631,801
Total Equity	1,246,720	1,276,849
Net Return on Total Equity	4.44%	5.67%
Earnings Per Ordinary Share		
Basic earnings per share	$0.21	$0.28
Diluted earnings per share	$0.21	$0.28
Dividends Per Ordinary Share		
Gross	$0.18	$0.33
Net	$0.18	$0.33
Cover	1.19 times	0.85 times
Net Tangible Assets Per Ordinary Share	$4.82	$4.93


Lengkok Angsa


Paterson Collection

Financial Calendar

Financial Year ended 31 March 2018	
Announcement of First Quarter Results	11 August 2017
Announcement of Half-year Results	10 November 2017
Announcement of Third Quarter Results	12 February 2018
Announcement of Full-year Results	24 May 2018
Annual General Meeting	27 July 2018

Financial Year ended 31 March 2019	
Announcement of First Quarter Results	August 2018
Announcement of Half-year Results	November 2018
Announcement of Third Quarter Results	February 2019
Announcement of Full-year Results	May 2019

Board of Directors

KOH POH TIONG

Chairman and
Independent Director

Mr Koh Poh Tiong was appointed to the Board on 1 February 2017. He was appointed Chairman of the Board and Chairman of the Audit and Risk Management Committee on 4 August 2017. He is a member of the Remuneration Committee, Project Development Committee and Investment Committee.

Mr Koh is currently Board Director and Adviser of Fraser and Neave, Limited. Previously, he was the Chief Executive Officer (Food & Beverage Division) of Fraser and Neave, Limited and the Chief Executive Officer of Asia Pacific Breweries Limited.

Mr Koh holds a Bachelor of Science degree from the University of Singapore.

Date of first appointment as a Director: 1 February 2017
Date of last re-election as a Director: 27 July 2017

Present Directorships
Listed companies:
Fraser and Neave, Limited
Delfi Limited
SATS Limited
Raffles Medical Group Limited
Saigon Beer-Alcohol-Beverage Corporation (Chairman)

Others:
National Kidney Foundation (Chairman)
Singapore Kindness Movement (Chairman)
Times Publishing Limited (Chairman)
Yunnan Yulinquan Liquor Co., Ltd (Chairman)
Great Eastern Life Assurance (Malaysia) Berhad
Great Eastern General Insurance (Malaysia) Berhad

Past Directorships in listed companies
over preceding 3 years:
Ezra Holdings Limited
United Engineers Limited

LEE CHIEN SHIH

Non-Executive and
Non-Independent Director

Dr Lee Chien Shih was appointed to the Board on 1 October 1999. He is Chairman of the Remuneration Committee and a member of the Nominating Committee.

Dr Lee is a Director of the Lee Rubber Group of Companies, Lee Foundation Singapore and Lee Foundation Malaysia. He holds a MBBS from the National University of Singapore.

Date of first appointment as a Director: 1 October 1999
Date of last re-election as a Director: 27 July 2016

Past Directorships in listed companies
over preceding 3 years:
Great Eastern Holdings Limited

NG CHEE SENG

Executive Director
Chief Executive Officer

Mr Ng Chee Seng joined the Group in 1994 and he is the Chief Executive Officer of the Group. He was appointed to the Board on 19 April 2007. He is a member of the Project Development Committee.

Mr Ng holds a Bachelor of Architecture degree and a Master degree in Property and Maintenance Management from the National University of Singapore. He is a registered architect with the Singapore Board of Architects, a member of the Singapore Institute of Architects and SCDF Fire Safety Standing Committee.

Date of first appointment as a Director: 19 April 2007
Date of last re-election as a Director: 23 July 2015

Past Directorships in listed companies
over preceding 3 years: Nil

Board of Directors

EDDIE TANG

Non-Executive and Independent Director

Mr Eddie Tang was appointed to the Board on 22 May 2009. He is Chairman of the Nominating Committee, and a member of the Audit and Risk Management Committee, Remuneration Committee, Project Development Committee and Investment Committee.

After retiring from banking, Mr Tang is now CEO/Director of Medvance Pte Ltd.

Mr Tang holds a degree in Psychology from the University of Queensland and Master's degrees in Asian Studies and Banking/Finance from Australia and UK respectively. He was awarded a PhD Scholarship from the Australian National University and an Honorary Doctorate of Economics by the University of Queensland.

Date of first appointment as a Director: 22 May 2009
Date of last re-election as a Director: 27 July 2017

Past Directorships in listed companies over preceding 3 years: Nil

TAN SWEE SIONG

Non-Executive and Independent Director

Mr Tan Swee Siong was appointed to the Board on 1 August 2011. He is Chairman of the Investment Committee, and a member of the Audit and Risk Management Committee, Nominating Committee and Project Development Committee.

Mr Tan is currently the Head of Real Estate with the Tolaram Group.

Mr Tan holds a B.Eng (Hons) from the National University of Singapore and MBA from the Melbourne Business School.

Date of first appointment as a Director: 1 August 2011
Date of last re-election as a Director: 23 July 2015

Past Directorships in listed companies over preceding 3 years: Nil

FAM LEE SAN

Non-Executive and Non-Independent Director

Ms Fam Lee San was appointed as Director of the Company on 25 July 2014.

Ms Fam is currently the Financial Controller of Kallang Development (Pte) Limited, a subsidiary of Lee Rubber Company Pte Ltd. She is also a Director of various companies in the Lee Rubber Group.

Ms Fam holds a Bachelor of Accountancy degree from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

Date of first appointment as a Director: 25 July 2014
Date of last re-election as a Director: 27 July 2016

Past Directorships in listed companies over preceding 3 years: Nil

CHNG KIONG HUAT

Non-Executive and Non-Independent Director

Mr Chng Kiong Huat was appointed to the Board on 24 July 2015. He is Chairman of the Project Development Committee and a member of the Investment Committee.

Mr Chng is an Executive Director of Kallang Development (Pte) Limited.

Mr Chng holds a Bachelor of Arts (Architecture Studies) degree and a Bachelor of Architecture (Hons) degree from the National University of Singapore, and a LLB (Hons) degree from the University of London. In 2012, he attended the Stanford Executive Program at Stanford University. He is a registered architect with the Singapore Board of Architects.

Date of first appointment as a Director: 24 July 2015
Date of last re-election as a Director: 27 July 2016

Past Directorships in listed companies over preceding 3 years:
FEO Hospitality Asset Management Pte. Ltd.
(as manager of Far East Hospitality Trust)

Key Management

DENNIS LOH SIEW KEEN

Mr Dennis Loh is the Head of Finance and Company Secretary of the Group. He joined the Group in 2014. He is responsible for the Group's corporate secretarial, finance, accounting and tax functions. He has more than 30 years of experience in finance and accounting.

Mr Loh holds a Bachelor of Accountancy degree from the University of Singapore and is a Chartered Accountant of Singapore and member of the Institute of Singapore Chartered Accountants.

KATHARINE KUM LAI HOONG

Ms Katharine Kum holds the position of General Manager, Head of Projects. She joined the Group in 2007 and is responsible for the design and development of the Group's properties. She has more than 15 years of project experience.

Ms Kum holds a Bachelor of Architecture degree (Hons) and a Bachelor of Environmental Design degree from the University of Western Australia. She is a registered architect with the Singapore Board of Architects, a member of the Singapore Institute of Architects and the Singapore Institute of Arbitrators.

JUSTIN HO NGIAM CHAN

Mr Justin Ho holds the position of Head (Property & Maintenance Management). He joined the Group in 2001 and is responsible for the maintenance and management of all the existing and new properties in the Group. He has been in the construction and property development industry for more than 25 years.

Mr Ho holds a Master in Business Administration degree from the University of Leeds (UK) and a Bachelor of Engineering degree (Civil & Structural) from the National University of Singapore.

GERALDINE ONG YEOK FOONG

Ms Geraldine Ong holds the position of General Manager, Investment and Asset Management. She joined the Group in April 2018 and is responsible for investments. She has been in the finance and investment industry for 25 years.

Ms Ong holds a Bachelor of Business degree, Second Class Honours from Nanyang Technological University.

HO JENNY

Ms Ho holds the position of Assistant General Manager (Marketing) and heads the Marketing Department. She joined the Group in 2017 and is responsible for the sales and marketing of the Group's properties. She has more than 15 years in residential sales and marketing experience.

Ms Ho holds a Bachelor of Real Estate Management from Oxford Brookes University.

Nim Collection Phase 1 & 2

Directorate & Other Corporate Information

DIRECTORS
Koh Poh Tiong (Chairman, Non-Executive, Independent)
Lee Chien Shih (Non-Executive, Non-Independent)
Ng Chee Seng (CEO, Executive)
Eddie Tang (Non-Executive, Independent)
Tan Swee Siong (Non-Executive, Independent)
Fam Lee San (Non-Executive, Non-Independent)
Chng Kiong Huat (Non-Executive, Non-Independent)

AUDIT AND RISK MANAGEMENT COMMITTEE
Koh Poh Tiong (Chairman)
Eddie Tang
Tan Swee Siong

NOMINATING COMMITTEE
Eddie Tang (Chairman)
Lee Chien Shih
Tan Swee Siong

REMUNERATION COMMITTEE
Lee Chien Shih (Chairman)
Koh Poh Tiong
Eddie Tang

PROJECT DEVELOPMENT COMMITTEE
Chng Kiong Huat (Chairman)
Koh Poh Tiong
Ng Chee Seng
Eddie Tang
Tan Swee Siong

INVESTMENT COMMITTEE
(with effect from 24 October 2017)
Tan Swee Siong (Chairman)
Koh Poh Tiong
Eddie Tang
Chng Kiong Huat

COMPANY SECRETARY
Dennis Loh Siew Keen

REGISTERED OFFICE
250 Tanjong Pagar Road
#09-01 St Andrew's Centre
Singapore 088541
Telephone : +65 6890 0333
Facsimile : +65 6536 1858
Website : www.bukitsembawang.sg


Skyline Residences

COMPANY REGISTRATION NUMBER
196700177M

AUDITORS
KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner in charge : Lo Mun Wai
(With effect from financial year ended 31 March 2016)

SHARE REGISTRAR
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Telephone : +65 6227 6660 / +65 6228 0507
Facsimile : +65 6225 1452

BANKERS
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad
CIMB Bank Berhad
United Overseas Bank Limited
DBS Bank Ltd

Corporate Governance Report

Bukit Sembawang Estates Limited (Company) is committed to ensure good standards of corporate governance are practised throughout the Company and its subsidiaries (Group) as a fundamental part of its responsibilities to protect and enhance shareholder value.

This Report describes the corporate governance practices and activities of the Group for the financial year ended 31 March 2018 in relation to each of the principles of the Code of Corporate Governance 2012 (Code). The Board of Directors (Board) will renew these practices from time to time to ensure that they address the specific needs of business demands and circumstances and evolving corporate governance issues. During the financial year, the Group has adhered to the principles and guidelines as set out in the Code where appropriate and deviations from the code are explained.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

The Board provides strategic direction to the Company and the Group and its principal role and functions include the following:

1. Approving the broad policies, property development strategies and financial objectives of the Company and the Group, and monitoring the performance of Management;

2. Overseeing and evaluating the adequacy of internal controls and risk management based on best corporate governance practices, and financial reporting in compliance with statutory requirements;

3. Approving the nominations and re-nominations to the Board and appointment of key personnel;

4. Approving annual budgets, major funding proposals and investments;

5. Setting the Company's dividend policy and recommending dividends; and

6. Setting the Company's values and standards and ensuring that obligations to shareholders and others are understood and met.

In the discharge of its functions, the Board is supported by Board Committees, comprising the Audit and Risk Management, Remuneration, Nominating, Project Development and Investment Committees, which provide independent oversight of Management, and which also serve to ensure that there are appropriate checks and balances. Information on these committees and their activities during the year under review are described in this Report.

The Board is accountable to shareholders while Management is accountable to the Board. All Directors objectively discharge their duties and responsibilities, act in good faith and consider at all times the interests of the Group. The Group has in place financial authorisation limits for operating and capital budgets, procurement of goods and services, and cheque signatory arrangements. Approval sub-limits are also provided at Management level to facilitate operational efficiency. Matters that are specifically reserved for the Board's decision include material acquisitions and disposals of assets, corporate or financial

Corporate Governance Report

restructuring, share issuances and dividend payments to shareholders, main contracts, marketing proposals, land acquisitions and other transactions or events of a material nature requiring announcement under the listing rules of Singapore Exchange Securities Trading Limited (SGX-ST).

