BUKIT SEMBAWANG
ESTATES LIMITED

ANNUAL REPORT 2020

CONTENTS

CORPORATE PROFILE

BUKIT SEMBAWANG ESTATES LIMITED

BUILDING QUALITY HOMES FOR EVERY GENERATION

Bukit Sembawang Estates Limited (BSEL) started developing landed properties in the 1950s and was incorporated in Singapore in 1967. It is one of the pioneer companies that obtained public-listing on SGX Mainboard in 1968. BSEL now focuses on property development, investments and other property-related activities.

OUR MISSION

As a leading and experienced property developer, we are committed to designing and building fine quality homes that satisfy the aspirations and lifestyles of our customers, for generations to come.

OUR MILESTONES

For over half a century, Bukit Sembawang Estates Limited has built many of Singapore's renowned and established residential developments comprising landed homes, private residences and serviced residences.

OUR COMMITMENT

We value every customer, every family, and we shall remain dedicated to creating quality homes that property owners will love, cherish and appreciate — for generation after generation.

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to report that Bukit Sembawang Estates Limited ("**BSEL**", "**the Company**" or together with its subsidiaries, "**the Group**") has achieved net profit of $76.1 million for FY2020. The past year was an unprecedented and challenging one for the global economy, with deepening trade tensions further exacerbated by the novel coronavirus ("**COVID-19**") pandemic in early 2020. Our foremost priority in these trying times is the health and well-being of our staff, customers, and business partners. As uncertainties persist in the local and global economy, we will maintain an agile and responsive posture to safeguard our core business and continue to strive towards our vision of building quality homes for generations to come.

Review of Past Year's Performance

The Group's revenue for the financial year ended 31 March 2020 ("FY2020") remained stable at $369.7 million, up 3% from FY2019. Gross profit increased by 7% to $179.4 million, mainly due to higher profit recognised on development projects. In FY2020, profits were recognised mainly from the sales of 8 St Thomas, Luxus Hills (Signature Collection), Nim Collection Phases 1 and 2, and Watercove.

Profit before tax stood at $102.3 million, a decrease of 20% compared with $128.5 million for FY2019. This was due to higher administrative and other operating expenses. Administrative expenses increased by 46% from $6.5 million to $9.4 million. The increase was mainly due to administrative and payroll related expenses of Fraser Residence Orchard, Singapore ("**FROS**") and depreciation of right-of-use assets following the adoption of SFRS(I) 16 Leases on 1 April 2019.

Operating expenses increased by 96% from $29.3 million in FY2019 to $57.6 million in FY2020. The increase was mainly due to additional impairment loss on property, plant and equipment relating to FROS of $44.1 million. The operating expenses also reflected a partial reversal of allowance for foreseeable losses relating to The Atelier, at $2.1 million.

Total equity stood at $1.3 billion.

Strong sales momentum during the year contributed to our performance. I should also note that the impact of COVID-19 in FY2020 is limited as the crisis only started to deepen from March, which is the last month of our financial year. However, even as BSEL enters the new financial year with a healthy position, we should be prepared for some inevitable impact on the Group's business performance going forward. We have implemented and will continue to enforce various measures to mitigate the financial impact as the crisis evolves.

We launched two landed residential projects in the Luxus Hills estate. Luxus Hills (Signature Collection) was launched in August 2019, and was fully sold within a month. Luxus Hills (Contemporary Collection) was launched in February 2020, and was also fully sold within two weeks.

The market response to our 99-year leasehold landed homes at Nim Collection was also very positive in FY2020. As at 18 June 2020, all 47 houses at Phase 1 and 48 out of 51 houses at Phase 2 have been sold.

In the portfolio of luxury residences, a total of 160 freehold homes or 64% of 250 units at 8 St Thomas have also been sold as at June 2020. In early 2020, due to concerns surrounding the spread of COVID-19 in Singapore and around the region, our management team moved to reorganize operations at our show units in order to safeguard the well-being of our residents, customers, agents and staff. Tapping on a range of digital solutions, the team quickly launched virtual tours on the company website, as well as on a variety of property portals prior to the implementation of circuit breaker measures by the Singapore government in April. While digital solutions have been implemented to cater to potential homebuyers in the interim, the Group continues to monitor the pandemic situation closely in order to re-open our show flats in a timely manner in line with government advisories.

Fraser Residence Orchard Singapore, the Group's luxury serviced residences at Paterson Road, continues to operate with approximately 45% occupancy. Bearing in mind the challenges brought about by the precautionary measures and travel restrictions due to the COVID-19 pandemic, the fully-furnished property continues to serve many long-stay occupants – providing a safe and comfortable haven for our residents during this period of uncertainty.

Current Year's Prospects

The Group will be prudent as we brace for further economic contraction in the year ahead. According to the Urban Redevelopment Authority (URA), new private home sales fell by 12 per cent and prices slid one per cent in the first quarter of 2020 [1]. This dip was recorded across all regions, and in both landed and non-landed segments. The URA states that it expects the private property market to deteriorate further under current conditions.

While there remain concerns over the uncertainty of the global economy in the years ahead, the Group believes that adopting a measured approach while maintaining our mid to long term objectives will steer the Company through the uncertainties that lie ahead. With sound and sustainable government policies, supportive government initiatives to tide developers and homebuyers through the COVID-19 period, and our strong balance sheet, we believe that the Group will remain stable and resilient in the year ahead.

Nonetheless, the Group expects the overall economy and the residential property market to remain challenging.

Current Year's Plans

In the year ahead, our focus remains on our core business of developing a diversified portfolio of distinctive, thoughtfully designed and high-quality landed homes and luxury residences in Singapore.

On the back of the strong uptake at the 999-year leasehold landed homes at Luxus Hills and 99-year homes at Nim Collection over the past year, a new launch phase of 99-year leasehold landed homes along Ang Mo Kio Avenue 5 will be unveiled in the first half of 2021. As the Group continues to strengthen its position as the leading developer of landed homes in Singapore, we look forward to unveiling this upcoming launch that features Bukit Sembawang's distinctive philosophy of building spacious and thoughtfully designed homes for new generations of families.

In the luxury residences segment, projects in the Group's pipeline include two highly anticipated projects. A freehold private residence in prime district 9 – The Atelier, a single definitive tower of 120 bespoke residences at the doorstep of Newton MRT, as well as the 99-year leasehold condominium LIV @ MB, an exclusive 298-unit residence in prime district 15, off Arthur Road and Mountbatten Road.

The Group has a strong portfolio of properties in our pipeline, and will monitor the health of the overall economy and residential property market and demand from homebuyers to assess the situation for the launch of our new residential projects over the course of 2020. To continue building for the future, the Group will also monitor market conditions for suitable opportunities to acquire new sites to supplement its land bank if appropriate.

Dividends

For FY2020, the Company did not declare any interim dividend.

Although the fundamentals and balance sheet of the company remain strong, the Board has adopted a more prudent approach to conserve financial resources in light of the grim economic outlook ahead; and recommends a final dividend of 4 cents and a special dividend of 7 cents per ordinary share, totalling 11 cents, which is half of the total dividend paid last year (FY2019: final dividend of 4 cents and special dividend of 18 cents, totalling 22 cents). The Company has maintained its final dividend policy of 4 cents per share. The total dividend payout ratio is 0.37.

The dividend payment, which amounts to $28.5 million, is subject to shareholders' approval at the 54th Annual General Meeting ("**AGM**") to be held on 24 July 2020.

Directorate

Mr Eddie Tang stepped down on 5 August 2019, after having served as an independent director for 10 years. Mr Ng Chee Seng having served as the Chief Executive Officer and Executive Director for 13 years, had completed his full term of office as per his employment contract and decided to retire from the Company on 31 August 2019. We are grateful to both Mr Tang and Mr Ng for their invaluable contributions through the years.

It gives me great pleasure to welcome Mr Ong Sim Ho to our Board, following his appointment as a non-executive and independent director on 5 August 2019. He brings added diversity with his expertise and experience and we are confident that Mr Ong will contribute to the deliberations of the Board.

Pursuant to the Company's Constitution, Mr Tan Swee Siong, Mr Ong Sim Ho and I shall be retiring at the forthcoming AGM. Being eligible, Mr Ong Sim Ho and I have offered ourselves for re-election. Mr Tan Swee Siong will not be offering himself for re-election.

Acknowledgements

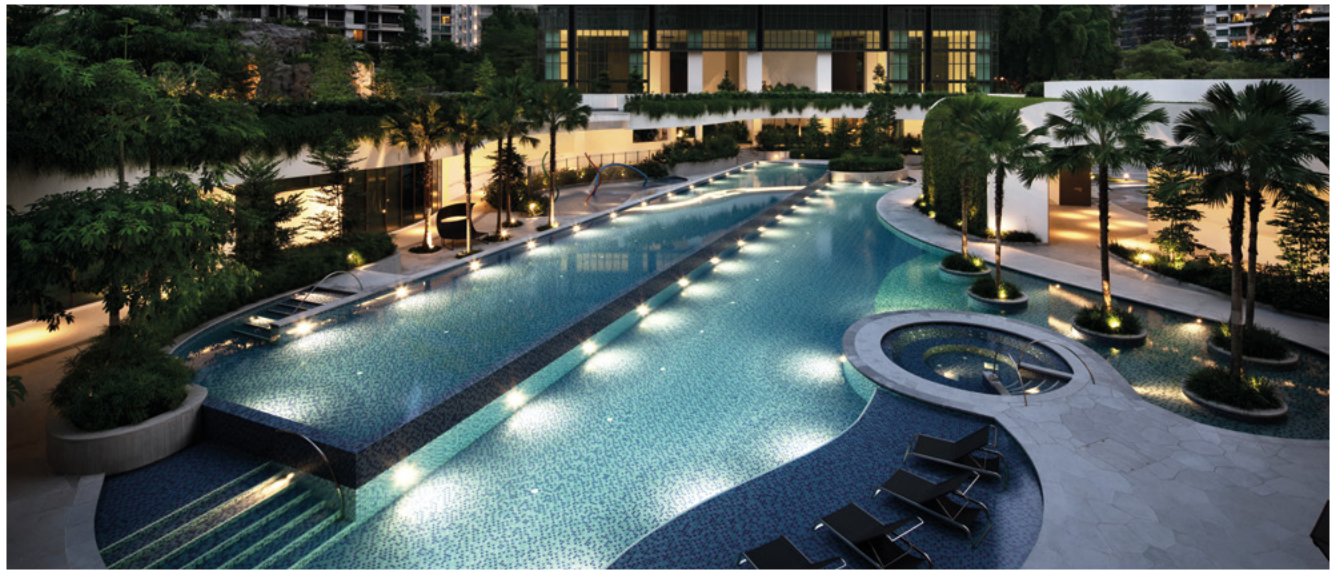
Against the backdrop of the COVID-19 pandemic, the Board and Management would like to thank our staff for their continued dedication and efforts in these unprecedented times. We would also like to express our heartfelt gratitude to our customers, business partners and shareholders for your continued support and trust, and wish you and your families good health. With your continued support, I am confident that the Group will weather the ongoing economic headwinds and emerge stronger in the medium to longer term.

Koh Poh Tiong
Chairman
18 June 2020

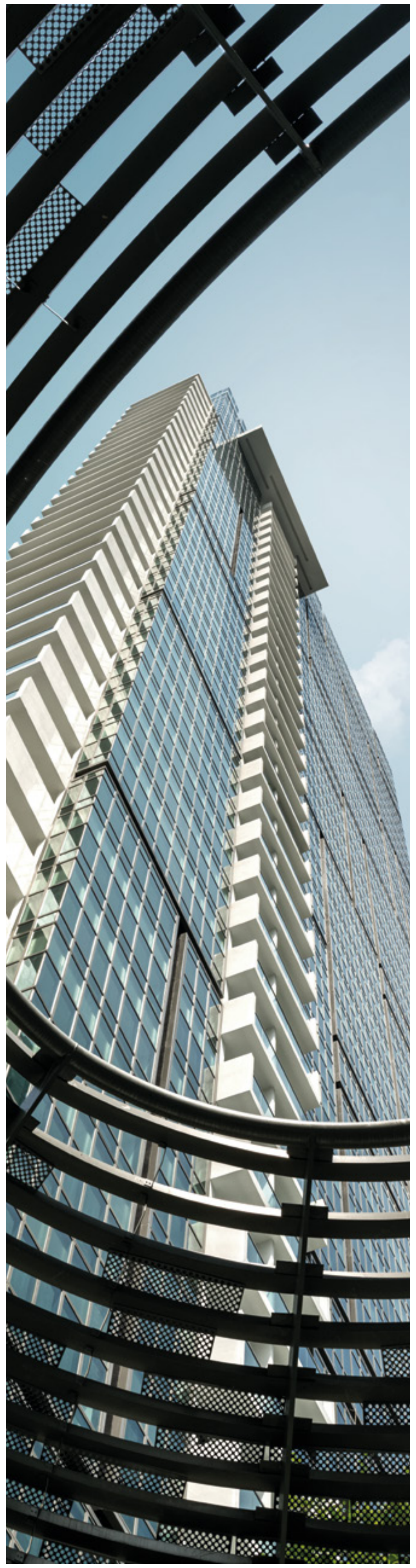
[1] *"Release of 1st Quarter 2020 real estate statistics". Retrieved from: https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr20-17*

FIVE-YEAR FINANCIAL SUMMARY

Consolidated Statements of Financial Position As at 31 March	2020 $'000	2019 $'000	2018 $'000 *(Restated)	2017 $'000	2016 $'000
Non-Current Assets					
Investment Property	**3,485**	3,649	3,811	3,973	4,135
Property, Plant and Equipment	**210,777**	258,277	241,284	102	79
Deferred Tax Assets	**11,287**	2,461	16,516	23,760	7,324
Current Assets	**1,612,224**	1,517,163	1,069,541	1,386,892	1,446,157
Current Liabilities	**(159,732)**	(78,894)	(78,453)	(137,523)	(161,949)
Non-Current Liabilities	**(354,489)**	(398,123)	(2,853)	(355)	(5,914)
	1,323,552	1,304,533	1,249,846	1,276,849	1,289,832
Share Capital	**631,801**	631,801	631,801	631,801	631,801
Reserves	**691,751**	672,732	618,045	645,048	658,031
Total Equity	**1,323,552**	1,304,533	1,249,846	1,276,849	1,289,832
Consolidated Statements of Comprehensive Income For the year ended 31 March					
Revenue	**369,720**	357,855	98,135	143,395	281,997
Profit Before Tax	**102,260**	128,483	59,957	79,732	106,901
Tax Expense	**(26,179)**	(27,192)	(9,239)	(7,274)	(14,922)
Profit After Tax	**76,081**	101,291	50,718	72,458	91,979



GROUP FINANCIAL HIGHLIGHTS



For the year ended 31 March	2020 $'000	2019 $'000
Revenue	**369,720**	357,855
Profit Before Tax	**102,260**	128,483
Profit After Tax	**76,081**	101,291
Net Dividends paid	**-**	56,960
Net Dividends (proposed)	**28,480**	-
Share Capital	**631,801**	631,801
Total Equity	**1,323,552**	1,304,533
Net Return on Total Equity	**5.75%**	7.76%
Earnings Per Ordinary Share		
Basic earnings per share	**$0.29**	$0.39
Diluted earnings per share	**$0.29**	$0.39
Dividends Per Ordinary Share		
Gross	**$0.11**	$0.22
Net	**$0.11**	$0.22
Cover	**2.67 times**	1.78 times
Net Tangible Assets Per Ordinary Share	**$5.11**	$5.04

FINANCIAL CALENDAR

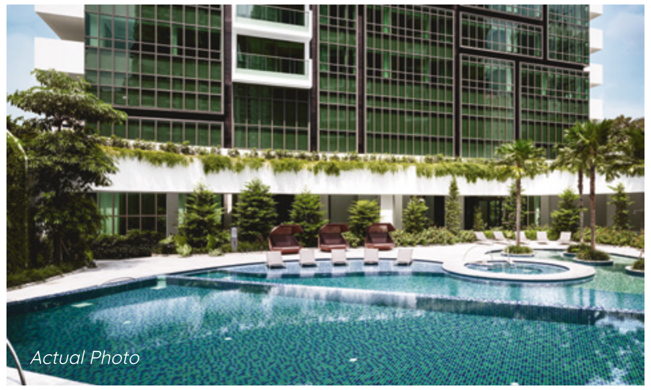
Financial Year ended 31 March 2020	
Announcement of First Quarter Results	6 August 2019
Announcement of Half-year Results	5 November 2019
Announcement of Third Quarter Results	13 February 2020
Announcement of Full-year Results	28 May 2020
Annual General Meeting	24 July 2020
Financial Year ending 31 March 2021	
Announcement of Half-year Results	November 2020
Announcement of Full-year Results	May 2021

PROJECTS FOR SALE

8 ST THOMAS

• DISTRICT 9 • RIVER VALLEY • FREEHOLD • 250 RESIDENCES

Artist's Impression



Actual Photo

Actual Photo

EXPERIENCE THE HEIGHT OF STYLISH LUXURY.

