



偉合控股有限公司
WEE HUR HOLDINGS LTD



NEW GROWTH PLATFORM

ANNUAL
REPORT
2016

OUR **VISION**

To be one of the leading providers of reliable and quality construction services and to enlarge our presence in the real estate market in Singapore and beyond.

OUR **MISSION**

“Prudence in our ways;
Excellence is our aim.”

精 步
益 步
求 為
精 營



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CHAIRMAN'S MESSAGE



Dear Shareholders,

Another Busy Year

2016 was another busy year for Wee Hur amidst challenging business environment. We have also crossed new milestones and set up new platforms for growth during the year.

Locally, we have officially launched Mega@Woodlands, one of the largest industrial projects launched in recent years. So far, the sales have been slow with sales status at 27% as at mid-Mar 2017. We obtained TOP for our first major residential project, Parc Centros. We have also managed to replenish our residential land bank by securing a land parcel at Fernvale Road together with our joint venture partner, Sing Holdings Limited. Also, our construction arm has secured a S\$82.2 million contract from a new client, Mapletree Logistics Trust, adding on to a total of five on-going projects with a total order book of S\$199 million as at the end of the year. In addition, we have improved the occupancy rate for our Tuas View Dormitory from 65% as at end-2015 to 82% as at end-Feb 2017.

Abroad, the structural work for the basement has been completed for our first purpose-built student accommodation ("PBSA") in Brisbane which is scheduled to complete by end-2017. During the year, we were still working on the design development for our plot 2 and plot 3 land at Buranda and expect to obtain the Development Approval from the relevant authority by end-2017. We have also entered into a Put and Call Option Agreement for the sale of a plot of land fronting Ann Street, Brisbane for a sale price of A\$65.1 million. If the disposal of this property is successful, we can possibly rake in a profit of approximately S\$10 million.

Crossing New Milestones and Setting New Platforms for Growth

The first milestone is the engaging of Prefabricated Prefinished Volumetric Construction ("PPVC") construction method. On the land parcel at Fernvale Road which we have secured, a 735-unit condominium will be developed. Our construction arm will undertake the construction of this condominium using the PPVC construction method as prescribed in the land tender condition. The method involves free-standing volumetric modules such as walls, floors and/or ceilings be constructed and assembled off-site and only installed onto the building onsite. The PPVC method requires a fundamentally change in the design and construction process and offers improvement in construction productivity. With more projects requiring PPVC construction as initiated by the Government, being one of the few front runners in PPVC construction can give us an edge in securing such construction projects. We are excited to be amongst the first few players to use this ground-breaking construction method.

The second milestone is the setting up of Wee Hur PBSA Master Trust (the "Trust") at end-2016. With our solid financial standing accumulated over the past years, we have been looking for opportunities to enhance our shareholders' value. We have identified in 2015 that PBSA is a new gateway for growth and have embarked on our first PBSA in Brisbane. As the local business environment turns more competitive and challenging, the growth potential of our core businesses locally does not look optimistic for the next few years. Further, with an in-depth study and research on the PBSA, we reckoned that PBSA is an area that we should focus, especially in Australia where PBSA is still at an early stage which offers more room for growth. Thus, we set up the Trust with the target to build and operate a portfolio of 4,000 to 5,000 beds over the

“Amidst all uncertainties and risks, the stance that we have adopted since inception—to be careful and cautious when making investment decisions—still remains relevant. I am confident that if we continue to remain “prudent in our ways” as our mission states, we can navigate through the present complex business environment and achieve fruitful yields.”

next 5 years in major cities in Australia. We will take up 60% stake in the Trust and investors will be invited to take part the remaining 40%. As part of the strategy to focus on PBSA, we have also divested part of the property in the CBD of Brisbane which we had purchased in 2016 and keep the remaining part of the land for our second PBSA. We will be seeding the Trust with these two PBSA in Brisbane. We have also set up Wee Hur Capital Pte Ltd as manager of the Trust. The Trust and the trust manager are our new platforms on which we believe fruits will bear in the coming years.

Sharing Our Fruits

Amidst the difficult business environment, our revenue decreased 60% year-on-year (y-o-y) to S\$164.2 million for the financial year ended 31 December 2016 (“FY2016”). The lower revenue was mainly due to the lower contribution from property development segment as our residential project, Parc Centros, was completed in 1H2016. Corresponding to the lower revenue, FY2016 profit to shareholders retreated proportionately to S\$17.3 million. We are sharing with shareholders a portion of this profit and are proposing a final dividend of 0.3 cent per share. Together with the interim cash dividend of 0.3 cent per share, the total dividends for FY2016 add up to 0.6 cent per share, or approximately S\$5.5 million in total.

Being Prudent

In 2017, the property market is likely to remain dull while tenders for Government land sales will likely remain competitive. We have to continue to be watchful in our bid. Construction demand, especially from the private sector, is unlikely to

improve this year; competition for construction jobs will remain stiff and margins will be squeezed. The marine and offshore industry will also probably remain subdued. We will still face keen competition from completed dormitory projects nearby in our bid to raise the occupancy of our Tuas View Dormitory.

Amidst all uncertainties and risks, the stance that we have adopted since inception—to be careful and cautious when making investment decisions—still remains relevant. I am confident that if we continue to remain “prudent in our ways” as our mission states, we can navigate through the present complex business environment and achieve fruitful yields.

Thank You

We shall be holding our 10th Annual General Meeting as a listed company in 2017. I wish to thank shareholders for your support over the years. I would like to thank our business associates, consultants, sub-contractors, suppliers, staff and other stakeholders for contributing to our progress. I also thank the Board for their continued guidance and support.

GOH YEOW LIAN

Executive Chairman and Managing Director

主席致辞



尊敬的各位股东，

忙碌的一年

虽然2016年经商环境持续充满挑战性，集团各核心业务还相当忙碌。在这一年里，也跨越了新的里程碑，为集团创造了新的增长平台。

在国内，集团正式推出Mega@Woodlands。这个项目是近年来规模较大的工业发展项目之一。这项目销售进展缓慢，截至2017年3月中旬销售额为27%。集团首个大型住宅项目Parc Centros也取得临时入伙证（TOP）。伟合与星控股（Sing Holdings Limited）成功标得盛港芬维尔路（Fernvale Road）的一块地段。此外，集团也从新客户丰树物流信托（Mapletree Logistics Trust）获得了8,220万新元的建筑合同，使现有的建筑项目增至五项，截至2016年末总订单量为1.99亿新元。另外，集团的大士景工人宿舍（Tuas View Dormitory）的入住率由2015年底的65%提高至2017年2月尾的82%。

在海外，集团位于澳大利亚布里斯班首个学生宿舍（“PBSA”）地下层的结构工程已完成，预计整个项目会在2017年底竣工。集团布里斯班Buranda第二和第三地段的设计工作还在进行中，预计今年内可获得有关部门的发展审批。集团也以6,510万澳元出售布里斯班Ann Street的一幅地段。倘若成功脱售，可获得大约1,000万新元的利润。

跨越新里程碑，建立新增长平台

第一个里程碑是涉及预制预饰体积建设（PPVC）的建筑工程。根据招标书的规定，盛港芬维尔路地段必需采用PPVC施工方式来发展这个共管公寓。该方法是在工地外利用预制组装独立的体积模块，例如墙壁，地板以及/或者天花板，然后各别在现场安装到建筑物上。PPVC方法能提高建筑生产率。随着政府将推出更多采用PPVC建设的项目，集团作为采用PPVC建设的少数先锋之一，将占有优势。

第二个里程碑是在2016年底成立了伟合学生宿舍信托（Wee Hur PBSA Master Trust）。随着过去几年积累的雄厚资金，集团一直在寻找为股东增值的机会。集团在2015年已确定了学生宿舍是增长的新方向，并已经在布里斯班开始建设首个PBSA。由于本地经商环境不佳，集团对在本地的核心业务增长空间并不乐观。通过对PBSA进一步的深入研究和探讨，集团确认应把焦点放在PBSA这个领域，特别是在澳大利亚，PBSA仍处于萌芽阶段，有更大的增长空间。因此，我们设立了学生宿舍信托，定下未来5年内在澳大利亚的主要城市发展4,000到5,000张宿舍床位的目标。伟合持有该信托的60%股权，将邀请其他投资者参与其余的40%股权。为了专注投资于PBSA，集团将脱售在2016年购买的布里斯班中央商务区的一部分地段，并将剩余部分地段开发我们的第二个PBSA。我们将把在布里斯班的两个PBSA

“面临所有不确定因素和风险，集团会以“步步为营”为上上之策，继续保持谨慎态度来迎战这个深具挑战性的一年。”

注入学生宿舍信托。集团还成立了 Wee Hur Capital Pte Ltd 担任信托经理。学生宿舍信托和信托经理将会在未来为集团带来回报，成为新增长平台。

分享成果

在充满挑战的经商环境下，截至2016年12月31日财年（FY2016），集团的营业收入同比减少60%，达到1.642亿新元。较低的收入主要是由于住宅项目Parc Centros于2016年上半年完成。对应较低的收入，2016财年股东利润按比下降至1,730万新元。集团会拨出一部分的利润分享给股东们，末期股息每股0.3分。加上中期每股0.3分的股息，2016年总股息为每股0.6分，约合550万新元。

步步为营

2017年，预测房地产市场将持续疲弱，政府土地出让竞争仍会激烈。集团将会保持谨慎投标。今年的总建筑需求增长空间有限，特别是私营机构的建筑需求减少，投标建筑项目竞争加剧，利润将受到挤压。海事和岸外工业继续保持疲软，附近完成的宿舍项目加大了工人宿舍的竞争。

面临所有不确定因素和风险，集团会以“步步为营”为上上之策，继续保持谨慎态度来迎战这个深具挑战性的一年。

感谢团队

2017年伟合控股将召开上市后的第十届股东大会。我在此感谢所有股东多年来的支持。我也要感谢我们的业务伙伴，顾问，分包商，供应商和集团全体员工为我们的进步做出贡献。我也感谢董事会的持续指导和支持。

吴友仁

执行主席兼董事经理

BOARD OF **DIRECTORS**



Goh Yeow Lian
Executive Chairman and Managing Director

Goh Yeow Lian is our Executive Chairman and Managing Director and one of the founders of our Group. He has played a pivotal role in the growth and development of our Group and is responsible in the formulation of our Group's strategic directions and expansion plans and managing our Group's overall business development. He graduated with a Diploma in Building from Singapore Polytechnic.



Goh Yew Tee
Executive Director and Deputy Managing Director

Goh Yew Tee is our Executive Director and Deputy Managing Director. In January 2009, he was appointed Managing Director of our wholly-owned subsidiary, Wee Hur Construction Pte Ltd. He is responsible for the overall operation of the construction and dormitory business. He graduated with a Diploma in Building from Singapore Polytechnic.



Goh Yeo Hwa
Executive Director

Goh Yeo Hwa is our Executive Director and one of our co-founders. He has more than 30 years of experience in the construction industry. He is involved in the site management and procurement of construction machinery, equipment and materials.



Teo Choon Kow @ William Teo Lead Independent Director

William Teo was appointed as our Lead Independent Director on 14 December 2007. He is currently a consultant providing corporate advisory work and independent director of two other listed companies, Loyz Energy Limited and PSL Holdings Limited. He is also a director of Ascendent Technology Pte Ltd and Fral Ballistic Pte Ltd. Prior to that, he was the vice-president of Walden International Investment Group from 1997 to 2004 where he was responsible for its investment function. From 1989 to 1997, he was a senior manager with Coopers & Lybrand Management Consultants Pte Ltd, involved in corporate finance work. He is a fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants. He holds a Master in Management from Asian Institute of Management, Philippines.



Wong Kwan Seng Robert Independent Director

Robert Wong was appointed as our Independent Director on 14 December 2007. He is a lawyer by profession and practises mainly corporate law with emphasis on corporate finance. He had acted as solicitor in initial public offers, rights issues, issue of debentures, takeovers, mergers and acquisition and joint ventures.



Goh Yew Gee Non-Executive Director

Goh Yew Gee was appointed as our Non-Executive Director on 24 September 2007. He is currently the managing director of Multi-Zones Marketing Pte Ltd, a Singapore company engaged in chemical trading. He is also a director of Hexachem (M) Sdn Bhd and Hexachem (Vietnam) Ltd.

SENIOR MANAGEMENT

Lim Poh Choo, Janet Chief Financial Officer

Lim Poh Choo was appointed as the Chief Financial Officer of our Group on 18 January 2016. She is responsible for the risk management, finance and accounting functions of the Group. Apart from being the main liaison with the internal and external auditors, she is also involved in legal, corporate secretarial and all taxation matters within the Group. She holds a Master of Professional Accounting from University of Southern Queensland. She is a member of the Institute of Singapore Chartered Accountants and CPA Australia. She is also an Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals.

Goh Cheng Huah Director, Business Development

Goh Cheng Huah is our Director, Business Development with effect from 1 July 2014. He is overall responsible for the business development functions of the Group. His focus is on seeking and identifying new potential business opportunities. He joined our Group in 1989 and he was our Director, Tender & Contract prior to the current position. He holds a Bachelor of Engineering (Civil) degree from the National University of Singapore.

Koh Chong Kwang Director, Project

Koh Chong Kwang is our Director, Project. He is responsible for the overall project management functions of the Group's construction arm. His responsibilities include overseeing the execution of projects from commencement till completion including maintenance period. He has been with the Group since 1995. He holds a Bachelor of Engineering (Civil) degree from the National University of Singapore.

Gaw Chu Lan Director, Administration and Finance

Gaw Chu Lan is our Director, Administration and Finance. She is responsible for the overall administrative and finance functions of the Group. Her responsibilities include overseeing the finance, administrative and human resources matters. She has been with the Group since 1985.

Sua Chen Shiua Director, Tender and Contract

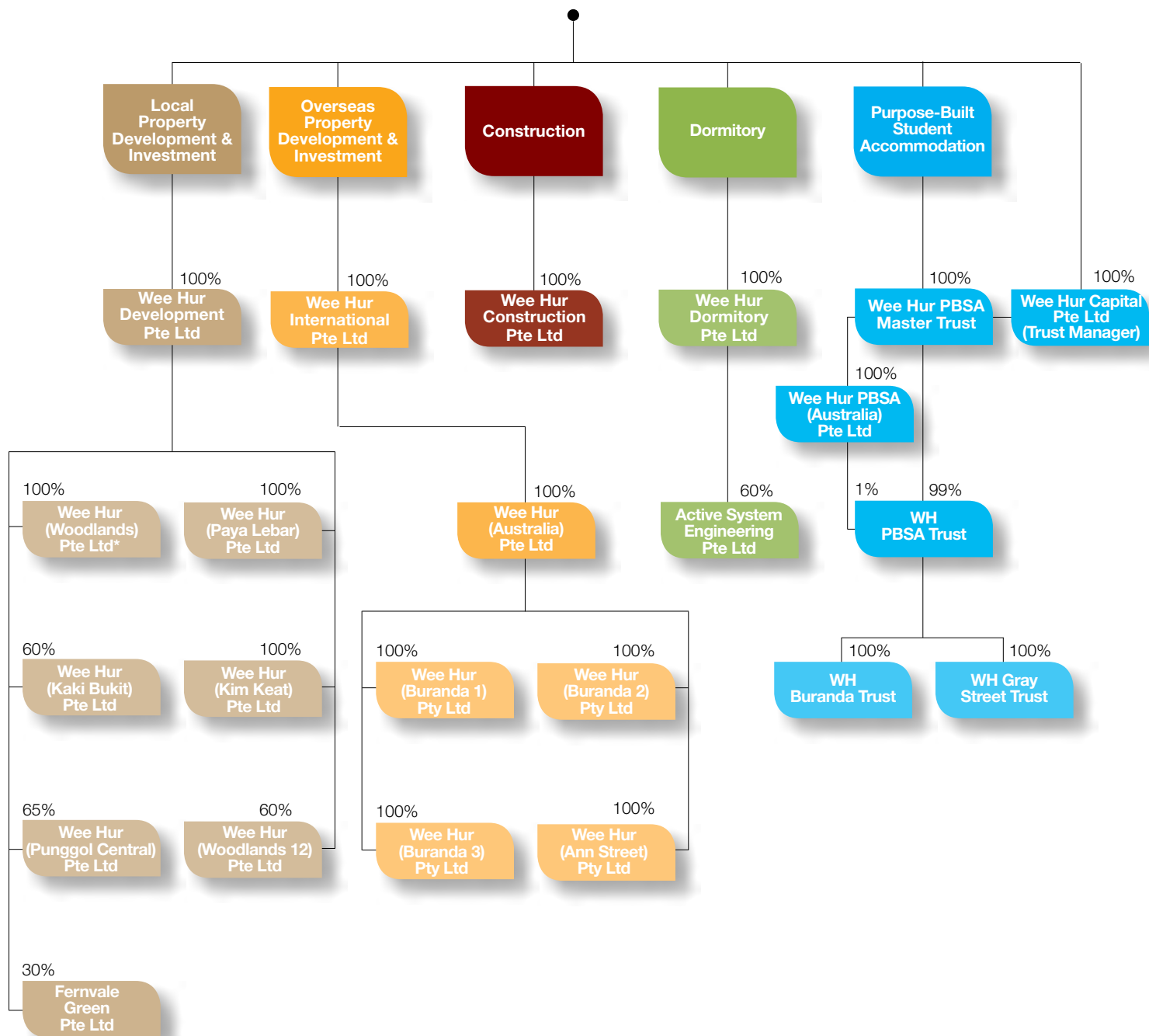
Sua Chen Shiua is our Director, Tender and Contract with effect from 1 July 2014. He is responsible for the overall tender and contract functions of the Group's construction arm. His responsibilities include identifying and securing new projects and overseeing the execution of contract administration for secured projects. He was our Deputy Director, Tender and Contract prior to the current position. He holds a Bachelor of Science (Building) degree from National University of Singapore.

Lu Tze Chern, Andy Deputy Director, Project

Lu Tze Chern, Andy is our Deputy Director, Project with effect from 1 July 2014. He assists the Director, Project in the overall project management functions of the Group's construction arm. He has been with our Group since 2006. He holds a Bachelor of Science in Civil Engineering degree from Purdue University, USA.