The Board conducts regular scheduled meetings and meets at least four times in a year, with additional meetings convened as and when necessary. The Board and Board Committees may also make decisions through circulating resolutions. The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings, is disclosed in this Report.

At the request of Directors, the Company will fund Directors' participation at industry conferences, seminars or any training programme in connection with their duties as Directors of the Company. The Company Secretary will bring to the Directors' attention, information on conferences and seminars that may be of relevance or use to them. Induction and orientation are provided to new Directors.

A newly appointed Director will be provided with a formal letter of appointment, setting out among other matters, the roles, obligations, duties and responsibilities as a member of the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2 – *There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders[1]. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board currently comprises seven Directors, of whom three are independent Directors. Six of the Directors are non-executive.

In compliance with the guidelines of the Code, the independent Directors make up more than one third of the Board. Directors are able to exercise objective judgement on corporate decisions independently.

Non-executive Directors participated actively in ensuring proposed strategies, goals and objectives are debated constructively before adoption. They also reviewed and monitored the Group's performance in achieving these goals and objectives, and have met during the year without the presence of Management.

The Board comprises well qualified members with diversified skills, experience and relevant knowledge. No individual or small group of individuals dominates the Board's decision making.

While the Company's Constitution allow for the appointment of a maximum of 10 Directors, the Board is of the view that the current Board size of seven Directors with their experience and expertise is appropriate, taking into account the nature and scope of the Group's operations.

The names and background of the Directors in office are set out in the Directors' Statement. Particulars of their direct and indirect interests in the Company's shares are also shown in the Directors' Statement.

[1] A "10% shareholder" is a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share or those shares is not less than 10% of the total votes attached to all the voting shares in the Company. "Voting shares" exclude treasury shares.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

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

The Company has a separate Chairman and CEO. The Chairman is a non-executive and independent Director whilst the CEO is an executive Director.

The CEO is the Chief Executive in the Company and bears executive responsibility for the Company's main property business, while the Chairman bears responsibility for the workings of the Board. The Chairman and the CEO are not related.

The Chairman encourages constructive relations among members of the Board and between the Board and Management and facilitates contributions of the non-executive Directors. The Chairman ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the CEO and Company Secretary. The Chairman reviews Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. As a general rule, Board papers are sent to Directors at least a week in advance in order for Directors to be adequately prepared for the meeting.

The Company does not appoint a Lead Independent Director as the Chairman is an independent Director.

BOARD MEMBERSHIP

***Principle 4** – There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.*

BOARD PERFORMANCE

***Principle 5** – There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.*

Nominating Committee (NC)

The NC comprises three non-executive Directors, the majority of whom, including the NC Chairman, are independent:

Mr Eddie Tang (Chairman)
Dr Lee Chien Shih
Mr Tan Swee Siong

The NC's written Terms of Reference are approved and subject to periodic review by the Board. The key terms of reference of the NC are to:

1. Recommend to the Board on all Board and Board Committees appointments and re-nominations, including recommending the Chairman for the Board and for each Board Committee;

Corporate Governance Report

2. Engage in succession planning for the positions of Chairman, Directors and senior executives;

3. Determine annually and, as and when circumstances require, if a Director is independent and whether he is able to carry out his duties as a Director and make its recommendations to the Board;

4. Assess annually the effectiveness of the Board as a whole, its Board Committees, and the contribution by each individual Director to the effectiveness of the Board; and

5. Recommend to the Board on relevant matters relating to the review of training and professional development programs for the Board.

The NC, in considering the nomination of any Director for re-appointment, assesses the Director's contribution to the Board including attendance record at meetings of the Board and Board Committees and the quality of participation at meetings.

The NC evaluates the Board's performance as a whole, its Board Committees, and the contributions of individual Directors to the effectiveness of the Board. The assessment criteria adopted include both a quantitative and qualitative evaluation. The qualitative criteria for assessing the Board's collective performance include Board size and composition, access to information, processes and accountability and Board Committees' performance in relation to discharging their responsibilities set out in their respective terms of reference, while the quantitative assessment criteria include net profit, return on equity, earnings per share, dividend per share and pay-out ratio, allowing for comparison against industry peers. The assessment criteria for individual Directors include factors such as Director's attendance, preparedness for meetings, participation level and contribution at meetings, analytical skills, knowledge/insight and strategic planning as well as overall contribution to the Board and the Board Committees, as appropriate.

The three independent Directors currently represents more than one-third of the Board. The independence of each Director is reviewed annually by the NC. The NC, in reviewing the independence of each Director, adopts the Code's definition of what constitutes an independent Director. A Director is required to inform the NC of any relationships or circumstances which arise that are likely to affect, or could appear to affect, his independence. The Board, after taking into consideration the NC's review of the independence of each Director for this financial year, is of the view that Mr Eddie Tang, Mr Tan Swee Siong, and Mr Koh Poh Tiong are independent Directors, and that no individual or group of individuals dominate the Board's decision-making process. Each Director abstained from all deliberations by the NC and the Board on their own respective independence.

When a Director serves on multiple Boards, that Director is required to ensure that sufficient time and effort is allocated to the affairs of the Company with assistance from Management, which provides complete and timely information on a regular basis for effective discharge of the Director's duties as well as a comprehensive schedule of events drawn up in consultation with the relevant Director. Accordingly, the Board has not set a maximum number of other listed Company Directorships which a Director may concurrently hold.

At present, new Directors are appointed by way of a Board resolution, upon NC's interview and approval of their appointments.

The NC assessed and recommended to the Board, the Directors to be put forward for re-election at the Company's AGMs. Article 94 of the Company's Constitution requires one-third of the Directors to retire by rotation from office at every AGM provided that all Directors must retire at least once every three years. In addition, Article 76 of the Company's Constitution provides that newly appointed Directors must retire and subject themselves to re-election by shareholders at the next AGM following their appointment. All retiring Directors are eligible for re-elections.

Corporate Governance Report

At the forthcoming AGM, Mr Ng Chee Seng and Mr Tan Swee Siong will be retiring by rotation pursuant to Article 94 of the Company's Constitution. Mr Ng Chee Seng and Mr Tan Swee Siong, being eligible and having given their consents for re-election, will be put forward for re-election at the forthcoming AGM.

The NC identifies, evaluates and selects suitable candidates for new Directorships. The NC considers factors such as the ability of the prospective candidates to contribute to discussions, the structure, size and composition of the Board including mix of expertise, skills and attributes to the existing Directors so as to identify needed and/or desired competencies to supplement the Board's existing attributes.

The selection of candidates for new appointments to the Board as part of the Board's renewal process will also depend on factors such as the current and mid-term needs and goals of the Company and the nature and size of the Group's operations.

Directors' Attendance at Board and Committee Meetings from 1 April 2017 to 31 March 2018						
	Board	Audit and Risk Management Committee	Remuneration Committee	Nominating Committee	Project Development Committee	Investment Committee
Number of Meetings Held	**6**	**4**	**2**	**2**	**5**	**2**
Mr Koh Poh Tiong [1]	6	3	1	–	4	2
Dr Lee Chien Shih	6	–	2	2	–	–
Mr Ng Chee Seng	6	–	–	–	5	–
Mr Eddie Tang	6	4	2	2	5	2
Mr Tan Swee Siong	6	4	–	2	5	2
Ms Fam Lee San	5	–	–	–	–	–
Mr Chng Kiong Huat	6	–	–	–	5	2
Mr Samuel Guok Chin Huat [2]	1	1	1	1	1	–

1 Mr Koh Poh Tiong was appointed Chairman of the Board, Chairman of the Audit and Risk Management Committee, and a member of the Remuneration Committee and Project Development Committee on 4 August 2017.

2 Mr Samuel Guok retired from the Board upon conclusion of the AGM held on 27 July 2017.

ACCESS TO INFORMATION

Principle 6 – *In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

In order to ensure that the Board is able to fulfil its responsibilities, Management provides the Board members with the monthly operational, financial and budget reports and other management statements within 12 days after the month-end. Analysts' reports on the Company are forwarded to the Directors on an ongoing basis as and when available. The Directors are provided with the phone numbers and particulars of the Company's senior management and Company Secretary to facilitate access.

All Directors have unrestricted access to the Company's records and information and receive detailed financial and operational reports from Management to enable them to carry out their duties. Directors may also liaise with Management and seek additional information if required. Directors may, at any time, in the furtherance of their duties, request for independent professional advice at the Company's expense.

Corporate Governance Report

The Company Secretary attends all Board meetings and assists the Chairman in ensuring that the Board procedures, applicable rules and regulations are followed. The Company Secretary is also responsible for communicating changes in listing rules or other regulations affecting corporate governance and compliance where applicable, to the Board and the Company.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

LEVEL AND MIX OF REMUNERATION

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

DISCLOSURE ON REMUNERATION

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

Remuneration Committee (RC)

The RC comprises three non-executive Directors, a majority of whom are independent:

Dr Lee Chien Shih (Chairman)
Mr Koh Poh Tiong
Mr Eddie Tang

To minimise the risk of potential conflicts of interest, all the members of the RC, including the Chairman of the RC, are independent from Management. The Board considers it appropriate for Dr Lee Chien Shih (a non-independent Director) to head the RC as this is in keeping with the Board's objective that remuneration policies should be in alignment with the long-term interests of the Company and of all stakeholders.

The RC's written Terms of Reference are approved and subject to periodic review by the Board. The key terms of reference of the RC are to:

1. Recommend to the Board base salary levels, benefits and incentive opportunities, and identify components of salary which can be best used to focus management staff on achieving corporate objectives;

2. Approve the structure of Directors' fees and senior management's compensation programme to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully; and

3. Review Directors' fees and senior management's compensation annually and determine appropriate adjustments.

The Company adopts an overall remuneration policy for staff comprising a fixed component in the form of a base salary. The variable component is in the form of a bonus that is linked to the Company's and the individual's performance, and is tied to the extent to which certain key financial and operational performance indicators, such as return on equity and the creation of shareholder wealth, are achieved. Compensation packages and revisions of senior management's remuneration are subject to the review and approval of the RC. Presently, the Company does not have any share option or share award scheme.

Annual appraisals and review of executive's compensation are carried out by the RC to ensure that the remuneration packages of the CEO and senior management are commensurate with their performance and that of the Company, having regard to the financial and commercial health and business needs of the Group, and in line with industry norms.

Directors' fees are set in accordance with a remuneration framework comprising basic fees, attendance fees and additional fees for serving on Board Committees. Directors' fees are approved by shareholders at the AGM before they are paid. Executive Directors do not receive Directors' fees.

Annual Remuneration Report

The Company has decided against the inclusion of an annual remuneration report in this Report as the matters required to be disclosed therein have been disclosed in this Report, the Directors' Statement and the notes to the financial statements. The Board responds to queries from shareholders at AGMs on matters pertaining to remuneration policies and Directors' remuneration.

The Directors, the CEO and other key management personnel are remunerated on an earned basis. There was no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

Corporate Governance Report

Remuneration of Directors

The remuneration of each Director is shown in the table below:

Name of Director	Total Remuneration $	Fees $	Salary [1] $	Bonus [1] $	Benefits-in-kind $
Non-Executive Directors					
Mr Koh Poh Tiong	104,100	104,100	–	–	–
Dr Lee Chien Shih	58,000	58,000	–	–	–
Mr Eddie Tang	91,000	91,000	–	–	–
Mr Tan Swee Siong	93,000	93,000	–	–	–
Ms Fam Lee San [2]	45,000	45,000	–	–	–
Mr Chng Kiong Huat [2]	77,000	77,000	–	–	–
Mr Samuel Guok Chin Huat	35,600	35,600	–	–	–
Total	503,700	503,700	–	–	–
Executive Director					
Mr Ng Chee Seng [3]	449,505	–	299,895	137,500	12,110

1 Includes employer's CPF contribution.
2 Payable to Kallang Development (Pte) Limited
3 Mr Ng Chee Seng is also the CEO.

The above proposed total fees of $503,700 (2017: $439,000) for non-executive Directors is subject to shareholders' approval at the AGM on 27 July 2018.

Remuneration of Key Executives

The Group has four key executives (who are not Directors or the CEO). The breakdown of the remuneration of each of the key executives for the financial year ended 31 March 2018 is shown in the table below. The aggregate remuneration paid to the key executives including bonus payable to them for the financial year is $717,000 (2017: $643,000).