At 8 St Thomas, artful geometric forms and lines dance in rhythm on the facades of magnificent twin towers, accentuating a quality home with exquisite style. The freehold condominium comprises 250 units and offers a range of one to four bedroom apartments and two exclusive penthouses complete with premium fittings and finishes.

The multi-award winning luxury development in prime district 9 is minutes away from Orchard MRT Station, Somerset MRT Station and the upcoming Great World MRT Station. 8 St Thomas offers unparalleled sweeping views of the glittering city skyline, while bringing you closer to top shopping and dining destinations, prestigious schools, and the business district.

bsel.sg/8stthomas

PROJECTS FOR SALE

NIM COLLECTION (PHASE 2)

• DISTRICT 28 • SELETAR • 99-YEAR LEASEHOLD • 51 HOUSES

Artist's Impression

NEW GENERATION OF LANDED HOMES, PIONEERING THE ENVELOPE DESIGN.

Nim Collection Phase 2 offers an exciting new mode of Seletar living in a collection of 51 terraced and detached houses conveniently located along Nim Road off Ang Mo Kio Avenue 5. The 99-year leasehold landed homes offer varying spatial heights and volumes, multi-level gardens, and the intelligent embrace of natural light and air that gives a balance of intimate space and spacious communal living for multi-generational families.

Embraced by nature, tranquillity and the rich heritage of Seletar Hills, Nim Collection provides a cosy life of modern comfort close to the verdant greenery of Nim Meadow Park located at the doorstep.

bsel.sg/nimcollection

UPCOMING LAUNCHES

THE ATELIER

• DISTRICT 9 • NEWTON • FREEHOLD • 120 RESIDENCES

Artist's Impression

Artist's Impression

Artist's Impression

WHERE INDEPENDENCE ISN'T JUST A STATE OF MIND, IT'S HOME.

The Atelier is a celebration of individuality and a home that embodies everything you are. Offering 120 bespoke residences in a single definitive residential tower, the freehold luxury development at Makeway Avenue in prime district 9 is set to become one of Singapore's most coveted addresses, where architecture, design and living spaces are designed for the way you live.

Nestled in the exclusive Newton residential enclave, just minutes away from Newton MRT Interchange, the district on the cusp of gentrification exudes an eclectic charm and personality with its array of unique cafes, restaurants and lifestyle stores, juxtaposed with the ever-bustling shopping and entertainment belt that is Orchard Road.

bsel.sg/theatelier

UPCOMING LAUNCHES

LIV @ MB

• DISTRICT 15 • MOUNTBATTEN • 99-YEAR LEASEHOLD • 298 RESIDENCES

Artist's Impression

Artist's Impression

Artist's Impression

Nestled in the esteemed landed residential enclave of Meyer and Mountbatten estate in prime district 15, LIV @ MB is located at the junction of Arthur Road and Mountbatten Road.

Enjoy panoramic views of the city skyline towards Marina Bay Sands and the surrounding Mountbatten estate that evokes a warm nostalgia with its rich heritage, unique architecture and long-standing culinary gems.

The 298 bespoke residences are primely located in a family-centric area near the upcoming Katong Park MRT Station, offering access to a variety of family activities, shopping and dining, the great outdoors at East Coast Park and Gardens by the Bay, and a full suite of educational institutions.

bsel.sg/livatmb

UPCOMING LAUNCHES

BESPOKE LANDED HOMES AT SELETAR

• DISTRICT 28 • SELETAR • 99-YEAR LEASEHOLD • 132 HOUSES

Artist's Impression

A bespoke collection of 132 landed homes offering three-storey terrace houses located in the Seletar area. The monolithic concrete façade is contrasted with stacked terracing aluminium screens and paired with the repetition of the terrace houses to give a rhythmic character to the estate.

Taking advantage of the envelope control guidelines, the interior design includes a double volume living and dining area, partial mezzanine floor, car porch roof garden and courtyard which together enhances light flow and ventilation throughout the house.

The 99-year leasehold development's unique concept revolves around "kaleidoscope" which was inspired by gardens within the plantation. The gardens depict of private horticultural collections which are cultivated within homes, as splashes of imperious colours activate the various zones from the monochromatic hardscape.

OPERATION OF SERVICED RESIDENCES

FRASER RESIDENCE ORCHARD, SINGAPORE

• DISTRICT 9 • ORCHARD • FREEHOLD • 115 ROOMS

Actual Photo

Actual Photo

Actual Photo

A welcome sanctuary in prime district 9 amidst the pulsing city, located right on the cusp of Orchard Road. The fully furnished Gold-Standard serviced residences managed by Frasers Hospitality offers luxurious design complemented by modern conveniences essential for living in a dynamic city. Each residence boasts of a well-equipped kitchen, comprehensive home entertainment system and a balcony with a view.

Only a few minutes' drive from the Central Business District, with a host of other public transit options including the neighbouring Orchard MRT Station, this convenient accessibility makes it effortless for the residents of Fraser Residence Orchard, Singapore making their way around Singapore.

AWARDS & ACCOLADES

2016 – 2020

2020

PROJECT	AWARD NAME	TITLE WON
Nim Collection Phase 1 & 2	BCA Quality Mark Award	Merit

2019

PROJECT	AWARD NAME	TITLE WON
8 St Thomas	FIABCI-SINGAPORE Singapore Property Awards	Winner - Residential (High Rise) Category
	Asia Pacific Property Awards	Best Apartment/Condominium Singapore 2019-2020
	China Real Estate Design Award (CREDAWARD)	Silver - High-End Residence Category
Bukit Sembawang Estates Ltd	BCA	Top 10 Developers
	The Edge Billion Dollar Club	Best-Performing Stock (Properties)
Luxus Hills	PropertyGuru Asia Property Awards Grand Final	Best Housing Architectural Design (Singapore)
		Best Housing Interior Design (Singapore)
	PropertyGuru Asia Property Awards (Singapore)	Winner - Best Landed Housing Development
		Winner - Best Landed Housing Architectural Design
		Winner - Best Landed Housing Interior Design
Luxus Hills Phase 8 & 9	BCA Quality Mark Award	Certified
Luxus Hills Phase 16	BCA Green Mark Award	Gold PLUS
Skyline Residences	Asia Pacific Property Awards	Award Winner – Residential High-rise Development Singapore 2019-2020
Watercove	BCA Quality Mark Award	Star
	PropertyGuru Asia Property Awards Grand Final	Best Residential Green Development (Asia)
		Best Housing Development (Singapore)
		Best Housing Architectural Design (Singapore)
	PropertyGuru Asia Property Awards (Singapore)	Winner - Best Housing Development
		Winner - Best Strata Housing Development
		Winner - Best Strata Housing Architectural Design
		Winner - Best Residential Green Development

2018

PROJECT	AWARD NAME	TITLE WON
8 St Thomas	BCA Quality Mark Award	Excellent
	New York Design Awards	Gold - Architecture – Residential – International Category
	PropertyGuru Asia Property Awards	Winner - Best Luxury Condo Development (Singapore)
		Winner - Best Luxury Condo Architectural Design (Singapore)
		Highly Commended - Best Luxury Condo Interior Design (Singapore)
Luxus Hills Phase 6 & 7	Asia Pacific Property Awards	Award Winner - Residential Development (Singapore) Category
	BCA Quality Mark Award	Merit
	FIABCI World Prix d'Excellence Awards	World Silver Winner - Residential (Low Rise) Category
Nim Collection Phase 1 & 2	PropertyGuru Asia Property Awards	Winner - Best Housing Architectural Design (Asia)
		Winner - Best Housing Architectural Design (Singapore)
		Highly Commended - Best Landed Development (Singapore)
		Highly Commended - Best Universal Design Development (Singapore)
		Highly Commended - Best Residential Green Development (Singapore)
	BCA Green Mark Award	Gold PLUS
Verdure	FIABCI-SINGAPORE Singapore Property Awards	Winner - Residential (Low Rise) Category
Watercove	EdgeProp Singapore Excellence Awards	Top Boutique Development Excellence Award

2017

PROJECT	AWARD NAME	TITLE WON
14 & 16 Lengkok Angsa	Hong Kong Design Council - DFA Design for Asia Awards	Silver
	German Design Council - Iconic Awards 2017	Winner - Architecture with the Distinction
Bukit Sembawang Estates Ltd	BCI Asia Awards	Top Ten Developers 2017
Luxus Hills Phase 5	Asia Pacific Property Awards	Best Residential Development (Singapore) Category
Luxus Hills Phase 6 & 7	FIABCI-SINGAPORE Singapore Property Awards	Winner - Residential (Low Rise) Category
Paterson Suites	Asia Pacific Property Awards	Best Residential High-Rise Development (Singapore) Category
Watercove	BCA Green Mark Award	Gold PLUS

2016

PROJECT	AWARD NAME	TITLE WON
14 & 16 Lengkok Angsa	The Chicago Athenaeum: Museum of Architecture and Design & The European Centre for Architecture Art Design and Urban Studies - The International Architecture Awards	The International Architecture Awards 2016
Luxus Hills Phase 1 to 5	FIABCI-SINGAPORE Singapore Property Awards	Winner - Master Plan Category
Luxus Hills Phase 5	BCA Construction Excellence Awards (CEA)	Merit
Skyline Residences	FIABCI-SINGAPORE Singapore Property Awards	Winner - Residential (Mid Rise) Category

GROUP STRUCTURE

BUKIT SEMBAWANG ESTATES LIMITED
INVESTMENT HOLDING

- Sembawang Estates (Private) Limited
- Singapore United Estates (Private) Limited
- Bukit Sembawang View Pte. Ltd.
- Paterson Collection Pte. Ltd.
- Paterson One Pte. Ltd.
- BSEL Development Pte. Ltd.
- Bukit Sembawang Land Pte. Ltd.
- Bukit One Pte. Ltd.*
- Bukit Two Pte. Ltd.*
- Bukit Three Pte. Ltd.*
- Bukit Four Pte. Ltd.*
  (Formerly known as Bukit Sembawang Residences Pte. Ltd.)

All companies are incorporated in Singapore
*Dormant as of Date

BOARD OF DIRECTORS

MR 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 also the Chairman of the Nominating Committee, 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
Raffles Medical Group Limited
Saigon Beer-Alcohol-Beverage Corporation (Chairman)

Others:
National Kidney Foundation (Chairman)
Singapore Kindness Movement (Chairman)
Times Publishing Limited (Chairman)
BeerCo Limited (Chairman)
Great Eastern Life Assurance (Malaysia) Berhad
Great Eastern General Insurance (Malaysia) Berhad

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

MR LEE CHIEN SHIH
Non-Executive Director

Mr 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.

Mr 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:
26 July 2019

Past Directorships in listed companies over preceding 3 years:
Nil

MR TAN SWEE SIONG
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, Remuneration Committee and Project Development Committee.

Mr Tan started the Real Estate desk of the Tolaram Group and served as its Head and CEO from 2006 till 2018. He is a Director in Medtech Asia which provides proprietary venture capital and private equity investments, primarily in healthtech and healthcare related services.

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:
27 July 2018

Past Directorships in listed companies over preceding 3 years:
Nil

BOARD OF DIRECTORS

MS FAM LEE SAN
Non-Executive 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:
26 July 2019

Past Directorships in listed companies over preceding 3 years:
Nil

MR CHNG KIONG HUAT
Non-Executive 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:
26 July 2019

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

MR ONG SIM HO
Independent Director

Mr Ong Sim Ho was appointed to the Board on 5 August 2019. He is a member of the Audit and Risk Management Committee.

Mr Ong is a tax and corporate lawyer of 20 years standing. He is presently a shareholder and director at one of the leading law firm, Drew & Napier LLC. He is also a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants, and a member of the Singapore Institute of Directors. His other major independent directorships include those at AIA Singapore Private Limited, Sunningdale Tech Limited and Emirates National Oil Company (Singapore) Pte Ltd. He also serves as an Alumni Advisory Board Member of the Nanyang Business School, Nanyang Technological University.

Date of first appointment as a Director:
5 August 2019

Date of last re-election as a Director:
Nil

Past Directorships in listed companies over preceding 3 years:
Nil

KEY MANAGEMENT

MR OOI CHEE ENG

Mr Ooi Chee Eng is the Acting Chief Executive Officer, Chief Financial Officer and Company Secretary of the Group. He joined the Group in 2018. He is responsible for the Group's corporate secretarial, finance, accounting, tax, administration and human resource functions. He has more than 20 years of experience in finance and accounting.

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

MS HO JENNY

Ms Ho Jenny holds the position of General Manager (Marketing) and heads the Marketing Department. She joined the Group in 2017 with more than 17 years in the real estate industry. Her portfolio includes marketing and sales of the Group's residential properties, public relation and corporate communication.

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

MR MCDONALD LOW HOONG CHIONG

Mr McDonald Low holds the position of Head of Project. He joined the Group in 2015 and is responsible for the project management of the Group's development projects. He has more than 25 years of experience in project management and property development.

Mr Low holds a Master of Science in International Construction Management from the Nanyang Technological University. He is a member of The Society of Project Managers, a BCA Certified Green Mark Manager, and a BCA Certified Construction Productivity Professional (Honorary).

MR MICHAEL CHAN LIM HUAT

Mr Michael Chan holds the position of Head of Property Management. He joined the Group in 2020 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 12 years.

Mr Chan holds a Diploma in Manufacturing Engineering from Singapore Polytechnic.