GROUP STRUCTURE

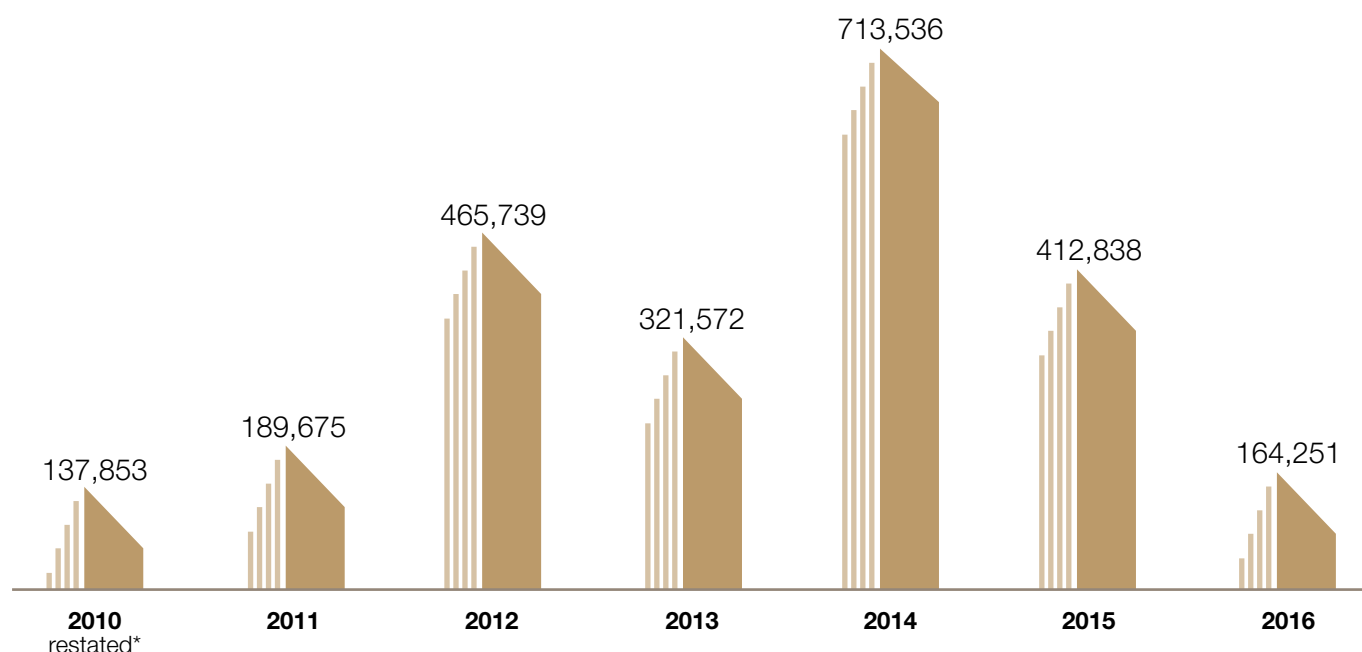
AS AT 15 MARCH 2017



* In the process of applying for strike off

FINANCIAL HIGHLIGHTS

Revenue (S\$'000)



Profit or Loss and Other Comprehensive Income Highlights

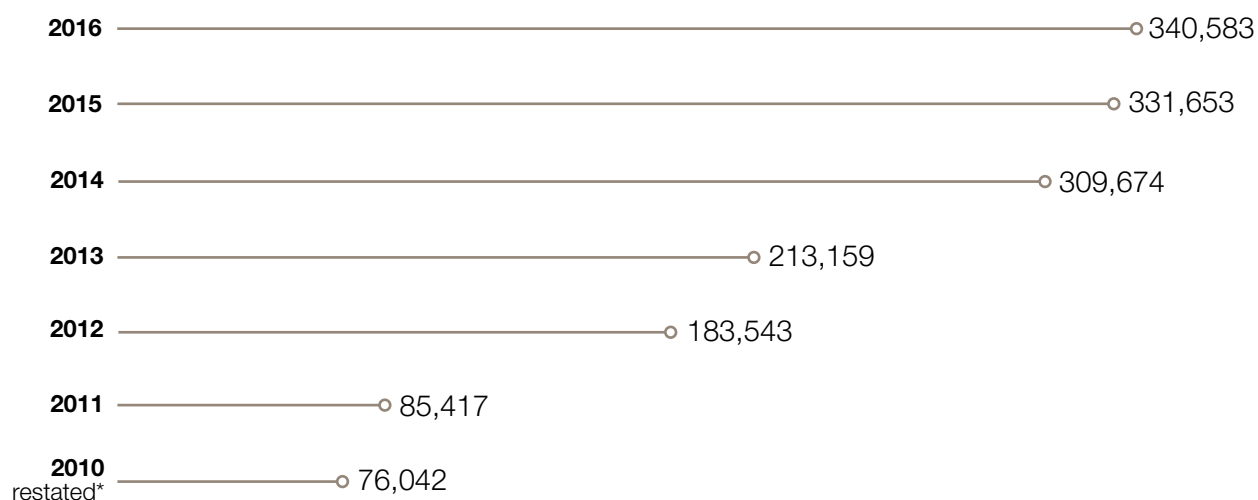
	FY 2010 restated*	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenue (S\$'000)	137,853	189,675	465,739	321,572	713,536	412,838	164,251
Gross Profit (S\$'000)	24,714	26,094	144,256	48,406	255,577	104,574	36,090
Net Profit after Tax (S\$'000)	13,402	10,878	92,913	25,654	182,366	65,538	17,399
Net Profit Margin	9.7%	5.7%	19.9%	8.0%	25.6%	15.9%	10.6%
Net Profit attributable to Shareholders (S\$'000)	13,100	11,109	95,660	20,086	112,257	47,020	17,267
Dividend Payout (S\$'000)	10,220	13,266	34,360	18,300	27,577	13,789	5,516[^]
Dividend Payout Ratio	78.0%	119.4%	35.9%	91.1%	24.6%	29.3%	31.9%[^]
Earnings Per Share** (cents)	2.26	1.82	14.01	2.31	12.23	5.12	1.88

* The 2010 comparative figures have been restated to take into account the retrospective adjustments arising from the adoption of INT FRS 115 - Agreements for the Construction of Real Estate and under recognition of costs pertaining to fair value adjustment.

** Basic earnings per share are calculated by dividing net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the financial years (excluding treasury shares).

[^] Included proposed final cash dividend of 0.3 cent per ordinary share, subject to shareholders' approval at the forthcoming Annual General Meeting.

Shareholders' Equity (S\$'000)



Statements of Financial Position Highlights

(S\$'000)	FY 2010 restated*	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Non-Current Assets	10,107	11,466	18,722	15,499	86,908	84,577	207,683
Current Assets	276,882	380,044	582,585	609,913	654,647	617,086	496,475
Cash and Cash Equivalents	62,954	115,994	200,982	243,429	259,892	158,176	150,874
Current Liabilities	193,323	289,909	299,045	319,609	268,074	198,858	298,301
Net Current Assets	83,559	90,135	283,540	290,304	386,573	418,228	198,174
Share Capital	49,487	60,967	77,870	123,754	125,733	125,733	125,733
Retained Earnings	25,874	23,948	105,750	89,410	183,282	205,023	212,675
Shareholders' Equity	76,042	85,417	183,543	213,159	309,674	331,653	340,583
Total Equity	80,008	89,152	181,431	216,095	339,107	373,142	342,245

OPERATIONS REVIEW

Local Property Development and Investment Business

- MEGA@Woodlands** – This is an 8-storey ramp-up/flatted industrial building for B1 clean and light and B2 general industry comprising 512 units currently under development on the 30-year lease industrial land parcel at Woodlands Avenue 12 which the Group acquired in 2014. MEGA@Woodlands has features such as 5.95 metres floor height, 20/40 foot container access, ample parking lots and fibre optic ready. Apart from standard common amenities like canteens, minimart and clinic, this mega industrial complex will be incorporated with work-life balance amenities such as a sky garden and a sky lounge at the roof top. The sky garden will be completed with water features, outdoor fitness stations, BBQ pits and jogging trail whereas the sky lounge consists of a gym with shower facility and a business centre with meeting rooms of different sizes. The Group launched the sales of this project in January 2016. Construction work has commenced in April 2015 and is expected to complete by end-2017. Sales of this project has been slow but encouraging with 27% sold as at mid-March 2017. The revenue and profit from this industrial project will only be recognised upon TOP which is expected to be received by end-2017.
- Private Condominium at Fernvale Road** – In September 2016, the Group's wholly-owned subsidiary, Wee Hur Development Pte Ltd, together with Sing Development (Private) Limited has been awarded the tender of a land parcel at Fernvale Road at a price of S\$287.1 million. The joint venture company intends to develop a condominium with a GFA of approximately 51,588 sqm, yielding 735 units. The sales launch of this condominium is likely to be end-2017.
- Parc Centros** – This 99-year leasehold residential development project is located adjacent to Punggol Town's transport hub comprising Punggol MRT station, LRT station and bus interchange, and just 5-min walk to Waterway Point, the new waterfront shopping mall in Punggol town centre fronting the Punggol Waterway. Developed via a joint venture with the Group holding a 65% stake, this fully-sold 618-unit condominium is the Group's largest residential development project to date. The construction of Parc Centros commenced in January 2013 and the project obtained its Temporary Occupation Permit ("TOP") in mid-2016.

Overseas Property Development and Investment Business

The Group acquired three plots of land at Buranda, Brisbane in 2014. The progress of each plot is as follows:

- Buranda Plot 1** – We are building the largest Purpose-Built Student Accommodation ("PBSA") in Brisbane, named **Unilodge@Park Central**. This PBSA will consist of 1,578 rooms, twelve commercial tenancies for shops and restaurants on the ground level and an expansive student communal area at the podium level. Construction has commenced and it is expected to complete by end-2017. This PBSA will seed the newly set up PBSA Private Trust.
- Buranda Plot 2** – This is the largest plot which is still at the planning stage for a mixed-use development, named **Park Central**, comprising mainly residential units and sizable commercial spaces. The Group is seeking Development Approval from the relevant authority and expects to obtain the approval by end-2017.
- Buranda Plot 3** – This is the smallest of the three plots of land. The Group is in the process to obtain final approval from the relevant authority for a residential apartment of 168 units with commercial spaces at ground floor, named **Park Central One**. Once the final approval is obtained, we will proceed to launch this development for sales and commence its construction.

In March 2016, the Group completed the acquisition of a commercial office building and an adjoining piece of land with a total land area of approximately 5,478 sqm (the "Land") in Brisbane, fronting Ann Street and Turbot Street, for a total consideration of A\$63 million. The commercial office building fronting Ann Street is currently fully leased to Queensland State Government for rental income and the lease is due to expire on 30 April 2017. The adjoining piece of land fronting Turbot Street is currently vacant.

In December 2016, the Group entered into a Put and Call Option Agreement for the sale of part of the plot of land ("Lot 1-Ann Street", as defined below) for a sale price of A\$65.1 million plus GST (approximately S\$68.1 million). The book value of this property as at 31 December 2016 is S\$53.8 million. If the disposal of this property is successful, the Group could possibly rake in a profit after tax of approximately S\$10 million in this disposal.

Development Properties

Project Name	Location	Type	% Owned	GFS (sqm)	Expected TOP
MEGA@Woodlands	Singapore	Industrial	60%	98,072	2017
Buranda Plot 2	Brisbane, Australia	Mixed-use	100%	94,311	Not launched yet
Buranda Plot 3	Brisbane, Australia	Residential	100%	14,786	Not launched yet

OPERATIONS REVIEW

In conjunction with the disposal, the Land will be reconfigured into two plots, one fronting Ann Street ("Lot 1-Ann Street") and the other fronting Turbot Street ("Lot 2-Turbot Street"). **Lot 1-Ann Street** will have a land area of approximately 3,690 sqm and has primary frontage to Ann Street. **Lot 2-Turbot Street** will have a land area of approximately 1,788 sqm and has primary frontage to Turbot Street.

The Group intends to develop its second PBSA on **Lot 2-Turbot Street**.

Construction Business

The Group currently has on-going projects worth approximately S\$199 million in its order book as at 31 December 2016 with completion dates ranging between 2017 and 2018.

Project Completed in 2016

- **Parc Centros** – This is a S\$150.0 million construction contract for the Group's own residential property development project.

New Projects Secured

- **5-storey warehouse** – This is a S\$82.2 million contract to design and construct a single user 5-storey warehouse with an industrial canteen at Pioneer Road for Mapletree Logistics Trust. Work on this new project commenced in May 2016 and is expected to complete by the last quarter of 2017.

Other On-going Projects

- **MEGA@Woodlands** – This is a S\$129.5 million contract for the Group's own industrial property development project.
- **Church of our Saviour** – This is a S\$19.9 million contract for additions, alterations and extension to existing 3-storey church building involving a 4-storey extension with roof terrace and 4 level of basement at Margaret Drive. The work commenced in October 2015 and is expected to complete by the first quarter of 2018.
- **Fernvale Riverwalk** – A S\$103.6 million HDB project which involves the construction of four residential blocks and a multi-storey car park at Sengkang Neighbourhood 4. This precinct will come with shops, eating house, supermarket, childcare centre and other communal facilities. Other construction works within the contract

includes the construction of green roof on the car park block, linkways, service roads, external landscaping, minor sewers and roadside drains. This project commenced in February 2014 and is expected to complete by the second quarter of 2017.

- **Matilda Court** – A mega HDB precinct with a contract value of S\$157.7 million comprising ten residential blocks, a multi-storey car park, linkways, roof gardens, driveways, service roads and landscaping works at Punggol West. This precinct will come with a commercial block which houses shops, eateries and supermarket, and other communal facilities. This project commenced in October 2014 and is expected to complete by the third quarter of 2017.

Note: The contract amounts for the above construction projects are based on awarded contract values.

Dormitory Business

60%-owned **Tuas View Dormitory** has commenced full operations since its phase 2 obtained TOP in February 2015. This mega complex at Tuas South Avenue 1 is a 16,800-bed purpose-built workers' dormitory. It is equipped with amenities such as common toilets, designated cooking and food preparation area, laundry area and common dining, interacting and recreational facilities such as reading rooms, TV rooms, indoor gymnasiums and outdoor game courts.

The marine and offshore industry remains dull. Headcounts of companies in this sector have reduced significantly. Exacerbating the situation, newly completed dormitories make competition stiffer. The occupancy of the Group's Tuas View Dormitory is about 82% as at end-Feb 2017. The Group will continue its effort to improve the occupancy rate.

Purpose-built Student Accommodation ("PBSA")

The Group has set up an Australian-focused Purpose-built Student Accommodation ("PBSA") Private Trust, named Wee Hur PBSA Master Trust, for the purpose of developing PBSAs and subsequently collecting passive recurring rental income in major cities in Australia. The Group is seeding two PBSA developments in Brisbane, totally about 2,500 beds, into this Private Trust. The first PBSA, named **Unilodge@Park Central**, which is under construction on Buranda Plot 1 is expected to complete by end-2017. The second PBSA will be on **Lot 2-Turbot Street** and the Group is currently seeking Development Approval from the relevant authority. It is expected to complete by 2019.

Investment Properties

Name of Property	Location	Type	Tenure
Tuas View Dormitory	Singapore	Dormitory	6 years
Unilodge@Park Central	Brisbane, Australia	Purpose-Built Student Accommodation	Freehold
Ann Street/Turbot Street	Brisbane, Australia	Commercial	Freehold

FINANCIAL REVIEW

Revenue

The Group reported a 60% decrease in revenue to S\$164.2 million for the financial year ended 31 December 2016 ("FY2016") as compared to S\$412.8 million for the preceding year ended 31 December 2015 ("FY2015"). The decrease was mainly due to a 97% decrease in revenue from property development segment to S\$8 million and a 19% decrease in revenue from construction segment to S\$107.8 million, partially offset by a 64% increase in revenue from the investment property segment to S\$48.7 million.

The decrease in revenue from the property development segment was due to lower revenue contribution from the Group's residential project, Parc Centros, which was completed in 1H2016. The decrease in revenue from construction segment was due to completion of some existing projects in FY2016.

The increase in revenue from the investment property segment was attributable to the rental income generated from the commercial office building in the central business district of Brisbane that the Group purchased in December 2015, as well as the Group's effort in ramping up the occupancy rate of its 60%-owned Tuas View Dormitory.

On a segmental basis, property development segment, construction segment and investment property segment accounted for 4.7% (2015: 60.7%), 65.7% (2015: 32.1%) and 29.6% (2015: 7.2%) respectively of the Group's revenue for FY2016.

Gross Profit

Corresponding to the lower revenue, the Group's gross profit for FY2016 retreated proportionately to S\$36.1 million.

Administrative Expenses

Administrative expenses of S\$16.5 million for FY2016 decreased by 23% as compared to FY2015 mainly due to lower staff cost incurred in FY2016.

Marketing and Distribution Costs

Marketing and distribution costs increased by 58% to S\$1.9 million due to ongoing promotional and marketing events for the Group's dormitory project, Tuas View Dormitory and residential project, Park Central One in Brisbane, Australia.

Other Gains (Losses)

Other gains increased by 373% from S\$1.3 million to S\$6.2 million, while other losses decreased by 69% from S\$3.4 million to S\$1 million. This was mainly due to increase in unrealised exchange gains which arose from the revaluation of loans denominated in foreign currency. These loans were extended to the wholly-owned subsidiaries to finance the acquisition of investment and development properties in Australia.

Net Profit Attributable to Shareholders

For FY2016, net profit attributable to shareholders ended at S\$17.3 million, a decrease of 63% compared to FY2015, the decrease was in line with the decrease in revenue as explained above. In tandem with the lower net profit, the Group's FY2016 basic earnings per share decreased to 1.88 cent from 5.12 cent for FY2015.

Dividend Payout

The Group is proposing a final cash dividend of 0.3 cent per ordinary share, subject to shareholders' approval at the forthcoming Annual General Meeting. This, together with interim cash dividend of 0.3 cent per ordinary share declared for the half year ended 30 June 2016, the total dividend for FY2016 amounted to 0.6 cent per ordinary share, or approximately S\$5.5 million.

REVIEW OF FINANCIAL POSITION

Non-current Assets

Non-current assets increased by S\$123.1 million, from S\$84.6 million as at 31 December 2015 to S\$207.7 million as at 31 December 2016. The increase was attributable to additions of investment properties in Australia of S\$103.3 million. The effect was however being partially offset by depreciation of investment properties of S\$14.1 million and depreciation of property, plant and equipment of S\$3.1 million.

Current Assets

Current assets decreased by S\$120.6 million, from S\$617.1 million as at 31 December 2015 to S\$496.5 million as at 31 December 2016. The decrease was attributable to decrease in development properties of S\$156.5 million, due to the reversal of development cost for the Group's completed residential project, Parc Centros. The effect was however being partially offset by increase in development cost from the Group's industrial project, MEGA@Woodlands.