Total Remuneration Bands	Total (%)	Salary [1] (%)	Bonus [1] (%)	Benefits-in-kind (%)
$250,000 to $500,000				
Ms Katharine Kum Lai Hoong General Manager, Head of Projects	100	72	27	1
Below $250,000				
Mr Dennis Loh Siew Keen Head of Finance and Company Secretary	100	83	17	0
Mr Justin Ho Ngiam Chan Head (Project and Maintenance Management)	100	78	20	2
Ms Ho Jenny [2] Assistant General Manager (Marketing)	100	74	25	1

1 Includes employer's CPF contribution.
2 Joined in December 2017.

Remuneration of Directors' Immediate Family

During the financial year ended 31 March 2018, none of the Directors had immediate family members who were employees of the Company.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

In presenting the periodic announcements of the results of the Company and the Group, it is the aim of the Board to provide a balanced and comprehensible assessment of the Group's performance, position and prospects on a quarterly basis.

To ensure that the Board is able to fulfil its responsibilities, Management provides the Board with monthly reports on the operations and significant events that took place in the respective companies during the month.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Company believes that it has in place an effective system of internal controls addressing material financial, operational, compliance and information technology risks to safeguard shareholders' interests and the Group's assets, and also to manage risks.

The Audit and Risk Management Committee (ARMC) is responsible for making the necessary recommendation to the Board such that an opinion or comment regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual report of the Company according to the Listing Manual of the SGX-ST and the Code.

The Company has an established risk identification and management framework developed with the assistance of an external consultant. The ownership of the risks lies with the respective heads of departments and CEO with stewardship residing with the Board. The ARMC assists the Board to oversee Management in the formulation, updating and maintenance of an adequate and effective risk management framework and while the ARMC reviews the adequacy and effectiveness of the risk management and internal control systems.

The Company maintains a risk register which identifies the material risks facing the Group and the internal controls in place to manage or mitigate those risks. Heads of departments and CEO review and update the risk register regularly. The risk register is reviewed annually by the ARMC and the Board.

Corporate Governance Report

Taking into consideration the Group's businesses, the Company has assessed that the key risk faced by the Group is Economic Risks from global and regional downturns, inflation and adverse interest rate movements. The Group managed this risk by incorporating this major consideration in the overall strategy of its business cycles.

Internal and external auditors conduct audits that involve testing the effectiveness of the material internal controls in the Group. Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal and external auditors are reported to the ARMC. The effectiveness of the measures taken by Management in response to the recommendations made by the internal and external auditors is also reviewed by the ARMC. The system of risk management and internal controls is continually being refined by Management, the ARMC and the Board.

The Board has received assurance from the CEO and the Head of Finance that:

(a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 March 2018 give a true and fair view of the Group's operations and finances; and
(b) the system of risk management and internal controls in place within the Group 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 framework established and the reviews conducted by Management and both the internal and external auditors, the Board, with the concurrence of the ARMC, is of the opinion that the system of internal controls, including financial, operational compliance and information technology controls and risk management systems, were adequate as at 31 March 2018 to address the risks which the Group considers relevant and material to its operations.

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

AUDIT AND RISK MANAGEMENT COMMITTEE (ARMC)

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

The ARMC comprises three members, all of whom are independent non-executive Directors. The Chairman and the other members of the ARMC have vast experience in managerial positions in the property and finance industry, and are therefore capable of discharging the ARMC's functions. They are as follows:

Mr Koh Poh Tiong (Chairman)
Mr Eddie Tang
Mr Tan Swee Siong

No former partner or director of the Company's existing audit firm or auditing corporation is a member of ARMC.

The ARMC's written Terms of Reference are approved and subject to periodic review by the Board.

Corporate Governance Report

The ARMC performs the following functions in accordance with Section 201B(5) of the Companies Act, the SGX-ST's Listing Manual and the Code:

1. Reviews with the external auditors, their audit plan, evaluation of the accounting controls, audit reports and any matters which the external auditors wish to discuss;

2. Reviews with the internal auditors, the scope and the results of internal audit function and their evaluation of the overall internal control systems;

3. Reviews the quarterly, half-yearly and full-year results, and annual financial statements, including announcements to shareholders and the SGX-ST prior to submission to the Board;

4. Makes recommendations to the Board on the appointment of external auditors, their remuneration and reviews the cost effectiveness, independence and objectivity of the external auditors;

5. Reviews interested person transactions that may arise within the Company and the Group to ensure compliance with Chapter 9 of the SGX-ST's Listing Manual and to ensure that the terms of such transactions are:

    – on normal commercial terms; and

    – not prejudicial to the interests of the Company and its minority shareholders;

6. Reports actions and minutes of the ARMC meetings to the Board with such recommendations as the ARMC considers appropriate; and

7. Reviews reports received, if any, pursuant to the provisions of the Company's Whistle-blowing Policy and undertakes the proceedings as prescribed.

The ARMC has power to conduct or authorise investigations into any matters within its terms of reference.

The ARMC meets with the External Auditors at least annually and with the Internal Auditors at least once every two years, without the presence of Management to consider any matters which may be raised privately.

In discharging its functions, the ARMC is provided with sufficient resources, has access to and co-operation of Management and internal auditors and has discretion to invite any Director or executive officer to attend its meetings. All major findings and recommendations are brought to the attention of the Board.

The Company has put in place a whistle-blowing framework, endorsed by the ARMC, under which employees of the Group may, in confidence, raise concerns about possible corporate irregularities in matters of financial reporting or other matters.

The ARMC has undertaken a review of all non-audit services provided by the External Auditors during the financial year, and is of the view that they would not affect the independence of the external auditors.

The ARMC has recommended that KPMG LLP be nominated for re-appointment as External Auditors at the AGM to be held on 27 July 2018. KPMG LLP has indicated their willingness to accept re-appointment.

Corporate Governance Report

The ARMC members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements by attending training sessions and talks by the external auditors and other professionals.

INTERNAL AUDIT (IA)

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

The IA function is outsourced to Ernst & Young Advisory Pte Ltd, who reports directly to the ARMC.

Having an IA function assures the Board of the adequacy and maintenance of proper accounting records, and the reliability of the information used within or published by the Company.

The ARMC reviews at least annually, the adequacy and effectiveness of the outsourced internal audit function. The ARMC is satisfied that during the financial year, the IA is staff by suitably qualified and experienced personnel.

The internal auditor reviews once every two years the Group's main business processes, the activities in each of the Group's key business segments and the Group companies responsible for these business activities and processes. The internal auditor carried out its function according to the standards set by International Standards for the Professional Practice of Internal Auditing, established by the Institute of Internal Auditors.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

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

The Company treats all its shareholders fairly and equitably and keeps all its shareholders informed of its corporate activities, including changes in the Company or its business which would be likely to materially affect the price or value of its shares, on a timely and consistent basis.

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings of shareholders and informs shareholders of the rules, including voting procedures, governing such meetings. In addition, for transparency, the Company discloses proxies received by the Company directing the Chairman to vote (as proxy for members) for or against the motions at the general meetings.

COMMUNICATION WITH SHAREHOLDERS

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

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Manual and the Securities and Futures Act, Chapter 289 of Singapore (SFA), the Board's policy is that shareholders be informed promptly of all major developments that impact the Company and its subsidiaries.

Quarterly, half-year and full-year results are published on the Company's website (www.bukitsembawang.sg) and announced to SGX-ST via SGXNET. The Company's website is updated in a timely manner with the Group's corporate and business information. All information on the Company's new initiatives is first disseminated through the Company's website and SGXNET.

The Company also maintained a feedback column on its website through which investors and shareholders can submit their queries.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously (if after close of trading) with such meetings. Quarterly, half-year and full-year financial statements and annual reports are announced or issued within the mandatory period.

CONDUCT OF SHAREHOLDER MEETINGS

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

All shareholders of the Company are sent a copy of the Annual Report and Notice of AGM. The Notice which is despatched at least 14 days before the AGM, is also advertised in a prominent English language newspaper. At AGMs, shareholders are given the opportunity to air their views and ask questions. All Directors, Management and external auditors are requested to be present and available to address shareholders' questions relevant to the AGM.

The Company's Constitution allows a shareholder of the Company to appoint one or two proxies to attend and vote at all general meetings.

Resolutions at general meetings are each substantially separate issue. All resolutions at general meetings are single item resolutions. Voting for all resolutions passed at shareholders' meetings were conducted by electronic poll voting counted and validated by an independent scrutineer since 2016 for efficiency and transparency and would continue to be so at the forthcoming AGM. Voting results of the general meetings, including the total number of votes cast for or against each resolution, are released via SGXNET on the same day. The Company prepares minutes of general meetings.

Corporate Governance Report

PROJECT DEVELOPMENT MATTERS

Project Development Committee (PDC)

The PDC comprises the following members:

Mr Chng Kiong Huat (Chairman)
Mr Koh Poh Tiong
Mr Ng Chee Seng
Mr Eddie Tang
Mr Tan Swee Siong

The principal responsibilities of PDC are to oversee matters such as approving vendor lists, minor work contracts, supply and maintenance contracts and nominated sub-contracts.

INVESTMENT MATTERS

Investment Committee

The Investment Committee was formed in 2017 with the following members:

Mr Tan Swee Siong (Chairman)
Mr Koh Poh Tiong
Mr Eddie Tang
Mr Chng Kiong Huat

The primary function of the Investment Committee is to review new property investments and development projects in Singapore and overseas locations and recommend them to the Board for approval.

BEST PRACTICES POLICIES

Dealing in Securities

The Company has issued a policy on dealings in the securities of the Company to its Directors and Management, setting out the implications of insider trading and guidance on such dealings. It has adopted the best practices recommendations of the SGX-ST on Dealing in Securities to provide further guidance to Directors and employees dealing in the Company's securities. Pursuant to the guidelines, Directors and key executives of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's securities during the period commencing two weeks before the announcement of the Group's results for each of the first three quarters of the financial year and one month before the Group's full-year results and ending on the respective announcement date. In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's securities on short-term considerations.

Directors are required to report to the Company Secretary whenever they deal in the Company's shares and the necessary announcements are made in accordance with the notification requirements under the Securities and Futures Act (Chapter 289) of Singapore.

Interested Person Transactions

The Company has an internal policy in respect of any transactions with interested persons and has in place a process to review and approve any interested person transaction (IPT).

The IPT approved during the financial year ended 31 March 2018 is set out as below:

Name of Interested Person/ Description of Transaction	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)[2]	
	31.03.2018 $'000	31.03.2017 $'000
Sale of residential unit #03-01 at Paterson Collection to South Asia Shipping Company Private Limited (SASC)[1]	3,300	Nil

[1] SASC is an associate of Dr Lee Chien Shih (a non-executive and non-independent director of the Company).

[2] The Company does not have a general mandate from shareholders pursuant to Rule 920 of the SGX-ST Listing Manual.

Sustainability Report

1. Board Statement

The Board of Directors of Bukit Sembawang Estates Limited (the "Board") recognises the important role that sustainability has played in helping achieve our mission of "Building quality homes for every generation". The Board considers sustainability issues in our long-term strategy formulation. Managing sustainability allows us to safeguard the well-being of our stakeholders and deliver long-term value to them.

The Board oversees the overall sustainability direction. The Sustainability Steering Committee ("SSC") and Sustainability Task Force ("STF"), formed by the senior management, develop the sustainability strategy and drive sustainability program across the whole Group. The Board has approved the environmental, social and governance ("ESG") factors identified as material to our business and sees to it that they are appropriately monitored and managed.

2. Sustainability Approach

As a listed company, we seek to deliver a stable economic return to our investors. In order to achieve this goal, we take a holistic approach to manage risks and opportunities. We actively identify and address issues that are significant to our business and stakeholders, which involves environmental stewardship, social engagement to corporate governance.

What does sustainability mean to us?

Sustainable Economic Performance
Sustainability issues help us to mitigate risks and bring about new opportunities to our business.

Care for the Environment
We strive to minimise our environmental footprint so that future generations can enjoy the same quality of environment in the times to come.

Employees
A diverse, collaborative and competent workforce is essential for our long-term business growth.

Give Back to the Community
Building a stable, friendly and appreciative relationship with the community can help us to build our reputation and fulfil our corporate social responsibility.

License to Operate
We comply to environmental, socio-economic (including anti-corruption) and marketing laws and regulations to maintain our license to operate.

2.1 Care for the Environment

We place great importance on environmental stewardship. Besides recognising the real and urgent threat of global climate change, we are committed to delivering high-quality sustainable housing developments to realise the benefits of green practices. We aim to reduce our carbon emissions and other environmental footprints.

2.2 Value Employees and Give Back to the Community

As a responsible corporate citizen, we strive to bring about positive social impacts. We value our employees through competitive welfare packages and training programs. At the same time, we also acknowledge the importance to establish a stable, friendly and appreciative relationship with the local community. We give back to the community through charitable services and donations.