DIRECTORATE & OTHER CORPORATE INFORMATION

DIRECTORS

Koh Poh Tiong *(Chairman, Independent)*
Tan Swee Siong *(Independent)*
Ong Sim Ho *(Independent)*
Lee Chien Shih *(Non-Executive)*
Fam Lee San *(Non-Executive)*
Chng Kiong Huat *(Non-Executive)*

AUDIT AND RISK MANAGEMENT COMMITTEE

Koh Poh Tiong *(Chairman)*
Tan Swee Siong
Ong Sim Ho

NOMINATING COMMITTEE

Koh Poh Tiong *(Chairman)*
Lee Chien Shih
Tan Swee Siong

REMUNERATION COMMITTEE

Lee Chien Shih *(Chairman)*
Koh Poh Tiong
Tan Swee Siong

PROJECT DEVELOPMENT COMMITTEE

Chng Kiong Huat *(Chairman)*
Koh Poh Tiong
Tan Swee Siong

INVESTMENT COMMITTEE

Tan Swee Siong *(Chairman)*
Koh Poh Tiong
Chng Kiong Huat

COMPANY SECRETARY

Ooi Chee Eng

REGISTERED OFFICE

2 Bukit Merah Central
#13-01
Singapore 159835
Telephone : +65 6890 0333
Facsimile : +65 6536 1858
Website : bsel.sg
Email Address : bsel@bukitsembawang.sg

COMPANY REGISTRATION NUMBER

196700177M

AUDITORS

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

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

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 2020 in relation to each of the principles of the Code of Corporate Governance 2018 (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** – The Company is headed by an effective Board which is collectively responsible and works with Management for long-term success of the Company.*

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 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 arrange and fund Directors' participation at industry conferences, seminars or any training programme in connection with their duties as Directors of the Company and on changes in the relevant new laws and regulations and changing commercial risks to enable them to make well-informed decisions. The Company

Secretary will also 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. Detailed information on the Company are also made available 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.

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.

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.

BOARD COMPOSITION AND GUIDANCE

***Principle 2** – The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.*

The Board currently comprises six Directors, of whom three are independent Directors and three are non-executive Directors.

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 Company recognises the importance of having a diverse Board to enhance its performance. The Board comprises well qualified members with diverse skills, experience and relevant knowledge, age and gender. In October 2012, the Board appointed a female Alternate Director, Ms Fam Lee San who was thence appointed Director in July 2014. The Board appointed Mr Koh Poh Tiong as Director in February 2017 and Chairman of the Board in August 2017. Mr Koh brings with him many years of experience as Director of other public listed companies as well as private companies and organisations in a variety of industries/sectors. In August 2019, the Board appointed a new Director, Mr Ong Sim Ho who is an experienced tax and corporate lawyer at Drew & Napier LLC. These appointments have enhanced the Board's diversity in terms of gender, skill set, experience, expertise, age and perspectives to support the long-term success of the company.

The Board will continue to pay close attention to the recommendations, guidelines and provisions of Code on diversity.

While the Company's Constitution allow for the appointment of a maximum of 15 Directors, the Board is of the view that the current Board size with their experience and expertise is appropriate, taking into account the nature and scope of the Group's operations. The Nominating Committee assess the effectiveness of the Board as a whole and the contribution of each director annually. No individual or small group of individuals dominates the Board's decision making.

The names 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.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

***Principle 3** – There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

The Company has a separate Chairman and CEO. The Chairman is an independent Director. Mr Ng Chee Seng retired as CEO on 31 August 2019 and Mr Ooi Chee Eng is the Acting CEO since 1 September 2019. Mr Ooi covers the duties and responsibilities of the CEO until a replacement is found.

The CEO is the Chief Executive of 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 discussions 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/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** – The Board has a formal and transparent process for the appointment and re- appointment of directors, taking into account the need for progressive renewal of the Board.*

BOARD PERFORMANCE

***Principle 5** –The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

Nominating Committee (NC)

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

Mr Koh Poh Tiong (Chairman)
Mr 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 terms of reference of the NC include:

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;

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 represent 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, takes into account the provisions in the listing manual of the SGX-ST and the Code relating to 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 Koh Poh Tiong, Mr Tan Swee Siong, and Mr Ong Sim Ho 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.

The Company does not have any alternate Director.

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 Annual General Meeting (AGM). Regulation 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, Regulation 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.

At the forthcoming AGM, Mr Koh Poh Tiong and Mr Tan Swee Siong will be retiring by rotation pursuant to Regulation 94 of the Company's Constitution, and Mr Ong Sim Ho will be retiring pursuant to Regulation 76 of the Company's Constitution.

Mr Tan Swee Siong will not be offering himself for re-election. Mr Koh Poh Tiong and Mr Ong Sim Ho, being eligible and having given their consents for re-election, will be put forward for re-election at the forthcoming AGM.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information set out in Appendix 7.4.1 relating to the above Directors standing for re-election at the forthcoming AGM is disclosed from page 33 to 37 of this Annual Report.

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.

CORPORATE GOVERNANCE REPORT

Directors' Attendance at Board and Committee Meetings from 1 April 2019 to 31 March 2020

	Board	Audit and Risk Management Committee	Remuneration Committee	Nominating Committee	Project Development Committee
Number of Meetings Held	4	5	1	1	4
Mr Koh Poh Tiong [1]	4	5	1	-	4
Mr Lee Chien Shih	4	-	1	1	-
Mr Ng Chee Seng [2]	2	-	-	-	2
Mr Eddie Tang [3]	1	1	1	1	1
Mr Tan Swee Siong [4]	4	5	-	1	4
Ms Fam Lee San	4	-	-	-	-
Mr Chng Kiong Huat	4	-	-	-	4
Mr Ong Sim Ho [5]	3	4	-	-	-

1 Mr Koh Poh Tiong was appointed as Chairman of the Nominating Committee on 5 August 2019.

2 Mr Ng Chee Seng ceased as Chief Executive Officer and Director on 31 August 2019 and Mr Ooi Chee Eng was appointed as Acting CEO on 1 September 2019.

3 Mr Eddie Tang ceased as Director, Chairman of the Nominating Committee, and member of the Audit & Risk Management Committee, Remuneration Committee, Project Development Committee and Investment Committee on 5 August 2019.

4 Mr Tan Swee Siong was appointed as member of the Remuneration Committee on 5 August 2019.

5 Mr Ong Sim Ho was appointed as Director and Member of the Audit & Risk Management Committee on 5 August 2019.

Note: No Investment Committee meeting was held during the financial year as there was no major acquisitions or disposals.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

***Principle 6** – The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

LEVEL AND MIX OF REMUNERATION

***Principle 7** – The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.*

DISCLOSURE ON REMUNERATION

***Principle 8** – The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

Remuneration Committee (RC)

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

Mr Lee Chien Shih (Chairman)
Mr Koh Poh Tiong
Mr Tan Swee Siong

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 Mr Lee Chien Shih (a non-independent Director) to head the RC for the final term, as it has been practised in the past. 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. After the coming AGM, the Board will also undertake a review of the composition of the RC, to fully align with the requirement of the Code.

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

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 salary, 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 salary, 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.

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.

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] $	Other Benefits $
Independent/Non-Executive Directors				
Mr Koh Poh Tiong	115,000	115,000	-	-
Mr Lee Chien Shih	52,000	52,000	-	-
Mr Eddie Tang [2]	27,900	27,900	-	-
Mr Tan Swee Siong	75,000	75,000	-	-
Ms Fam Lee San [3]	46,000	46,000	-	-
Mr Chng Kiong Huat [3]	83,000	83,000	-	-
Mr Ong Sim Ho [4]	43,700	43,700	-	-
Total	442,600	442,600	-	-
Executive Director				
Mr Ng Chee Seng [5]	117,975	-	101,245	16,730

[1] Includes employer's CPF contribution.
[2] Mr Eddie Tang stepped down on 5 August 2019.
[3] Payable to Kallang Development (Pte) Limited.
[4] Mr Ong Sim Ho was appointed as Director on 5 August 2019.
[5] Mr Ng Chee Seng was the CEO and retired on 31 August 2019.

The above proposed total fees of $442,600 (2019: $490,000) for independent and non-executive Directors is subject to shareholders' approval at the AGM on 24 July 2020.

Remuneration of Key Executives

The breakdown of the remuneration of each of the top five key executives including Acting CEO who is not a Director for the financial year ended 31 March 2020 is shown in the table below. The aggregate remuneration paid to the key executives including bonus payable to them for the financial year is $1,377,000 (2019: $1,476,000).

Total Remuneration Bands	Total (%)	Salary [1] (%)	Bonus [1] (%)	Other Benefits (%)
$250,000 to $500,000				
Mr Ooi Chee Eng [2] Acting CEO, Chief Financial Officer and Company Secretary	100	54	46	0
Ms Ho Jenny [3] General Manager (Marketing)	100	58	42	0
Ms Katharine Kum Lai Hoong [4] General Manager, Head of Projects	100	98	0	2
Mr Justin Ho Ngiam Chan [5] Head (Property and Maintenance Management)	100	41	10	49
Below $250,000				
Mr Michael Chan Lim Huat [6] Head of Property Management	100	99	0	1

1 Includes employer's CPF contribution.
2 Appointed Acting CEO in September 2019.
3 Promoted to General Manager, Marketing in July 2019.
4 Resigned in March 2020.
5 Resigned in March 2020, other benefits include payment for long service.
6 Joined in March 2020.

Remuneration of Immediate Family Members of Directors/Substantial Shareholders

There is no employee who is an immediate family member of any Director, CEO or Substantial shareholder of the Company, whose remuneration exceeds S$100,000 during the financial year ended 31 March 2020.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

***Principle 9** – The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.*

The Company has in place an adequate and effective system of risk management and internal controls addressing material financial, operational, compliance and information technology risks to safeguard the interests of the Company and its shareholders.

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.

CORPORATE GOVERNANCE REPORT

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.

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:

(a) the Acting CEO who is also the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements for the financial year ended 31 March 2020 give a true and fair view of the Group's operations and finances; and

(b) the Acting CEO and other key management personnel which includes General Manager (Marketing), Head of Project and Head of Property Management that 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 2020 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 10** – The Board has an Audit Committee which discharges its duties objectively.*

The ARMC comprises three members, all of whom are independent 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 Tan Swee Siong
Mr Ong Sim Ho

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.

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 at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

4. Reviews assurance from CEO and CFO on financial records and financial statements;

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

6. 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;

7. 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;

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

9. 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 annually with the External Auditors and the Internal Auditors, 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 to appoint Deloitte & Touche LLP as the Auditor of the Company in place of the retiring Auditor, KPMG LLP at the AGM to be held on 24 July 2020.

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.

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 independence, adequacy and effectiveness of the outsourced internal audit function. The ARMC is satisfied that the internal audit function of the Company is independent, effective and adequately resourced.

The internal auditor reviews 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 ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

***Principle 11** – The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

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.

Past years, 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.

In view of the current COVID-19 situation, the Annual Report, Notice of AGM and Proxy form will be made available to shareholders solely by electronic means via publication on SGXNET and our corporate website (bsel.sg). Our coming AGM will be held by way of electronic means. Shareholders may submit questions in advance of the AGM and appoint the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at 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. 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.

The Company strives to provide long-term, sustainable dividend income to shareholders, payable at least once a year where appropriate. In recommending a dividend the board considers all the relevant factors including the Group's financial health, capital expenditures for sustainable growth, and the interest and expectation of all stakeholders, including our shareholders.

Final dividend will be recommended by the Board and tabled at the AGM of the Company for approval by shareholders. Interim dividend, if issued, will be accompanied by interim financial statements and approved by the Board. The Board will review the dividend policy from time to time with the best interest of the Company and its stakeholders in mind.

ENGAGEMENT WITH SHAREHOLDERS

***Principle 12** – The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.*

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 and full-year results are published on the Company's website (bsel.sg) and announced to SGX-ST via SGXNET. The Company does not intend to continue with quarterly reporting with effect from the financial year commencing 1 April 2020. 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 (after close of trading) with such meetings. Quarterly and full-year financial statements, and annual reports are announced or issued within the mandatory period.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

***Principle 13** - The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.*

The Company understands that stakeholders play a critical role in determining a business long-term viability. Thus, we value open dialogue and frequently engage with stakeholders through various methods to understand and address their needs and expectations.

The Company maintains a corporate website (bsel.sg) to communicate to the public about its latest developments.

Please refer to the section on Stakeholder Engagement in the Company's Sustainability Report 2020 on page 38 to 47 for more information on how the Company manages its stakeholder relationships.

PROJECT DEVELOPMENT MATTERS

Project Development Committee (PDC)

The PDC comprises the following members:

Mr Chng Kiong Huat (Chairman)
Mr Koh Poh Tiong
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.

CORPORATE GOVERNANCE REPORT

INVESTMENT MATTERS

Investment Committee (IC)

The IC comprises the following members:

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

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

There was no IC meeting held during the financial year as there was no major acquisitions or disposals.

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. Directors and key executives of the Group 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 informed not to deal 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 2020 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) [1]	
	31.03.2020 $'000	31.03.2019 $'000
Transfer of Vehicle ownership to Mr Ng Chee Seng [2]	110	Nil

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

[2] Mr Ng Chee Seng was the Chief Executive Officer and Executive Director of the Company, and retired on 31 August 2019.

Additional Information on Directors Seeking Re-election

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Directors standing for re-election as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Name of Director	Koh Poh Tiong	Ong Sim Ho
Date of Appointment	1 February 2017	5 August 2019
Date of last re-appointment	27 July 2017	Nil
Age	73	51
Country of principal residence	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	Mr Koh has continued to discharge his duties well and continued to positively contribute to the Company.	Mr Ong has continued to discharge his duties well and continued to positively contribute to the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Board, Chairman of the Audit and Risk Management Committee and the Nominating Committee, and a member of the Remuneration Committee, the Project Development Committee and the Investment Committee.	Independent Director and a member of the Audit and Risk Management Committee.
Professional qualifications	Bachelor of Science degree from the University of Singapore	Bachelor of Accountancy (Hons) from the Nanyang Technological University (Nanyang Business School) Bachelor of Laws (Hons) University of London Fellow of the Institute of Singapore Chartered Accountant Barrister-At-Law of Lincoln's Inn, England & Wales Advocate & Solicitor of the Supreme Court of Singapore Member of the Singapore Institute of Directors
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None

Additional Information on Directors Seeking Re-election

Name of Director	Koh Poh Tiong	Ong Sim Ho
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Working experience and occupation(s) during the past 10 years	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.	Ong Sim Ho is a tax and corporate lawyer of 20 years standing. He is presently a shareholder and director at one of the leading law firm, Drew & Napier LLC.
Shareholding interest in the listed issuer and its subsidiaries	No	No
Shareholding details	Nil	Nil
Past (for the last 5 years)	1. Ezra Holdings Limited 2. SATS Limited 3. United Engineers Limited 4. Great Eastern Life Assurance Company Ltd	1. The Place Holdings Limited 2. Tokio Marine Life Insurance Singapore Ltd. 3. Tokio Marine Insurance Singapore Ltd. 4. Centre For Fathering Limited
Present	1. Fraser and Neave, Limited 2. Delfi Limited 3. Raffles Medical Group Limited 4. Saigon Beer-Alcohol-Beverage Corporation (Chairman) 5. National Kidney Foundation (Chairman) 6. Singapore Kindness Movement (Chairman) 7. Times Publishing Limited (Chairman) 8. Great Eastern Life Assurance (Malaysia) Berhad 9. Great Eastern General Insurance (Malaysia) Berhad 10. BeerCo Limited (Chairman)	1. Emirates National Oil Company (Singapore) Private Limited 2. Sunningdale Tech Ltd 3. Bluefield Ventures Pte. Ltd. 4. Bluefield Renewable Energy Pte. Ltd 5. AIA Singapore Private Limited 6. 2 Friends Investment Pte. Ltd. 7. Ong Sim Ho LLC 8. Drew & Napier LLC 9. Bright Vision Hospital 10. Advance Micro Foundry Pte Ltd

Additional Information on Directors Seeking Re-election

Name of Director	Koh Poh Tiong	Ong Sim Ho
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within two years from the date he/she ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes. I stepped down as Non-executive Chairman and Senior Advisor of Ezra Holdings Limited on 31 January 2016. Ezra Holdings Limited filed voluntary petitions for reorganization under Chapter 11 of the US Bankruptcy Code on 18 March 2017.	No
(c) Whether there is any unsatisfied judgment against him/her?	No	No
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No

Additional Information on Directors Seeking Re-election

Name of Director	Koh Poh Tiong	Ong Sim Ho
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

Additional Information on Directors Seeking Re-election

Name of Director	Koh Poh Tiong	Ong Sim Ho
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere.	No	No
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

BOARD STATEMENT

The Board of Directors ("the Board") of Bukit Sembawang Estates Limited ("the Group") is pleased to present our Sustainability Report for FY2020. This Report showcases our efforts across the environmental, social and governance ("ESG") dimensions, deeply integrated into our vision of "Building Quality Homes for Every Generation". We recognise that sustainability should be at the heart of our corporate strategy, committing to a sustainable journey towards safeguarding the well-being of our stakeholders while delivering long-term value to them.