Nonetheless, the Group's cash and cash equivalents remained strong at S\$150.9 million as at 31 December 2016.

Current Liabilities

Current liabilities increased by S\$99.4 million, from S\$198.9 million as at 31 December 2015 to S\$298.3 million as at 31 December 2016. The increase was mainly due to: (a) increase in trade and other payables of S\$60.2 million arising from billings received from sub-contractors and suppliers for work towards the end of December 2016; (b) increase in financial liabilities of S\$82.3 million, due to the presentation of certain bank borrowings to current liabilities from non-current liabilities; and (c) increase in current income tax liabilities of S\$28.6 million due to additional tax provision for the Group's completed residential project, Parc Centros.

Shareholders' Equity

Shareholders' equity, comprising share capital, other reserves and retained earnings, increased by S\$8.9 million, from S\$331.7 million as at 31 December 2015 to S\$340.6 million as at 31 December 2016. The increase was attributable to the profit generated from operations of S\$17.3 million in FY2016, which was partially offset by the dividend payment to shareholders of S\$9.7 million during FY2016.

Share Capital

There were no changes in the Company's share capital for the year ended 31 December 2016. During the financial year, the Company did not purchase any treasury shares. As at 31 December 2016, outstanding treasury shares remained at 16,671,000.

AWARDS & ACCOLADES

We are pleased to have bagged additional two awards for 2016 namely;

BCA Construction Excellence Awards 2016
Certificate of Merit –
 Nexus@One North at Fusionopolis Link

BCA Green and Gracious Builder STAR Award 2016
 in promoting environment protection and gracious practices during the construction phase of projects.



Wee Hur was selected to be among **Forbes Asia's 200 Best under a Billion for 2013 and 2015**. We made it into this prestigious list, among just a few other companies from Singapore. These 200 companies were selected among thousands from Asia Pacific. This accolade serves as a testament to our strong growth and financial performance through the years.

Besides, we were listed by **Brand Finance** to be among Top 100 Singapore Brands 2012 to 2016.

PARC CENTROS, our condominium development received the **BCA Green Mark Goldplus Award 2013**

URBAN RESIDENCES, our residential development received the **BCA Quality Mark "STAR" Award 2014**



Our construction arm had also garnered several prestigious awards and accolades from local government agencies:

- We received five awards for **Construction Excellence** and one award for **Certificate of Merit** from the Building and Construction Authority and Construction Industry Development Board, respectively. These awards are testimony to our high standard of workmanship, project management and technical input in completed projects.
- We received three **Architectural Heritage Awards** conferred by Urban Redevelopment Authority in recognition of our outstanding performance in carrying out restoration and conservations projects.
- We were ranked amongst the **Enterprise 50** list which represents the cream of Singapore entrepreneurship for five consecutive years. We were bestowed the honour of **Enterprise 50 Five Years Award** for winning the **Enterprise 50** for five times in a row.

CORPORATE SOCIAL RESPONSIBILITY

At Wee Hur, we believe the importance of giving back to society and are committed to playing our part to improve the welfare of the community through developing meaningful partnership with charitable organisations and various institutions.



Some of the notable contributions made by the Group in FY2016 are as follows:

- Handicaps Welfare Association – in support of its Wheel Walk or Jog event
- All Saints Home 30th Anniversary Celebrations Dinner , in support of their various community outreach projects and initiatives
- UOB Heartbeat Run/Walk in support of their fund raising programme for MINDS Towner Gardens School, Pathlight School and Rainbow Centre-Yishun Park School
- POSB Passion Run for Kids jointly organised by POSB and Peoples' Association, aimed to raise fund for the less privileged children in Singapore
- Singapore Polytechnic – book prizes for Diploma-Plus Certificate in Sustainability course
- Disabled Peoples' Association
- PCS Educational Foundation
- Gan Eng Seng School – for their student pocket money fund
- Ren Ci Hospital/ Ren Ci Charity Golf
- Singapore Thong Chai Medical Institution
- Fernvale Community Club
- Tian Yun Beijing Opera Society – in support of their effort to promote the art of Beijing Opera
- Pave Charity Golf
- PCF Lifeblood centre
- Sasco Senior Citizen Home



OUR BUSINESS

LOCAL PROPERTY DEVELOPMENT & INVESTMENT

The local property development and investment business is undertaken by Wee Hur Development Pte Ltd (WHD), a wholly-owned subsidiary of Wee Hur Holdings Ltd.

WHD acquires vacant plots of land or existing properties which have re-development potentials and develop these land parcels into either residential, industrial, commercial or mixed development in accordance to the approved use of these land parcels by the relevant authorities. The developments may comprise strata titled units which can be sold individually or be held as investment properties for recurring income.

Each development project may be undertaken by a separate entity which can be wholly-owned by WHD or co-owned with Joint Ventures partners.

OUR BUSINESS

Local Property Development & Investment

Current Projects



8-storey multiple-user clean, light and general industrial development (512 units) with 2 canteens, clinic, minimart, and other ancillary facilities at Woodlands Avenue 12



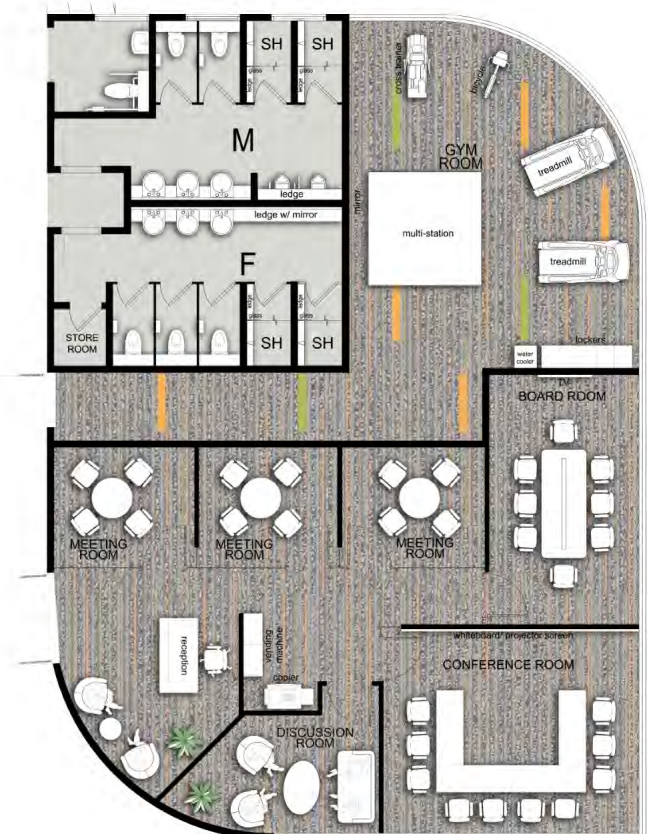
Expected TOP: 2017



Sky Lounge

Work MEGA, Play MEGA

Located on the 8th level, the sky lounge features a dedicated business centre with several meeting rooms of different capacities as well as a gym with shower facilities. It is the perfect space for work-life balance



OUR **BUSINESS**

Local Property Development & Investment

Current Projects

PRIVATE CONDOMINIUM AT FERNVALE ROAD



4 blocks of 22-storey (735 units) condominium with carpark at basement level and 1st storey, 1 childcare centre, swimming pool and communal facilities at Fernvale Street/ Fernvale Road

Expected Launch Date: End-2017



OUR **BUSINESS**

Local Property Development & Investment
Completed Projects



PARC CENTROS - TOP: 2016



PREMIER@KAKI BUKIT - TOP: 2014



URBAN RESIDENCES - TOP: 2014



VILLAS@GILSTEAD - TOP: 2011



HARVEST@WOODLANDS - TOP: 2012



OUR BUSINESS

OVERSEAS PROPERTY DEVELOPMENT & INVESTMENT

Our overseas property development and investment business is undertaken by Wee Hur International Pte Ltd (WHI), a wholly-owned subsidiary of Wee Hur Holdings Ltd. We will set up a holding company for each country we are investing.

Currently, we have overseas property development and investment projects in Brisbane, Australia, which is undertaken by Wee Hur Australia Pte Ltd, a wholly-owned subsidiary of WHI.

We have acquired three plots of land (Plot 1, 2 & 3) at Buranda, Brisbane which are adjacent to the Buranda busway and rail station. We are planning a Transit Oriented Development (TOD), named **Park Central**, on these plots, which will be realised progressively over the next five years. A Purpose-built Student Accommodation (PBSA) with 1,578 beds, **Unilodge@Park Central** will be built on Buranda Plot 1. **Park Central**, the heart of this brand-new TOD, a mixed-use development comprising mainly residential apartments and sizable commercial space, will be built on Buranda Plot 2. **Park Central One**, a 168-unit residential development with commercial spaces at ground floor, will be built on Buranda Plot 3.

Our investment property is a commercial office building and adjoining vacant land having Ann Street and Turbot Street frontages in CBD North Quarter precinct of Brisbane, Australia.

OUR **BUSINESS**

Overseas Property Development & Investment

Current Projects

PARK CENTRAL MASTERPLAN

Discover Park Central, a master planned transit oriented development located in Woolloongabba, just 7 minutes to the Brisbane CBD.

This vibrant new community will comprise student accommodation and luxury apartments strategically positioned around an expansive private open space and a retail, entertainment and dining precinct.



The Park Central master plan envisions over 4,000m² of 'sky park', a private recreation space which will include a club lounge, outdoor dining and entertaining areas, lap and lagoon pool with infinity edge and waterfall, jogging track, outdoor gym equipment, table tennis, bocce, yoga lawn, grassed kick-a-bout area, outdoor cinema and fenced off-leash dog park.

A true transit oriented development, Park Central offers unrivalled connectivity to bus, rail, road and bikeways and is destined to be the hub of activity in the catchment.

While there will be no reason to leave Park Central the immediate area offers an eclectic mix of cafes, restaurants and services, over 5 hectares of parkland just across the road, and the CBD and South Bank lifestyle and entertainment precinct within easy reach.



OUR BUSINESS

Overseas Property Development & Investment

Current Projects



PARK CENTRAL ONE

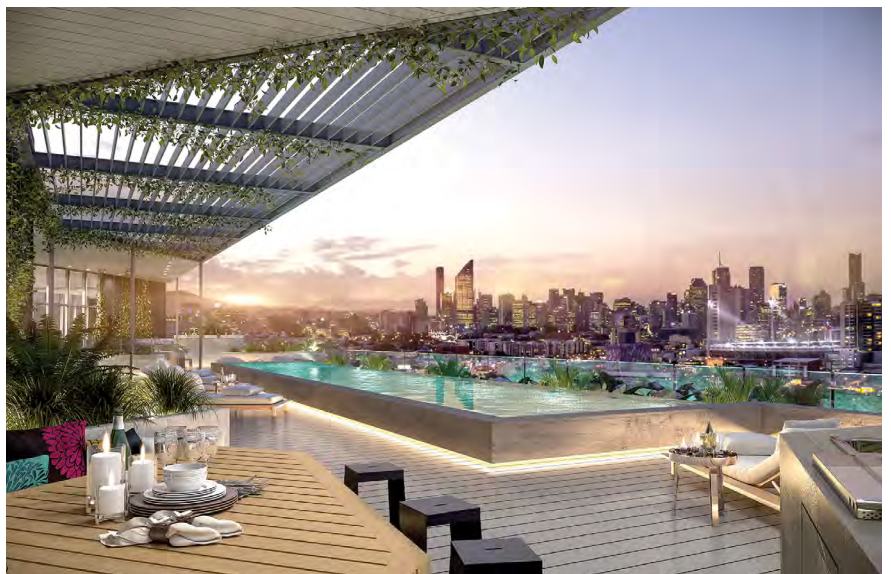
Park Central One offers the very first opportunity to be part of the Park Central master plan.

Park Central One will deliver 168 1 & 2 bedroom luxury residences rising 18 levels plus a private rooftop taking in spectacular views of the City and surrounds.

An easy 7 minutes to the Brisbane CBD, residents can come home to the private rooftop deck for a swim or a workout in the fully equipped gym, or bat the breeze on the deck and admire the breathtaking city views.

Status: In the process to obtain final approval from the relevant authority





OUR BUSINESS

Overseas Property Development & Investment
Current Projects



Park Central is the heart of this brand new master planned, transit oriented development. 2 blocks of residential apartments, ground and 1st floor retail, 5-storey commercial office building and multiple plaza areas.

Status: In the planning stage



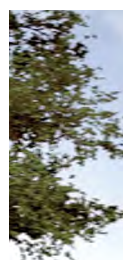
OUR BUSINESS

PURPOSE- BUILT STUDENT ACCOMMODATION

The PBSA business will be undertaken by Wee Hur PBSA Master Trust, an Australian-focused Purpose-built Student Accommodation (PBSA) Private Trust. We target to develop and operate a portfolio of 4,000 to 5,000 beds in major cities in Australia. The Group is seeding the first two PBSA developments in Brisbane, totally about 2,500 beds, into this Private Trust. The first PBSA is **Unilodge@Park Central** with 1,578 beds and the second PBSA with 918 beds will be built on **Lot 2-Turbot Street**.

OUR **BUSINESS**

Purpose-Built Student Accommodation





UniLodge @ PARK CENTRAL

PURPOSE-BUILT STUDENT ACCOMMODATION



Unilodge@Park Central is part of the **Park Central**, a brand new master planned, transit oriented development at Buranda. 2 blocks of purpose-built student accommodation housing (1,578 rooms) with common basement carpark, bicycle storage facilities, ground floor retail with cross block link and common student amenities at podium level.

Expected Completion: 2017

OUR BUSINESS

Purpose-Built Student Accommodation

LOT 2-TURBOT STREET

PURPOSE-BUILT STUDENT ACCOMMODATION



Located in Brisbane Central Business District (CBD), **Lot 2-Turbot Street** offers the perfect opportunity for students studying in Brisbane, to enjoy the vibrant CBD living yet within proximity of their schools. 1 block of purpose-built student accommodation housing (approximately 918 beds) with a podium which houses multiple facilities such as study rooms, theatre, laundry rooms, kitchen, gym and ground floor retail.

Status: In the planning stage





OUR BUSINESS

CONSTRUCTION

The construction business is being undertaken by the Group's wholly-owned subsidiary, Wee Hur Construction Pte Ltd (WHC) which was established since 1980.

WHC is a BCA registered contractor with financial grade A1 which allows it to tender for all public projects with unlimited contract value.

We undertake various types of construction projects from both private and public sectors. Construction projects include residential, commercial, industrial, institutional, religious, restoration and conservation projects.

Besides new constructions, we also undertake projects involving additions and alterations or refurbishment and upgrading to existing buildings and restoration and conservation of heritage and conservation buildings.

OUR **BUSINESS**

Construction
Current Projects



▲ **MEGA@WOODLANDS**

8-storey multiple-user clean, light and general industrial development (512 units) with 2 canteens, clinic & minimart, and other ancillary facilities at Woodlands Avenue 12

Client: Wee Hur (Woodlands 12) Pte Ltd
Expected Completion: 2017



▲ **5-STOREY WAREHOUSE**

5-Storey warehouse development with industrial canteen at Pioneer Road

Client: Mapletree Logistics Trust
Expected Completion: 2017



▲ CHURCH OF OUR SAVIOUR

Additions, alternations and extension to existing 3-storey church building involving a 4-storey extension with roof terrace and 4 levels of basement

Client: Church Of Our Saviour
Expected Completion: 2018



▲ FERNVALE RIVERWALK

Public housing in Sengkang Neighbourhood 4 Contract 19

Client: Housing and Development Board
Expected Completion: 2017



◀ MATILDA COURT

Public housing in Punggol West Contract 40

Client: Housing and Development Board
Expected Completion: 2017

OUR **BUSINESS**

Construction

Completed Projects



▲
COMPASSVALE PEARL



▲
HARVEST@WOODLANDS



▲
TRILIGHT



▲
NEXUS@ONE-NORTH



▲
PARC CENTROS



▲ **VILLAS@GILSTEAD**



▲ **URBAN RESIDENCES**



▲ **DBS ASIA HUB**



▲ **STANDARD CHARTERED@CHANGI**



▲ **ORANGE GROVE RESIDENCES**

OUR **BUSINESS**

Construction

Completed Projects



▲
VISTA SPRING@YISHUN



▲
FERNVALE RIVERBOW



▲
PARKVIEW ECLAT



▲
JCUBE



STUDIO M HOTEL ▶



OUR BUSINESS

DORMITORY

Wee Hur Dormitory Pte Ltd (WHDY), the Group's wholly-owned subsidiary, undertakes our dormitory business.

Our dormitory business provides conducive living environment for foreign workers from construction, marine, process and manufacturing industries. We may acquire/lease land which have been approved for dormitory from Government or private sector and develop the land parcel into a dormitory complex which may include commercial and non-commercial amenities such as indoor recreational/multi-purpose room, indoor gymnasiums, TV rooms, reading rooms, canteens, minimarts, retail shops, outdoor game courts and etc.

WHDY has a 60% stake in Active System Engineering Pte Ltd which owns Tuas View Dormitory, a mega purpose-built dormitory with 16,800 beds.

OUR BUSINESS

Dormitory



TUASVIEW DORMITORY

At a capacity of 16,800 beds, Tuas View Dormitory is one of the largest workers' dormitory in Singapore. This dormitory is a self-contained living quarters equipped with common toilets, designated cooking and food preparation area, laundry area and common dining cum interacting area. Catering to the need for rest and recreation, there is an indoor recreational/multi-purpose room, reading rooms and TV rooms as well as two indoor gymnasiums and at least two outdoor game courts. Besides, there are also commercial amenities such as minimarts, a canteen and other retail shops to provide greater convenience to the occupants.