2.3 Effective Corporate Governance

We also understand the importance of effective corporate governance towards the long-term success of our sustainability strategy and our overall development. We are committed to creating a transparent and effective governance to maintain high standards of business ethics beyond compliance.

2.4 Sustainability Steering Committee

To implement our sustainability approach effectively, we have a formalised sustainability governance structure. The SSC is headed by our Chief Executive Officer ("CEO") and reports to the Board regularly. It is supported by the STF which comprises members of senior management across functions. The SSC is responsible for developing and implementing our sustainability strategy, determining the material ESG factors as well as managing and monitoring the performance of these factors.

3. About This Report

This Sustainability Report (the "Report") is aligned with Singapore Exchange (SGX) requirements. We prepared this report with reference to the GRI Standards (2016) as they represent one of the global best practice guides for reporting on ESG factors.

The Report covers the listed entity, Bukit Sembawang Estates Limited and its group of companies. The reporting period is from 1st April 2017 to 31st March 2018 ("FY18").

4. Materiality Assessment

In line with the GRI Standards' materiality approach, we appointed an external consultant to conduct the assessment with our senior management. The following 9 factors have been identified as material for our FY18 sustainability report disclosures, as illustrated in the diagram below. These material factors have been approved by the Board. We have also included the topics of Green Buildings and Occupational Health and Safety in this report to show our commitment and efforts in these areas.

Material Factors for FY18

Economic	• Economic Performance[1]
Environmental	• Materials • Energy • Emissions
Social	• Local Communities • Training and Education
Governance	• Anti-Corruption • Compliance • Supplier Assessment

Additional Disclosures for FY18

Environmental	• Green Buildings
Social	• Occupational Health and Safety

5. Our Environment

The Group has played an active role in contributing to Singapore's built environment through developing eco-friendly properties and adopting green practices in our operations.

To better govern our environmental performance, we have established an ISO 9001:2015 and ISO 14001:2015 certified Quality & Environmental Management System (QEMS), managed and monitored by an appointed ISO Management Representative. The system includes a comprehensive set of managerial tools to govern the objectives, policies and procedures regarding quality and environment. Every year, we conduct an internal audit to ensure that our QEMS activities are performed effectively and take corrective actions when necessary. The performance of our QEMS is communicated annually during the Management Review Meeting.

In our office, we have established an Environment Sustainability Committee (ESC) to promote green initiatives. Every month, the ESC sends out the Green e-mailer to all staff to reiterate the importance of environmental sustainability. The ESC meets monthly to discuss various environmental and green issues of our corporate office.

In 2017, in recognition of our continued commitment to sustainability, we have renewed the "Eco-Office Label" by the Singapore Environmental Council (valid until 2020) after first receiving it in 2015. This label encompasses a comprehensive assessment of the sustainability practices in our corporate office, including organisational environmental awareness, indoor air quality, water and energy conservation, waste management and recycling, procurement from environmentally-friendly sources, as well as green administrative operation. We aim to continue our sustainability effort and maintain the "Eco-Office Label".

In this report, the policy and performance for our material environmental factors focus on our corporate office.

5.1 Materials

We are aware of the environmental impact associated with materials used during office administration.

For our office supplies, we opt for products from sustainable suppliers or those are accredited with a green label, such as the Green Label Singapore, FSC (Forest Stewardship Council), PEFC (Programs for the Endorsement of Forest Certification). We prefer recycled paper products and refrain from bleached paper with high chlorine content. On top of sourcing environmentally-friendly products, we also strive to reduce the volume of our consumption through the promotion of 4Rs. (Reduce, Reuse, Recycle and Rethink). The ESC has started a number of awareness building programs to educate our staff about 4Rs. For example, we have set up recycling bins in our office and encouraged our administration procedures to go paperless.

As a testament to our sustainability efforts, in FY17, we used 2.45 reams of paper per employee per month and this was reduced to 2.4 reams of paper per employee per month in FY18. In the next year, we aim to maintain our paper consumption per staff at the head office at 2.4 reams per month.

[1] *Please refer to the Financial Statements of the FY18 Annual Report for details.*

Sustainability Report

5.2 Energy and Emissions

Energy use and its related greenhouse gas (GHG) emissions are significant contributors to the global climate change. As a responsible corporate citizen, we are committed to improve our energy efficiency and reduce our GHG emissions. We have installed energy efficient LED lights in our office. Sub-area light switches are put in place for greater controllability so that lights can be switched off in unused areas. In addition, we have set the air-conditioning temperature at 25 °C in our office areas to reduce energy use while maintaining thermal comfort. We also coordinate with the building managers to regularly monitor and maintain our chillers for optimum energy efficiency performance.

Since 2015, we have launched an annual "Plant-A-Tree" event to offset our carbon emissions. On 14 August 2017, all of our staff came together and planted 20 trees in Luxus Hills Park. We plan to continue this initiative and increase the number of trees to be planted at an increment of 5 trees every year thereafter. This demonstrates our active role in playing a part to mitigate global climate change.

All our energy initiatives led to significant energy saving and emission reduction, which is demonstrated in the data listed below. Going forward, we will continue to improve our energy efficiency and maintain our monthly electricity consumption per staff below 260 kWh.

Tree Planting Day (14 August 2017)

Material Factor	Performance Indicator [1]	FY18	FY17	Year-on-year change
Energy	Annual Electricity Consumption (kWh)	53,190.00	59,595.00	10.75% decrease
	Energy Consumption Intensity (kWh per employee per month)	177.30	198.65	
Emission [2]	Annual Emission of Carbon Dioxide Equivalent (CO_2e) (tonnes)	21.86	24.50	
	Emission Intensity (tonnes of CO_2e per employee per month)	0.07	0.08	

[1] *All data in the table is rounded to 2 decimal places.*

[2] *Emission conversion factor is adapted from Singapore Energy Statistics 2017, published by the Energy Market Authority of Singapore. The Grid Emission Factor (GEF) used is 0.00041105 tCO2e/kWh, the average of Operating Margin (OM) GEF and Build Margin (BM) GEF for the year 2016.*

Sustainability Report

Green Buildings

As a leading Property Developer, we strive to deliver fine quality homes that cater to the sustainability aspirations and lifestyles of our customers. We are committed to building homes with innovative and functional concepts by integrating environmental sustainability into architectural design, building details, construction work and providing good maintenance and after-sale service.

Over the years, the Group has obtained many Green Mark Awards and Quality Mark Certifications by the Building and Construction Authority (BCA) of Singapore (see our Corporate Profile for details). In the forthcoming year, we aim to achieve at least BCA Green Mark Gold Awards for all homes built.

6. Our Society

We strive to build and maintain good relationships with our employees and the communities that we operate in. We wish to create a collaborative, competent and safe working environment for our employees. At the same time, we are actively involved in community engagements and service programs to give back to the society at large.

6.1 Local communities

We believe the social value we create is as important as the economic value. The Corporate Social Responsibility (CSR) Committee governs our community engagement endeavours. The CSR Committee selects and carries out Corporate Community Involvement (CCI) activities in line with the Group's CCI guideline. We have in place a key performance indicator at the management level to encourage employee participation in CCI activities. The CSR Committee also gather feedbacks on CCI activities held for future improvements.

In FY18, we have completed the following CCI activities:

- Donation of used items in good conditions to the "St. Isidore Thrift Shop" of Willing Hearts Orphanage in August 2017
- Mid-autumn celebration with the elderly residents of Bright Hill Evergreen Home in September 2017
- Chinese New Year celebration with the elderly residents of Bright Hill Evergreen Home in February 2018

For the forthcoming year, we target to complete at least 3 CCI activities, and that each staff to participate in at least one external activity.

Interacting with residents of Bright Hill Evergreen Home during Mid-autumn Festival

Celebrating Chinese New Year 2018 with residents of Bright Hill Evergreen Home

Celebrating Chinese New Year 2018 with residents of Bright Hill Evergreen Home

Sustainability Report

6.2 Training and Education

Human capital is the key to the long-term success of our business. We invest in our employees so as to give them an opportunity in realising their potential.

When new employees first join the company, they are orientated on the Group's business, policies, corporate culture and core values. They will also be attached to career mentors for on-the-job training. Our employees are encouraged to attend seminars, workshops and skills programs whenever they identify a learning need. We also support our employees with external training across a wide range of topics, such as Project and Property Development, Estate Management, Accounting, ISO 9001 and ISO 14001:2015, Self-Improvement & Administration, Marketing and Human Resources. After the completion of the training, the staff shall provide feedback on the training and share the knowledge with the team. Through these learning and development programs, we are able to build a strong, capable and motivated team equipped with the relevant skill sets.

The Human Resource coordinates and monitors our training programs and maintains a record of training requirements and training completed. In FY18, we have achieved an average of 18 hours of training per employee. In the coming year, we aim to maintain the same average hours of training per employee.

Occupational Health and Safety

We are committed to ensuring a healthy and safe working environment for our employees. On a regular basis, risk assessments are carried out by a designated Risk Assessment Team to identify potential safety hazards in the office. The team will analyse the risks and put in place respective control measures to minimise or eliminate these exposures. These are updated regularly, as and when new risks arise.

We have an established Workplace Safety and Health Manual, which is available on the Intranet. In addition, we have set up contingency plans for a diverse range of emergencies, including fire, natural disasters and medical emergencies. We uphold the same high level of safety standard in our projects through all stages, from the design inception, to the later construction, and eventually property management.

Matters relating to occupational health and safety are monitored and deliberated during the Management Meetings. Timely investigation and execution of preventive or corrective actions will be taken upon any reported incident.

7. Our Governance

A structured, robust and transparent governance upholds the Group's core values. We are committed to ensuring our compliance with environmental, socio-economic (including anti-corruption) and marketing laws and regulations. We are equally diligent in screening our suppliers to meet the acceptable environmental and social sustainability standards.

7.1 Anti-Corruption

The Group adopts a zero-tolerance policy against corruption to uphold our brand integrity. We have clear guidance on anti-corruption practices, including whistleblowing, anti-money laundering, conflict of interest and insider trading. All of these topics are covered in our employee induction program and formalised as part of our employee conduct handbook. All of our employees are obliged to declare any conflict of interest in writing prior to joining the Group. Our resolution for anti-corruption extends to all aspects of our business.

To effectively monitor our anti-corruption practices, an internal audit team is dedicated to assessing the effectiveness of the related risk management, control and governance process. In FY18, there is no confirmed case of corruption. We aim to maintain this zero incidence of corruption in the coming year.

Sustainability Report

7.2 Compliance

Compliance with relevant laws and regulations is one of the most important pre-requisites for our continued operation and growth.

To comply with environmental laws, we have an Environment Code of Practice on Pollution Control which controls aspects such as water, air, noise, hazardous substances, and toxic industrial waste. Our managers are required to follow the latest update on environmental regulations and incorporate them into our business. Once every quarter, we evaluate the compliance of Environmental Management System and then take up necessary corrective actions.

In the socio-economic area, we consistently maintain high standards of ethics and code of conduct. Before each project launch, we will ensure that we have completed the item checklist as per Urban Redevelopment Authority Requirements. We only engage accredited consultants to help us apply for the required licenses. In the case of any non-compliance or pending litigation, the highest level of management would be informed and involved in the follow-ups.

We maintain full compliance with regulations and voluntary codes concerning product and service information, labelling and marketing communications. Our Project Management and Marketing teams review all marketing communication materials and events preparations to ensure compliance with the applicable acts prior to promotions. We also include a clause for tenants that they need to abide by relevant rules, including marketing communications and advertisements placements. We have a very strong policy on data protection. We have included data protection clause and option for consent in all materials requesting personal information from the stakeholders.

In FY18, there is zero incidence of non-compliance with relevant environmental, socio-economic and marketing-related laws and regulations. In FY19, we aim to maintain this zero-compliance with laws and regulations.

7.3 Supplier Assessment

Through careful environmental and social assessment of suppliers, we can make sure that our suppliers abide by our business ethics and safeguard our reputation as a responsible corporate citizen.

We have developed our own procedures to ensure that our suppliers, contractors and property management service providers are in compliance with our QEMS Procedures for Pollution Control, Waste Management, Resources Conservation and Environmental Sustainability. We also conduct regular checks to verify that environmental sustainability practices are observed as documented in our Environmental Sustainability E-manual, which follows the Principles of 4Rs. For example, we select suppliers that source non-hazardous and conflict-free materials.

Beside supplier environmental assessment, we also screen suppliers on their compliance with social regulations. As a part of best practices, we include safety records and well-recognised certifications, such as ISO 14001: 2015, BCA Construction Quality Assessment System (CONQUAS) and BCA's Quality Mark as part of our selection criteria.