2019 marks a significant achievement for the Group as all 78 houses offered for sale in Luxus Hills (Signature Collection), were sold out on the first day of preview. We are also proud to announce that we have won a series of prestigious industry awards; five coveted prizes at the 14th PropertyGuru Asia Property Awards Grand Final, as well as the Best-Performing Stock in the Properties category at The Edge Billion Dollar Club 2019 gala dinner.

The Group considers sustainability issues part of its strategic formulation and is determined to align sustainability initiatives with our business objectives. In view of the recent coronavirus ("COVID-19") situation, we are committed to combating the disease as the pandemic affects the health and safety of our employees and customers, while continuing with our business operations via the implementation of Business Continuity Plans ("BCP"). Being agile in responding to changes, we are leveraging on digitalisation to integrate sales, finance, project management and property management services holistically for our work flow to be conducted remotely. We continue to focus on setting up a strategic direction in ensuring the efficient consumption of resources, constant contribution to our society, as well as strong corporate governance.

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

In the coming year, we aim to continue upholding our belief and commitment to integrate sustainability into our business and continually pursue new initiatives to deliver long-term economic value as well as make positive social, ethical and environmental impacts.

ABOUT THIS REPORT

This Sustainability Report ("the Report") addresses the Group's practices and performance around its material ESG factors, with information and data relating to the period from 1st April 2019 to 31st March 2020 ("FY2020"). It covers the listed entity, Bukit Sembawang Estates Limited and its group of companies.

This Report is aligned with the Sustainability Reporting Guide as set out in the SGX-ST Mainboard Listing Rule 711(B) of the Listing Manual of the SGX-ST. It has also been prepared with reference to the Global Reporting Initiative ("GRI") Standards. The GRI Standards is selected as it is an internationally-recognised reporting framework that covers a comprehensive range of sustainability disclosures.

MANAGING SUSTAINABILITY

SUSTAINABILITY APPROACH

As a listed company, we seek to deliver a stable economic return to our investors. In order to achieve this goal, we adopt a holistic approach to manage risks and opportunities. Due to COVID-19, the Controller of Housing ("COH") issued circulars to lock down all show flats, evidently affecting our sales and business. To mitigate these effects, we have embarked on using Virtual Tour to replace the physical viewing of show flats and are looking to digitalise all sales documents for sales to be carried out remotely.

Countering further risks arising from the COVID-19 situation, we are targeting to beef up our Information Technology ("IT") systems and have robust cyber security protections in place. At the same time, we will continue to actively identify and address other issues that are significant to our business and stakeholders, which involves environmental stewardship, social engagement and 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 minimize 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, social-economic (including anti-corruption) and marketing laws and regulations to maintain our license to operate.

SUSTAINABILITY GOVERNANCE

A formalised sustainability governance structure is in place to identify, drive, and execute sustainability initiatives across the Group. The SSC is chaired by the Chief Executive Officer ("CEO"), who reports to the Board on a regular basis. The SSC is supported by the STF, which includes senior management representatives from various 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.

STAKEHOLDER ENGAGEMENT

The Group understands that stakeholders play a critical role in determining a business' long-term viability. Thus, we value open dialogue and frequently engage our stakeholders through various methods to understand and address their needs and expectations. The following table details our engagement activities with our key stakeholders.

Key Stakeholders	Engagement Methods	Frequency
Government / Regulators	• Participation in government initiatives and policy working groups	• Ad hoc basis
Employees	• Performance appraisals • Regular sessions with the Project Heads and/or Heads of Departments to address the training needs of employees • Annual Staff Events • Gatherings, such as celebration meals for achieving milestones • Staff orientation for new employees	• Annually / Ad hoc basis
Investors	• Annual General Meetings ("AGMs") • Annual Reports • Notices, Circulars, and Announcements	• Annually
Customers	• Face-to-face meetings	• Ad hoc basis
Contractors	• Periodic consultant meetings • Contractor / supplier evaluation exercises	• Fortnightly
Local Communities	• Corporate Social Responsibility ("CSR") initiatives • Community meetings	• Monthly
Media	• Media announcements	• Ad hoc basis

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

In line with the GRI Standards' materiality approach, we have appointed an external consultant in FY2019 to conduct a materiality review with our senior management. The following ten factors have been identified as material for our Sustainability Report disclosures, as illustrated in the diagram below. In FY2020, these material factors identified were reviewed and deemed to be relevant in the current year, as approved by the Board.

Economic	Environmental	Social	Governance
Economic Performance [1]	• Materials • Energy • Emissions • Green Buildings	• Local Communities • Training and Education	• Anti-Corruption • Compliance • Contractor and Supplier Assessment including Occupational Health & Safety ("OHS") Assessment

In FY2019, "Green Buildings" and "Occupational Health & Safety" ("OHS") (as part of Contractor and Supplier Assessment) were upgraded to be material, and reflects our commitment to continuously achieve Green Mark Awards and Quality Mark Certifications for our existing and future developments. By placing more emphasis on our OHS assessment of contractors, despite the Group not having direct influence on the health and safety issues of the contractors, we highlight our desire to work closely with our contractors to provide safe and healthy work sites. The Group also has practices in place to assess the health and safety conditions of the contractors before engaging them.

KEY PERFORMANCES AT A GLANCE

Material Factors	Performance Measures	FY2019 Performance	FY2020 Performance	FY2020 Performance against FY2020 Targets
Environmental – Materials	Total number of paper reams	401	630	**Achieved** – Maintain paper consumption at 2.40 reams per employee
	Number of paper reams per employee per month	2.40	1.88	
Environmental – Energy	Total energy consumed (kWh)	49,984	32,191	**Achieved** – Reduce energy consumption intensity level to 180 kWh per employee per month
	Total energy intensity (kWh per employee per month)	166.61	95.81	
Environmental – Emissions	Total GHG emissions (tCO_2e)	20.52	13.48	
	Total GHG emissions intensity (tCO_2e per employee per month)	0.068	0.040	
Social – Local Communities	Number of Corporate Community Involvement ("CCI") activities completed	4	3	**Achieved** – Participate in at least 3 CCI activities
Social – Training and Education	Total training hours	225	623	**Achieved** – Average of 18 training hours per employee
	Average training hours per employee	9	18	
Governance – Anti-Corruption	Incidence of corruption	0	0	**Achieved** – Maintain zero incidence of corruption
Governance – Compliance	Incidence of non-compliance	0	0	**Achieved** – Maintain zero incidence of non-compliance
Governance – Contractor and Supplier Assessment including OHS	Percentage of main contractors screened	100%	100%	**Achieved** – Maintain 100% screening of all main contractors

[1] *Please refer to the Chairman's Statement, Five-Year Financial Summary, Group Financial Highlights and Financial Reports of the FY2020 Annual Report for details.*

ENVIRONMENTAL

The Group places great importance on environmental stewardship as we recognise the urgent threat of global climate change. We are committed to identifying and responding to climate change risks and environmental impacts by delivering high-quality sustainable housing developments, realising the benefits of green practices. We also aim to conduct our business in an environmentally-conscious manner and reduce our carbon emissions and other environmental footprints.

To better govern our environmental performance, we have established an 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, the Group conducts 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.

We established the Environment Sustainability Committee ("ESC") to spearhead and promote green initiatives in our office. In FY2020, we engaged external vendors to hold the Wardrobe Recreation and Name Card Case Workshop for our employees to learn how to reuse clothing or waste into useful items through the hands-on activities. Every month, the ESC sends out the Green E-Mailer to all employees to reiterate the importance of environmental sustainability. The ESC also convenes monthly to discuss various environmental and green issues of our corporate office.

In 2019, in recognition of our continued commitment to sustainability, we have been awarded the Eco-Office Professional certification (valid until 2021) by the Singapore Environment Council. This is a recognition of our commitment to environmentally-friendly practices and continuous education to our employees, in line with our mission of inculcating and sharing good sustainability practices with our employees.

In October 2019, we participated and pledged sponsorship for Singapore's first industry community greening initiative – Greening our Workplace @ Seletar Aerospace Park (GROW@SAP). The event was kickstarted by JTC, in partnership with the Association of Aerospace Industries (Singapore) (AAIS) and the National Parks' Board (NParks). The contribution to the initiative covers tree planting, landscape enhancement, maintenance of amenities, as well as education and public outreach activities. In the same month on 8 October 2019, our employees gathered together to plant 30 trees in Luxus Hills Park during our annual "Plant-A-Tree" event, launched in 2015.

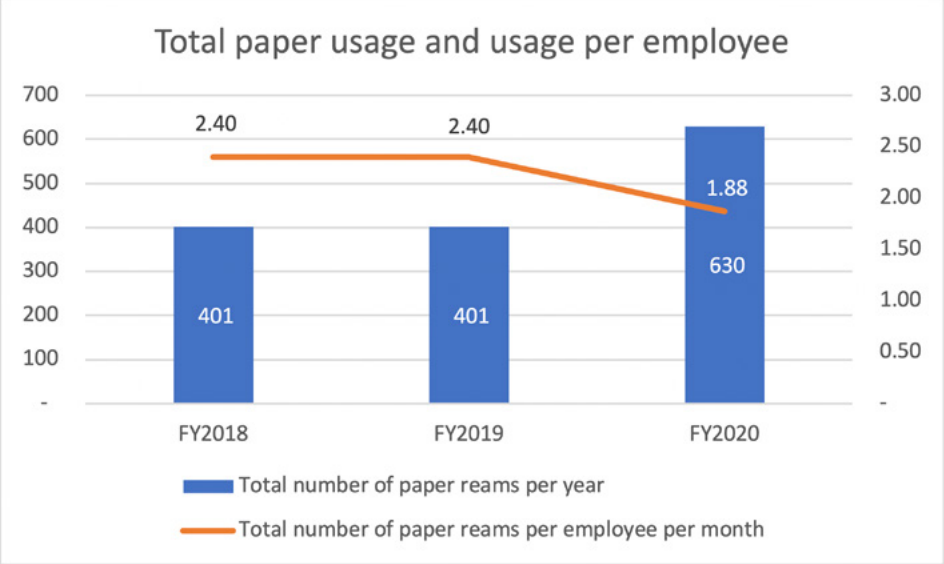
To demonstrate our active role in offsetting our carbon emissions and mitigating global climate change, we plan to continue to continue with these initiatives and increase the number of trees planted during our annual "Plant-A-Tree" event by 5 trees per year.

"Plant-A-Tree" event in October 2019

MATERIALS

We are aware of the environmental impact associated with materials used during office administration. As a testament to our sustainability efforts, our FY2020 performance is as follows:

FY2020 Performance	
Total number of paper reams used in the year • 630 reams	
Number of paper reams used per employee per month • 1.88 reams	
FY2020 Performance against FY2020 Targets	
Number of paper reams used per employee per month • 2.40 reams	• Achieved
FY2021 Targets	
• Maintain paper consumption at 2.40 reams per employee per month	



In FY2020, we had an increase in the total number of paper reams used. However, this was due to both the increase in employees and sales launches throughout the financial year. Our paper intensity per employee has decreased from 2.40 to 1.88 reams, which can be credited to a firm-wide effort in conserving resources through various measures implemented.

For our office supplies, we opt for products from sustainable suppliers or those with an accredited environmental or green label, such as the Green Label Singapore, FSC (Forest Stewardship Council) and PEFC (Programs for the Endorsement of Forest Certification). We also prefer purchasing recycled paper products and refrain from purchasing bleached paper with high chlorine content.

On top of sourcing for environmentally-friendly products, we also strive to reduce the volume of our consumption through the promotion of the 4Rs (Reduce, Reuse, Recycle and Rethink). The ESC has started awareness building programs to educate our employees about green practices surrounding the 4Rs, such as printing only when necessary. All computers are set to print in double-sided, grayscale and reduced paper margins. We have also set up recycling bins in our office and encouraged administration procedures to go paperless. Paper usage is closely monitored by the ESC and data around the amount of papers reams used is reported during monthly management meetings and emails.

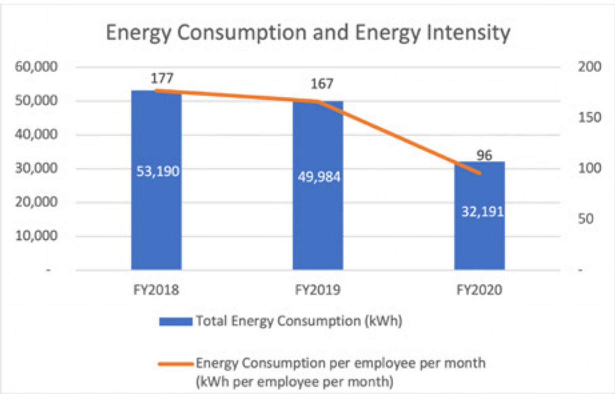
In the upcoming year, we aim to maintain paper consumption at 2.40 reams per employee per month.

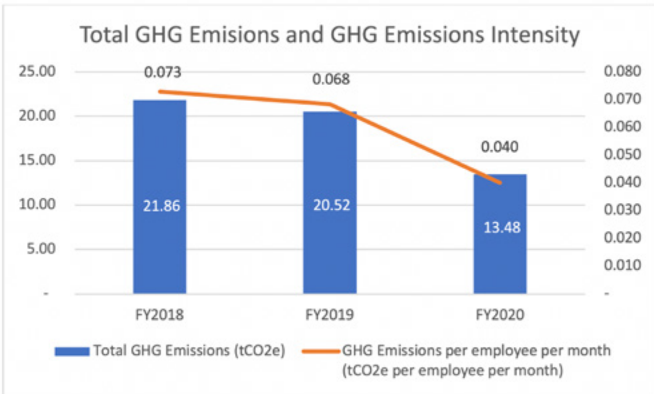
ENERGY AND EMISSIONS

Energy use and its related greenhouse gas ("GHG") emissions are significant contributors to global climate change. As a responsible corporate citizen, we are committed to improve our energy efficiency and reduce our GHG emissions.

Our FY2020 performance for energy and emissions is as follows:

FY2020 Performance	
Energy Consumption (kWh) • Total energy consumption: 32,191 kWh Energy Consumption Intensity • Energy consumption per employee per month: 95.81 kWh Emissions (tCO2e) • Total emissions of CO2 equivalent: 13.48 tCO2e Emissions Intensity • Emissions per employee per month: 0.040 tCO2e	
FY2020 Performance against FY2020 Targets	
Energy Consumption Intensity per employee per month • 180 kWh	• Achieved
FY2021 Targets	
• Reduce energy consumption intensity level to 176.4 kWh per employee per month	





In FY2020, our energy intensity and GHG emissions intensity decreased by 43% and 41% respectively, as demonstrated in the diagrams above. These can be attributed to our energy-saving initiatives such as the installation of energy efficient LED lights in our office and working spaces. Occupancy sensors and sub-area light switches are also installed to provide automatic control on switching off lights that are unused.

Going forward, we aim to reduce our monthly energy consumption by 2% per employee per month from 180 kWh to 176.4kWh.