CORPORATE INFORMATION

Board of Directors

Goh Yeow Lian
Executive Chairman and
Managing Director

Goh Yew Tee
Executive Director and
Deputy Managing Director

Goh Yeo Hwa
Executive Director

Goh Yew Gee
Non-Executive Director

Teo Choon Kow @ William Teo
Lead Independent Director

Wong Kwan Seng Robert
Independent Director

Audit Committee

Teo Choon Kow @ William Teo
Chairman

Wong Kwan Seng Robert

Goh Yew Gee

Nominating Committee

Wong Kwan Seng Robert
Chairman

Teo Choon Kow @ William Teo

Goh Yew Gee

Remuneration Committee

Teo Choon Kow @ William Teo
Chairman

Wong Kwan Seng Robert

Goh Yew Gee

Company Secretaries

Tan Ching Chek, LLB, ACIS and Teo Ah Hiong, ACIS
c/o BSL Corporate Services Pte Ltd
220 Orchard Road
#05-01 Midpoint Orchard
Singapore 238852

Registered Office

39 Kim Keat Road
Wee Hur Building
Singapore 328814

Share Registrar and Share Transfer Office

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditor

RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095
Partner-in-charge: Goh Swee Hong, CA (Singapore)
(Effective from year ended 31 December 2016)

Principal Bankers (in alphabetical order)

Australia and New Zealand Banking Group Limited
CIMB Bank Berhad
DBS Bank Ltd
Malayan Banking Berhad
National Australia Bank Limited
Oversea-Chinese Banking Corporation Limited
RHB Bank Berhad
Standard Chartered Bank (Singapore) Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Solicitor

Straits Law Practice LLC
9 Raffles Place
#32-00 Republic Plaza
Singapore 048619

Investor Relations

Financial PR Pte Ltd
4 Robinson Road
#04-01 The House of Eden
Singapore 048543

CORPORATE GOVERNANCE REPORT

The Company is committed to a high standard of corporate governance to ensure effective self-regulation practices are in place to enhance corporate performance and accountability.

This report outlines the Company's main corporate governance practices with references to the principles of the Code of Corporate Governance 2012 (the "Code"). The Code forms part of the continuing obligation of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual.

I. BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

The Board of Directors (the "Board") has six members comprising three Executive Directors, one Non-Executive Director and two Non-Executive and Independent Directors. The Board comprises the following members:

Name of Directors	Position in Board	Appointment
Goh Yeow Lian	Executive Chairman and Managing Director	Executive Director
Goh Yew Tee	Executive Director and Deputy Managing Director	Executive Director
Goh Yeo Hwa	Member	Executive Director
Goh Yew Gee	Member	Non-Executive Director
Teo Choon Kow @ William Teo	Member	Lead Independent Director
Wong Kwan Seng Robert	Member	Independent Director

The Company's Constitution permit directors of the Company (the "Directors") to attend meetings through the use of audio-visual communication equipment.

In between Board meetings, important matters concerning the Company are also put to the Board for its decision by way of circulating resolutions in writing for the Directors' approval together with supporting memoranda enabling the Directors to make informed decisions. The number of Board and Board Committee meetings held in the financial year 2016 are as follows:

	Board Committees			
	Board	Audit	Remuneration	Nominating
Number of meetings held	5	4	3	1
Attendance				
Goh Yeow Lian	5	4*	3*	1*
Goh Yew Tee	4	4*	3*	1*
Goh Yeo Hwa	3	3*	1*	—
Goh Yew Gee	5	4	3	1
Teo Choon Kow @ William Teo	5	4	3	1
Wong Kwan Seng Robert	4	4	2	1

* attendance by invitation

CORPORATE GOVERNANCE REPORT

The Board oversees the business affairs of the Group, approves the financial objectives and the strategies to be implemented by management and monitors standards of performance and issues of policy directly. In addition to its statutory duties, the Board's principal functions are:

- (i) Supervising the overall management of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction;
- (ii) Formulating and approving financial objectives of the Group and monitoring its performances such as reviewing and approving of results announcements and approving of annual financial statements;
- (iii) Overseeing the processes for evaluating the adequacy of internal controls and risk management including the review and approval of interested person transactions;
- (iv) Assuming responsibility for corporate governance and compliances with the Companies Act and the rules and regulations of the relevant regulatory bodies;
- (v) Evaluating performance of management; and
- (vi) Approving the recommended framework of remuneration for the Board and key executives.

Matters that are specifically reserved for the approval of the Board include, among others, any material acquisitions and disposals of assets, corporate or financial restructuring, share issuance and the proposing of dividends.

The Board has adopted a set of internal guidelines on the matters requiring Board's approval. Certain functions have also been delegated to various Board committees, namely, the Audit Committee, the Remuneration Committee and the Nominating Committee.

Changes to regulations and accounting standards are monitored closely by management. To keep pace with regulatory changes, where these changes have an important bearing on the Company's or Director's disclosure obligations, Directors are briefed either during Board meetings or at specially-convened sessions conducted by professionals. Newly appointed directors will be briefed by the Executive Chairman on the business activities of the Group and its strategic directions as well as their duties and responsibilities as directors.

In order to ensure that the Board is able to fulfil its responsibilities, prior to the Board meetings, the management provides the members of the Board with management accounts, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting.

The Directors are also regularly briefed on the business activities of the Group.

The Board has separate and independent access to the Company Secretary at all times and the Company Secretary attends all Board and Committee meetings and is responsible for ensuring that Board procedures are followed. The Board also has access to independent professional advice, where necessary, at the Company's expense.

BOARD COMPOSITION AND GUIDANCE

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

The Board comprises six members of whom three are Executive Directors, one is Non-Executive Director and two are Non-Executive and Independent Directors. Independent Directors comprise one third of the Board members.

The Board is able to exercise objective judgement independently from management and no individual or small group of individuals dominate the decisions of the Board.

The Nominating Committee reviews the size of the Board from time to time. The Nominating Committee is of the view that the current Board size of six directors is appropriate taking into account the nature and scope of the Group's operations. The Board and the Board Committees have an appropriate balance and diversity of expertise and business experience and collectively possess the necessary core competence to lead and govern the Group effectively. Each director has been appointed on the strength of his/her calibre, experience and stature and not based on gender. Each director is expected to bring valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business.

The Board has no dissenting view on the Chairman's statement for the year in review.

CORPORATE GOVERNANCE REPORT

EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

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

Goh Yeow Lian ("Mr Goh") is currently the Executive Chairman and Managing Director. In view of Mr Goh's concurrent appointment as the Executive Chairman and Managing Director, the Board has appointed Teo Choon Kow @ William Teo as the Lead Independent Director, pursuant to the recommendations in Guideline 3.3 of the Code. In accordance with the recommendations in the said Guideline 3.3, the Lead Independent Director is available to shareholders where they have concerns with contact through the normal channels of the Executive Chairman and Managing Director has failed to resolve or for which such contact is inappropriate. Led by the Lead Independent Director, the Independent Directors met annually without the presence of other directors, and the Lead Independent Director provided feedback to the Chairman after such meeting.

As the Executive Chairman and Managing Director, Mr Goh is responsible for the day-to-day operations of the Group and has the full executive responsibilities over the business directions and operational decisions of the Group. As Executive Chairman, he also exercises control over quality, quantity and timeliness of the flow of information between the management of the Company and the Board, and assisting in ensuring compliance with the Company's guidelines on corporate governance. He also schedules meetings with the Board and prepares meeting agenda with the assistance of the Company Secretaries of the Company (the "Company Secretaries").

BOARD MEMBERSHIP AND BOARD PERFORMANCE

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each director to the effectiveness of the Board.

The Nominating Committee ("NC") comprises the following Directors:

1. Wong Kwan Seng Robert - Chairman
2. Teo Choon Kow @ William Teo - Member
3. Goh Yew Gee - Member

Wong Kwan Seng Robert and Teo Choon Kow @ William Teo are Independent Directors. Goh Yew Gee is a Non-Executive Director.

The NC's written terms of reference describe its responsibilities, and these include:

- (i) Identifying candidates and making recommendations for all Board appointments and re-nomination or continuation in office of any director;
- (ii) Regularly reviewing the board's structure, size and composition, and making recommendations to the Board with regards to any adjustments that are deemed necessary;
- (iii) Determining annually whether or not a director is independent;
- (iv) Deciding whether or not a director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly when he/she has multiple board representations, and proposing internal guidelines in relation to multiple board representations;
- (v) Deciding how the performance of the Board may be evaluated and propose objective performance criteria; and
- (vi) Recommending procedures for assessing the effectiveness of the Board as a whole and for assessing the contributions by each individual director to the effectiveness of the Board.

The NC recommends all appointments and re-nominations of directors to the Board. New directors are appointed after the NC has reviewed and nominated them for appointment. The Company's Constitution provides for one-third of the directors, to retire by rotation and be subject to re-election at every Annual General Meeting. A newly appointed director must also subject himself for retirement and re-election at the Annual General Meeting immediately following his appointment. The NC, in considering the nominating of any director for re-election, will evaluate the performance of the director involved.

CORPORATE GOVERNANCE REPORT

The NC also determines the independence of directors and evaluates and assesses the effectiveness of the Board taking into consideration appropriate performance criteria.

The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations that go through the normal selection process, to cast its net as wide as possible for the right candidates.

The NC has assessed the independence of the directors based on the definition of independence as set out in the Code 2012. The NC requires all the independent directors to confirm their independence and their relationships with the directors, management and 10% shareholder of the Company by a declaration in writing annually.

As at 31 December 2016, the two independent directors, Teo Choon Kow @ William Teo ("Mr Teo") and Wong Kwan Seng Robert ("Mr Wong") have served on the Board for more than nine years from the date of his first appointment. In subjecting the independence of Mr Teo and Mr Wong to particularly rigorous review, the NC and the Board have (with Mr Teo and Mr Wong abstaining from discussion and deliberation) placed more emphasis on whether each of them has demonstrated independent judgment, integrity, professionalism and objectivity in the discharge of his duties rather than imposing a maximum number of years that he should serve. The NC and the Board have noted that Mr Teo and Mr Wong have not hesitated to express their own viewpoint as well as seeking clarification from management on issues they deem necessary. It is noted that Mr Teo and Mr Wong are able to exercise objective judgment on corporate matters independently, in particular from management.

After due consideration and careful assessment, the NC and the Board are of the view that Mr Teo and Mr Wong remain independent. The NC is of the opinion that the Directors, who have been classified as independent under the Board composition section, are indeed independent and the current size of the Board is adequate for the purposes of the Group.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Company's Constitution, one third of the Board's Directors are to retire from office by rotation and be subject to re-election at the annual general meeting of the Company.

The NC has recommended Teo Choon Kow @ William Teo and Wong Kwan Seng Robert, who are retiring at the forthcoming annual general meeting ("AGM"), to be re-elected. The two Directors are retiring under Article 107 of the Company's Constitution. The retiring Directors have offered themselves for re-election. The Board has accepted the recommendations of the NC.

The dates of initial appointment and last re-election of each Director are set out below:

Name of Directors	Appointment	Date of Initial Appointment	Date of Last Re-election
Goh Yeow Lian	Executive Chairman and Managing Director	3 September 2007	27 April 2016
Goh Yew Tee	Executive Director and Deputy Managing	24 September 2007	27 April 2016
Goh Yeo Hwa	Director	24 September 2007	24 April 2015
Goh Yew Gee	Member	24 September 2007	24 April 2015
Teo Choon Kow @ William Teo	Member	14 December 2007	25 April 2014
Wong Kwan Seng Robert	Member	14 December 2007	25 April 2014

The performance of the Board is ultimately reflected in the performance of the Company. The Board should ensure compliance with the applicable laws. Board members should act in good faith, with due diligence and care in the best interests of the Company and its shareholders.

The Board, through the delegation of its authority to the NC had made its best efforts to ensure each Director possesses the experience, knowledge and skills critical to the Group's business. This is necessary to enable the Board to make sound and well-considered decisions. The NC, in considering the nominating of any Director for re-election, will evaluate the performance of the Director involved.

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole annually. It focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information and Board's accountability. The findings of such evaluations were analysed and discussed with a view to identifying areas for improvement and implementing certain recommendations to further enhance the effectiveness of the Board.

CORPORATE GOVERNANCE REPORT

No external facilitator had been engaged by the Board for this purpose.

As the Board committees, namely AC, NC and RC, comprise a majority of the members who are Non-Executive Independent Directors, the NC had reviewed and considered that separate assessment of the effectiveness of each Board committee as recommended by the Code was not deemed necessary and that assessment of the Board as a whole was sufficient for the time being.

The NC is of the view that whilst it is important for Directors to devote sufficient time and attention to the affairs of the Group, the issue relating to multiple board representations should be left to the judgement and discretion of each Director.

The NC believes that contributions from each Director can be reflected in other ways other than the reporting of attendances of each Director at Board and Board Committees' meetings as well as the frequency of such meetings. A director would have been appointed on the strength of his/her experience and his/her potential to contribute to the proper guidance of the Group and its business. To focus on a director's attendance at formal meetings alone may lead to a narrow view of a director's contribution. It may also not do justice to his/her contributions, which can be in many forms, including management's access to him/her for guidance or exchange of views outside the formal environment of the Board.

NC also reviews succession plans for the Board of Directors, in particular, the Chairman and the CEO as well as key management staff from time to time.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors receive a set of Board papers that include explanatory information relating to matters to be brought before the Board, copies of disclosure notes and internal Group's financial statements prior to Board meetings. This is generally issued to them at least three days prior to Board meetings. This is to allow sufficient time for the Board members to obtain further explanations, where necessary, to be properly briefed and adequately prepared for Board meetings.

In addition, Directors receive the management accounts of the Company and have unrestricted access to the records and information of the Company. The Non-Executive and Independent Directors have access to senior executives in the Company and other employees to seek additional information, if required. To facilitate such access, the contact particulars of the senior management and secretaries of the Company have been provided to the Directors. Directors can seek independent professional advice, if required, and in accordance with procedure. The costs of such independent professional advice will be borne by the Company.

The Company Secretaries have the responsibility to ensure that Board procedures are followed and that all applicable rules and regulations are complied with. One or both of the Company Secretaries are in attendance at meetings of the Board and Sub-Committees. The appointment and removal of the Company Secretaries should be a matter for the Board as a whole.

II. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION AND DISCLOSURE OF REMUNERATION

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

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

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

CORPORATE GOVERNANCE REPORT

The Remuneration Committee ("RC") comprises the following Directors:

1. Teo Choon Kow @ William Teo - Chairman
2. Wong Kwan Seng Robert – Member
3. Goh Yew Gee - Member

Teo Choon Kow @ William Teo and Wong Kwan Seng Robert are Independent Directors. Goh Yew Gee is a Non-Executive Director. The terms of reference of the RC describes its responsibilities. These include:

- (i) Reviewing and recommending a framework of remuneration for the Directors and key officers, determining specific remuneration packages for each Executive Director, including the Executive Chairman, and the implementation of any appropriate performance-related elements to be incorporated in the remuneration framework;
- (ii) Reviewing and recommending the remuneration packages of all managerial staff in the Company or any of its principal subsidiaries, including managerial staff who are related to any of the Directors or any substantial shareholders of the Company; and
- (iii) Administering the Share Options Schemes of the Company, if any

Although the recommendations are made in consultation with the Executive Chairman of the Board, the remuneration packages are ultimately approved by the entire Board. No Director is involved in deciding his/her own remuneration.

The Company adopts a remuneration policy for employees comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual. The remuneration packages of the Executive Chairman and Managing Director and the Executive Directors include a variable performance bonus. Each Executive Director has a separate service agreement with the Company.

At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management executives in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The RC will consider, if required, whether there is a requirement to institute such contractual provisions to allow the Company to reclaim the incentive components of the remuneration of the Executive Directors and key management executives paid in prior years in such exceptional circumstances.

Director's fees are set in accordance with the remuneration framework comprising basic fees and committee fees. These are subject to the approval of the Company during the AGM.

The Board supports and is aware of the need for transparency. However, after deliberation and debate, the Board is of the view that full disclosure of the specific remuneration of each individual Director and the Group's key management executives (who are not directors) is not in the best interests of the Company and therefore, shareholders. Inter alia, the Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the highly competitive business environment the Group operates in and the irrevocable negative impact such disclosure may have on the Group.

CORPORATE GOVERNANCE REPORT

Details of remuneration and benefits of directors and key management executives for the financial year ended 31 December 2016 which will provide sufficient overview of the remuneration of directors and key management executives are set out below:

Remuneration Bands and Name	Fees (%)	Salary (%)	Bonus (%)	Others (%)	Total (%)
Directors					
Above S\$1,000,000					
Goh Yeow Lian	–	17	80	3	100
Goh Yew Tee	–	29	67	4	100
S\$500,001 to S\$1,000,000					
Goh Yeo Hwa	–	40	52	8	100
Below S\$250,000					
Teo Choon Kow @ William Teo	100	–	–	–	100
Wong Kwan Seng Robert	100	–	–	–	100
Goh Yew Gee	100	–	–	–	100
Key Executives					
S\$250,001 to S\$500,000					
Goh Cheng Huah	–	46	48	6	100
Koh Chong Kwang	–	44	49	7	100
Sua Chen Shiua	–	47	47	6	100
Lu Tze Chern	–	48	44	8	100
Below S\$250,000					
Gaw Chu Lan	–	57	42	1	100
Lim Poh Choo Janet ^{##}	–	77	22	1	100
Goh Yeu Toh [#]	–	56	26	18	100
Cheng Kiang Huat [#]	–	56	26	18	100
Sua Nam Heng [#]	–	55	25	20	100

[#] Goh Yeu Toh, Cheng Kiang Huat and Sua Nam Heng are Executive Directors of Wee Hur Construction Pte Ltd, a wholly-owned subsidiary of the Company.

^{##} Lim Poh Choo Janet is appointed as the Chief Financial Officer with effect from 18 January 2016.

Goh Yeow Lian, Goh Yew Tee, Goh Yeo Hwa, Goh Yew Gee and Goh Yeu Toh ("Messrs Goh") are brothers. Cheng Kiang Huat and Sua Nam Heng are brothers-in-law of Messrs Goh. Gaw Chu Lan is the sister of Messrs Goh. Sua Chen Shiua is the son of Sua Nam Heng and hence, he is the nephew of Messrs Goh.

Given the highly competitive industry conditions and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company discloses the remuneration of the top six key management executives (who are not directors of the Company) of the Group in bands of S\$250,000 as set out above. For the same reason, the Company does not disclose the aggregate remuneration paid to the top six key management executives (who are not directors of the Company) of the Group.

CORPORATE GOVERNANCE REPORT

Other than those disclosed above, remuneration of immediate family members of Chairman/Directors who received remuneration which exceeded S\$50,000 for the financial year ended 31 December 2016 are as follows:

Remuneration Bands and Name

S\$150,001 to S\$200,000

Goh Wee Ping

S\$100,001 to S\$150,000

Goh Chengyu

Goh Chey Teck

Sua Teng Jah

S\$50,001 to S\$100,000

Cheng Song Seng

Goh Kong Ting

Goh Chey Teck is the brother of Messrs Goh. Goh Wee Ping is the son of Goh Yeow Lian, Goh Chengyu is the son of Goh Yeo Hwa, Sua Teng Jah is the daughter of Sua Nam Heng, Cheng Song Seng is the son of Cheng Kiang Huat, Goh Kong Ting is the daughter of Goh Yew Tee and they are all nephews and niece of Messrs Goh.