On a regular basis, we update our list of environmental and social assessment criteria to make sure that it is consistent with the best industry practices. In FY18, we have started to carry out supplier environmental and social assessment to most of our new suppliers before engaging them. For example, the new suppliers are assessed for their environmental commitment and obligations to ISO 14001:2015. Going forward, we will target to continue to achieve 100% screening of our suppliers and to regularly update our assessment criteria.

8. The Way Ahead

Sustainability remains at the heart of our operations and we aspire to contribute to building a more prosperous and sustainable society. We will continue to uphold our belief and commitment to integrating sustainability into our business to deliver long-term economic value as well as make positive social and environmental impacts.

Financial Reports

Directors' Statement

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

In our opinion:

(a) the financial statements set out on pages 49 to 89 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; and

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

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

Directors

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

Koh Poh Tiong
Lee Chien Shih
Ng Chee Seng
Eddie Tang
Tan Swee Siong
Fam Lee San
Chng Kiong Huat

Directors' interests

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

Name of director and corporation in which interests are held	Holdings in the name of the director		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
The Company				
Ordinary shares fully paid				
Lee Chien Shih	528,000	528,000	–	–
Ng Chee Seng	–	–	24,000	24,000
Chng Kiong Huat	–	–	10,000	10,000

Directors' Statement

Directors' interests (cont'd)

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

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

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

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries under options.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit Committee

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

- Koh Poh Tiong (Chairman) (Appointed on 4 August 2017)
- Eddie Tang
- Tan Swee Siong

All the members of the Audit Committee are non-executive directors of the Company who are independent of the Group and Company's management.

The Audit Committee performs the functions specified in Section 201B of the Companies Act, the Listing Manual and the Best Practices Guide of the Singapore Exchange, and the Code of Corporate Governance.

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

Directors' Statement

Audit Committee (cont'd)

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

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

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

The Company is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual in respect of the appointment of auditors for the Company and its subsidiaries.

Auditors

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

On behalf of the Board of Directors

Koh Poh Tiong
Director

Ng Chee Seng
Director

12 June 2018

Independent Auditors' Report

Members of the Company
Bukit Sembawang Estates Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bukit Sembawang Estates Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 49 to 89.

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

Basis for opinion

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

Key audit matters

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

<u>Valuation of development properties</u>
(Refer to Note 8 to the financial statements)

Risk

The Group has residential development properties in Singapore with a carrying amount of $858 million as at 31 March 2018. Development properties represent the largest category of assets on the statement of financial position; and are measured at the lower of cost and net realisable value ("NRV"). NRV represents the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated selling expenses. The determination of the NRV of development properties is dependent on business cycles, moderated by prevailing government regulations.

The residential development projects are therefore subject to risk of foreseeable losses, if the estimated selling prices fall below the estimated total construction costs.

Our response

We focused on development projects with slower-than-expected sales or low margins as well as projects where foreseeable losses were previously recognised.

We assessed the reasonableness of the selling prices estimated by the external valuers or management by comparing to recent transacted prices for the same project and/or comparable properties in the vicinity of the properties, taking into consideration the prevailing market trends and the Group's selling plans for these properties.

We evaluated the Group's estimated total development costs for the selected projects by comparing the costs to contracts and agreements, taking into consideration the costs incurred to-date, status of construction progress, and remaining costs to complete, including any deviation in design plans or cost overruns.

Our findings

We found the Group's estimates of future selling prices of its development projects to be comparable to market data and its estimates of total development costs to be cautious.

Other information

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

We have obtained all other information prior to the date of this auditors' report except for the Shareholding Statistics (the "Report") which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Independent Auditors' Report

Members of the Company
Bukit Sembawang Estates Limited

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 June 2018

Statements of Financial Position

As at 31 March 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Non-current assets					
Investment property	4	**3,811**	3,973	**–**	–
Property, plant and equipment	5	**241,284**	102	**–**	–
Investments in subsidiaries	6	**–**	–	**310,000**	310,000
Deferred tax assets	7	**16,814**	23,760	**–**	–
		261,909	27,835	**310,000**	310,000
Current assets					
Development properties	8	**857,742**	997,020	**–**	–
Trade and other receivables	9	**61,292**	24,494	**322,906**	208,235
Cash and cash equivalents	10	**145,634**	365,378	**99,341**	345,246
		1,064,668	1,386,892	**422,247**	553,481
Total assets		**1,326,577**	1,414,727	**732,247**	863,481
Equity attributable to shareholders of the Company					
Share capital	11	**631,801**	631,801	**631,801**	631,801
Reserves	12	**614,919**	645,048	**87,973**	170,945
Total equity		**1,246,720**	1,276,849	**719,774**	802,746
Non-current liabilities					
Deferred tax liabilities	7	**2,511**	355	**49**	355
Current liabilities					
Trade and other payables	13	**76,611**	111,810	**11,740**	59,850
Current tax payable		**735**	25,713	**684**	530
		77,346	137,523	**12,424**	60,380
Total liabilities		**79,857**	137,878	**12,473**	60,735
Total equity and liabilities		**1,326,577**	1,414,727	**732,247**	863,481

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

Consolidated Statement of Comprehensive Income

Year ended 31 March 2018

	Note	2018 $'000	2017 $'000
Revenue	14	**98,135**	143,395
Cost of sales		**(28,875)**	(53,796)
Gross profit		**69,260**	89,599
Other income		**194**	142
Administrative expenses		**(4,317)**	(3,912)
Other operating expenses		**(2,488)**	(11,264)
Profit from operations	15	**62,649**	74,565
Finance income		**2,876**	5,167
Finance expense		**(33)**	–
Net finance income	16	**2,843**	5,167
Profit before tax		**65,492**	79,732
Tax expense	17	**(10,180)**	(7,274)
Profit and total comprehensive income for the year		**55,312**	72,458
Earnings per share			
Basic and diluted earnings per share (cents)	18	**21.36**	27.99

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

Consolidated Statement of Changes in Equity

Year ended 31 March 2018

	Note	Share capital $'000	Capital reserve $'000	Accumulated profits $'000	Total $'000
Group					
At 1 April 2016		631,801	60,714	597,317	1,289,832
Total comprehensive income for the year					
Profit for the year		–	–	72,458	72,458
Transactions with owners, recorded directly in equity					
Contributions by and distributions to equity holders					
Dividends paid	19	–	–	(85,441)	(85,441)
Total contributions by and distributions to equity holders		–	–	(85,441)	(85,441)
Changes in ownership interests in subsidiaries					
Transfer of reserves on liquidation of subsidiaries		–	(3,806)	3,806	–
Total changes in ownership interests in subsidiaries		–	(3,806)	3,806	–
Total transactions with owners		–	(3,806)	(81,635)	(85,441)
At 31 March 2017		631,801	56,908	588,140	1,276,849

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

Consolidated Statement of Changes in Equity

Year ended 31 March 2018

	Note	Share capital $'000	Capital reserve $'000	Accumulated profits $'000	Total $'000
Group					
At 1 April 2017		631,801	56,908	588,140	1,276,849
Total comprehensive income for the year					
Profit for the year		–	–	55,312	55,312
Transactions with owners, recorded directly in equity					
Contributions by and distributions to equity holders					
Dividends paid	19	–	–	(85,441)	(85,441)
Total contributions by and distributions to equity holders		–	–	(85,441)	(85,441)
Total transactions with owners		–	–	(85,441)	(85,441)
At 31 March 2018		631,801	56,908	558,011	1,246,720

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

Consolidated Statement of Cash Flows

Year ended 31 March 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Profit before tax		65,492	79,732
Adjustments for:			
Depreciation of investment property	4	162	162
Depreciation of property, plant and equipment	5	102	133
Gain on disposal of property, plant and equipment		(38)	–
Net finance income	16	(2,843)	(5,167)
Allowance for foreseeable losses on development properties (written back)/ recognised		(35,545)	5,039
		27,330	79,899
Changes in:			
Development properties		(65,357)	(60,176)
Trade and other receivables		(38,577)	69,700
Trade and other payables		(35,199)	(29,238)
Cash (used in)/generated from operations		(111,803)	60,185
Interest received		4,655	3,339
Taxes paid		(26,056)	(24,457)
Net cash (used in)/from operating activities		(133,204)	39,067
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		45	–
Additions to property, plant and equipment		(1,111)	(156)
Net cash used in investing activities		(1,066)	(156)
Cash flows from financing activities			
Proceeds from borrowings		200,000	–
Repayment of borrowings		(200,000)	–
Dividends paid to owners of the Company		(85,441)	(85,441)
Interest paid		(33)	–
Net cash used in financing activities		(85,474)	(85,441)
Net decrease in cash and cash equivalents		(219,744)	(46,530)
Cash and cash equivalents at beginning of the year		365,378	411,908
Cash and cash equivalents at end of the year	10	145,634	365,378

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 June 2018.

1 Domicile and activities

Bukit Sembawang Estates Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 250 Tanjong Pagar Road, #09-01 St Andrew's Centre, Singapore 088541.

The principal activity of the Company is that relating to investment holding. The principal activities of the subsidiaries are those relating to investment holding and property development.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 5 – classification of property as property, plant and equipment.

Notes to the Financial Statements

Year ended 31 March 2018

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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

- Note 8 – measurement of profit attributable to properties under development and allowance for foreseeable losses
- Note 17 – estimation of provisions for current and deferred taxation

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Executive Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as independent valuers' report, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

Revised standards

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

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

The adoption of these amendments did not have any impact on the current or prior period.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

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

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

The Group measures goodwill at the date of acquisition as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

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

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

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

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

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Subsidiaries

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

The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Subsidiaries in the separate financial statements

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

3.2 Foreign currency transactions

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

3.3 Investment property

Investment property is property held either to earn rental income or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes.

Investment property is stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Depreciation on investment property is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of the investment property.

3 Significant accounting policies (cont'd)

3.3 Investment property (cont'd)

The estimated useful lives are as follows:

Freehold office premises	50 years
Furniture and fittings	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.4 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

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

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. No depreciation is recognised on freehold land and renovation in-progress.

Depreciation is recognised from the date that the property, plant and equipment are installed and ready for use.

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

Freehold premise	50 years
Furniture, fittings and equipment	3 to 5 years
Motor vehicles	5 years
Computers	1 year

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

Notes to the Financial Statements

Year ended 31 March 2018

3 Significant accounting policies (cont'd)

3.5 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity.

Borrowing costs that are directly attributable to the acquisition and development of the development property are capitalised as part of development property during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statement of financial position. If progress billings exceed costs incurred plus recognised profits, the balance is presented as deferred income.

3.6 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

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

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

3 Significant accounting policies (cont'd)

3.6 Financial instruments (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

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

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

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

The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

Share capital

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

3.7 Impairment

Non-derivative financial assets

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

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

3 Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Non-derivative financial assets (cont'd)

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

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

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

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and development properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

3 Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Non-financial assets (cont'd)

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

3.8 Provisions

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

Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.9 Employee benefits

Defined contribution plans

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

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

Notes to the Financial Statements
Year ended 31 March 2018

3 Significant accounting policies (cont'd)

3.10 Financial guarantee contracts

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment, when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contracts.

3.11 Revenue

Sale of development properties

Revenue from sales of development properties is recognised by reference to the stage of completion using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

The percentage of completion is measured by reference to the work performed, based on the ratio of costs incurred to date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

Dividends

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3 Significant accounting policies (cont'd)

3.12 Finance income and finance expense

Finance income

Finance income comprises mainly interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expense

Finance expense comprises interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.13 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.14 Tax

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

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

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

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

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

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

Notes to the Financial Statements

Year ended 31 March 2018

3 Significant accounting policies (cont'd)

3.14 Tax (cont'd)

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

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

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

3.15 Earnings per share

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

3.16 Segment reporting

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

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

4 Investment property

	$'000
Group	
Cost	
At 1 April 2016, 31 March 2017 and 31 March 2018	8,189
Accumulated depreciation	
At 1 April 2016	4,054
Depreciation charge for the year	162
At 31 March 2017	4,216
Depreciation charge for the year	162
At 31 March 2018	4,378
Carrying amounts	
At 1 April 2016	4,135
At 31 March 2017	3,973
At 31 March 2018	3,811
Fair value	
At 31 March 2017	17,864
At 31 March 2018	20,600

Investment property comprises office premises that are leased to external customers. Generally, each of the leases is fixed for a period of 3 to 4 years, and subsequent renewals are negotiated at prevailing market rate and terms. None of the leases contain any contingent rent arrangements. Rental income of $488,000 (2017: $488,000) was derived from the investment property during the year.