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, as well as provide good maintenance and after-sales service. Where feasible, we want to build homes with innovative and functional concepts by integrating environmental sustainability, such as solar panels, into the architectural design and building details. This is in line with the Building and Construction Authority ("BCA")'s Green Building Masterplan, which aims for 80 per cent of buildings in Singapore to be green by 2030.

Since 2008, all our developments have received Green Mark Awards and Quality Mark Certifications by the Building and Construction Authority ("BCA") of Singapore recognising our efforts in environmental design and performance which includes:

- Reduction in energy, water and material resource usage;
- Reduction in potential environmental impact; and
- Improve indoor environmental quality for better health and well-being

We received BCA Green Mark Platinum and Gold Plus Development for Luxus Hills (Signature Collection) and BCA Green Mark Gold Plus for Luxus Hills (Contemporary Collection), thus meeting our annual target by achieving at least BCA Green Mark Gold Awards for all homes built. BCA Green Mark Gold Plus were also received for phases 1 and 2 of our Nim Collection and Watercove projects. We aim to maintain our target for FY2021.

In FY2019, the Group signed an agreement with Frasers Hospitality Group, who manages Fraser Residence Orchard serviced apartment. To demonstrate our commitment towards sustainability, we have supported Fraser since March 2020 to formulate annual initiatives such as property energy reduction, property water reduction, recycling initiatives, and environmental initiatives with employees and residents.

SOCIAL

Doing our part as a responsible corporate citizen, we constantly build and maintain good relationships with our employees and the communities that we operate in. This is done by actively involving in community engagements and service programs to give back to the society at large.

At the same time, we acknowledge the importance of establishing a stable, friendly and appreciative relationship with our employees. Our focus is on creating a collaborative, competent and safe working environment for our employees through competitive welfare packages and training programs.

LOCAL COMMUNITIES

Believing that creating social value is as important as creating economic value, we established the Corporate Social Responsibility ("CSR") Committee which 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. In order to encourage employee participation in CCI activities, we have in place a key performance indicator at the management level. The CSR Committee also gather feedback on CCI activities held for future improvements.

In FY2020, we completed the following CCI activities:

- Donation of Back To School Pack to families residing at Ghim Moh Road in December 2019;
- Donation of pre-loved items to The Salvation Army in February 2020; and
- Donation of isotonic drinks to Alexandra Hospital in March 2020

Apart from community outreach initiatives, we donated to help fund programmes run by charitable organisations, including CPAS, SADeaf, SPD, ARC(S), SAVH, GDS, VSA Singapore, MINDS, BVH, BHEH, LHE, DPH, NKF, ADA, and CSLMCH.

During the COVID-19 pandemic, we have also extended our support to aid the most affected segment of our community through a monetary donation to the Real Estate Developers' Association of Singapore ("REDAS") Solidarity Project Fund. The funds aim to help those most affected by the COVID-19 pandemic, in particular those who work in the built environment, including migrant workers living in dormitories.

In FY2020, we achieved our target of completing at least 3 CCI activities. We also actively encourage each employee to participate in at least one of the activities. For the forthcoming year, we aim to continue encouraging our employees to participate in CCI activities. However, due to the COVID-19 situation, completion of CCI activities are dependent on social distancing measures. Thus, our target for FY2021 is to complete at least 2 CCI activities.

Donation of Back To School Pack to families residing at Ghim Moh Road in December 2019

TRAINING AND EDUCATION

Recognising that human capital is key to the long-term success of our business, we have taken steps to encourage the development of our employees by providing them with opportunities to realise their fullest potential.

FY2020 Performance	
Average training hours per employee • 18 hours	
FY2020 Performance against FY2020 Targets	
Average training hours per employee • 18 hours	• Achieved
FY2021 Targets	
• Achieve an average of 14 training hours per employee	

Human Resource co-ordinates and monitors a list of training programs, maintaining a record of training requirements and completion. In FY2020, we have achieved our target with an average of 18 training hours per employee.

When new employees join the company, they are orientated on the Group's business, policies, corporate culture and core values. Our employees are encouraged to attend seminars, workshops and skills programs when a learning need is identified. During annual performance appraisals, areas of training required are identified by the Heads of Divisions to help address any performance concerns and enhance the employee's potential and development. The Group also arranges for external training across a wide range of topics, such as Project and Property Development, Construction Safety, Digital and Web Analytics, Real Estate Financing, Accounting, ISO 14001:2015, Self-Improvement & Administration, Marketing and Human Resources.

SUSTAINABILITY REPORT

After the completion of the trainings, employees provide feedback on the trainings and share the knowledge with the respective teams. Through these learning and development programmes, we are able to build a strong, capable and motivated team equipped with the relevant skill sets.

COVID-19 has shed light on the importance of adapting to work from home policies. We have leveraged on the use of technologies. Employees are provided with notebooks and they are encouraged to attend online learning courses. This ensures that our employees are able to continue their learning and development journey with the opportunities provided to them.

We will continue to work towards equipping our employees with the necessary knowledge and skills. This includes exploring additional training courses funded by SkillsFuture Enterprise Credit ("SFEC"). Due to the recent COVID-19 situation, we have adjusted our target and will be aiming to achieve an average of 14 training hours per employee for FY2021.

GOVERNANCE

Understanding the importance of effective corporate governance contributes to the long-term success of our sustainability strategy and overall development, and we are committed to creating a transparent and effective governance to maintain high standards of business ethics beyond compliance.

We ensure compliance with environmental and socio-economic rules and regulations through a structured, robust and transparent governance. At the same time, we are equally diligent in screening our suppliers to meet the acceptable environmental and social sustainability standards.

ANTI-CORRUPTION

The Group adopts a zero-tolerance stance towards fraud and corruption. Through our policies in the procedures manuals which set out clear expectations of employees in relation to anti-corruption practices, we conduct our business with integrity and compliance with applicable rules and regulations. Information and guidance are provided to our employees on topics which may arise in the course of their work, such as whistle-blowing, conflicts of interest and insider trading. All of our employees have to declare any conflicts of interest in writing when they join the Group. Our resolution for anti-corruption extends to all aspects of our business.

In FY2020, we have zero incidence of corruption. We will continue to aim to maintain this in the coming years.

COMPLIANCE

Compliance with relevant rules and regulations is one of the most important pre-requisites for our continued operation and growth. To comply with environmental rules and regulations, managers are required to follow the latest updates on environmental regulations with control aspects such as water, air, noise, hazardous substances, and toxic industrial waste and incorporate them into the business. Once every quarter, the Group evaluates the compliance of the Environmental Management System and adopts the necessary corrective actions.

In the socio-economic area, we consistently maintain high standards of ethics and code of conduct. Before each project launch, we ensure that we complete the item checklist as per 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 is informed and involved in the follow-ups.

We also maintain full compliance with relevant authorities on rules and regulations (if any) with regard to marketing communications and collaterals. Our Marketing team constantly reviews all marketing communication materials to ensure compliance with the applicable acts prior to promotions.

The Group places strong emphasis on ensuring the security and confidentiality of its database and customer information. We protect the privacy and personal data of our customers and employees by adhering to the Personal Data Protection Act ("PDPA") and with Singapore's Employment Act. We use various security measures, including a data protection policy which defines how personal data is collected, used and protected. A data protection clause and option for consent are provided in materials requesting personal information from the stakeholders.

In light of the COVID-19 situation, there have been various government advisories and measures such as the Circuit Breaker. The Group has been staying updated on the latest regulations and keeping in compliance with them. Employees are working from home, with meetings conducted via telecommunications. Employees who received exemptions to return to the office once a week for urgent work duties are required to wear a mask and comply with safe distancing measures. We have ensured that sufficient masks are distributed to employees, together with hand sanitisers and tissues provided at common areas. Furthermore, we have new procedures in place, such as conducting temperature screening and travel declarations, as well as encouraging our employees to keep up with the latest government contact tracing measures including SafeEntry and TraceTogether. These processes that we have in place will be followed closely post Circuit Breaker.

In FY2020, we achieved our annual target with zero incidence of non-compliance with relevant environmental, socio-economic and marketing-related rules and regulations. We have not identified any complaints regarding breaches of customer data. In FY2021, we will strive to maintain our good track record and maintain zero incidence of non-compliance with applicable rules and regulations.

CONTRACTOR AND SUPPLIER ASSESSMENT

Through careful environmental, social and safety assessment of contractors, property management service providers and suppliers, we ensure that our contractors possess the OHS and ISO 14001 certifications. Contractors and suppliers are required to abide by our business ethics in order to safeguard our reputation as a responsible corporate citizen.

Relevant policies and procedures are in place to ensure that our contractors' sources for sustainable building materials are in compliance with the BCA Green Mark requirements in the main building contract, and that property management service providers and suppliers are in compliance with our QEMS Procedures for Environment, Pollution Control, Waste Management, Resources Conservation, and 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 the 4Rs.

Before awarding any main building contract, we update our list of environmental, social and safety assessment criteria to ensure that it is consistent with the best industry practices. In FY2019, we started to conduct supplier environmental and social assessment on most of our new suppliers before engaging them. Contributing to the sustainable construction scene as well as being in compliance with BCA Green Mark requirements, we select suppliers that source for non-hazardous materials for our development projects. New suppliers are assessed for their environmental commitment and obligations to ISO 14001:2020.

As part of our selection criteria, we also track safety records and well-recognised certifications, such as ISO 14001:2020, BCA Construction Quality Assessment System ("CONQUAS") and BCA's Quality Mark. Matters relating to occupational health and safety are monitored and deliberated during the Management Meetings.

In view of COVID-19 and the Circuit Breaker announcement, we have also instructed all contractors to lock up sites from 6 April 2020 to prevent any unauthorised entry. For projects that are due to commence earthworks or show flat construction works, they have been scheduled to resume works only after the end of Circuit Breaker, with the SafeEntry digital check-in system put in place. Till the end of the Circuit Breaker, all worksite meetings will be conducted through video conference platforms such as Microsoft Teams or Zoom.

As most of our environmental and social impacts occur from our main contractors' practices, a screening was performed in FY2020 for all our main contractors to check on OHS safety records and certifications. In the coming year, we will continue to screen all our main contractors and aim to perform regular updates on our assessment criteria.

FINANCIAL CONTENTS

The Directors of the Company are pleased to submit this Directors' Statement to the members of the Company together with the audited financial statements for the financial year ended 31 March 2020.

In our opinion:

(a) the financial statements set out on pages 56 to 105 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 2020 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 (International); 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
Tan Swee Siong
Fam Lee San
Chng Kiong Huat
Ong Sim Ho (Appointed on 5 August 2019)

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:

	Holdings in the name of the director		Other holdings in which the director is deemed to have an interest	
Name of director and corporation in which interests are held	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	542,900	–	–
Chng Kiong Huat	–	–	10,000	10,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, 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 2020.

DIRECTORS' STATEMENT

Directors' interests (cont'd)

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 and Risk Management Committee

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

- Koh Poh Tiong (Chairman and Independent Director)
- Ong Sim Ho (Independent Director)
- Tan Swee Siong (Independent Director)

The Audit and Risk Management 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 and Risk Management Committee has held five meetings since the last Directors' Statement. In performing its functions, the Audit and Risk Management 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.

The Audit and Risk Management 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 and Risk Management 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 and Risk Management Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Management Committee is satisfied with the independence and objectivity of the external auditors.

The Audit and Risk Management Committee nominates Deloitte & Touche LLP for appointment as the external auditors of the Company in place of the retiring auditors, KPMG LLP, at the forthcoming annual general meeting.

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.

DIRECTORS' STATEMENT

Auditors

The retiring auditors, KPMG LLP, will not be seeking re-appointment at the forthcoming annual general meeting. Deloitte & Touche LLP has expressed its willingness to accept appointment as auditors.

On behalf of the Board of Directors

Koh Poh Tiong
Director

Chng Kiong Huat
Director

18 June 2020

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 2020, 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 56 to 105.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2020 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 $1.2 billion as at 31 March 2020. 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 estimated NRV of development properties is critically dependent upon the Group's expectation of the future selling prices of the development properties. In estimating the future selling prices of unsold development properties, the Group has taken into account the selling prices estimated by external valuers, real estate price trend information, and its sale strategy for the properties.

The residential development projects are 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 low margins.

We held discussions with the external valuers to understand the approach adopted in estimating the future selling prices of the development properties. We assessed the reasonableness of the selling prices estimated by the external valuers 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.

Our findings

We found the Group's estimated future selling prices, which is used in determining the NRV and the resultant allowance for foreseeable losses on its development projects, have taken into consideration currently available market data and prevailing market conditions.

<u>Valuation of property, plant and equipment</u>
(Refer to note 5 to the financial statements)

Risk

The Group has property, plant and equipment in the statement of financial position, with a carrying amount of $211 million as at 31 March 2020. Property, plant and equipment comprises mainly serviced apartment units. Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses and are subject to an annual review to assess if they may be impaired.

As the Group had previously recognised impairment losses on its serviced apartment units and with the COVID-19 pandemic outbreak, the Group undertook an impairment assessment of its serviced apartment units. The recoverable amount of the serviced apartment units was estimated based on an external valuation obtained. The valuer had indicated in its valuation report that the real estate market is being impacted by the uncertainty that the COVID-19 pandemic has caused, that the valuation was current at the date of valuation only and that the value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). The valuation is sensitive to key assumptions applied and a change in the key assumptions may have an impact on the recoverable amount.

Our response

We considered the valuation method used against those applied by valuer for similar property types. We compared the key assumptions used in the valuation, which included discount rate, terminal yield rate, average room rate, average room rate growth rate and occupancy rate, by comparing them to available industry data, taking into consideration comparability and market factors. Where the rates are outside the expected range, we held discussions with the valuer to understand the effect of additional factors considered. We also discussed with the external valuer how they have considered the impact of the COVID-19 pandemic and market uncertainty in their valuation.

Our findings

The valuation method used is in line with generally accepted market practices. We found the key assumptions applied are consistent with currently observable market data, taking into consideration the uncertainty arising from the COVID-19 outbreak.

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.

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 SFRS(I)s, 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.