The Company has in place the Wee Hur Employee Share Option Scheme and Wee Hur Performance Share Plan which were approved by the shareholders at an Extraordinary General Meeting held on 19 May 2009.

III. ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

The Board, through its announcements of the Group's financial results to shareholders, aims to present a balanced and understandable assessment of the Group's position and prospects.

In preparing the financial statements, the Directors have:

- (i) Selected suitable accounting policies and applied them consistently;
- (ii) Made judgements and estimates that are reasonable and prudent;
- (iii) Ensured that all applicable accounting standards have been followed; and
- (iv) Prepared financial statements on the basis that the Directors have reasonable expectations, having made enquiries that the Group and Company have adequate resources to continue operations for the foreseeable future.

RISK MANAGEMENT AND INTERNAL CONTROLS AND AUDIT COMMITTEE

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

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

The Board, assisted by the Audit Committee ("AC") has oversight of the risk management system in the Group. The practice of risk management is undertaken by the Executive Directors and senior executives under the purview of the AC and the Board. Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

CORPORATE GOVERNANCE REPORT

With the assistance of the external consultant, the Group has established a Risk Governance and Internal Control Framework to monitor, manage and build awareness within the Group of the various risks to which the Group is exposed.

Under the Risk Governance and Internal Control Framework, management of all levels are expected to constantly review the business operations and the environment that the Group operates in to identify risk areas and ensure mitigating measures are promptly developed to address these risks. The Risk Governance and Internal Control Framework outlines the Group's approach to managing enterprise-wide risks and sets out a systematic process for identifying, evaluating, managing and monitoring risks faced by the Group.

The system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Group will not be adversely 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 internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, frauds or other irregularities.

The AC comprises the following Directors:

1. Teo Choon Kow @ William Teo - Chairman
2. Wong Kwan Seng Robert – Member
3. Goh Yew Gee - Member

Teo Choon Kow @ William Teo and Wong Kwan Seng Robert are Independent Directors. Goh Yew Gee is a Non-Executive Director. The role of the AC is to assist the Board in overseeing the adequacy of the overall internal control functions, the internal audit functions within the Group, the relationship of those functions to external audit, the scope of audit by the external auditor as well as their independence. The functions of the AC include the following:

- (i) Review with external auditor the scope and results of the audit, system of internal controls, their management letter and management's response;
- (ii) Review the financial statements including annual budget and any forecast, before submission to the Board for approval;
- (iii) Review the scope and results of the internal audit proceedings of the internal auditor to ensure all possible precautions are taken to ensure no irregularities;
- (iv) Review the interested person transactions in accordance with the Listing Rules of the SGX-ST;
- (v) Review whistle-blowing investigations within the Group and ensuring appropriate follow-up action, if required;
- (vi) Review all non-audit services provided by external auditor so as to ensure that any provision of such services would not affect the independence and objectivity of external auditor; and
- (vii) Consider and recommend the appointment or re-appointment of the external auditor.

In the review of the financial statements of the Group for FY2016, the AC has discussed with management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The AC reviewed, among other matters, the following significant matters identified by RSM Chio Lim LLP ("RSM" or the "External Auditor") for the financial year ended 31 December 2016:

Matters Considered	Action
Construction contracts	The AC accepts RSM audit approach to revenue recognition which derived the percentage of completion based on the total construction contracts. The AC also viewed the external auditor work on the related construction costs which requires significant judgement to measure the total project costs (vs the total budgeted contract costs) including claims from contractors.
Net realisable of development properties held for sale	The AC viewed this carrying amount of development properties of significant important balance sheet item and hence, the management judgement, assumption and estimation towards the value are critically important. The AC opines that the External Auditor work procedures and verification with 3 rd parties are comprehensive.
Carrying amount of investment properties	The AC viewed this item of significant asset which requires detailed audit. The AC is satisfied that the audit procedures carried out together with the use of financial tools to verify the reasonableness of the value of properties.

CORPORATE GOVERNANCE REPORT

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

The AC has met with RSM, the external auditor of the Company without the presence of the management to discuss the results of their examinations and their evaluation of the systems of internal accounting controls. In addition, updates on changes in accounting standards and treatment are prepared by the External Auditor and circulated to members of the AC periodically for information.

The AC has reviewed the nature and extent of non-audit services provided by RSM and the fees paid for its audit services, non-audit services and the aggregate amount of fees paid in respect of the financial year ended 31 December 2016. The AC has reviewed the nature and amount of non-audit fees paid to RSM and is of the view that the independence of the External Auditor has not been compromised.

RSM has been engaged to audit the financial statements of the Company and its Singapore incorporated subsidiaries. The Group has also engaged RSM Australia Pty Ltd as the auditor to audit the financial statements of the Company's foreign-incorporated subsidiaries for the financial year ended 31 December 2016.

The Group does not have any foreign-incorporated associated companies. Accordingly, the Group has complied with the Rules 715 and 717 of the Listing Manual in relation to its auditing firm. Rule 716 of the Listing Manual does not apply to the Group as all its Singapore-incorporated subsidiaries are audited by RSM. The Group has one Singapore-incorporated associated company which is considered to be not significant to the Group for the financial year ended 31 December 2016.

The AC has recommended that PricewaterhouseCoopers LLP ("PWC") be appointed as the Company's External Auditor in respect of the financial year ending 31 December 2017 in place of RSM who are retiring. The Board has accepted the recommendation of the AC. The appointment of PWC and the retirement of RSM will be tabled at the Extraordinary General Meeting to be held on 28 April 2017 after the conclusion of the AGM which is to be held on the same day. The recommendation and rationale for the proposed appointment of PWC as the Company's External Auditor can be found in the circular to shareholders dated 6 April 2017.

The Company has put in place a whistle-blowing policy since 2008. This policy will provide well-defined and accessible channels in the Group through which employees and third parties may raise concerns about improper conduct within the Group.

INTERNAL AUDIT

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

The Company has appointed Nexis TS Risk Advisory Pte Ltd as Internal Auditor for the financial year 2016. The Internal Auditor plans its internal audit schedules in consultation with the management and its plans are submitted to the AC for approval. The AC reviews and approves the internal audit plans and resources and also ensures that Nexis TS Risk Advisory Pte Ltd has the necessary resources to adequately perform its functions.

The AC has met with the Internal Auditor without the presence of the management.

The AC has also reviewed and they believed that the Internal Auditor is independent and has the appropriate standing to perform its functions effectively.

The system of internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, frauds or other irregularities.

Based on the aforesaid and the statutory audit conducted by the External Auditor and the internal audit conducted by the Internal Auditor, the Board, with the concurrence of the AC, is satisfied that the system of internal controls, including financial, operational, compliance and information technology controls and risk management, are adequate and effective to meet the needs of the Group's existing business objectives, having addressed the critical risks area for the financial year ended 31 December 2016. While acknowledging their responsibility for the system of internal controls, the Directors are aware that such a system is designed to manage, rather than eliminate risks, and therefore cannot provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors or misstatements, poor judgement in decision-making, human errors, losses, frauds or other irregularities.

The Executive Chairman and Managing Director and the Chief Financial Officer at the financial year end have provided a letter of assurance (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (b) regarding the effectiveness of the Company's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

IV. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDERS' MEETINGS

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

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

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company does not practice selective disclosure. Price sensitive information is always announced to the SGX-ST through SGXNET after trading hours. Financial results and annual reports are announced or issued to the SGX-ST within the mandatory periods.

Shareholders are encouraged to attend the AGM to ensure a greater level of shareholders' participation and for them to be kept up to date as to the strategies and goals of the Group. All shareholders of the Company receive a copy of the annual report, the notice of AGM and circulars and notices pertaining to any extraordinary general meetings of the Company. To facilitate participation by the shareholders, the Constitution of the Company allows the shareholders to attend and vote at general meetings of the Company by proxies. A shareholder who is not a relevant intermediary may appoint up to two proxies to attend and vote on his/her behalf at the general meetings while a member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the general meetings through proxy form deposited 48 hours before the meeting. Notices of general meetings are also advertised in newspapers and available on the SGX-ST's website.

Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. As authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, facsimile or email. Participation of shareholders is encouraged at the AGM through the open question and answer session. The Directors, management and the External Auditor are available to address any queries or concerns on matters relating to the Group and its operations.

To promote greater transparency and effective participation, the Company has started in 2016 to conduct the voting of all its resolutions by poll at all general meetings. Upon the conclusion of the general meetings, the detailed of the voting results, including the total number of votes cast for or against each resolution tabled, will be announced via SGXNET.

V. OTHER CORPORATE GOVERNANCE MATTERS

DIVIDEND POLICY

While the Company has not formally instituted a dividend policy, it has a good track record of paying annual dividends to shareholders since its listing in 2008. In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, inter alia, the Group's financial position, retained earnings, results of operations and cash flows, the Group's expected working capital requirements, the Group's expected capital expenditure and future expansion and investment plans and other funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

DEALINGS IN SECURITIES

The Company has adopted an internal code which prohibits dealings in the securities of the Company by Directors and officers of the Group while in possession of price-sensitive information. Under this code, the Company, Directors and employees of the Group are not permitted to deal with the securities of the Company during the period beginning two weeks and one month before the announcement of the quarterly and annual results respectively, and ending on the date of the announcement. In addition, Directors and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Directors and employees are also discouraged from dealing in the Company's securities on short-term consideration.

CORPORATE GOVERNANCE REPORT

DISCLOSURE OF MATERIAL CONTRACTS

Except as disclosed under Interested Person Transactions, there is no material contract entered into by the Company or any of its subsidiaries involving the interests of any Directors during the change year.

INTERESTED PERSON TRANSACTIONS

The Company has set out procedures governing all interested person transactions to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

Disclosure according to the Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the financial year 2016 is stated in the following table:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Name of interested person	S\$'000	S\$'000
Multi-Zones Marketing Pte Ltd ⁽¹⁾	191 ⁽²⁾	NIL

Notes:

⁽¹⁾ Multi-Zones Marketing Pte Ltd ("Multi-Zones") is a private limited company incorporated in Singapore and its board of directors includes Goh Yeow Lian, Goh Yew Tee, Goh Yeo Hwa and Goh Yew Gee (collectively, "Messrs Goh"). Messrs Goh together with their immediate family members hold 80% of the issued and paid up share capital of Multi-Zones.

⁽²⁾ This amount comprises rental in the sum of S\$190,000 in respect of the lease entered into between Wee Hur Construction Pte Ltd, a wholly-owned subsidiary of the Company and Multi-Zones for a period of 36 months.

The Company does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST.

USE OF PROCEEDS

During the year under review, there has been no fund-raising exercises by way of additional issues of securities of the Company. The use of proceeds raised from the initial public offer and all previous additional listing of shares of the Company is in accordance with the stated use of proceeds and the percentage allocated as previously announced by the Company.



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STATEMENT BY DIRECTORS

The Directors are pleased to present the accompanying financial statements of Wee Hur Holdings Ltd. (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2016.

1. Opinion of the Directors

In the opinion of the Directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the financial year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors in office at date of statement

The Directors of the Company in office at the date of this statement are:

Executive Chairman and Managing Director

Goh Yeow Lian

Executive Directors

Goh Yew Tee

Goh Yeo Hwa

Non-Executive Director

Goh Yew Gee

Independent Directors

Teo Choon Kow @ William Teo

Wong Kwan Seng Robert

3. Directors' interests in shares and debentures

The Directors of the Company holding office at the end of the financial year were not interested in shares or debentures of the Company or other related body corporate as recorded in the Register of Directors' Shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 (the "Act"), except as follows:

Name of Directors and Company in which interests are held	Direct interest		Deemed interest	
	At beginning of the financial year	At end of the financial year	At beginning of the financial year	At end of the financial year
Wee Hur Holdings Ltd. (the Company)	Number of shares of no par value			
Goh Yeow Lian	3,844,000	12,815,600	399,694,872	399,694,872
Goh Yew Tee	10,159,416	11,159,416	5,550,000	5,550,000
Goh Yeo Hwa	1,010,000	3,924,200	36,799,257	36,799,257
Goh Yew Gee	6,490,120	6,490,120	10,000,000	10,000,000
Wong Kwan Seng Robert	225,000	225,000	–	–

Goh Yeow Lian is deemed to have an interest in all the related corporations of the Company.

The Directors' interests as at 21 January 2017 were the same as those at the end of the financial year.

STATEMENT BY DIRECTORS

4. Arrangements to enable directors to acquire benefits by means of acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

5. Options

Wee Hur Employee Share Option Scheme

The Wee Hur Employee Share Option Scheme ("Wee Hur ESOS") was approved and adopted by the shareholders of the Company at an Extraordinary General Meeting held on 19 May 2009.

The Wee Hur ESOS is administered by the following Directors (the "Committee"):

Goh Yeow Lian (Chairman)
Teo Choon Kow @ William Teo
Wong Kwan Seng Robert
Goh Yew Gee
Goh Yew Tee
Goh Yeo Hwa

A summary of the Wee Hur ESOS is as follows:

(a) Background and rationale for the Wee Hur ESOS

The Wee Hur ESOS is open to a wide category of participants including Executive and Non-Executive Directors of the Company and employees. It is intended to help the Group attract, recruits and retains the services of talented senior management and employees who would be able to contribute to the Group's businesses and operations. Additionally, the Wee Hur ESOS will provide an opportunity for employees who have contributed significantly to the growth and performance of the Group, as well as Directors (including Executive and Non-Executive Directors) who satisfy the eligibility criteria to participate in the equity of the Company.

(b) Eligibility

Group's employees including Executive Directors and Non-Executive Directors who have attained the age of 21 years will be eligible to participate in the Wee Hur ESOS at the absolute discretion of the Committee. Each Non-Executive Director is not entitled to more than 3% of the shares available under the Wee Hur ESOS.

The Company may acquire associates in the future and accordingly, the Company has provided for the Wee Hur ESOS to be extended to Directors and key employees of its future associates (if any).

(c) Size of the Wee Hur ESOS

The aggregate number of shares in respect of which options may be granted on any date under the Wee Hur ESOS, when added to (i) the number of shares issued and issuable in respect of all options granted thereunder; and (ii) all shares issued and issuable pursuant to the Wee Hur PSP (See "Performance Share Plan" below), shall not exceed 15% of the number of issued shares of the Company (excluding treasury shares, if any) on the day immediately preceding the relevant date of grant.

Subject to the provisions on variation of the share capital, the total number of shares in respect of options that may be offered to a participant in accordance with the Wee Hur ESOS shall be determined at the absolute discretion of the Committee. The Company does not specify a sub-limit for the Wee Hur ESOS so as to provide for flexibility in the option structure.

STATEMENT BY DIRECTORS

5. Options (cont'd)

Wee Hur Employee Share Option Scheme (cont'd)

(d) Exercise price

Under the Wee Hur ESOS, the exercise price of options granted will be determined by the Committee with reference to the average of the last dealt price(s) for a share, as determined by reference to the official list or any other publication by the Singapore Exchange Securities Trading Limited ("SGX-ST"), for the last five consecutive market days immediately preceding the offering date of that option ("Market Price"). Options may be granted with or without a discounted exercise price. In the event that options are granted at a discount, the discount shall not exceed 20% of the Market Price and is subject to the approval of shareholders in a general meeting.

(e) Exercise of options

Options granted with the exercise price set at the Market Price shall only be exercisable by a participant after the first anniversary from the date of grant. Options granted with the exercise price set at a discount to the Market Price shall only be exercisable by a participant after the second anniversary from the date of grant. An option may be exercised in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof) and in accordance with a vesting schedule and the conditions (if any) to be determined by the Committee on the date of grant of the respective options.

All options granted to Group's employees, pursuant to the Wee Hur ESOS, shall be exercised before the tenth anniversary of the relevant date of grant or such earlier date as may be determined by the Committee while those granted to the Non-Executive Directors shall be exercised before the fifth anniversary of the relevant date of grant or such earlier date as may be determined by the Committee. Any unexercised options shall immediately lapse and become null and void after the relevant exercise period and a participant shall have no claim against the Company.

(f) Operation of the Wee Hur ESOS

Subject to the prevailing legislation and the rules of the Listing Manual of SGX-ST, the Company will have the flexibility to deliver shares to participants upon exercise of options by way of:

- (i) an issue of new shares; and/or
- (ii) the transfer of treasury shares

(g) Duration of the Wee Hur ESOS

The Wee Hur ESOS shall continue to be in operation at the discretion of the Committee, subject to a maximum duration of 10 years commencing from its adoption by shareholders at the Extraordinary General Meeting, provided always that the Wee Hur ESOS may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

The Wee Hur ESOS may be terminated at any time by the Committee or by resolution of the Company in a general meeting subject to all relevant approvals which may be required, and if the Wee Hur ESOS is so terminated, no further options shall be offered by the Company hereunder.

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

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

STATEMENT BY DIRECTORS

6. Performance share plan

Wee Hur Performance Share Plan

The Wee Hur Performance Share Plan ("Wee Hur PSP") was approved and adopted by the shareholders of the Company at an Extraordinary General Meeting held on 19 May 2009.

The Wee Hur PSP is administered by the same Committee mentioned above.

A summary of the Wee Hur PSP is as follows:

(a) Background and rationale for the Wee Hur PSP

The Wee Hur PSP is intend to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate key management employees. The Wee Hur PSP will be targeted at executives in key positions who are able to drive the growth of the Group through innovation, creativity and superior performance. Unlike the Wee Hur ESOS, the Wee Hur PSP contemplates the award of fully paid shares ("Award(s)") to participants deemed deserving by the Committee. Awards under the Wee Hur PSP may be time-based or performance-related, and in each instance, shall vest only:

- (i) where the Award is time-based, after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years (such Awards being "time-based Awards"); or
- (ii) where the Award is performance-related, after the participant achieves a pre-determined performance target (such Awards being "performance-related Awards").

A time-based Award may be granted, for example, as a supplement to the cash component of the remuneration packages of executives in key position whom the Company seeks to attract and recruit. A performance-related Award may be granted, for example, with a performance condition based on the successful completion of a project or the successful achievement of certain quantifiable performance conditions, such as sales growth or productivity enhancement.

(b) Eligibility

Group's employees (including Executive Directors of the Company) who hold such rank as may be designated by the Committee from time to time, and have attained the age of 21 years, will be eligible to participate in the Wee Hur PSP.