The fair value of the investment property is based on a valuation conducted by a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the location and category of the investment property being valued. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is based on the direct comparison method, having regard to the prevailing conditions of the property and recent market transactions for similar properties in the same location.

The fair value measurement for investment property has been categorised as a Level 2 fair value based on the inputs to the valuation technique used (see note 2.4).

Notes to the Financial Statements

Year ended 31 March 2018

5 Property, plant and equipment

	Freehold land $'000	Freehold premise $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Computers $'000	Renovation in-progress $'000	Total $'000
Group							
Cost							
At 1 April 2016	–	–	193	434	139	–	766
Additions	–	–	–	59	97	–	156
Disposals	–	–	(1)	(72)	(18)	–	(91)
At 31 March 2017	–	–	192	421	218	–	831
Additions	–	–	3	189	44	875	1,111
Transfer from development properties	158,644	81,536	–	–	–	–	240,180
Disposals	–	–	(1)	(362)	–	–	(363)
At 31 March 2018	158,644	81,536	194	248	262	875	241,759
Accumulated depreciation							
At 1 April 2016	–	–	189	368	130	–	687
Depreciation charge for the year	–	–	3	56	74	–	133
Disposals	–	–	(1)	(72)	(18)	–	(91)
At 31 March 2017	–	–	191	352	186	–	729
Depreciation charge for the year	–	–	1	52	49	–	102
Disposals	–	–	(1)	(355)	–	–	(356)
At 31 March 2018	–	–	191	49	235	–	475
Carrying amounts							
At 1 April 2016	–	–	4	66	9	–	79
At 31 March 2017	–	–	1	69	32	–	102
At 31 March 2018	158,644	81,536	3	199	27	875	241,284

The depreciation charge is included in administrative expenses in the consolidated statement of comprehensive income.

During the financial year ended 31 March 2018, the Group transferred certain condominium units ("Paterson Collection Project") from development properties to property, plant and equipment as the Group will retain the units for its own use to generate income.

In assessing whether a property is classified as property, plant and equipment, the Group takes into consideration several factors including, but not limited to, the business model of the said property, the extent of ancillary services provided, the power that the Group has to make significant operating and financing decisions regarding the operations of the property and the significance of its exposure to variations in the net cash flows of the property. The factors above are considered collectively in determining the classification of property.

6 Investments in subsidiaries

	Company 2018 $'000	Company 2017 $'000
Equity investments, at cost	**310,000**	310,000

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/Country of incorporation	Effective equity held by the Group 2018 %	Effective equity held by the Group 2017 %
<u>Direct subsidiaries of the Company</u>			
Bukit Sembawang View Pte. Ltd.	Singapore	**100**	100
Singapore United Estates (Private) Limited	Singapore	**100**	100
Sembawang Estates (Private) Limited	Singapore	**100**	100
Paterson Collection Pte. Ltd.	Singapore	**100**	100
Paterson One Pte. Ltd.	Singapore	**100**	100
BSEL Development Pte. Ltd.[(1)]	Singapore	**100**	–
Bukit Sembawang Land Pte. Ltd.[(1)]	Singapore	**100**	–
Bukit Sembawang Residences Pte. Ltd.[(1)]	Singapore	**100**	–

(1) The subsidiaries were incorporated during the financial year.

KPMG LLP are the auditors of all Singapore-incorporated subsidiaries.

Notes to the Financial Statements

Year ended 31 March 2018

7 Deferred tax assets/(liabilities)

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

	At 1/4/2016 $'000	Recognised in profit or loss (note 17) $'000	At 31/3/2017 $'000	Recognised in profit or loss (note 17) $'000	At 31/3/2018 $'000
Group					
Deferred tax assets					
Development properties	5,900	16,826	22,726	(14,292)	8,434
Trade and other payables	1,761	(1,729)	32	2,610	2,642
Tax losses	645	378	1,023	6,340	7,363
	8,306	15,475	23,781	(5,342)	18,439
Deferred tax liabilities					
Property, plant and equipment	(18)	(3)	(21)	1	(20)
Development properties	(6,849)	6,849	–	(4,067)	(4,067)
Trade and other receivables	(29)	(326)	(355)	306	(49)
	(6,896)	6,520	(376)	(3,760)	(4,136)

The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group 2018 $'000	Group 2017 $'000
Deferred tax assets	**16,814**	23,760
Deferred tax liabilities	**(2,511)**	(355)

Movements in deferred tax liabilities of the Company during the year are as follows:

	At 1/4/2016 $'000	Recognised in profit or loss $'000	At 31/3/2017 $'000	Recognised in profit or loss $'000	At 31/3/2018 $'000
Company					
Deferred tax liabilities					
Trade and other receivables	(14)	(341)	(355)	306	(49)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

8 Development properties

	Group 2018 $'000	Group 2017 $'000
Properties in the course of development		
Cost	**429,244**	751,246
Attributable profit	**31,328**	–
Progress billings	**(61,429)**	–
	399,143	751,246
Completed units		
Cost	**458,599**	282,141
Allowance for foreseeable losses on development properties	**–**	(36,367)
	458,599	245,774
Total development properties	**857,742**	997,020

Development properties recognised as "cost of sales" amounted to $24,504,000 (2017: $47,046,000) during the year.

An additional allowance for foreseeable losses of $5,039,000 was recognised on certain projects of the Group in the previous year caused by weak market conditions then. During the financial year ended 31 March 2018, the Group re-assessed the selling prices and under an improved market condition, wrote back an allowance for foreseeable losses of $35,545,000 on the Paterson Collection Project.

The allowance for foreseeable losses was previously determined taking into consideration the expected selling prices for the projects, which were based on external independent professional valuations undertaken. The valuations were undertaken by independent professional valuers who have appropriate recognised professional qualifications and recent experience in the location and category of the development properties being valued. The valuations were based on the comparable sales method. The valuation method used involves making estimates of the selling prices of the development properties, taking into consideration the recent selling prices for comparable properties and prevailing property market conditions. Market conditions may, however, change which may affect the future selling prices of the remaining unsold units of development properties and accordingly, the carrying value of development properties may have to be adjusted in future periods.

The allowance for foreseeable losses on development properties recognised/written back is included in "other operating expenses".

The Group recognises profit on sale of development properties in the course of development using the percentage of completion method. The stage of completion is measured by reference to the quantity surveyor/architect's certification of the estimated construction costs incurred to-date to the estimated total construction costs for each project. In estimating the construction costs for each project, management relied on historical experience, contractual agreements with contractors/suppliers and the work of professionals such as quantity surveyors/architects. Any change in the estimates of the construction costs, variations, omissions or the effect of a change in the estimate of the outcome of a contractual agreement could impact the computation of the percentage of completion and the amount of revenue and expenses recognised in profit or loss in the period in which the change is made and in subsequent periods.

Notes to the Financial Statements

Year ended 31 March 2018

9 Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Accrued receivables	7,467	–	–	–
Trade receivables	6,464	22,186	–	–
Deposits	46,974	120	500	–
Other receivables	308	2,104	286	2,090
Amounts due from subsidiaries	–	–	322,093	206,123
	61,213	24,410	322,879	208,213
Prepayments	79	84	27	22
	61,292	24,494	322,906	208,235

Accrued receivables relate to the remaining sales consideration not yet billed on development properties for sale.

Trade receivables relate mainly to amounts due from buyers of development properties. The ageing of trade receivables at the reporting date is:

	Gross	
	2018	2017
	$'000	$'000
Group		
Not past due	5,058	17,435
Past due 1 – 30 days	927	3,163
Past due 31 – 120 days	479	–
Past due more than 120 days	–	1,588
	6,464	22,186

Based on the Group's historical experience and management's assessment of the collectability of trade receivables, the Group believes that no impairment is necessary in respect of trade receivables not past due or past due.

Included in deposits are deposits of $46,305,000 made relating to purchase of enbloc properties.

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

10 Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Amounts held under "Project Account Rules – 1997 Ed."	**32,898**	–	–	–
Fixed deposits placed with financial institutions	**96,699**	341,134	**96,699**	341,134
Cash at banks and in hand	**16,037**	24,244	**2,642**	4,112
	145,634	365,378	**99,341**	345,246

The withdrawals from amounts held under "Project Account Rules – 1997 Ed." are restricted to payments for expenditure incurred on development projects.

Amounts held under the "Project Account Rules – 1997 Ed." includes $18,034,775 (2017: $Nil) held in fixed deposits placed with financial institutions. The fixed deposits have maturity periods of 5 days to 9 days (2017: Nil) from the end of the financial year.

11 Share capital

	2018		2017	
	Number of shares '000	$'000	Number of shares '000	$'000
Issued and fully-paid:				
Ordinary shares				
At beginning and end of the year	**258,911**	**631,801**	258,911	631,801

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

12 Reserves

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Capital reserve	**56,908**	56,908	**56,908**	56,908
Accumulated profits	**558,011**	588,140	**31,065**	114,037
	614,919	645,048	**87,973**	170,945

The capital reserve of the Group and of the Company comprises mainly profits from disposal of quoted investments which is distributable.

Notes to the Financial Statements

Year ended 31 March 2018

13 Trade and other payables

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Trade payables	**10,553**	1,336	**–**	1
Retention sums payable	**22,587**	21,181	**–**	–
Accrued development costs	**38,300**	87,022	**–**	–
Accrued operating expenses	**4,331**	1,988	**758**	1,179
Sundry payables	**417**	283	**1**	–
Deferred income	**423**	–	**–**	–
Amounts due to subsidiaries	**–**	–	**10,981**	58,670
	76,611	111,810	**11,740**	59,850

Deferred income relates to the non-refundable deposit received in respect of a unit in a completed development property (note 8) sold under deferred payment scheme.

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand.

14 Revenue

	Group 2018 $'000	Group 2017 $'000
Sale of development properties	**97,387**	142,647
Rental and related income	**748**	748
	98,135	143,395

15 Profit from operations

The following items have been included in arriving at profit from operations:

	Group 2018 $'000	Group 2017 $'000
Allowance for foreseeable losses on development properties (written back)/ recognised	**(35,545)**	5,039
Fees paid to auditors of the Company:		
– Audit	**177**	160
– Non-audit fees	**47**	38
Gain on disposal of property, plant and equipment	**(38)**	–
Contributions to defined contribution plans (included in staff costs)	**244**	262
Direct operating expenses arising from rental of investment property (excluding depreciation)	**164**	181
Operating lease expenses	**182**	182
Staff costs	**2,763**	2,701

16 Net finance income

	Group 2018 $'000	Group 2017 $'000
Interest income		
– Fixed deposits	**2,856**	5,166
– Cash at bank	**20**	1
	2,876	5,167
Interest expense	**(33)**	–
Net finance income	**2,843**	5,167

17 Tax expense

	Group 2018 $'000	Group 2017 $'000
Current tax expense		
Current year	**735**	26,643
Underprovision in respect of prior years	**343**	2,626
	1,078	29,269
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	**10,690**	(14,003)
Overprovision in respect of prior years	**(1,588)**	(7,992)
	9,102	(21,995)
Tax expense	**10,180**	7,274

Reconciliation of effective tax rate

	2018 $'000	2017 $'000
Profit before tax	**65,492**	79,732
Tax calculated using Singapore tax rate of 17% (2017: 17%)	**11,134**	13,554
Expenses not deductible for tax purposes	**759**	99
Income not subject to tax	**(468)**	(1,013)
Overprovision in respect of prior years	**(1,245)**	(5,366)
	10,180	7,274

Judgement is required in determining the deductibility of certain expenses and taxability of certain income during the estimation of the provision for taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provision for tax and deferred tax provision in the period in which such determination is made.

Notes to the Financial Statements

Year ended 31 March 2018

18 Earnings per share

Basic and diluted earnings per share

	Group 2018 $'000	Group 2017 $'000
Basic and diluted earnings per share is based on:		
Profit for the year	**55,312**	72,458

	Number of shares '000 (2018)	Number of shares '000 (2017)
Weighted average number of ordinary shares	**258,911**	258,911

Diluted earnings per share is the same as basic earnings per share as there are no dilutive instruments in issue during the year.

19 Dividends

The following dividends were declared and paid by the Group and the Company:

	Group and Company 2018 $'000	Group and Company 2017 $'000
Final dividend paid of $0.04 per share in respect of 2017	**10,356**	–
Special dividend paid of $0.29 per share in respect of 2017	**75,085**	–
Final dividend paid of $0.04 per share in respect of 2016	**–**	10,356
Special dividend paid of $0.29 per share in respect of 2016	**–**	75,085
	85,441	85,441

After the respective reporting dates, the following dividends were proposed by the directors. These dividends have not been provided for.