Members of the Company
Bukit Sembawang Estates Limited

- 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
18 June 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current assets					
Investment property	4	**3,485**	3,649	**–**	–
Property, plant and equipment	5	**210,777**	258,277	**–**	–
Investments in subsidiaries	6	**–**	–	**313,000**	313,000
Deferred tax assets	7	**11,287**	2,461	**–**	–
		225,549	264,387	**313,000**	313,000
Current assets					
Consumable stocks		**441**	224	**–**	–
Development properties	8	**1,245,956**	1,304,129	**–**	–
Contract costs	9	**8,450**	363	**–**	–
Contract assets	10	**36,127**	124,299	**–**	–
Trade and other receivables	11	**21,340**	15,929	**440,047**	444,243
Cash and cash equivalents	12	**299,910**	72,219	**254,092**	25,218
		1,612,224	1,517,163	**694,139**	469,461
Total assets		**1,837,773**	1,781,550	**1,007,139**	782,461
Equity attributable to shareholders of the Company					
Share capital	13	**631,801**	631,801	**631,801**	631,801
Reserves	14	**691,751**	672,732	**75,213**	110,345
Total equity		**1,323,552**	1,304,533	**707,014**	742,146
Non-current liabilities					
Borrowings	15	**337,560**	367,242	**–**	–
Lease liabilities	16	**782**	–	**–**	–
Other payables	17	**10,757**	14,832	**–**	–
Provisions		**142**	73	**–**	–
Deferred tax liabilities	7	**5,248**	15,976	**36**	2
		354,489	398,123	**36**	2
Current liabilities					
Trade and other payables	17	**113,929**	63,367	**299,801**	40,186
Borrowings	15	**–**	15,400	**–**	–
Lease liabilities	16	**496**	–	**–**	–
Contract liabilities	10	**474**	–	**–**	–
Current tax payable		**44,833**	127	**288**	127
		159,732	78,894	**300,089**	40,313
Total liabilities		**514,221**	477,017	**300,125**	40,315
Total equity and liabilities		**1,837,773**	1,781,550	**1,007,139**	782,461

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2020

	Note	2020 $'000	2019 $'000
Revenue	18	**369,720**	357,855
Cost of sales		**(190,336)**	(189,499)
Gross profit		**179,384**	168,356
Other income		**48**	326
Administrative expenses		**(9,410)**	(6,469)
Other operating expenses		**(57,574)**	(29,344)
Profit from operations	19	**112,448**	132,869
Finance income		**2,256**	418
Finance costs		**(12,444)**	(4,804)
Net finance costs	20	**(10,188)**	(4,386)
Profit before tax		**102,260**	128,483
Tax expense	21	**(26,179)**	(27,192)
Profit and total comprehensive income for the year		**76,081**	101,291
Earnings per share			
Basic and diluted earnings per share (cents)	22	**29.38**	39.12

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2020

	Note	Share capital $'000	Capital reserve $'000	Accumulated profits $'000	Total $'000
Group					
At 1 April 2018		631,801	56,908	561,137	1,249,846
Total comprehensive income for the year					
Profit for the year		–	–	101,291	101,291
Transactions with owners, recorded directly in equity					
Contributions by and distributions to equity holders					
Dividends paid	23	–	(46,604)	–	(46,604)
Total contributions by and distributions to equity holders		–	(46,604)	–	(46,604)
Total transactions with owners		–	(46,604)	–	(46,604)
At 31 March 2019		631,801	10,304	662,428	1,304,533

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2020

	Note	Share capital $'000	Capital reserve $'000	Accumulated profits $'000	Total $'000
Group					
At 1 April 2019		631,801	10,304	662,428	1,304,533
Adjustment on initial application of SFRS(I) 16	2.5	–	–	(102)	(102)
Adjusted balance at 1 April 2019		631,801	10,304	662,326	1,304,431
Total comprehensive income for the year					
Profit for the year		–	–	76,081	76,081
Transactions with owners, recorded directly in equity					
Contributions by and distributions to equity holders					
Dividends paid	23	–	(10,304)	(46,656)	(56,960)
Total contributions by and distributions to equity holders		–	(10,304)	(46,656)	(56,960)
Total transactions with owners		–	(10,304)	(46,656)	(56,960)
At 31 March 2020		631,801	–	691,751	1,323,552

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Profit before tax		**102,260**	128,483
Adjustments for:			
Depreciation of investment property	4	**164**	162
Depreciation of property, plant and equipment	5	**5,934**	154
Impairment loss on property, plant and equipment	5	**44,109**	9,672
Gain on disposal of property, plant and equipment		**(3)**	–
Property, plant and equipment written off		**–**	11
Allowance for foreseeable losses on development properties (written back)/recognised	8	**(2,110)**	9,954
Net finance costs	20	**10,188**	4,386
		160,542	152,822
Changes in:			
Consumable stocks		**(217)**	(224)
Development properties		**60,283**	(501,069)
Contract costs		**(8,087)**	809
Contract assets		**88,172**	(114,734)
Trade and other receivables		**(5,856)**	85,584
Trade and other payables		**46,672**	(534)
Contract liabilities		**474**	(908)
Cash generated from/(used in) operations		**341,983**	(378,254)
Interest received		**2,059**	711
Taxes paid		**(1,027)**	(622)
Net cash generated from/(used in) operating activities		**343,015**	(378,165)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**110**	–
Additions to property, plant and equipment		**(1,139)**	(25,985)
Net cash used in investing activities		**(1,029)**	(25,985)
Cash flows from financing activities			
Proceeds from borrowings		**137,796**	576,300
Repayment of borrowings		**(183,196)**	(192,200)
Dividends paid to owners of the Company		**(56,960)**	(46,604)
Interest paid		**(11,609)**	(6,761)
Payments for lease liabilities		**(326)**	–
Net cash (used in)/generated from financing activities		**(114,295)**	330,735
Net increase/(decrease) in cash and cash equivalents		**227,691**	(73,415)
Cash and cash equivalents at beginning of the year		**72,219**	145,634
Cash and cash equivalents at end of the year	12	**299,910**	72,219

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 June 2020.

1 Domicile and activities

Bukit Sembawang Estates Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 2 Bukit Merah Central, #13-01, Singapore 159835.

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

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 (International) ("SFRS(I)").

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

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 the financial statements in conformity with SFRS(I)s 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.

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 3.16 – estimation of provisions for current and deferred taxation
- Note 5 – impairment assessment of property, plant and equipment
- Note 8 – measurement of allowance for foreseeable losses on development properties

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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 Board of Directors.

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 SFRS(I), 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 observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included 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).

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 April 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT *23 Uncertainty over Income Tax Treatments*
- *Prepayment Features with Negative Compensation (Amendments to SFRS(I) 9)*
- *Borrowing Costs Eligible for Capitalisation (Amendments to SFRS(I) 1-23)*

Other than SFRS(I) 16, the application of these SFRS(I)s, amendments to standards and interpretations did not have a material effect on the financial statements.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated profits at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

As a lessee, the Group leases various assets including certain properties and office equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 April 2019. Right-of-use assets are measured at their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

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Year ended 31 March 2020

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

As a lessor

The Group leases out its investment property, including own property. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

The Group has applied SFRS(I) 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in accumulated profits. The impact on transition is summarised below.

	1 April 2019 $'000
Right-of-use assets – property, plant and equipment	655
Provision	(83)
Lease liabilities	(674)
Accumulated profits	102

* For the impact of SFRS(I) 16 on profit or loss for the period, see note 26. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see note 3.5.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 3.05%.

	1 April 2019 $'000
Operating lease commitments at 31 March 2019 as disclosed under SFRS(I) 1-17 in the Group's financial statements	748
Discounted using the incremental borrowing rate at 1 April 2019/Lease liabilities recognised at 1 April 2019	674

3 Significant accounting policies

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

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

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

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

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

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

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.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

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.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

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 that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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.

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

(i) Recognition and measurement

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. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

If significant 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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Renovation in-progress is not depreciated.

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

The estimated useful lives are as follows:

Freehold properties	50 years
Leased properties	2 to 9 years
Furniture, fittings and equipment	3 to 10 years
Plant and machinery	5 to 10 years
Motor vehicles	5 years
Computers	3 years

Residual values are ascribed to the core component of the freehold properties which takes into consideration the freehold tenure of the site on which the properties are located.

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

3 Significant accounting policies (cont'd)

3.5 Leases

Policy applicable from 1 April 2019

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3 Significant accounting policies (cont'd)

3.5 Leases (cont'd)

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee, the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as "revenue" on a straight-line basis over the term of the lease.

3 Significant accounting policies (cont'd)

3.6 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure and other costs directly attributable to the development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-down to net realisable value is presented as allowance for foreseeable losses.

3.7 Contract costs

Incremental costs of obtaining a contract for the sale of a development property are capitalised as contract costs only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue on the contract. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

3.8 Contract assets and liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction of development properties. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities primarily relate to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

3.9 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 Significant accounting policies (cont'd)

3.9 Financial instruments (cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

3 Significant accounting policies (cont'd)

3.9 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

These financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

3 Significant accounting policies (cont'd)

3.9 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of ownership of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or when they expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(vi) 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.

3.10 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit losses (“ECL”) on:

- financial assets measured at amortised cost; and
- contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.

3 Significant accounting policies (cont'd)

3.10 Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

Simplified approach

The Group applies the simplified approach to provide for ECL for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Group applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECL are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due from the entity in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default;

3 Significant accounting policies (cont'd)

3.10 Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

Credit-impaired financial assets (cont'd)

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, consumable stocks, development properties, contract costs and contract assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. 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 higher of its value in use and its fair value less costs of disposal. 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 and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. 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.

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.

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3 Significant accounting policies (cont'd)

3.11 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.

3.12 Provisions

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

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.

Restoration costs

A provision for restoration costs is recognised when the Group enters into a lease agreement for the premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises. The premises shall be reinstated to the condition set out in the lease agreements upon the expiration of the lease agreements.

3.13 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 if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3 Significant accounting policies (cont'd)

3.14 Revenue

Sale of development properties

The Group develops and sells residential development projects to customers through fixed-price contracts. Revenue is recognised when the control over a development property has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

Where a development property has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the construction of the development property. The measure of progress is determined based on the stage of completion of construction certified by quantity surveyors. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In respect of contracts where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised only when the completed property is delivered to the customer and the customer has accepted it in accordance with the sales contract.

Revenue is measured at the transaction price agreed under the contract entered into with customers. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced based on a payment schedule which is typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised. The accounting policy for contract assets and contract liabilities is set out in note 3.8.

Hospitality income

Revenue from serviced apartment operations is recognised at the point when the accommodation and related services are rendered.

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.

3.15 Finance income and costs

The Group's finance income comprises interest income on cash balances and finance costs comprises interest expense on leases and borrowings and amortisation of transaction costs on borrowings.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

3 Significant accounting policies (cont'd)

3.15 Finance income and costs (cont'd)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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.

3.16 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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.

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.

Deferred tax assets are recognised for unused tax losses, unused 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 used. 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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3 Significant accounting policies (cont'd)

3.17 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. 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, for the effects of all dilutive potential ordinary shares.

3.18 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.

3.19 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning on or after 1 April 2019:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) *17 Insurance Contracts*
- *Classification of liabilities as current or non-current* (Amendments to SFRS(I) 1-1)
- Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The Group is in the process of assessing the impact of the new SFRS(I)s, interpretations and amendments to SFRS(I)s on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

4 Investment property

	$'000
Group	
Cost	
At 1 April 2018/31 March 2019/31 March 2020	8,189
Accumulated depreciation	
At 1 April 2018	4,378
Depreciation charge for the year	162
At 31 March 2019	4,540
Depreciation charge for the year	164
At 31 March 2020	4,704
Carrying amounts	
At 1 April 2018	3,811
At 31 March 2019	3,649
At 31 March 2020	3,485
Fair value	
At 31 March 2019	20,600
At 31 March 2020	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 $490,000 (2019: $473,000) 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).

5 Property, plant and equipment

	Freehold properties	Furniture, fittings and equipment	Plant and machinery	Motor vehicles	Computers	Renovation in-progress	Right-of-use assets (note 26)	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost								
At 1 April 2018	240,180	194	–	248	262	875	–	241,759
Additions	–	816	–	–	366	25,648	–	26,830
Reclassification	3,499	15,679	7,345	–	–	(26,523)	–	–
Written off	–	(184)	–	–	(1)	–	–	(185)
At 31 March 2019	243,679	16,505	7,345	248	627	–	–	268,404
At 1 April 2019	243,679	16,505	7,345	248	627	–	–	268,404
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	(73)	–	–	–	–	757	684
Adjusted balance at 1 April 2019	243,679	16,432	7,345	248	627	–	757	269,088
Additions	400	600	–	–	139	–	986	2,125
Reclassification	(4,503)	(7,004)	11,507	–	–	–	–	–
Written off	(57)	–	–	–	(25)	–	–	(82)
Disposal	–	–	–	(189)	–	–	–	(189)
At 31 March 2020	239,519	10,028	18,852	59	741	–	1,743	270,942
Accumulated depreciation and impairment loss								
At 1 April 2018	–	191	–	49	235	–	–	475
Depreciation charge for the year	–	59	–	50	45	–	–	154
Impairment loss	9,672	–	–	–	–	–	–	9,672
Written off	–	(173)	–	–	(1)	–	–	(174)
At 31 March 2019	9,672	77	–	99	279	–	–	10,127

5 Property, plant and equipment (cont'd)

	Freehold properties	Furniture, fittings and equipment	Plant and machinery	Motor vehicles	Computers	Renovation in-progress	Right-of-use assets (note 26)	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Accumulated depreciation and impairment loss								
At 1 April 2019	–	77	–	99	279	–	–	10,127
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	–	–	–	–	–	102	102
Adjusted balance at 1 April 2019	9,672	77	–	99	279	–	102	10,229
Depreciation charge for the year	1,400	1,055	2,947	27	169	–	336	5,934
Impairment loss	44,109	–	–	–	–	–	–	44,109
Written off	–	–	–	–	(25)	–	–	(25)
Disposal	–	–	–	(82)	–	–	–	(82)
At 31 March 2020	55,181	1,132	2,947	44	423	–	438	60,165
Carrying amounts								
At 1 April 2018	240,180	3	–	199	27	875	–	241,284
At 31 March 2019	234,007	16,428	7,345	149	348	–	–	258,277
At 31 March 2020	184,338	8,896	15,905	15	318	–	1,305	210,777

Residual values are ascribed to the core component of the freehold properties which takes into consideration the freehold tenure of the site on which the properties are located. The depreciation charge recognised on property, plant and equipment is included in administrative expenses in the consolidated statement of comprehensive income.

Classification of property, plant and equipment

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.

Impairment assessment

During the year ended 31 March 2020, as the Group had previously recognised impairment losses on certain serviced apartment units and with the COVID-19 pandemic outbreak, the Group undertook an impairment assessment of the serviced apartment units. The recoverable amount as at 31 March 2020 of $205,100,000 was estimated using the fair value less costs to sell approach based on the discounted cash flow method as adopted by an external independent professional valuer engaged by the Group. Based on the assessment, the Group recognised an impairment loss of $44,109,000 on the serviced apartment units. The valuer has indicated in its valuation report that the real estate market is being impacted by the uncertainty that the COVID-19 outbreak has caused, that the valuation was current at the date of valuation only and that the value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property).

5 Property, plant and equipment (cont'd)

Impairment assessment (cont'd)

During the year ended 31 March 2019, arising from the challenging hospitality market which was expected to impact the trading performance of the serviced apartment units and lower the returns from the units than previously expected, the Group undertook an impairment assessment of the serviced apartment units. The recoverable amount as at 31 March 2019 of $252,600,000 was estimated using the fair value less costs to sell approach based on the discounted cash flow method as adopted by an external independent professional valuer engaged by the Group. Based on the assessment, the Group recognised an impairment loss of $9,672,000 on the serviced apartment units.

The fair value measurement was categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The impairment loss was included in other operating expenses in the consolidated statement of comprehensive income and the hospitality segment (note 28).

Judgement is involved in the impairment assessment, including determining the key assumptions applied in arriving at the recoverable amount. Changes to the assumptions applied could impact the recoverable amount in future periods.

The following table shows the key unobservable inputs used in estimating the recoverable amount:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and recoverable amount
Discounted cash flow method	• Discount rate: 4.5% (2019: 5%) • Terminal yield rate: 3% (2019: 3%) • Average room rate in year 1: $284 (2019: $300) • Average room rate growth rate: 2020 Year 1 and year 2: 0% growth Year 3 to year 6: 5.0% growth Year 7 to year 10: 3.0% growth 2019 Year 1 and year 2: 10% growth Year 3 to year 4: 5.0% growth Year 5 to year 10: 3.0% growth • Occupancy rate 2020 Year 1: 62%; Year 2: 70% Year 3 onwards: 88% 2019 Year 1: 60%; Year 2: 75% Year 3: 85% Year 4 onwards: 88%	The estimated recoverable amount would increase/(decrease) if: • discount rate and terminal yield rate were lower (higher). • Average room rate, average room rate growth rate and occupancy rate were higher (lower).