Non-Executive Directors of the Group or associates (if any) will also be eligible to participate in the Wee Hur PSP.

(c) Size of the Wee Hur PSP

The aggregate number of shares which may be granted on any date under the Wee Hur PSP, when added to the number of shares issued and issuable in respect of (i) all Awards granted thereunder; and (ii) all options granted pursuant to the Wee Hur ESOS, shall not exceed 15% of the number of issued shares of the Company (excluding treasury shares) on the day immediately preceding the relevant date of grant (or such other limit as the SGX-ST may determine from time to time).

Subject to the provisions on variation of the share capital, the total number of shares which may be offered to a participant pursuant to the Wee Hur PSP shall be determined at the absolute discretion of the Committee.

STATEMENT BY DIRECTORS

6. Performance share plan (cont'd)

Wee Hur Performance Share Plan (cont'd)

(d) Types of Awards

Awards granted under the Wee Hur PSP will entitle participants to be allotted fully paid shares upon satisfactory completion of time-based service conditions or pre-determined performance targets, as the case may be.

The vesting period for each Award shall be determined on a case-to-case basis and will be stated in the Award letter to be given by the Committee to the participant confirming the Award. The Committee may also make an Award at any time where in its opinion a participant's performance and/or contribution justifies such Award.

(e) Details of Awards

The Committee shall decide, in relation to each Award to be granted to a participant under the Wee Hur PSP:

- (i) the date on which the Award is to be granted;
- (ii) the number of shares which are the subject of the Award;
- (iii) in the case of a performance-related Award, the performance period(s) during which the performance condition(s) are to be satisfied and the performance condition(s);
- (iv) the prescribed vesting period(s) which would generally be a period of up to one year following such time when the prescribed service condition(s) and/or performance condition(s) are met; and
- (v) the schedule setting out the extent to which shares will be released on satisfaction of the performance target(s) (if any).

Awards may be granted at any time the Wee Hur PSP is in force. As soon as reasonably practicable after making an Award under the Wee Hur PSP, the Committee shall send to each participant an Award letter confirming the Award and specifying, inter alia, the matters as stated above.

(f) Operation of the Wee Hur PSP

Subject to the prevailing legislation and the rules of the Listing Manual of SGX-ST, the Company will have the flexibility to deliver shares and/or cash payment to participants upon vesting of their Awards by way of:

- (i) an issue of new shares; and/or
- (ii) the transfer of treasury shares; and/or
- (iii) payment of the Equivalent Value in Cash (after deduction of any applicable taxes).

The "Equivalent Value in Cash" to be paid to a participant in lieu of the shares to be issued or transferred upon the release of an Award, shall be calculated in accordance with the following formula:

$$A = B \times C$$

Where:

A is the Equivalent Value in Cash to be paid to the participant in lieu of all or some of the shares to be issued or transferred upon the release of an Award;

B is equal to the average closing prices of shares on SGX-ST on each of the five consecutive market days on which transactions in shares were recorded immediately preceding the date on which an Award is released in accordance with the Rules of the Wee Hur PSP; and

C is such number of shares (as determined by the Committee in its sole and absolute discretion) to be issued or transferred to a participant upon the release of an Award in accordance with the Rules of the Wee Hur PSP.

STATEMENT BY DIRECTORS

6. Performance share plan (cont'd)

Wee Hur Performance Share Plan (cont'd)

(g) Duration of the Wee Hur PSP

The Wee Hur PSP shall continue to be in operation at the discretion of the Committee, subject to a maximum duration of 10 years commencing from its adoption by shareholders at the Extraordinary General Meeting, provided always that the Wee Hur PSP may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Wee Hur PSP may be terminated at any time by the Committee or by resolution of the Company in general meeting subject to all relevant approvals which may be required, and if the Wee Hur PSP is so terminated, no further Awards shall be offered by the Company hereunder.

During the financial year, no Awards have been granted to eligible participants.

7. Independent auditor

RSM Chio Lim LLP will not be seeking re-election.

8. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Teo Choon Kow @ William Teo (Chairman of audit committee)
Wong Kwan Seng Robert (Independent Director)
Goh Yew Gee (Non-Executive Director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the management to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- Reviewed the financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the Annual Report of the Company. It also includes an explanation of how independent auditor's objectivity and independence are safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the Board of Directors that the independent auditor, PricewaterhouseCoopers LLP, be nominated for appointment as independent auditor at the next Extraordinary General Meeting of the Company.

STATEMENT BY DIRECTORS

9. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by the management, other committee of the Board and the Board, the audit committee and the Board are of the opinion that Group's internal controls, addressing financial, operational and compliance risks, are adequate as at end of the financial year 31 December 2016.

10. Subsequent developments

There are no significant developments subsequent to the release of the Group's and Company's preliminary financial statements, as announced on 24 February 2017, which would materially affect the Group's and Company's operating and financial performance as of the date of this report.

On behalf of the Board of Directors

Goh Yeow Lian
Director

Goh Yew Tee
Director

23 March 2017

INDEPENDENT AUDITOR'S REPORT

to the Members of Wee Hur Holdings Ltd.

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Wee Hur Holdings Ltd. (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 December 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) 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 judgment, 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.

1. Construction contracts

Please refer to Note 2 on accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; Note 4 on revenue and the annual report on the section on the audit committee's views and responses to the reported key audit matters.

Revenue recognition from construction contracts based on the percentage of completion method, is a key revenue stream of the Group. The stage of completion is measured by reference to the total costs incurred to date as compared to the total budgeted costs as approved by management. Significant judgements are required to estimate the total budgeted contract costs which include estimation for variation works and any other claims from contractors. Any changes to the total budgeted contract costs will impact the percentage of completion, resulting in an impact to the revenue and the cost of sale recognised.

We performed extended audit procedures on individually significant projects, including discussions with project managers, and evaluated management's assumptions and estimates in the determination of amongst others the percentage of completion of a project, estimates of cost to complete, and provisions for claims and variation orders. Where relevant, we agreed to third party contracts for work contracted or to supporting documents. We also recalculated the stage of completion based on the total costs incurred to date compared to the total budgeted costs and preformed computations of the percentage of completion and revenue to be recognised for the year.

INDEPENDENT AUDITOR'S REPORT

to the Members of Wee Hur Holdings Ltd.

Key audit matters (cont'd)

2. Net realisable value of development properties held for sale

Please refer to Note 2 on accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; Note 19 on development properties and the annual report on the section on the audit committee's views and responses to the reported key audit matters.

The Group has significant properties under development located in Singapore and Australia.

These development properties are stated at the lower of their cost and their net realisable values. The determination of the estimated net realisable values of these development properties is critically dependent upon the Group's expectations of future selling prices.

Weak demand and the consequential oversupply of properties for sales arising from a challenging economic environment might exert downward pressure on transaction volumes and properties prices. There is therefore a risk that the estimates of the cost of construction may exceed future selling prices, resulting in losses when properties are sold.

We focused our work on development projects with slower than expected sales. We considered the Group's forecasted selling prices by comparing the forecasted selling price to, where available, recently transacted prices of comparable properties located in the same vicinity as the development project. We also considered estimated cost necessary to make the sale. In addition, we evaluated the estimated cost to complete by comparing the cost incurred to date to management budgets and, where the works were contracted to third parties, agreed to the contracts. We have also tested significant items of the cost components to source documents to ascertain the existence and accuracy of these cost components.

3. Carrying amount of investment properties

Please refer to Note 2 on accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; Note 15 on investment properties and the annual report on the section on the audit committee's views and responses to the reported key audit matters.

The Group owns significant investment properties including investment properties under construction located in Singapore and Australia.

The investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses. The fair value (level 3) is disclosed by way of a note. The measurement of fair value involves significant judgement in estimating the underlying assumptions to be applied. The fair value amount are sensitive to key assumptions applied in deriving future cash flows, the capitalisation rates, discount rates and terminal yield rates; where a change in the assumptions can have a significant impact to the recoverable amount of the investment properties.

We and the component auditor tested the integrity of inputs of the projected cash flows to supporting leases and other documents. We evaluated the appropriateness of the discount, capitalisation and terminal yield rates by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where necessary, we also engaged our in-house valuation specialists to independently review the methodology adopted and computation, as well as develop expectations for the discount rate used in the impairment assessment.

For the investment properties under construction, we also evaluated the Group's estimated cost of construction and where relevant, agreed to third party contracts for work contracted or to supportable documents.

We have also assessed the adequacy of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of Wee Hur Holdings Ltd.

Other information

Management is responsible for the other information. The other information comprises the information included in the Statement by Directors and the annual report but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of management and Directors for the financial statements

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

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

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

Auditor's 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 auditor's 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:

- (a) 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 control.
- (b) Obtain an understanding of internal control 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 control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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 auditor's 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 auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- (e) 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.
- (f) 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.

INDEPENDENT AUDITOR'S REPORT

to the Members of Wee Hur Holdings Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

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 auditor's report unless law or regulation precludes 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 auditor's report is Goh Swee Hong.

RSM Chio Lim LLP

Public Accountants and
Chartered Accountants
Singapore

23 March 2017

Engagement partner – effective from year ended 31 December 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2016

		Group	
	Note	2016 \$'000	2015 \$'000
Revenue	4	164,251	412,838
Cost of work done		(128,161)	(308,264)
Gross profit		36,090	104,574
Interest income		1,780	1,758
Rental income		176	183
Dividend income	5	333	255
Other gains	8	6,245	1,319
Administrative expenses	6	(16,538)	(21,466)
Marketing and distribution costs	7	(1,920)	(1,212)
Other losses	8	(1,042)	(3,406)
Finance costs	9	(1,618)	(1,702)
Profit before income tax		23,506	80,303
Income tax expense	11	(6,107)	(14,765)
Profit for the year		17,399	65,538
Profit attributable to owners of the parent, net of tax		17,267	47,020
Profit attributable to non-controlling interests, net of tax		132	18,518
Profit, net of tax		17,399	65,538
Earnings per share		Cents	Cents
Earnings per share currency unit			
Basic	13	1.88	5.12
Diluted	13	1.88	5.12
Profit for the year		17,399	65,538
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	26	1,278	897
Other comprehensive income for the year, net of tax		1,278	897
Total comprehensive income for the year		18,677	66,435
Total comprehensive income attributable to owners of the parent, net of tax		18,545	47,917
Total comprehensive income attributable to non-controlling interests, net of tax		132	18,518
Total comprehensive income for the year		18,677	66,435

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

		Group		Company	
	Note	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	14	8,370	11,006	–	–
Investment properties	15	164,918	73,526	–	–
Investment in subsidiaries	16	–	–	67,821	43,861
Investment in associate	17	2,995	–	–	–
Deferred tax assets	11C	5,868	45	143	128
Other receivables, non-current	18A	25,532	–	151,608	77,199
Total non-current assets		207,683	84,577	219,572	121,188
<u>Current assets</u>					
Development properties, current	19	217,345	373,807	–	–
Other assets, current	20	4,170	25,564	39	37
Trade and other receivables, current	18B	75,382	40,489	23,220	26,020
Other financial assets, current	21	48,704	19,050	48,704	19,050
Cash and cash equivalents	22	150,874	158,176	80,002	39,684
Total current assets		496,475	617,086	151,965	84,791
Total assets		704,158	701,663	371,537	205,979
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	24	125,733	125,733	125,733	125,733
Foreign currency translation reserve	26	2,175	897	–	–
Retained earnings		212,675	205,023	156,824	61,200
Equity attributable to owners of the parent		340,583	331,653	282,557	186,933
Non-controlling interests		1,662	41,489	–	–
Total equity		342,245	373,142	282,557	186,933
<u>Non-current liabilities</u>					
Deferred tax liabilities	11C	–	18,078	–	–
Provisions, non-current	27	2,500	2,500	–	–
Other financial liabilities, non-current	28	33,917	84,230	–	–
Other payables, non-current	29A	27,195	24,855	22,515	–
Total non-current liabilities		63,612	129,663	22,515	–
<u>Current liabilities</u>					
Income tax payable		33,685	5,047	52	200
Trade and other payables, current	29B	95,144	155,325	65,755	13,758
Other financial liabilities, current	28	101,594	19,288	658	5,088
Other liabilities, current	30	40,490	10,901	–	–
Progress billings, current	19B	27,388	8,297	–	–
Total current liabilities		298,301	198,858	66,465	19,046
Total liabilities		361,913	328,521	88,980	19,046
Total equity and liabilities		704,158	701,663	371,537	205,979

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2016

	Total Equity	Attributable to Parent Sub-Total	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Non- Controlling Interests
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Current year:						
Opening balance at 1 January 2016	373,142	331,653	125,733	205,023	897	41,489
Movements in equity:						
Total comprehensive income for the year	18,677	18,545	–	17,267	1,278	132
Dividends paid (Note 12)	(9,652)	(9,652)	–	(9,652)	–	–
Dividends paid by subsidiaries	(39,970)	–	–	–	–	(39,970)
Fair value adjustment on interest free loans from non-controlling interests (Note 29A)	48	–	–	–	–	48
Return of capital to non-controlling interest	–	37	–	37	–	(37)
Closing balance at 31 December 2016	342,245	340,583	125,733	212,675	2,175	1,662

	Total Equity	Attributable to Parent Sub-Total	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Fair Value Reserve	Non- Controlling Interests
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Previous year:							
Opening balance at 1 January 2015	339,107	309,674	125,733	183,282	–	659	29,433
Movements in equity:							
Total comprehensive income for the year	66,435	47,917	–	47,020	897	–	18,518
Dividends paid (Note 12)	(25,279)	(25,279)	–	(25,279)	–	–	–
Dividends paid by subsidiaries	(8,800)	–	–	–	–	–	(8,800)
Fair value adjustment on interest free loans from non-controlling interests (Note 29A)	2,015	(659)	–	–	–	(659)	2,674
Return of capital to non-controlling interests	(336)	–	–	–	–	–	(336)
Closing balance at 31 December 2015	373,142	331,653	125,733	205,023	897	–	41,489

	Total Equity	Share Capital	Retained Earnings
	\$'000	\$'000	\$'000

Company

Current year:

Opening balance at 1 January 2016	186,933	125,733	61,200
Movements in equity:			
Total comprehensive income for the year	105,276	–	105,276
Dividends paid (Note 12)	(9,652)	–	(9,652)
Closing balance at 31 December 2016	282,557	125,733	156,824

Previous year:

Opening balance at 1 January 2015	179,865	125,733	54,132
Movements in equity:			
Total comprehensive income for the year	32,347	–	32,347
Dividends paid (Note 12)	(25,279)	–	(25,279)
Closing balance at 31 December 2015	186,933	125,733	61,200

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2016

	Group	
	2016	2015
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	23,506	80,303
Adjustments for:		
Interest income	(1,780)	(1,758)
Interest expenses	1,618	1,702
Dividend income	(333)	(255)
Depreciation of plant and equipment	3,133	4,977
Depreciation of investment properties	14,084	13,939
Plant and equipment written off	–	311
(Gain) loss on disposal of plant and equipment	(2)	20
Loss on disposal of other financial assets	469	80
(Gain) loss on other financial assets at fair value through profit or loss	(4)	478
Foreign exchange adjustment unrealised loss	792	6
Operating cash flows before changes in working capital	41,483	99,803
Trade and other receivables, current and non-current	(35,113)	66,205
Other assets, current	21,375	(14,800)
Development properties	158,674	(109,790)
Progress billings	19,090	8,298
Trade and other payables, current and non-current	(38,663)	348
Other liabilities, current	29,568	(31,686)
Net cash flows from operations	196,414	18,378
Income taxes paid	(1,359)	(29,537)
Net cash flows from (used in) operating activities	195,055	(11,159)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	4	5
Purchase of property, plant and equipment	(506)	(831)
Purchase of investment properties	(103,301)	(15,895)
Proceeds from disposal of other financial assets	9,416	5,296
Purchase of other financial assets	(39,638)	(9,872)
Net movement in amounts due from associate	(27,221)	–
Investment in associate	(1,200)	–
Interest received	1,740	1,671
Dividends received	333	255
Net cash flows used in investing activities	(160,373)	(19,371)
Cash flows from financing activities		
Return of capital to non-controlling interests	–	(336)
Dividends paid	(49,622)	(34,079)
Interest paid	(2,515)	(3,009)
Cash restricted in use	–	(700)
Proceeds from bank loans	55,899	9,741
Repayment of bank loans	(24,475)	(48,000)
Related parties loan	(21,394)	3,600
Net cash flows used in financing activities	(42,107)	(72,783)
Net decrease in cash and cash equivalents	(7,425)	(103,313)
Effect of exchange rate changes on cash and cash equivalents	123	897
Cash and cash equivalents, consolidated statement of cash flows, at 1 January	157,476	259,892
Cash and cash equivalents, consolidated statement of cash flows, at 31 December	150,174	157,476

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollar and they cover the Company (referred to as “parent”) and the subsidiaries.

The Board of Directors approved and authorised these financial statements for issue on the date of the Statement by Directors.

The Company is an investment holding company. It is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office is 39 Kim Keat Road, Wee Hur Building, Singapore 328814. The Company is situated in Singapore.

The subsidiaries held by the Company and the Group are listed in Note 16 below. The principal activities of the subsidiaries are described therein.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore (“FRSs”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be provided if the information is resulting from that disclosure is not material. Other comprehensive income comprises items of income and expenses (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the financial year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of preparation

The consolidated financial statements include the financial statements made up to the end of the financial year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the Group’s ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group’s and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The Company’s separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company’s separate statement of profit or loss and other comprehensive income is not presented.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the financial year arising from the course of the estimated returns and rebates. Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts (see below). Revenue from development properties is recognised in accordance with the accounting policy on residential, commercial and industrial development properties (see below).

Revenue from residential development properties

INT FRS 115 (Agreement for the Construction of Real Estate) clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts can only be accounted for using the percentage of completion method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work-in-progress in its current state as construction progresses.

Revenue and cost on the sale of residential development properties that meets the conditions stated under INT FRS 115 are recognised using the stage of completion method. The amount brought into the financial statements is the profits attributable to each sale contracts signed but only to the extent that it relates to the stage of completion as certified by the independent architects or quantity surveyors for the individual units sold. When losses are expected, full provision is made in the financial statements after adequate consideration has been made for estimated costs to completion. Development is considered complete upon the issue of Temporary Occupation Permit ("TOP").