	Group and Company 2018 $'000	Group and Company 2017 $'000
Final dividend proposed of $0.04 per share in respect of 2018	**10,356**	–
Special dividend proposed of $0.14 per share in respect of 2018	**36,248**	–
Final dividend paid of $0.04 per share in respect of 2017	**–**	10,356
Special dividend paid of $0.29 per share in respect of 2017	**–**	75,085
	46,604	85,441

20 Related parties

Transactions with key management personnel

	2018 $'000	2017 $'000
Key management personnel compensation comprised:		
Directors' fees	**504**	439
Short-term employee benefits	**1,106**	1,075
Contributions to defined contribution plans	**60**	54
	1,670	1,568

Key management personnel include the directors of the Company and key executives of the Group.

In 2018, a unit in a completed development property was sold to a company associated with a director of the Company for $3,300,000 (2017: $Nil).

21 Operating leases

Leases as lessee

As at the reporting date, the Group had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2018 $'000	2017 $'000
Payable:		
Within 1 year	**127**	170
After 1 year but within 5 years	**–**	127
	127	297

The Group leases an office under operating lease. The lease runs for an initial period of 3 to 4 years, with an option to renew the lease after that date.

Notes to the Financial Statements
Year ended 31 March 2018

21 Operating leases (cont'd)

Leases as lessor

The Group leases out its investment property held under operating leases (see note 4). The future minimum lease payments receivable under non-cancellable leases are as follows:

	Group	
	2018	2017
	$'000	$'000
Receivable:		
Within 1 year	441	574
After 1 year but within 5 years	132	573
	573	1,147

22 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

22 Financial risk management (cont'd)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's primary exposure to credit risk arises through its trade and other receivables which relate mainly to amounts due from buyers of the Group's development properties. Settlement of such receivables is based on an agreed schedule in the sale and purchase agreements and the historical default rate has been low. Cash is placed with financial institutions with good credit rating.

At the reporting date, there was no significant concentration of credit risk. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Group Carrying amount		Company Carrying amount	
	Note	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade and other receivables*	9	**61,213**	24,410	**322,879**	208,213
Cash and cash equivalents	10	**145,634**	365,378	**99,341**	345,246
		206,847	389,788	**422,220**	553,459

* Excludes prepayments.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial assets.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Notes to the Financial Statements

Year ended 31 March 2018

22 Financial risk management (cont'd)

Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 1 to 5 years $'000
Group				
2018				
Non-derivative financial liabilities				
Trade and other payables*	76,188	(76,188)	(66,174)	(10,014)
2017				
Non-derivative financial liabilities				
Trade and other payables	111,810	(111,810)	(96,152)	(15,658)
Company				
2018				
Non-derivative financial liabilities				
Trade and other payables	11,740	(11,740)	(11,740)	–
2017				
Non-derivative financial liabilities				
Trade and other payables	59,850	(59,850)	(59,850)	–

* Excludes deferred income.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group Carrying amount		Company Carrying amount	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Variable rate instruments				
Fixed deposits	114,734	341,134	96,699	341,134

22 Financial risk management (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 (2017: 50) basis points in interest rates at the reporting date would have increased/(decreased) profit or loss (before any tax effect) by the amounts shown below. This analysis assumes that all other variables remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation and the associated tax effects. The analysis is performed on the same basis for 2017.

	Group Profit or loss		Company Profit or loss	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
2018				
Fixed deposits	574	(574)	483	(483)
2017				
Fixed deposits	1,706	(1,706)	1,706	(1,706)

Capital management policy

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders. For these purposes, the Group defines "capital" as all components of equity.

The Group regularly reviews and manages its capital structure, comprising shareholders' equity and borrowings, to ensure optimal capital structure and shareholders' returns, taking into consideration operating cash flows, capital expenditure, gearing ratio and prevailing market interest rates.

The Group achieved a return on shareholder's equity (based on profit for the year) of 4.44% for the year ended 31 March 2018 compared to 5.67% for the year ended 31 March 2017. There were no changes in the Group's approach to capital management during the year.

Under the Housing Developers (Control and Licensing) Act, in order to qualify for a housing developer's licence, certain subsidiaries of the Company, namely Bukit Sembawang View Pte. Ltd., Sembawang Estates (Private) Limited and Singapore United Estates (Private) Limited, are required to maintain a minimum paid-up capital of $1,000,000. These entities complied with the requirement throughout the year. Other than as disclosed above, the Company and its subsidiaries are not subject to externally imposed capital requirements.

Notes to the Financial Statements

Year ended 31 March 2018

22 Financial risk management (cont'd)

Accounting classifications and fair values

The carrying amounts of financial assets and financial liabilities shown in the statement of financial position are as follows:

	Note	Loans and receivables $'000	Other financial liabilities at amortised cost $'000	Total carrying amount $'000
Group				
2018				
Financial assets not measured at fair value				
Trade and other receivables*	9	61,213	–	61,213
Cash and cash equivalents	10	145,634	–	145,634
		206,847	–	206,847
Financial liabilities not measured at fair value				
Trade and other payables#	13	–	(76,188)	(76,188)
2017				
Financial assets not measured at fair value				
Trade and other receivables*	9	24,410	–	24,410
Cash and cash equivalents	10	365,378	–	365,378
		389,788	–	389,788
Financial liabilities not measured at fair value				
Trade and other payables	13	–	(111,810)	(111,810)
Company				
2018				
Financial assets not measured at fair value				
Trade and other receivables*	9	322,879	–	322,879
Cash and cash equivalents	10	99,341	–	99,341
		422,220	–	422,220
Financial liabilities not measured at fair value				
Trade and other payables	13	–	(11,740)	(11,740)

* Excludes prepayments.
# Excludes deferred income.

22 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Loans and receivables $'000	Other financial liabilities at amortised cost $'000	Total carrying amount $'000
Company				
2017				
Financial assets not measured at fair value				
Trade and other receivables*	9	208,213	–	208,213
Cash and cash equivalents	10	345,246	–	345,246
		553,459	–	553,459
Financial liabilities not measured at fair value				
Trade and other payables	13	–	(59,850)	(59,850)

* Excludes prepayments.

Fair value information for financial assets and financial liabilities not measured at fair value has not been presented as the carrying amount is a reasonable approximation of fair value due to the short-term nature to maturity.

23 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Board of Directors reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Property development: Development of residential properties for sale

- Investment holding: Holding and management of office building and investments

- Property owner: Holding of Paterson Collection Project for own use

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the Group's Board of Directors. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment information by geographical segment is not presented as the Group's operations are primarily in Singapore.

Notes to the Financial Statements

Year ended 31 March 2018

23 Operating segments (cont'd)

Information about reportable segments

	Property development 2018 $'000	Property development 2017 $'000	Investment holding 2018 $'000	Investment holding 2017 $'000	Property owner 2018 $'000	Property owner 2017 $'000	Total 2018 $'000	Total 2017 $'000
Revenue	97,559	142,820	576	575	–	–	98,135	143,395
Finance income	60	–	2,816	5,167	–	–	2,876	5,167
Finance expense	–	–	–	–	(33)	–	(33)	–
Depreciation	(102)	(133)	(162)	(162)	–	–	(264)	(295)
Reportable segment profit/ (loss) before tax	94,425	74,622	3,125	5,110	(32,058)	–	65,492	79,732
Other material non-cash item:								
– Allowance for foreseeable losses on development properties written back/ (recognised)	35,545	(5,039)	–	–	–	–	35,545	(5,039)
Other segment information:								
– Capital expenditure	236	156	–	–	875	–	1,111	156

24 Full convergence with Singapore Financial Reporting Standards (International) and adoption of new standards

Applicable to 2019 financial statements

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from contracts with customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration.*

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 15.

Notes to the Financial Statements
Year ended 31 March 2018

24 Full convergence with Singapore Financial Reporting Standards (International) and adoption of new standards (cont'd)

Summary of quantitative impact

The Group is currently finalising the transition adjustments. The following reconciliations provide an estimate of the expected impacts on initial application of SFRS(I) 1 and SFRS(I) 15 on the Group's and the Company's financial position as at 31 March 2018 and the Group's comprehensive income for the year ended 31 March 2018. The Group will also initially apply SFRS(I) 9 on 1 April 2018 which is not expected to have a significant impact on its financial statements as detailed below. The estimate of the expected impact may be subject to changes arising from ongoing analysis, until the Group adopts SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 in the year ending 31 March 2019.

Consolidated statement of financial position

	Note	31 March 2018 Current $'000	Effect of adoption of SFRS(I) 15 $'000	31 March 2018 SFRS(I) $'000
Non-current assets				
Investment property		3,811	–	3,811
Property, plant and equipment		241,284	–	241,284
Deferred tax assets	(i), (ii)	16,814	(298)	16,516
		261,909	(298)	261,611
Current assets				
Development properties	(i), (ii)	857,742	4,873	862,615
Trade and other receivables		61,292	–	61,292
Cash and cash equivalents		145,634	–	145,634
		1,064,668	4,873	1,069,541
Total assets		1,326,577	4,575	1,331,152
Equity attributable to shareholders of the Company				
Share capital		631,801	–	631,801
Reserves	(i), (ii)	614,919	3,126	618,045
Total equity		1,246,720	3,126	1,249,846
Non-current liabilities				
Deferred tax liabilities	(i), (ii)	2,511	342	2,853
Current liabilities				
Trade and other payables	(ii)	76,611	1,107	77,718
Current tax payable		735	–	735
		77,346	1,107	78,453
Total liabilities		79,857	1,449	81,306
Total equity and liabilities		1,326,577	4,575	1,331,152

24 Full convergence with Singapore Financial Reporting Standards (International) and adoption of new standards (cont'd)

Consolidated statement of comprehensive income

		Year ended 31 March 2018		
	Note	Current $'000	Effect of adoption of SFRS(I) 15 $'000	SFRS(I) $'000
Revenue		98,135	–	98,135
Cost of sales	(i), (ii)	(28,875)	(5,535)	(34,410)
Gross profit		69,260	(5,535)	63,725
Other income		194	–	194
Administrative expenses		(4,317)	–	(4,317)
Other operating expenses		(2,488)	–	(2,488)
Profit from operations		62,649	(5,535)	57,114
Finance income		2,876	–	2,876
Finance expense		(33)	–	(33)
Net finance income		2,843	–	2,843
Profit before tax		65,492	(5,535)	59,957
Tax expense	(i), (ii)	(10,180)	941	(9,239)
Profit and total comprehensive income for the year		55,312	(4,594)	50,718

SFRS(I) 1

When the Group adopts SFRS(I) in 2019, the Group will apply SFRS(I) 1 with 1 April 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policies had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2019, restatement of comparatives may be required because SFRS(I) 1 requires both the opening statement of financial position and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 March 2019, using the retrospective approach. As a result, the Group will apply all of the requirements of SFRS(I) 15 retrospectively, except as described below, and the comparative period presented in the 2019 financial statements will be restated.

24 Full convergence with Singapore Financial Reporting Standards (International) and adoption of new standards (cont'd)

SFRS(I) 15 (cont'd)

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The expected impact upon the adoption of SFRS(I) 15 are described below. The information below reflects the Group's expectations of the tax implications arising from the changes in accounting treatment. Tax effects may change when the transition adjustments are finalised.

(i) Success-based sales commissions for property sales

The Group pays sales commissions to property sales agents for securing property sales contracts for the Group on a success basis. The Group currently recognises sales commissions as an expense when incurred, but would capitalise such incremental costs as a contract cost asset under SFRS(I) 15 as they are recoverable. These costs are amortised to profit or loss as the Group recognises the related revenue.

(ii) Accounting for contract costs relating to development properties

The Group previously recognised both revenue and cost of sales (including land cost) on development properties sold by reference to the stage of completion of construction activity at the end of the reporting period (percentage of completion method).

Under SFRS(I) 15, the Group continues to recognise revenue from sale of development properties and land cost of the sold units using the percentage of completion method. Construction costs incurred for sold units are, however, no longer recognised as cost of sales using the percentage of completion method. Instead, such costs are recognised as cost of sales as and when they are incurred to the extent of units sold.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below.

- The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2019 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in accumulated profits and reserves as at 1 April 2018.

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 April 2018:
  - The determination of the business model within which a financial asset is held.
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

24 Full convergence with Singapore Financial Reporting Standards (International) and adoption of new standards (cont'd)

SFRS(I) 9 (cont'd)

Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using the amortised cost model under SFRS(I) 9.

Impairment

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss (ECL) model.