6 Investments in subsidiaries

	Company 2020 $'000	Company 2019 $'000
Unquoted equity shares, at cost	315,200	315,200
Accumulated impairment losses	(2,200)	(2,200)
	313,000	313,000

As at 31 March 2019, the Company assessed the carrying amount of its investments in subsidiaries for indicators of impairment. Based on the assessment, the recoverable amount of the investment in subsidiaries was determined to be $313,000,000, which was below the carrying amount of $315,200,000. Accordingly, the Company recognised an impairment loss of $2,200,000 on its investments in certain subsidiaries. The recoverable amount of the subsidiaries was determined using the fair value less costs to sell approach and was estimated taking into consideration the fair values of the underlying assets of the subsidiaries and fair values of the liabilities to be settled. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation techniques used.

Impairment losses

The movements in impairment losses in respect of investments in subsidiaries during the year are as follows:

	Company 2020 $'000	Company 2019 $'000
At the beginning of the financial year	2,200	–
Impairment losses made	–	2,200
At the ending of the financial year	2,200	2,200

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective equity held by the Group 2020 %	Effective equity held by the Group 2019 %
Direct subsidiaries of the Company			
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.	Singapore	100	100
Bukit Sembawang Land Pte. Ltd.	Singapore	100	100
Bukit One Pte. Ltd.	Singapore	100	100
Bukit Two Pte. Ltd.	Singapore	100	100
Bukit Three Pte. Ltd.	Singapore	100	100
Bukit Four Pte. Ltd.	Singapore	100	100

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

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 1/4/2018 $'000	Recognised in profit or loss (note 21) $'000	At 31/3/2019 $'000	Recognised in profit or loss (note 21) $'000	At 31/3/2020 $'000
Group					
Deferred tax assets					
Development properties	7,818	(7,818)	–	8,411	8,411
Trade and other payables	2,618	35	2,653	493	3,146
Tax losses	7,363	(3,439)	3,924	(3,692)	232
	17,799	(11,222)	6,577	5,212	11,789
Deferred tax liabilities					
Property, plant and equipment	(20)	(13)	(33)	(139)	(172)
Development properties	(4,067)	(15,990)	(20,057)	14,515	(5,542)
Trade and other receivables	(49)	47	(2)	(34)	(36)
	(4,136)	(15,956)	(20,092)	14,342	(5,750)

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

	Group 2020 $'000	Group 2019 $'000
Deferred tax assets	11,287	2,461
Deferred tax liabilities	(5,248)	(15,976)

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

	At 1/4/2018 $'000	Recognised in profit or loss $'000	At 31/3/2019 $'000	Recognised in profit or loss $'000	At 31/3/2020 $'000
Company					
Deferred tax liabilities					
Trade and other receivables	(49)	47	(2)	(34)	(36)

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.

7 Deferred tax assets/(liabilities) (cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	Group 2020 $'000	Group 2019 $'000
Deductible temporary differences	15,641	22,235
Tax losses	4,023	745
	19,664	22,980

8 Development properties

	Group 2020 $'000	Group 2019 $'000
Properties under development	737,194	915,109
Completed units	516,606	398,974
	1,253,800	1,314,083
Allowance for foreseeable losses	(7,844)	(9,954)
Total development properties	1,245,956	1,304,129

Development properties recognised as "cost of sales" amounted to $182,919,000 (2019: $170,075,000) during the year.

As at 31 March 2019, development properties of the Group with carrying amounts of $165,000,000 were mortgaged to a financial institution to secure credit facilities (see note 15).

Movements in allowance for foreseeable losses are as follows:

	Group 2020 $'000	Group 2019 $'000
At the beginning of the financial year	9,954	–
Allowance (written back)/recognised	(2,110)	9,954
At the end of the financial year	7,844	9,954

The allowance for foreseeable losses was 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 estimated future selling prices and accordingly, the carrying value of development properties may have to be adjusted in future periods.

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

9 Contract costs

The amount relates to commission fees incurred to property agents for securing sale contracts for the Group's development properties. During the year, $15,802,000 (2019: $9,569,000) of commission fees incurred were capitalised as contract costs.

Capitalised commission fees are amortised when the related revenue is recognised. During the year, $7,715,000 (2019: $10,378,000) was amortised. There was no impairment loss in relation to such costs capitalised.

10 Contract assets/(liabilities)

		Group	
	Note	2020	2019
		$'000	$'000
Contract assets	(i)	36,127	124,299
Contract liabilities	(ii)	(474)	–

(i) Contract assets

Contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its property development business. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract assets decreased during 2020 due to the timing differences between the agreed payment schedule and the progress of the construction work.

(ii) Contract liabilities

Contract liabilities relate primarily to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

Contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer.

The significant changes in contract assets and contract liabilities during the year are as follows:

	Group	
	2020	2019
	$'000	$'000
Contract assets reclassified to trade receivables	(124,299)	(9,565)
Changes in measurement of progress	36,127	124,299
Contract liabilities at the beginning of the year recognised as revenue during the year	–	908
Increases due to cash received, excluding amounts recognised as revenue during the year	474	–

11 Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade receivables	18,184	12,901	–	–
Deposits	1,272	892	–	–
Interest receivable	215	–	214	–
Other receivables	280	365	–	15
Amounts due from subsidiaries	–	–	522,041	472,612
Impairment losses	–	–	(82,231)	(28,408)
	–	–	439,810	444,204
	19,951	14,158	440,024	444,219
Prepayments	1,389	1,771	23	24
	21,340	15,929	440,047	444,243

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

12 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Amounts held under "Project Account Rules – 1997 Ed."	19,687	28,615	–	–
Fixed deposits placed with financial institutions	246,826	13,004	246,826	13,004
Cash at banks and in hand	33,397	30,600	7,266	12,214
	299,910	72,219	254,092	25,218

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 $11,000,000 (2019: $19,000,000) held in fixed deposits placed with financial institutions. The fixed deposits have maturity periods of 17 days to 30 days (2019: 4 days to 12 days) from the end of the financial year.

13 Share capital

	2020		2019	
	Number of shares		Number of shares	
	'000	$'000	'000	$'000
Issued and fully-paid ordinary shares with no par value				
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.

14 Reserves

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Capital reserve	–	10,304	–	10,304
Accumulated profits	691,751	662,428	75,213	100,041
	691,751	672,732	75,213	110,345

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

15 Borrowings

	Group	
	2020	2019
	$'000	$'000
Non-current liabilities		
- Secured bank loans	–	117,345
- Unsecured bank loans	337,560	249,897
	337,560	367,242
Current liabilities		
- Unsecured bank loans	–	15,400
	337,560	382,642

The bank loans bore interest at rates ranging from 2.15% to 3.05% (2019: 1.85% to 3.05%) per annum during the year.

As at 31 March 2019, the secured bank loans were collateralised by:

- mortgages on a development property of the Group (note 8); and
- assignment of all rights and interest in the sale and purchase agreements, performance bonds, accounts, tenancy agreements, construction contracts and insurances in respect of a development property of the Group.

15 Borrowings (cont'd)

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

	Liabilities		Assets	
	Bank loans	Accrued interest payable	Prepayment(2)	Total
	$'000	$'000	$'000	$'000
Balance at 1 April 2018	–	–	–	–
Changes from financing cash flows				
Proceeds from borrowings	576,300	–	–	576,300
Repayment of borrowings	(192,200)	–	–	(192,200)
Interest paid	(1,550)	(3,419)	(1,792)	(6,761)
Total changes from financing cash flows	382,550	(3,419)	(1,792)	377,339
Other changes				
Amortisation of transaction costs	92	–	142	234
Interest expense	–	4,570	–	4,570
Total non-cash changes	92	4,570	142	4,804
Balance at 31 March 2019	382,642	1,151	(1,650)	382,143

	Liabilities			Assets	
	Bank loans	Accrued interest payable	Lease liabilities(1)	Prepayment(2)	Total
	$'000	$'000	$'000	$'000	$'000
Restated balance at 1 April 2019	382,642	1,151	674	(1,650)	382,817
Changes from financing cash flows					
Proceeds from borrowings	137,796	–	–	–	137,796
Repayment of borrowings	(183,196)	–	–	–	(183,196)
Payment for lease liabilities	–	–	(326)	–	(326)
Interest paid	(353)	(11,108)	(31)	(117)	(11,609)
Total changes from financing cash flows	(45,753)	(11,108)	(357)	(117)	(57,335)
Other changes					
New leases	–	–	930	–	930
Amortisation of transaction costs	671	–	–	759	1,430
Interest expense	–	10,980	31	–	11,011
Total non-cash changes	671	10,980	961	759	13,371
Balance at 31 March 2020	337,560	1,023	1,278	(1,008)	338,853

(1) *Refer to note 2.5.*
(2) *Relates to prepaid bank guarantee commissions and transaction costs for loan facilities not yet utilised.*

16 Lease liabilities

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Lease liabilities				
- Non-current	782	–	–	–
- Current	496	–	–	–
	1,278	–	–	–

The incremental borrowing rate of the Group's lease liabilities is 3.05% (2019: Nil) per annum at the reporting date.

Information about the Group's exposure to liquidity risk is included in note 27.

17 Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current				
Trade payables	833	10,437	–	55
Retention sums payable	11,499	16,522	–	–
Accrued development costs	31,389	25,024	–	–
Accrued operating expenses	7,179	5,252	1,136	942
Accrued interest payable	1,023	1,151	–	–
Sundry payables	1,895	2,801	–	–
Deferred income	60,111	2,180	–	–
Amounts due to subsidiaries	–	–	298,665	39,189
	113,929	63,367	299,801	40,186
Non-current				
Deferred income	10,757	14,832	–	–

Deferred income relates to the non-refundable deposits received in respect of units in completed development properties sold under deferred payment schemes.

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

18 Revenue

	Group	
	2020	2019
	$'000	$'000
Development properties for which revenue is:		
- recognised over time	158,011	314,595
- recognised at a point in time	203,047	42,486
Hospitality income	7,825	–
Rental and related income	837	774
	369,720	357,855

As at 31 March 2019, the Group has property development income of $20,581,000, which is expected to be recognised as revenue over the next 1 year as construction of development properties progresses.

On adoption of SFRS(I) 15, the Group applied the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

19 Profit from operations

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

	Note	Group	
		2020	2019
		$'000	$'000
Allowance for foreseeable losses on development properties (written back)/recognised	8	(2,110)	9,954
Depreciation of investment property	4	164	162
Depreciation of property, plant and equipment	5	5,934	154
Direct operating expenses arising from rental of investment property (excluding depreciation)		161	225
Fees paid to auditors of the Company:			
- Audit		206	198
- Non-audit fees		96	121
Gain on disposal of property, plant and equipment		(3)	–
Property, plant and equipment written off		–	11
Impairment loss on property, plant and equipment	5	44,109	9,672
Operating lease expenses		–	255
Staff costs		5,826	3,768
Contributions to defined contribution plans (included in staff costs)		597	332

20 Net finance costs

	Group 2020 $'000	Group 2019 $'000
Finance income		
Interest income		
- Fixed deposits	2,181	417
- Cash at bank	75	1
Total interest income arising from financial assets measured at amortised cost	2,256	418
Finance costs		
Amortisation of transaction costs on borrowings	(1,430)	(234)
Interest expense on:		
- lease liabilities	(31)	–
- borrowings	(10,980)	(4,570)
Others	(3)	–
Interest expense on financial liabilities measured at amortised cost	(12,444)	(4,804)
Net finance costs	(10,188)	(4,386)

21 Tax expense

	Group 2020 $'000	Group 2019 $'000
Current tax expense		
Current year	44,833	127
Under/(Over) provision in respect of prior years	900	(113)
	45,733	14
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(19,798)	26,859
Under provision in respect of prior years	244	319
	(19,554)	27,178
Tax expense	26,179	27,192
Reconciliation of effective tax rate		
Profit before tax	102,260	128,483
Tax calculated using Singapore tax rate of 17% (2019: 17%)	17,384	21,842
Expenses not deductible for tax purposes	8,298	1,314
Income not subject to tax	(83)	(77)
Changes in unrecognised temporary differences	(1,121)	3,780
Current year losses for which no deferred tax asset is recognised	557	127
Under provision in respect of prior years	1,144	206
	26,179	27,192

22 Earnings per share

Basic and diluted earnings per share

	Group 2020 $'000	Group 2019 $'000
Basic and diluted earnings per share is based on:		
Profit for the year	76,081	101,291
	Number of shares '000	**Number of shares '000**
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.

23 Dividends

The following dividends were declared and paid by the Company:

	Company 2020 $'000	Company 2019 $'000
Final dividend paid of $0.04 per share in respect of 2019	10,356	–
Special dividend paid of $0.18 per share in respect of 2019	46,604	–
Final dividend paid of $0.04 per share in respect of 2018	–	10,356
Special dividend paid of $0.14 per share in respect of 2018	–	36,248
	56,960	46,604

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

	Company 2020 $'000	Company 2019 $'000
Final dividend paid of $0.04 per share in respect of 2020	10,356	–
Special dividend paid of $0.07 per share in respect of 2020	18,124	–
Final dividend proposed of $0.04 per share in respect of 2019	–	10,356
Special dividend proposed of $0.18 per share in respect of 2019	–	46,604
	28,480	56,960

24 Related parties

Transactions with key management personnel

	Group 2020 $'000	Group 2019 $'000
Key management personnel compensation comprised:		
Directors' fees	443	490
Short-term employee benefits	1,607	1,828
Contributions to defined contribution plans	73	90
	2,123	2,408
Sale of motor vehicle to a former key management personnel	110	–

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

25 Commitments

The Group as lessee

As at 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2019 $'000
Payable:	
Within 1 year	285
Between 1 to 5 years	463
	748

The Group has properties and office equipment under operating leases. The leases typically run for an initial period of 3 to 5 years, with an option to renew the lease for certain properties after the initial period.

From 1 April 2019, the Group has recognised right-of-use assets for these leases. See note 2.5 and note 26 for further information.

26 Leases

Leases as lessee (SFRS(I) 16)

The Group leases an office premise, a residential unit and office equipment. The leases typically run for periods ranging from 2 to 9 years, with options to renew the lease after the lease expiry date for certain leases. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 5).

	Leased properties $'000	Furniture, fittings and equipment $'000	Total $'000
Balance at 1 April 2019	632	23	655
Depreciation charge for the year	(331)	(5)	(336)
Additions to right-of-use assets	986	–	986
Balance at 31 March 2020	1,287	18	1,305

Amounts recognised in profit or loss

	$'000
2020 – Leases under SFRS(I) 16	
Interest on lease liabilities	31
2019 – Operating leases under SFRS(I) 1-17	
Lease expense	255

Amounts recognised in statement of cash flows

	2020 $'000
Total cash outflow for leases	
Interest paid	31
Repayment of lease liabilities	326
	357

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of $720,000.

26 Leases (cont'd)

Leases as lessor

The Group leases out its investment property consisting of its owned commercial properties (see note 4). All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 4 sets out information about the operating leases of investment property.

Rental income from investment property recognised by the Group during 2020 was $490,000 (2019: $473,000).

The following table sets out a maturity analysis of lease rental receivables, showing the undiscounted lease payments to be received after the reporting date.

	$'000
2020 – Operating leases under SFRS(I) 16	
Less than one year	586
One to two years	473
Two to three years	132
Three to four years	11
Total	1,202
2019 – Operating leases under SFRS(I) 1-17	
Less than one year	577
Between one and five years	806
Total	1,383

27 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.

27 Financial risk management (cont'd)

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 and Risk Management 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 and Risk Management 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 and Risk Management Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

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 for the Group. At the reporting date, the amounts due from subsidiaries of $439,810,000 (2019: $444,204,000) represent a significant portion of the Company's financial assets. Except as disclosed, there is no significant concentration of credit risk for the Company and the Group. The carrying amount of financial assets and contract assets represent the maximum credit exposure to credit risk, before taking into account any collateral held.