Construction contracts – revenue and results

When the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with the contract are recognised in profit or loss by reference to the stage of completion of the contract activity at the end of the financial year using the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs method except where this would not be representative of the stage of completion. Contract costs consist of costs that relate directly to the specific project, costs that are attributable to contract activity in general and can be allocated to the project and such other costs as are specifically chargeable to the customer under the terms of the contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. The stage of completion method relies on estimates of total expected contract revenue and costs, as well as dependable measurement of the progress made towards completing a particular project. Recognised revenue and profits are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The construction contracts in progress have operating cycles longer than one year. The management includes in current assets amounts relating to the contracts realisable over a period in excess of one year.

Revenue from commercial and industrial development properties

Revenue and cost on the sale of commercial and industrial development properties are recognised using the completed contract method.

Interest income

Interest income is recognised using effective interest rate method.

Rental income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease terms.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Dividend income

Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income. The interest saved from government loans is regarded as additional government grant.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At the end of each financial year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the financial year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable, deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the financial year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the financial year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the management in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the financial year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income; and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each financial year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold property	Over the terms of the relevant lease at 7.69%
Container office and furniture	20% and 100%
Renovation and air-conditioners	20%
Equipment and machinery	20% and 100%
Motor vehicles	10%
Computers	100%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at the end of each financial year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charges for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Investment properties

Investment properties are properties (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes investment properties in the course of construction. After initial recognition at cost including transaction costs, the cost model is used to measure the investment properties using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. Investment properties that meet the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes, the fair values are measured periodically on a systematic basis at least once yearly by management. The annual rate of depreciation is 16.67% over the terms of the lease.

Until construction or development is complete, properties are classified as investment properties if the units are to be held for investments. It is not classified as investment properties if they are acquired exclusively with a view to subsequent disposal in the near future or for development and resale or held for future development and subsequent use as owner-occupied properties.

Investment properties under development are not depreciated.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each financial year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the financial years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However, the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the Company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

Business combinations are accounted for by applying the acquisition method of accounting. There were no acquisitions during the financial year.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at the end of each financial year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At the end of each financial year, non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. 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 measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically, trade and other receivables are classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

3. Held-to-maturity financial assets: As at end of the financial year, there were no financial assets classified in this category.
4. Available-for-sale financial assets: As at end of the financial year, there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Other financial assets and financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the statement of cash flows.

Derivatives

All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

Embedded derivatives are separated from the host contract and accounted for as a derivative if, and only if the criteria set out in FRS 39 are met. Embedded derivatives accounted for separately are measured at fair value. Changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expired. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category, fall into this residual category.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the financial year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the financial year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Development properties

Development properties are classified into (a) development properties completed and held for sale; (b) development properties held for sale in the process of development; and (c) development properties in the process of development accounted under the stage of completion method.

For (a) development properties held for sale revenue is normally recognised when risks and rewards of ownership have been transferred which is usually taken to be when legal title passes to the buyer or when the equitable interest in a property vest in the buyer before legal title passes and provided that the reporting entity has no further substantial acts to complete under the contract. These are measured at the lower of cost (specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

For (b) development properties held for sale in the process of development revenue is recognised and is regarded as earned from the sale of goods within the scope of FRS 18 and is accounted in the same manner as development properties held for sale. These are with or without an agreement for the construction of real estate in which buyers have only limited ability to influence the design of the real estate. Project costs consist of costs that relate directly to the specific project, costs that are attributable to project activity in general and can be allocated to the project and such other costs as are specifically chargeable to the project. These are measured at the lower of cost (specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

For (c) development properties in the process of development accounted under the stage of completion method the reporting entity transfers continuously as construction progresses to the buyer the control and the significant risks and rewards of ownership of the work in progress in its current state. In this case revenue is recognised by reference to the stage of completion using the stage of completion method for the construction contract. See the accounting policy on stage of completion method for construction contracts – revenues and results.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the Directors.

Treasury shares

Where the entity re-acquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, re-issued or disposed off. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the financial year they occur.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next financial year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Construction contracts:

On construction contracts, revenue are recorded on the stage of completion basis. The stage of completion is determined by dividing the cumulative costs incurred as at end of the financial period by the sum of incurred costs and anticipated costs for completing a contract. The stage of completion is then applied to the contract value to determine the cumulative revenue earned. This method of revenue recognition requires management to prepare cost estimates to complete contracts in progress, and in making such estimates, judgements are required to evaluate contingencies such as potential variances in scheduling, cost of materials, labour costs and productivity, the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. Estimated revenue on contracts include future revenue from claims when such additional revenue can be reliably established. These estimates are based on management's business practices as well as its historical experience, and management regularly reviews underlying estimates of project profitability. Revenue from contracts is recognised on the stage of completion method if the outcome of the contract can be estimated reliably. Recognised revenue and profits are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. Current sales and profit estimates for projects may materially change due to the early stage of a long-term project, new technology, changes in the project scope, changes in costs, changes in timing, changes in customers' plans, realisation of penalties, and other corresponding factor.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Net realisable value of development properties held for sale:

A review is made on development properties held for sale for declines in net realisable value below cost and an impairment is recorded against the development properties balance for any such declines. The review requires management to consider the future demand for the development properties. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the financial year and inherently involves estimates regarding the future expected realisable value. Estimating the net realisable value requires management to make an estimate of the expected selling price of the unsold development properties based on recent transactions or open market-based measurements of the unsold units. The related amounts are disclosed in the note on development properties.

For development properties in the process of development accounted under the stage of completion method, the method relies on estimates of total expected contract revenue and costs, as well as dependable measurement of the progress made towards completing a particular project. Recognised revenue and profits are subject to revisions during the contract in the event that the assumptions regarding the overall contract outcome are revised. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. The related amounts are disclosed in the note on development properties.

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible, impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the financial year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the financial year. The carrying amount is disclosed in the note on trade and other receivables.

Income tax amounts:

The entity recognises tax liabilities and assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically re-assessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature, assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the note on income tax.

Property, plant and equipment and investment properties:

An assessment is made at the end of the financial year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units, if applicable, is measured based on the fair value less cost of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the class of assets at the end of the financial year affected by the assumption are property, plant and equipment of \$8,370,000 (2015: \$11,006,000) and investment properties of \$164,918,000 (2015: \$73,526,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions.

The depreciation charge is increased where useful lives are less than previously estimated useful lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the class of assets at the end of the financial year affected by the assumption is approximately \$3,880,000 (2015: \$6,012,000).

3. Related party relationships

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Goh Yeow Lian, a Director.

3A. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and any financial guarantees are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Group	
	Other related parties	
	2016	2015
	\$'000	\$'000
Dormitory management fee expenses ^{#a}	10,397	7,106
Rental income ^{#a & #b}	(1,030)	(3,600)
Revenue – sale of development properties ^{#b}	–	(1,306)

#a. The other related party, TS Management Services Pte. Ltd., and a subsidiary have common directors who have significant influence and common shareholders.

#b. The other related party, Multi-Zones Marketing Pte Ltd, and a subsidiary have common directors who have significant influence and common shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

3. Related party relationships and transactions (cont'd)

3B. Key management compensation

Key management personnel include the Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly and their remuneration are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Salaries and other short-term employee benefits	5,883	9,767
Employer's contributions to defined contribution plan	158	132
	6,041	9,899

The above amounts are included under employee benefits expenses. Included in the above amounts are the following items:

	Company	
	2016	2015
	\$'000	\$'000
Remuneration of Directors of the Company	3,539	7,429
Fees to Directors of the Company	180	330
	3,719	7,759

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

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Compensations paid to close family members of Directors:

	Group	
	2016	2015
	\$'000	\$'000
Salaries and other short-term employee benefits	1,119	1,030
Employer's contributions to defined contribution plan	125	108
	1,244	1,138

3C. Other receivables from and other payables to related parties

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other payables to related parties are as follows:

	Group	
	Other related parties	
	2016	2015
	\$'000	\$'000
Balance at 1 January	48,658	46,141
Loans	1,705	3,600
Amount paid in and settlement of liabilities on behalf of the Group	(23,421)	–
Unwinding of imputed interests (Note 29A)	683	640
Fair value adjustment on interest free loans (Note 29A)	(48)	(2,015)
Amounts paid out and settlement of liabilities on behalf of other related parties	–	292
Balance at 31 December	27,577	48,658

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

4. Revenue

	Group	
	2016	2015
	\$'000	\$'000
Amount recognised from construction contracts	107,785	132,745
Sale of development properties (recognised on completed contract method)	–	6,091
Sale of development properties (recognised on stage of completion method)	7,778	244,354
Rental of dormitories (Note 15)	42,399	29,641
Rental from investment properties (Note 15)	6,289	7
	164,251	412,838

5. Dividend income

	Group	
	2016	2015
	\$'000	\$'000
Dividend income from quoted corporations	333	255

6. Administrative expenses

	Group	
	2016	2015
	\$'000	\$'000
Depreciation of property, plant and equipment (Note 14)	2,475	3,263
Employee benefits expenses (Note 10)	9,876	14,187
Legal and other professional fee	1,134	901
Lease expenses	1,261	2,000
Office expenses	1,792	1,115
Total	16,538	21,466

7. Marketing and distribution costs

	Group	
	2016	2015
	\$'000	\$'000
Advertisements	70	33
Commission expenses	701	360
Entertainment	66	69
Marketing expenses	886	558
Travelling expenses	144	143
Others	53	49
Total	1,920	1,212

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

8. Other gains and (other losses)

	Group	
	2016	2015
	\$'000	\$'000
Reversal of allowance for impairment on trade receivables (Note 18B)	–	7
Disposal of scrap material	33	51
Gain/(loss) on disposal of plant and equipment	2	(20)
Plant and equipment written off, net	–	(311)
Gain/(loss) on other financial assets at fair value through profit or loss, net (Note 21)	4	(478)
Loss on disposal of other financial assets	(469)	(80)
Foreign exchange adjustments gains/(losses)	3,681	(2,429)
Forward contracts losses: transactions not qualify as hedges	(570)	(88)
Government grants	814	154
Service income from dormitories	653	226
Register fees from dormitories	287	560
Fees collected from commercial property tenants	476	–
Allowance for foreseeable losses in development property	(3)	–
Other income	295	321
Total	5,203	(2,087)
Presented in profit or loss as:		
Other gains	6,245	1,319
Other losses	(1,042)	(3,406)
Net	5,203	(2,087)

9. Finance costs

	Group	
	2016	2015
	\$'000	\$'000
Bank interest expenses	3,200	3,585
Less: amounts capitalised in investment properties and development properties (Note 15 and 19)	(1,582)	(1,883)
Total interest expenses	1,618	1,702

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

10. Employee benefits expenses

	Group	
	2016	2015
	\$'000	\$'000
Short-term employee benefits expenses	20,127	25,190
Employer's contributions to defined contribution plan	1,058	990
	21,185	26,180
Presented in profit or loss as:		
Cost of work done	11,309	11,993
Administrative expenses	9,876	14,187
Total	21,185	26,180

11. Income tax

11A. Components of tax expense (benefit) recognised in profit or loss

	Group	
	2016	2015
	\$'000	\$'000
<u>Current tax expense:</u>		
Current tax expense	30,321	6,397
Adjustments to tax in respect of prior periods	694	(724)
Subtotal	31,015	5,673
<u>Deferred tax (benefit) / expense:</u>		
Deferred tax (benefit) / expense	(24,400)	9,121
Adjustments to deferred tax in respect of prior periods	(508)	(29)
Subtotal	(24,908)	9,092
Total income tax expense recognised in profit or loss	6,107	14,765

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

11. Income tax (cont'd)

11A. Components of tax expense (benefit) recognised in profit or loss (cont'd)

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate or other jurisdiction is calculated at rate prevailing in the relevant jurisdiction. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2015: 17%) or other jurisdiction's rate to profit or loss before tax as a result of the following differences:

	Group	
	2016	2015
	\$'000	\$'000
Profit before tax	23,506	80,303
Income tax expense at 17%	3,996	13,684
Effect of different tax rates in different countries	298	(58)
Expenses not deductible for tax purposes	2,333	2,009
Income not subject to tax	(1,034)	–
Tax exemptions	(184)	(169)
Adjustments to current tax in respect of prior periods	694	(724)
Adjustments to deferred tax in respect of prior periods	(508)	(29)
Effect of other temporary differences	420	–
Other minor items less than 3% each	92	52
	6,107	14,765

There are no income tax consequences of dividends to owners of the Company.

11B. Deferred tax expense (benefit) recognised in profit or loss

	Group	
	2016	2015
	\$'000	\$'000
Excess of net book value of plant and equipment over tax values	926	588
Unabsorbed capital allowance	1,166	(637)
Unrealised profit - intragroup	(1,012)	(538)
Marketing expenses	10	(128)
Deferred income	(73)	19
Arising from foreign sourced interest income not remitted	193	343
Provisions	2,016	(2,029)
Profits recognised on residential development properties based on stage of completion method	(29,005)	12,614
Foreign exchange adjustment realised gain	(2)	(5)
Changes in fair value of other financial assets	(13)	(81)
Tax losses carryforwards	(754)	(1,054)
Excess of net book value of investment properties over tax values	735	–
Excess of net book value of development properties over tax values	905	–
Total deferred tax recognised in profit or loss	(24,908)	9,092

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

11. Income tax (cont'd)

11C. Deferred tax balance in the statements of financial position

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<u>Deferred tax liabilities:</u>				
Excess of net book value of plant and equipment over tax values	2,997	2,071	–	–
Profits recognised on residential development properties based on stage of completion method	–	29,005	–	–
Deferred income	86	129	–	–
Arising from foreign sourced interest income not remitted	536	343	–	–
Excess of net book value of investment properties over tax values	735	–	–	–
Excess of net book value of development properties over tax values	905	–	–	–
Foreign exchange adjustment realised gain	–	2	–	2
Total deferred tax liabilities	5,259	31,550	–	2
<u>Deferred tax assets:</u>				
Unrealised profit – intragroup	(2,447)	(1,435)	–	–
Provisions	(3,439)	(5,455)	(9)	(10)
Marketing expenses	(182)	(192)	–	–
Changes in fair value of other financial assets	(133)	(120)	(134)	(120)
Tax losses carryforwards	(4,503)	(4,726)	–	–
Unabsorbed capital allowance	(423)	(1,589)	–	–
Total deferred tax assets	(11,127)	(13,517)	(143)	(130)
Net total of deferred tax assets	(5,868)	18,033	(143)	(128)
Presented in the statements of financial position:				
Deferred tax liabilities	–	18,078	–	–
Deferred tax assets	(5,868)	(45)	(143)	(128)
Net balance	(5,868)	18,033	(143)	(128)

It is impracticable to estimate the amount expected to be settled or used within one year.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

12. Dividends on equity shares

	Rate per share		Group and Company	
	2016 Cents	2015 Cents	2016 \$'000	2015 \$'000
Final tax exempt (1-tier) dividend paid	0.75	1.00	6,894	9,192
Special tax exempt (1-tier) dividend paid	–	1.00	–	9,192
Interim tax exempt (1-tier) dividend paid	0.30	0.75	2,758	6,895
Total dividends paid in the year	1.05	2.75	9,652	25,279

In respect of the current financial year, the Directors propose that a final dividend of 0.30 cents per ordinary share to be paid to shareholders after the forthcoming Annual General Meeting. There are no income tax consequences. These dividends are subject to approval by shareholders at the next Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividends for 2016 are payable in respect of all ordinary shares in issue up to the date the dividends become payable.

13. Earnings per share

The following table illustrates the numerator and denominator used to calculate basic and diluted earnings per share of no par value:

	Group	
	2016 \$'000	2015 \$'000
A. Numerator: profit attributable to owners of the parent, net of tax	17,267	47,020
B. Denominator: weighted average number of equity shares	No: '000	No: '000
Basic and diluted	919,245	919,245
	Cents	Cents
Basic earnings per share	1.88	5.12
Diluted earnings per share	1.88	5.12

The weighted average number of equity shares refers to shares in circulation during the financial year.

There is no dilutive ordinary share equivalents outstanding at the end of each financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

14. Property, plant and equipment

	Leasehold property	Container office and furniture	Renovation and air- conditioners	Equipment and machinery	Motor vehicles	Computers	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
<u>Cost:</u>							
At 1 January 2015	6,492	3,159	1,167	17,464	874	1,600	30,756
Additions	–	3	13	500	95	220	831
Written off	–	–	–	(994)	–	(4)	(998)
Disposals	–	–	–	(6)	(26)	–	(32)
At 31 December 2015	6,492	3,162	1,180	16,964	943	1,816	30,557
Additions	–	17	–	270	83	136	506
Written off	–	–	–	–	–	(3)	(3)
Disposals	–	–	–	(7)	(47)	–	(54)
Adjustment	(7)	–	–	–	–	–	(7)
At 31 December 2016	6,485	3,179	1,180	17,227	979	1,949	30,999
<u>Accumulated depreciation:</u>							
At 1 January 2015	999	470	506	11,686	488	1,119	15,268
Depreciation for the year	499	555	165	3,129	53	576	4,977
Written off	–	–	–	(683)	–	(4)	(687)
Disposals	–	–	–	(5)	(2)	–	(7)
At 31 December 2015	1,498	1,025	671	14,127	539	1,691	19,551
Depreciation for the year	497	576	161	1,581	66	252	3,133
Written off	–	–	–	–	–	(3)	(3)
Disposals	–	–	–	(4)	(48)	–	(52)
At 31 December 2016	1,995	1,601	832	15,704	557	1,940	22,629
<u>Carrying value:</u>							
At 1 January 2015	5,493	2,689	661	5,778	386	481	15,488
At 31 December 2015	4,994	2,137	509	2,837	404	125	11,006
At 31 December 2016	4,490	1,578	348	1,523	422	9	8,370

Leasehold property at carrying amount \$4,490,000 are pledged as security for bank loan (See Note 28C).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

14. Property, plant and equipment (cont'd)

	Computer \$'000	Total \$'000
Company		
<u>Cost:</u>		
At 1 January 2015 and 31 December 2015	–	–
At 1 January 2016	–	–
Additions	2	2
At 31 December 2016	2	2
<u>Accumulated depreciation:</u>		
At 1 January 2016	–	–
Depreciation for the year	2	2
At 31 December 2016	2	2
<u>Carrying value:</u>		
At 1 January 2015	–	–
At 31 December 2015	–	–
At 31 December 2016	–	–
Allocation of the depreciation expense:		

	Company		Group	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cost of work done	–	–	658	1,714
Administrative expenses	2	–	2,475	3,263
Total	2	–	3,133	4,977

15. Investment properties

	Group	
	2016 \$'000	2015 \$'000
<u>Cost:</u>		
At 1 January	90,452	74,407
Additions	103,301	16,045
Foreign exchange adjustments gains	2,175	–
At 31 December	195,928	90,452
<u>Accumulated depreciation:</u>		
At 1 January	16,926	2,987
Depreciation for the year	14,084	13,939
At 31 December	31,010	16,926
<u>Net book value:</u>		
At 1 January	73,526	71,420
At 31 December	164,918	73,526

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

15. Investment properties (cont'd)

Included in the above carrying values of investment properties are dormitory of \$40,432,000 (2015: \$55,516,000), office building of \$70,535,000 (2015: Nil) and student accommodation under development of \$53,951,000 (2015: \$18,010,000).