Under SFRS(I) 9, loss allowances of the Group will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15. On adoption of SFRS(I) 9, the Group does not expect a significant increase in impairment loss allowance.

Transition

The Group plans to adopt the standard when it becomes effective on 1 April 2018 without restating comparative information.

Applicable to financial statements for the year 2020 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

Applicable to financial statements ending 31 March 2020

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

The Group is in the process of assessing the impact of these new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to be relevant to the Group, is described below.

Notes to the Financial Statements

Year ended 31 March 2018

24 Full convergence with Singapore Financial Reporting Standards (International) and adoption of new standards (cont'd)

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective on 1 April 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 April 2019. Accordingly, existing lease contracts that are still effective on 1 April 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to note 21).

Until 2019, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately $127,000 as at 31 March 2018. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

Properties of the Group

The properties of the Group as at 31 March 2018 are as follows:

Location	Tenure	Site Area (Sq M)	Gross Floor Area (Sq M)	% of Completion	Expected Date of Completion	Group's Effective Interest in Property (%)	Description
Land in Seletar Hills Area							
Lots 9425C, 251N, 3310V & 5353N MK 18 at Yio Chu Kang Road/Ang Mo Kio Avenue 5/ Seletar Road	999-year lease commencing January 1879					100%	Written Permission has been granted for the proposed 944 units of landed housing development. Building plans have been approved for:
Phase 8		9,288	10,328	94%	3Q 2018		Phase 8 (46 units)
Phase 9		7,210	7,181	99%	2Q 2018		Phase 9 (32 units)
Phase 10		11,462	10,002	48%	1Q 2019		Phase 10 (39 units)
Remaining phases		117,179	95,690	–	–		
		145,139	123,201				Phase 8 – main building work is expected to complete in 3Q 2018. Phase 9 – main building work is expected to complete in 2Q 2018. Phase 10 – main building structural and architectural works are in progress.
Lot 12949A MK 18 at Nim Road/Ang Mo Kio Avenue 5/ CTE	*99-year lease commencing October 2016					100%	Written Permission has been granted for the proposed 98 units of landed housing development (Phase 1 & 2). Building plans have been approved for:
Phase 1		18,626	13,229	64%	1Q 2019		Phase 1 (47 units)
Phase 2		10,833	14,053	42%	3Q 2019		Phase 2 (51 units) Phase 1 – main building architectural and external works are in progress. Phase 2 – main building structural and architectural works are in progress.
Phase 3-6	**999-year lease commencing January 1879	36,460	25,506	–	–	100%	Written Permission has been granted for proposed 94 units of landed housing development.
		65,919	52,788				
		53,821	–	–	–	100%	Vacant non-residential Rural land for future residential development.
Lot 9934W MK 18 at Ang Mo Kio Avenue 5/Nim Road/CTE	Statutory Grant	19,094	3,850	–	–	100%	Proposed 65 units of landed housing development.

* The Singapore Land Authority (SLA) granted approval for developing Lot 12949A part MK 18 agricultural land into Phase 1 and 2 (total 98 units) of landed housing and re-issued a fresh 99-year lease without building restriction.

** Differential premium is payable for conversion of agricultural land into landed housing with fresh 99-year lease for the remaining phases of future development.

Properties of the Group

Location	Tenure	Site Area (Sq M)	Gross Floor Area (Sq M)	% of Completion	Expected Date of Completion	Group's Effective Interest in Property (%)	Description
Land in Sembawang Area							
Lots 2099V & 2277V MK 19 at Sembawang Road/Kampong Wak Hassan	Statutory Grant	20,420	18,790	43%	2Q 2019	100%	Written Permission and Building Plan approval have been granted for the proposed 80 units of cluster housing development. Main building structural and architectural works are in progress.
Residential Apartment Sites							
Lots 689T, 445M & 444C TS 21 at 8, 10 & 12 St Thomas Walk	Freehold	9,245	28,126	100%	–	100%	Written Permission has been granted for the proposed 250 units of residential development. Main building work was completed in January 2018.

Location	Tenure	Floor Area (Sq M)	Description
Investment Property in Orchard Road			
7th Storey Tong Building	Freehold	638	Office premises for lease.

Location	Tenure	Floor Area (Sq M)	Description
Property Owner			
Lot 01549N TS21 at Paterson Road/ Lengkok Angsa	Freehold	10,547	Written Permission and Building Plan approval have been granted for the proposed 114 apartment units.

Shareholding Statistics

As at 12 June 2018

Number of Issued Shares	:	258,911,326
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 to 99	362	6.16	4,036	0.00
100 to 1,000	1,265	21.53	1,066,089	0.41
1,001 to 10,000	3,176	54.05	13,280,628	5.13
10,001 to 1,000,000	1,050	17.87	53,669,515	20.73
1,000,001 and above	23	0.39	190,891,058	73.73
Total	5,876	100.00	258,911,326	100.00

Based on the Registers of Shareholders and to the best knowledge of the Company, approximately 52.5% of the issued shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	SINGAPORE INVESTMENTS PTE LTD	34,633,008	13.38
2	SELAT PTE LIMITED	29,478,664	11.39
3	CITIBANK NOMINEES SINGAPORE PTE LTD	27,718,489	10.71
4	LEE RUBBER COMPANY PTE LTD	21,955,968	8.48
5	BPSS NOMINEES SINGAPORE (PTE.) LTD.	15,275,060	5.90
6	KALLANG DEVELOPMENT (PTE) LIMITED	11,875,192	4.59
7	DBS NOMINEES PTE LTD	8,163,375	3.15
8	GREAT EASTERN LIFE ASSURANCE CO LTD - PARTICIPATING FUND	6,171,184	2.38
9	LEE LATEX PTE LIMITED	5,271,400	2.04
10	RAFFLES NOMINEES (PTE) LTD	4,695,678	1.81
11	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	3,390,700	1.31
12	HSBC (SINGAPORE) NOMINEES PTE LTD	3,082,246	1.19
13	LEE FOUNDATION	2,963,130	1.14
14	ISLAND INVESTMENT COMPANY PTE LTD	2,829,600	1.09
15	LEE FOUNDATION STATES OF MALAYA	2,711,300	1.05
16	OVERSEA-CHINESE BANK NOMINEES PTE LTD	1,916,076	0.74
17	YEO REALTY & INVESTMENTS (PTE) LTD	1,603,000	0.62
18	LEE PLANTATIONS PTE LIMITED	1,533,600	0.59
19	TAN PROPRIETARY (PTE) LTD	1,200,000	0.46
20	OCBC SECURITIES PRIVATE LTD	1,170,957	0.45
	Total	187,638,627	72.47

Shareholding Statistics
As at 12 June 2018

SUBSTANTIAL SHAREHOLDERS
(as shown in the Register of Substantial Shareholders)

Shareholders	Direct Interest	Deemed Interest
Singapore Investments Pte Ltd	34,633,008	2,829,600[1]
Selat Pte Limited	29,478,664	–
Lee Rubber Company Pte Ltd	21,955,968	14,099,992[2]
Kallang Development (Pte) Limited	11,875,192	1,533,600[3]
Lee Pineapple Company (Pte) Ltd	864,000	37,462,608[4]
Aberdeen Asset Management Asia Limited	–	15,531,666[5]
Aberdeen Asset Management PLC	–	15,531,666[5]
Standard Life Aberdeen PLC	–	15,531,666[5]

1 2,829,600 shares owned by Island Investment Company Pte Ltd.
2 11,875,192 shares owned by Kallang Development (Pte) Limited, 1,533,600 shares owned by Lee Plantations Pte Limited and 691,200 shares owned by Lee Rubber (Selangor) Sdn Bhd.
3 1,533,600 shares owned by Lee Plantations Pte Limited.
4 34,633,008 shares owned by Singapore Investments Pte Ltd and 2,829,600 shares owned by Island Investment Company Pte Ltd.
5 The deemed interest relates to the power to exercise, or control the exercise, of a right to vote, or disposal of the shares.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 52nd Annual General Meeting of the Company will be held at **M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908** on Friday, 27 July 2018 at 10.30 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2018 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve and declare a final dividend of 4 cents per share and a special dividend of 14 cents per share for the financial year ended 31 March 2018. **(Resolution 2)**

3. To re-elect Mr Ng Chee Seng, who is retiring by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company. **(Resolution 3)**
   [See Explanatory Note (a)]

4. To re-elect Mr Tan Swee Siong, who is retiring by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company. **(Resolution 4)**
   [See Explanatory Note (a)]

5. To approve the payment of Directors' fees of $503,700 for the financial year ended 31 March 2018. **(Resolution 5)**

6. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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

As Special Business

To consider and, if thought fit, to pass the following resolution as an ordinary resolution with or without modifications:

8. <u>General authority to allot and issue new shares in the capital of the Company</u>

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) allot and issue shares in the capital of 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) warrants, debentures or other instruments convertible or exchangeable into Shares,

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

Notice of Annual General Meeting

(b) (notwithstanding that 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 while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total 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 to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10% 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 manner of 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 or from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(b) 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 for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (b)] **(Resolution 7)**

By Order of the Board

DENNIS LOH SIEW KEEN
Company Secretary

11 July 2018
Singapore

Notice of Annual General Meeting

Notes:

1. (a) *A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*

   (b) *A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. *A proxy need not be a member of the Company.*

3. *The instrument appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or his attorney, and, in the case of a corporation, be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.*

4. *The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time of holding the Annual General Meeting.*

5. *By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where 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.*

Notice of Annual General Meeting

Explanatory Notes:

(a) For ordinary resolutions 3 and 4 above on the Directors standing for re-election at the Annual General Meeting, detailed information on the two Directors can be found on the "Board of Directors" and "Corporate Governance Report" sections of the Annual Report 2018.

Mr Ng Chee Seng, if re-elected, will remain as an Executive Director, Chief Executive Officer and a member of the Project Development Committee. Mr Ng has a deemed interest of 24,000 ordinary shares in the issued share capital of the Company and there are no other relationships including immediate family relationships between Mr Ng and the other Directors, the Company or its 10% shareholders.

Mr Tan Swee Siong, if re-elected, will remain as an Independent Director, a member of the Audit and Risk Management Committee, the Nominating Committee, the Project Development Committee and Chairman of the Investment Committee. There are no other relationships including immediate family relationships between Mr Tan and the other Directors, the Company or its 10% shareholders.

(b) The Ordinary Resolution 7 in Item 8, if passed, will empower the Directors of the Company to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments from the date of this Annual General Meeting until the date of the next Annual General Meeting. The aggregate number of shares which the Directors may issue (including shares to be issued pursuant to convertibles) under this ordinary resolution must not exceed 50% of the total number of issued shares, excluding treasury shares, in the capital of the Company with a sub-limit of 10% for issues other than on a pro-rata basis. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares, excluding treasury shares, will be calculated based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time that this ordinary resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or exercise of share options or vesting of share awards which are outstanding or subsisting at the time that this ordinary resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. The sub-limit of 10% for issues other than on a pro-rata basis is below the 20% sub-limit permitted by the Listing Manual of the SGX-ST. The Directors believe that the lower sub-limit of 10% would sufficiently address the Company's present need to maintain flexibility while taking into account shareholders' concerns against dilution.

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Proxy Form

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy shares in Bukit Sembawang Estates Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 July 2018.

BUKIT SEMBAWANG ESTATES LIMITED

Company Registration No. 196700177M

(Incorporated in the Republic of Singapore)

I / We ____, NRIC/Passport/Co. Registration No. ________________________

of ____

being a member / members of Bukit Sembawang Estates Limited, hereby appoint:

Name	Address	NRIC/Passport No.	Number of Shares Represented
and / or (delete as appropriate)			

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the 52nd Annual General Meeting of the Company to be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Friday, 27 July 2018 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the Annual General Meeting and at any adjournment thereof.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
Ordinary Business			
1	Adoption of Directors' Statement, Audited Financial Statements and the Auditors' Report thereon		
2	Approval and Declaration of Final and Special Dividends		
3	Re-election of Mr Ng Chee Seng as Director		
4	Re-election of Mr Tan Swee Siong as Director		
5	Approval of Directors' fees		
6	Re-appointment of KPMG LLP as Auditors		
Special Business			
7	Approval of share issue mandate		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Total Number of Shares Held

Dated this ______________ day of _________________ 2018

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

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BUKIT SEMBAWANG ESTATES LIMITED

Affix Postage Stamp

BUKIT SEMBAWANG ESTATES LIMITED
c/o M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

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NOTES TO PROXY FORM

1. A member should insert the total number of shares held by him. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time set for the Meeting.

5. Completion and return of this form appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer of the corporation.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

9. 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 (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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ESTATES LIMITED

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