Trade and other receivables and contract assets

For trade receivables and unbilled revenue from sale of development properties, the Group collects deposits from purchasers of the properties. If a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may resume possession of the units, retain a portion of the purchaser's deposits from payments made to date, and resell the property.

For trade receivables from rental debtors, the Group typically collects deposits or banker's guarantees as collateral. Late payments (if any) are monitored closely.

<u>Exposure to credit risk</u>

The maximum exposure to credit risk for trade and other receivables and contract assets at the reporting date by business segment is set out below:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Property development	55,357	138,330	–	–
Hospitality	507	112	–	–
Investment holding	214	15	440,024	444,219
	56,078	138,457	440,024	444,219

27 Financial risk management (cont'd)

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECL of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are based on actual credit loss experience over the past 3 years (2019: 3 years). These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The exposure to credit risk and ECL for trade receivables as at 31 March 2020 and 31 March 2019 is insignificant.

The following table provides information about the exposure to credit risk for trade receivables and contract assets as at 31 March 2020 and 31 March 2019:

	Group	
	2020	2019
	$'000	$'000
Not past due	49,926	135,923
Past due 1 - 30 days	2,728	–
Past due 31 - 60 days	243	–
Past due 61 - 90 days	–	–
Past due more than 90 days	1,414	1,277
	54,311	137,200

Non-trade amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries which were lent to subsidiaries to meet their funding requirements. Impairment on these balances has been measured on the 12-month or lifetime expected loss basis, as appropriate. During the year, an impairment loss of $53,823,000 (2019: $28,408,000) was recognised on amounts due from certain subsidiaries (note 11) due to a decline in the financial positions of the subsidiaries.

The movements in the allowance for impairment in respect of amounts due from subsidiaries during the year are as follows:

	Company Lifetime ECL $'000
At 1 April 2018	–
Impairment losses recognised	28,408
At 31 March 2019	28,408
Impairment losses recognised	53,823
At 31 March 2020	82,231

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturity of the exposure. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents as at 31 March 2020 and 31 March 2019 was negligible.

27 Financial risk management (cont'd)

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.

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

			Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	Between 1 to 5 years	After 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
31 March 2020					
Non-derivative financial liabilities					
Borrowings	337,560	(372,331)	(9,078)	(363,253)	–
Lease liabilities	1,278	(1,367)	(538)	(600)	(229)
Trade and other payables*	53,818	(53,818)	(48,900)	(4,918)	–
	392,656	(427,516)	(58,516)	(368,771)	(229)
31 March 2019					
Non-derivative financial liabilities					
Borrowings	382,642	(432,394)	(26,061)	(406,333)	–
Trade and other payables*	61,187	(61,187)	(50,854)	(10,333)	–
	443,829	(493,581)	(76,915)	(416,666)	–
Company					
31 March 2020					
Non-derivative financial liabilities					
Trade and other payables	299,801	(299,801)	(299,801)	–	–
31 March 2019					
Non-derivative financial liabilities					
Trade and other payables	40,186	(40,186)	(40,186)	–	–

* 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.

27 Financial risk management (cont'd)

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 Nominal amount		Company Nominal amount	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Borrowings	(120,000)	(190,500)	–	–
Variable rate instruments				
Fixed deposits	257,826	32,004	246,826	13,004
Borrowings	(218,700)	(193,600)	–	–
	39,126	(161,596)	246,826	13,004

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at FVTPL. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 (2019: 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 2019.

	Group Profit or loss		Company Profit or loss	
	50 bp Increase	50 bp decrease	50 bp increase	50 bp decrease
	$'000	$'000	$'000	$'000
2020				
Cash flow sensitivity	196	(196)	1,234	(1,234)
2019				
Cash flow sensitivity	(808)	808	65	(65)

27 Financial risk management (cont'd)

Interest rate risk (cont'd)

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 5.75% for the year ended 31 March 2020 compared to 7.76% for the year ended 31 March 2019. 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 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.

Accounting classifications and fair values

The carrying amounts of financial assets and financial liabilities including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liabilities is also not required.

		Carrying amount			Fair value
	Note	Amortised cost	Other financial liabilities	Total	Level 2
		$'000	$'000	$'000	$'000
Group					
31 March 2020					
Financial assets not measured at fair value					
Trade and other receivables*	11	19,951	–	19,951	
Cash and cash equivalents	12	299,910	–	299,910	
		319,861	–	319,861	
Financial liabilities not measured at fair value					
Borrowings	15	–	(337,560)	(337,560)	(340,382)
Trade and other payables#	17	–	(53,818)	(53,818)	
		–	(391,378)	(391,378)	

27 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount Amortised cost $'000	 Other financial liabilities $'000	 Total $'000	Fair value Level 2 $'000
Group					
31 March 2019					
Financial assets not measured at fair value					
Trade and other receivables*	11	14,158	–	14,158	
Cash and cash equivalents	12	72,219	–	72,219	
		86,377	–	86,377	
Financial liabilities not measured at fair value					
Borrowings	15	–	(382,642)	(382,642)	(383,224)
Trade and other payables#	17	–	(61,187)	(61,187)	
		–	(443,829)	(443,829)	

* Excludes prepayments
# Excludes deferred income

	Note	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Company				
31 March 2020				
Financial assets not measured at fair value				
Trade and other receivables*	11	440,024	–	440,024
Cash and cash equivalents	12	254,092	–	254,092
		694,116		694,116
Financial liabilities not measured at fair value				
Trade and other payables	17	–	(299,801)	(299,801)
31 March 2019				
Financial assets not measured at fair value				
Trade and other receivables*	11	444,219	–	444,219
Cash and cash equivalents	12	25,218	–	25,218
		469,437	–	469,437
Financial liabilities not measured at fair value				
Trade and other payables	17	–	(40,186)	(40,186)

* Excludes prepayments

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Year ended 31 March 2020

27 Financial risk management (cont'd)

Valuation techniques

The fair value of borrowings disclosed is derived using the discounted cash flow method which considers the present value of expected payments, discounted using a risk-adjusted discount rate.

28 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 Company'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
- Hospitality: Owner of serviced apartment units

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Board of Directors. Segment profit 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 in Singapore.

28 Operating segments (cont'd)

Information about reportable segments

	Property development 2020 $'000	Property development 2019 $'000	Investment holding 2020 $'000	Investment holding 2019 $'000	Hospitality 2020 $'000	Hospitality 2019 $'000	Total 2020 $'000	Total 2019 $'000
Revenue	361,318	357,298	577	557	7,825	–	369,720	357,855
Finance income	167	200	2,089	218	–	–	2,256	418
Finance costs	(12,431)	(4,749)	–	(55)	(13)	–	(12,444)	(4,804)
Depreciation	(517)	(154)	(164)	(162)	(5,417)	–	(6,098)	(316)
Reportable segment profit/(loss) before tax	147,802	140,361	1,372	(298)	(46,914)	(11,580)	102,260	128,483
Material non-cash items:								
- Allowance for foreseeable losses on development properties written back/ (recognised)	2,110	(9,954)	–	–	–	–	2,110	(9,954)
- Impairment of property, plant and equipment	–	–	–	–	(44,109)	(9,672)	(44,109)	(9,672)
Other segment information:								
- Capital expenditure	(145)	(818)	–	–	(994)	(25,939)	(1,139)	(26,757)

29 Subsequent event

Subsequent to 31 March 2020, the spread of the novel coronavirus (COVID-19) globally has created a high level of uncertainty to the near-term global economic prospects. The implementation of stricter movement control, including city lockdowns, has led to a substantial decline in the number of travellers, thereby impacting the demand for serviced apartments. Lower occupancies and room rates are expected and may impact the Group's serviced apartment operation subsequent to the financial year end, the extent of which will depend on how long the outbreak lasts. The outbreak has also created uncertainty on the residential property market including market demand and selling prices. The Group continues to proactively manage its business and take the necessary actions to ensure that the long-term business remains robust.

The properties of the Group as at 31 March 2020 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 437 units of landed housing development. Phase 1 -9 and 16 (Formerly referred as Phase 10) Building plans have been approved for:
Phase 8 Phase 9 Phase 16 (Formerly referred as Phase 10) Remaining phases (Phase 10, 11 & 12)		9,288 7,210 11,462 117,179 145,139	10,328 7,181 10,002 95,690 123,201	100% 100% 100% -	-		Phase 8 (46 units) Phase 9 (32 units) Phase 16 (Formerly referred as Phase 10) (39 units) Phase 8 – main building work was completed in October 2018. Phase 9 – main building work was completed in June 2018. Phase 16 (Formerly referred as Phase 10) – main building works was completed in January 2020.
Lot 18257X MK 18 at Nim Road/ Ang Mo Kio Avenue 5/ CTE	*99-year lease commencing October 2016					100%	
Phase 1 Phase 2		18,626 10,833	13,229 14,053	100% 100%	- -		Phase 1 – main building work was completed in January 2020. Phase 2 – main building work was completed in January 2020.

* The Singapore Land Authority (SLA) granted approval for developing Lot 18257X 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.

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 (cont'd)							
Lot 18415A/ 18416K/ 16449W MK 18 at Nim Road/ Ang Mo Kio Ave 5/ CTE							
Phase 3	**99-year lease commencing December 2019	38,783	^35,275	-	4Q 2023	100%	Building plans has been approved for the proposed 132 units of landed housing development (Phase 3).
Future phases	***999-year lease commencing January 1879	48,857	-	-	-	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%	Vacant non-residential rural land for future residential development.
Residential Apartment Sites							
Lots 689T, 445M & 444C TS 21 at 8, 10 & 12 St Thomas Walk	Freehold	9,245	23,500	100%	-	100%	Main building work was completed in January 2018. Balance units are now held for sale.
Lot 00792X TS28 at Makeway Avenue	Freehold	3,864	10,817	-	1Q 2023	100%	Written Permission and Building Plan approval has been granted for the proposed 120 units of residential flat development.
Lot 4343V MK 25 at 114A Arthur Road	99 Years from 5 April 1982	13,077	27,461	-	4Q 2023	100%	Proposed 298 units of condominium development.

** The Singapore Land Authority (SLA) granted approval for developing Lot 18415A part MK 18 agricultural land into Phase 3 (total 132 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.

^ Based on Written Permission granted on 10 Dec 2019.

PROPERTIES OF THE GROUP

Year ended 31 March 2020

Location	Tenure	Floor Area (Sq M)	Description
Investment Property in Orchard Road			
7th Storey Tong Building	Freehold	638	Office premises for lease.
Property Owner			
Lot 01549N TS21 at Paterson Road/ Lengkok Angsa	Freehold	10,957	Operation of serviced residences since 1 April 2019.

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	354	5.64	3,959	0.00
100 to 1,000	1,280	20.40	1,068,834	0.41
1,001 to 10,000	3,474	55.38	14,768,765	5.70
10,001 to 1,000,000	1,142	18.21	55,734,473	21.53
1,000,001 and above	23	0.37	187,335,295	72.36
Total	6,273	100.00	258,911,326	100.00

Based on the Registers of Shareholders and to the best knowledge of the Company, approximately 58.53% 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	CITIBANK NOMINEES SINGAPORE PTE LTD	29,616,658	11.44
3	SELAT PTE LIMITED	29,478,664	11.39
4	LEE RUBBER COMPANY PTE LTD	21,955,968	8.48
5	KALLANG DEVELOPMENT (PTE) LIMITED	11,875,192	4.59
6	DBS NOMINEES PTE LTD	9,196,775	3.55
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	7,825,566	3.02
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	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,871,700	1.50
11	RAFFLES NOMINEES (PTE) LIMITED	3,625,560	1.40
12	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	3,058,287	1.18
13	LEE FOUNDATION	2,963,130	1.14
14	HSBC (SINGAPORE) NOMINEES PTE LTD	2,907,346	1.12
15	ISLAND INVESTMENT COMPANY PTE LTD	2,829,600	1.09
16	LEE FOUNDATION STATES OF MALAYA	2,711,300	1.05
17	UOB KAY HIAN PTE LTD	1,836,162	0.71
18	YEO REALTY & INVESTMENTS (PTE) LTD	1,603,000	0.62
19	LEE PLANTATIONS PTE LIMITED	1,533,600	0.59
20	TAN PROPRIETARY (PTE) LTD	1,200,000	0.46
	Total	184,164,100	71.13

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]

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 Investments Company Pte Ltd.

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting of the Company will be convened and held by way of electronic means on Friday, 24 July 2020 at 10.30 a.m. to transact the business as set out below.

This Notice has been made available on SGXNET and the Company's website at www.bsel.sg/agm2020. A printed copy of this Notice will not be despatched to members.

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2020 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 7 cents per share for the financial year ended 31 March 2020. **(Resolution 2)**

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

4. To record the retirement of Mr Tan Swee Siong, a Director retiring by rotation pursuant to Regulation 94 of the Company's Constitution.

5. To re-elect Mr Ong Sim Ho, who is retiring pursuant to Regulation 76 of the Company's Constitution, as Director of the Company.
[See Explanatory Note (a)] **(Resolution 4)**

6. To approve the payment of Directors' fees of $442,600 for the financial year ended 31 March 2020. **(Resolution 5)**

7. To appoint Deloitte & Touche LLP as the Auditor in place of retiring Auditor, KPMG LLP, and to authorise the Directors to fix their remuneration. **(Resolution 6)**
[See Explanatory Note (b)]

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

As Special Business

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

<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

(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 were issued and 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 (c)] **(Resolution 7)**

By Order of the Board

OOI CHEE ENG
Company Secretary

2 July 2020
Singapore

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 in the sections on "Board of Directors" and "Corporate Governance Report" of the Annual Report 2020.

Mr Koh Poh Tiong, if re-elected, will remain as an Independent Director, Chairman of the Board of Directors, Chairman of the Audit & Risk Management Committee, Chairman of the Nominating Committee and a member of the Remuneration Committee, the Project Development Committee and the Investment Committee.

Mr Ong Sim Ho, if re-elected, will remain as an Independent Director and a member of the Audit & Risk Management Committee.

(b) The ordinary resolution 6 in item 7 is to approve the appointment of Deloitte & Touche LLP as the Auditor of the Company in place of the retiring Auditor, KPMG LLP, and to authorise the Directors to fix their remuneration. Please refer to the Letter to shareholders dated 2 July 2020, being an Addendum to the Notice of Annual General Meeting for more details.

(c) The ordinary resolution 7 in item 9, 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.

Notes:

1. This Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Company's announcement dated 2 July 2020 which has been uploaded together with this Notice of AGM on SGXNET on the same day. This announcement may also be assessed at the Company's website at www.bsel.sg/agm2020.

3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 July 2020.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   - if submitted electronically, be submitted via email to the Company's Share Registrar, M & C Services Private Limited at gpa@mncsingapore.com ; or
   - if submitted by post, be deposited at M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902

   in either case, by 10.30 a.m. on 21 July 2020.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

6. The Proxy Form, Annual Report 2020 and Letter to shareholders dated 2 July 2020 in relation to the proposed change of Auditor have been made available on SGXNET and the Company's website at www.bsel.sg/agm2020. Printed copies of these documents will not be despatched to members.

7. By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, (b) completing the pre-registration in accordance with the Company's announcement dated 2 July 2020, or (c) submitting any question prior to the AGM in accordance with the Company's announcement dated 2 July 2020, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes: (i) processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof); (ii) processing of the pre-registration for purposes of granting access to members to the live audio-visual webcast or live audio-only stream of the AGM proceedings; (iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; (iv) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

BUKIT SEMBAWANG
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