	Group	
	2016	2015
	\$'000	\$'000
Rental and service income from investment properties (Note 4)	48,688	29,648
Direct operating expenses arising from investment properties that generated rental income during the period	(39,381)	(36,746)

Borrowing costs included in the investment properties are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Borrowing costs capitalised included in additions during the year	–	150
Accumulated borrowing costs capitalised	473	473

	Group	
	2016	2015
	Per annum	Per annum
Capitalisation rates	–	2.30% to 3.37%

The dormitory is mortgaged for credit facilities (Note 28B).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

15. Investment properties (cont'd)

A description of the valuation techniques and the significant other unobservable inputs used in the fair value disclosure of dormitory is as follows:

Asset:	Leasehold property at 70, Tuas South Ave 1, Singapore 637285.
Fair value and fair value hierarchy – Level:	\$56,370,000 based on remaining 4 years cash flow projection (2015: \$89,108,000 based on 5 years cash flow projection) Level 3
Valuation technique for recurring fair value measurements and inputs:	Discounted cash flow method
Significant unobservable inputs:	1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the unit: 11.8%. (2015: 8%) 2. Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets: A 1%, 5% and 3% increase in dormitory occupancy rate per month for the subsequent three month respectively until 90% occupancy rate reached in April 2017 (2015: 2% increase in dormitory occupancy rate per month until 90% occupancy rate reached in 2017). 3. Cash flow forecasts derived from the most recent financial budgets and plans approved by management.
Sensitivity on management's estimates:	1. A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on the fair value – lower by \$1,079,052; higher by \$1,079,052.

The office building is a 9-storey office building with an adjoining piece of land located along Ann Street at Brisbane, Australia. The fair value of office building was measured in December 2016 at \$71,651,000 (2015: Nil) based on the highest and best use method to reflect the actual market state and circumstances as of the end of the financial year. The fair value was based on a valuation made by Knight Frank Valuations Queensland, a firm of independent professional valuers on a systematic basis. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets. The fair value measurement is categorised within the fair value hierarchy at level 3. Significant observable inputs and range derived from valuation report – Price per square metre: \$9,404 to \$14,786.

In December 2016, the Group has entered into a Put and Call Option Agreement for the sale of the part of plot of land with a land area of approximately 3,690 sqm for a sale price of A\$65.1 million.

The student accommodation under development mainly comprises land and related development costs. The fair value as at end of the financial year approximates the carrying amount.

16. Investment in subsidiaries

	Company	
	2016	2015
	\$'000	\$'000
Cost at 1 January	43,861	17,645
Fair value adjustment on interest free loan due from subsidiaries (Note 18A)	23,960	26,216
Cost at 31 December	67,821	43,861

The information on the subsidiaries are given below.

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For the Financial Year Ended 31 December 2016

16. Investment in subsidiaries (cont'd)

16A. Wholly-owned subsidiaries

Name of subsidiaries	Principal activities	Effective percentage of equity held by Group		Cost in books of Company	
		2016	2015	2016	2015
		%	%	\$'000	\$'000
<u>Held by the Company</u>					
Wee Hur Construction Pte Ltd	General building and civil engineering construction	100	100	15,110	15,110
Wee Hur Development Pte. Ltd.	Investment holding	100	100	1,000	1,000
Wee Hur Dormitory Pte. Ltd. ^{#a}	Investment holding	100	100	–	–
Wee Hur International Pte. Ltd. ^{#a}	Investment holding	100	100	–	–
Wee Hur PBSA Master Trust ^{#b} (Incorporated on 21 December 2016)	Investment holding	100	–	–	–
<u>Held through Wee Hur Development Pte. Ltd.</u>					
Wee Hur (Woodlands) Pte. Ltd. ^{#f}	Property development	100	100		
Wee Hur (Paya Lebar) Pte. Ltd.	Property development	100	100		
Wee Hur (Kim Keat) Pte. Ltd.	Property development	100	100		
<u>Held through Wee Hur International Pte. Ltd.</u>					
Wee Hur Australia Pte. Ltd.	Investment holding	100	100		
<u>Held through Wee Hur (Australia) Pte. Ltd.</u>					
Wee Hur (Buranda 2) Pty Ltd ^{#c & #e}	Property development	100	100		
Wee Hur (Buranda 1) Pty Ltd ^{#c & #e}	Investment property	100	100		
Wee Hur (Buranda 3) Pty Ltd ^{#c & #e}	Property development	100	100		
Wee Hur (Ann Street) Pty Ltd ^{#c & #e}	Investment property	100	100		
<u>Held through Wee Hur (Buranda 2) Pty Ltd</u>					
Wee Hur (Buranda) Pty Ltd ^{#b, #c & #d}	Property development	–	100		

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

16. Investment in subsidiaries (cont'd)

16A. Wholly-owned subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Effective percentage of equity held by Group		Cost in books of Company	
		2016	2015	2016	2015
		%	%	\$'000	\$'000
<u>Held through Wee Hur PBSA Master Trust</u>					
Wee Hur PBSA (Australia) Pte. Ltd. ^{#b} (Incorporated on 22 December 2016)	Investment holding	100	–		
WH PBSA Trust ^{#b & #c} (Incorporated on 22 December 2016)	Investment holding	100	–		
<u>Held through WH PBSA Trust</u>					
WH Buranda Trust ^{#b & #c} (Incorporated on 22 December 2016)	Investment property	100	–		
<u>Held through Wee Hur Development Pte. Ltd.</u>					
Wee Hur (Kaki Bukit) Pte. Ltd.	Property development	60	60		
Wee Hur (Punggol Central) Pte. Ltd.	Property development	65	65		
Wee Hur (Woodlands 12) Pte. Ltd.	Property development	60	60		
<u>Held through Wee Hur Dormitory Pte. Ltd.</u>					
Active System Engineering Pte. Ltd.	Build and operate foreign workers' dormitories	60	60		

All the subsidiaries are audited by RSM Chio Lim LLP, Singapore unless otherwise stated. All the subsidiaries are incorporated and operate in Singapore unless otherwise stated.

#a: Cost of investment is less than \$1,000.

#b: Cost of investment is less than \$1,000 and not audited as it is not material.

#c: Incorporated in Australia.

#d: Wee Hur (Buranda) Pty Ltd was struck off on 29 March 2016.

#e: Audited by RSM Australia Pty Ltd.

#f: In the process of applying for de-registration. Not audited as it is not material.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

16. Investment in subsidiaries (cont'd)

16B. Subsidiaries with non-controlling interests

There are subsidiaries with non-controlling interests ("NCI") that are considered material to the reporting entity and additional disclosures on them (amounts before inter-companies eliminations) are presented below.

	Group	
	2016	2015
	\$'000	\$'000
<u>Wee Hur (Punggol Central) Pte. Ltd.</u>		
#1. Profit allocated to NCI of the subsidiary during the financial year	804	21,571
#2. Accumulated NCI of the subsidiary at the end of the financial year	8,255	47,421
#3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Dividends paid to NCI	39,970	–
Current assets	62,634	237,927
Non-current assets	153	–
Current liabilities	39,202	74,891
Non-current liabilities	–	27,549
Revenue	7,778	244,353
Profit after tax for the financial year	2,297	61,631
Total comprehensive income, net of tax	2,297	61,631
Operating cash flows, increase (decrease)	188,607	(1,799)
Net cash flows, decrease	(6,536)	(38,609)

	Group	
	2016	2015
	\$'000	\$'000
<u>Wee Hur (Kaki Bukit) Pte. Ltd.</u>		
#1. Profit allocated to NCI of the subsidiary during the financial year	190	1,353
#2. Accumulated NCI of the subsidiary at the end of the financial year	1,237	1,047
#3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Dividends paid to NCI	–	8,800
Current assets	3,429	12,738
Non-current assets	42	139
Current liabilities	378	10,258
Revenue	–	6,092
Profit after tax for the financial year	474	3,382
Total comprehensive income, net of tax	474	3,382
Operating cash flows, (decrease) increase	(8,804)	18,046
Net cash flows, (decrease) increase	(10,004)	7,336

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

16. Investment in subsidiaries (cont'd)

16B. Subsidiaries with non-controlling interests (cont'd)

	Group	
	2016	2015
	\$'000	\$'000
Wee Hur (Woodlands 12) Pte. Ltd.		
#1. Loss allocated to NCI of the subsidiary during the financial year	(262)	(261)
#2. Accumulated NCI of the subsidiary at the end of the financial year	628	854
#3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Current assets	162,975	100,682
Non-current assets	187	135
Current liabilities	122,002	9,860
Non-current liabilities	39,589	88,822
Loss for the financial year	(655)	(651)
Total comprehensive loss	(655)	(651)
Operating cash flows, decrease	(29,659)	(135)
Net cash flows, (decrease) increase	(4,861)	3,678

	Group	
	2016	2015
	\$'000	\$'000
Active System Engineering Pte. Ltd.		
#1. Loss allocated to NCI of the subsidiary during the financial year	(600)	(4,183)
#2. Accumulated NCI of the subsidiary at the end of the financial year	(8,458)	(7,869)
#3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Current assets	9,385	5,318
Non-current assets	47,402	65,927
Current liabilities	28,470	23,510
Non-current liabilities	49,462	67,410
Revenue	42,399	29,641
Loss for the financial year	(1,501)	(10,457)
Total comprehensive loss	(1,501)	(10,457)
Operating cash flows, increase	18,072	6,510
Net cash flows, increase (decrease)	2,183	(2,236)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

17. Investment in associate

	Group	
	2016	2015
	\$'000	\$'000
Balance at 1 January	–	–
Additions	1,200	–
Disposals	–	N.M.
Fair value adjustment on interest free loans due from associate (Note 18A)	1,795	–
Total at 31 December	2,995	–

The information on the associate is given below.

Name of associate, country of incorporation and place of operation, and principal activity	Effective percentage of equity held by Group	
	2016	2015
	%	%
Held through Wee Hur Development Pte. Ltd.		
Fernvale Green Pte. Ltd., Singapore, property development ^{#a}	30	–

#a. Incorporated in Singapore on 17 October 2016 and not audited as it is not material.

N.M.: Not material

The associate is considered not material to the reporting entity. The summarised financial information of the non-material associate and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associate are as follows.

	Group	
	2016	2015
	\$'000	\$'000
Aggregate for non-material associate:		
Loss from continuing operations and total comprehensive loss	–	–
Net assets of the associate	9,983	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

18. Trade and other receivables

18A. Other receivables, non-current

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Loans receivable from subsidiaries	–	–	151,608	77,199
Loans receivable from associate	25,532	–	–	–
Movements for loans receivable from subsidiaries and associate during the year:				
Balance at 1 January	–	–	77,199	–
Additions at cost	27,221	–	92,901	100,940
Unwinding of imputed interest	106	–	5,468	2,475
Fair value adjustment on interest free loans due from				
– Subsidiaries (Note 16)	–	–	(23,960)	(26,216)
– Associate (Note 17)	(1,795)	–	–	–
Balance at 31 December	25,532	–	151,608	77,199
Total loans at cost comprising:				
Loan 1 at cost	–	–	18,709	18,600
Loan 2 at cost	–	–	175,132	82,340
Loan 3 at cost	27,221	–	–	–
Unwinding of imputed interest				
– Subsidiaries	–	–	7,943	2,475
– Associate	106	–	–	–
Fair value adjustment on interest free loans due from subsidiaries and associate	(1,795)	–	(50,176)	(26,216)
Total at cost	25,532	–	151,608	77,199

The loans to subsidiaries and associate are unsecured and interest free. The loans are subordinated to certain subsidiaries' and associate's non-current bank loans. Interests are imputed at 3.50% per annum repriced semi-annually for cash flow discounting purposes for Loan 1 and 2. Interests are imputed at 1.72% per annum based on indicative land loan drawdown interest rate for cash flow discounting purposes for Loan 3. Repayment is expected in December 2019 for Loan 1, December 2024 for Loan 2 and December 2020 for Loan 3. The fair values are not significantly different from their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

18. Trade and other receivables (cont'd)

18B. Trade and other receivables, current

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables:</u>				
Outside parties	65,713	26,299	–	2
Add: reversal of allowance for impairment (Note 8)	–	7	–	–
	65,713	26,306	–	2
Other related parties	25	838	–	–
Subsidiaries	–	–	1,519	9,055
Retention sums on construction contracts (Note 23)	3,778	2,506	–	–
Subtotal	69,516	29,650	1,519	9,057
<u>Other receivables:</u>				
Other related parties (Note 3)	5	435	–	–
Subsidiaries	–	–	21,518	16,809
Advances to staff	9	3	–	–
Other receivables	5,852	10,401	183	154
Subtotal	5,866	10,839	21,701	16,963
Total trade and other receivables	75,382	40,489	23,220	26,020
<u>Movements in above allowance:</u>				
Balance at 1 January	–	(7)	–	–
Reversed for trade receivables to profit or loss included in other gains (Note 8)	–	7	–	–
Balance at 31 December	–	–	–	–

Included in trade receivables is an amount of approximately \$6,302,000 (2015: \$5,456,000) which has been pledged for banking facilities granted to the Group.

19. Development properties

	Group	
	2016	2015
	\$'000	\$'000
Cost of land, development and other charges and attributable profits less foreseeable losses	217,345	723,933
Less: progress billings	(27,388)	(358,423)
	189,957	365,510
Included in the accompanying statement of financial position as follows:		
Development properties (Note 19A and 19B)	217,345	373,807
Progress billings (Note 19B)	(27,388)	(8,297)
	189,957	365,510

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

19. Development properties (cont'd)

Borrowing costs included in the development properties are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Borrowing costs capitalised included in additions during the year	1,582	1,733
Accumulated borrowing costs capitalised	11,475	9,893

	Group	
	2016	2015
	Per annum	Per annum
Capitalisation rates	1.85% to 2.56%	1.92% to 3.05%

The development properties are mortgaged for credit facilities granted to the Group (Note 29).

The amount of development properties expected to be recovered after 12 months amounted to \$217,045,000 (2015: \$148,679,000).

19A. Residential properties in the process of development accounted under the stage of completion method

	Group	
	2016	2015
	\$'000	\$'000
Cost of land, development and other charges and attributable profits less foreseeable losses	62,427	634,930
Less: progress billings	–	(350,126)
	62,427	284,804
Included in the accompanying statement of financial position as follows:		
Development properties	62,427	284,804

All of the above properties are for standard residential properties sales in Singapore that meet the criteria for stage of completion method of accounting. Under the various mechanisms in the Singapore legal framework and the contractual rights, the buyer obtains control over the uncompleted property unit as construction progresses.

19B. Commercial properties held for sale in the process of development

	Group	
	2016	2015
	\$'000	\$'000
Cost of land, development and other charges less foreseeable losses classified under development properties	154,918	89,003
Progress billings	27,388	8,297
Included in the accompanying statement of financial position follows:		
Development properties	154,918	89,003

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

20. Other assets, current

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Deposits to secure services	2,563	2,681	–	–
Deposits to purchase property	–	6,505	–	–
Prepayments	1,607	1,240	39	37
Balance on construction contract costs (Note 23)	–	15,138	–	–
	4,170	25,564	39	37

21. Other financial assets, current

	Group and Company	
	2016	2015
	\$'000	\$'000
Investments at fair value through profit or loss	48,704	19,050
<u>Movements during the year:</u>		
Fair value at 1 January	19,050	14,976
Additions	39,638	9,872
Disposals	(9,885)	(5,376)
Change in fair value through profit or loss (Note 8)	4	(478)
Foreign exchange adjustments	(103)	56
Fair value at 31 December	48,704	19,050

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

21. Other financial assets, current (cont'd)

21A. Disclosures relating to investments

The information gives a summary of the significant geographical concentrations within the investment portfolio including Level 1, 2 and 3 securities:

	Level	Group and Company	
		2016	2015
		\$'000	\$'000
A1. Quoted equity shares			
<u>Based on Country</u>			
United States of America	1	–	944
Hong Kong	1	–	315
Singapore	1	–	326
Japan	1	–	155
Subtotal		–	1,740
A2. Quoted bonds in corporations with variable rates from 2.45% to 6.9% per annum and maturing on 16 January 2017 to 7 March 2024			
<u>Based on Country</u>			
United States of America	1	254	256
Hong Kong	1	249	249
Indonesia	1	247	–
Singapore	1	11,209	10,901
Subtotal		11,959	11,406
A3. Quoted mutual funds in corporations	1	36,745	5,904
Total investments at fair value through profit or loss		48,704	19,050

21B. Sensitivity analysis for price risk:

There are investments in equity shares or similar instruments. Such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities.

Sensitivity analysis:

The effect is as follows:

	Group and Company	
	2016	2015
	\$'000	\$'000
A hypothetical 10% increase in the market value of quoted equity shares and mutual funds would have a favourable effect on pre-tax profit of	3,675	764

For similar price decreases in the fair value of the above financial assets, there would be comparable impacts in the opposite direction.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

22. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Not restricted in use	144,796	145,149	80,002	39,684
Cash under project accounts	5,378	12,327	–	–
Cash pledged for bank facilities	700	700	–	–
Cash at 31 December	150,874	158,176	80,002	39,684
Interest earning balances	112,971	82,816	79,128	17,918

The rate of interest for the cash on interest earnings balances was between 0.28% and 3.04% (2015: 0.05% and 1.50%) per annum.

Included in cash and cash equivalents of the Group are amounts held under project accounts under the Housing Developers (Project Account) Rules (the “Rules”). The use of amounts held under the project accounts is subject to restriction imposed by the Rules and approval from the bank where the project accounts are opened.

22A. Cash and cash equivalents in consolidated statement of cash flows

	Group	
	2016	2015
	\$'000	\$'000
Amount as shown above	150,874	158,176
Less: Cash pledged for bank facilities	(700)	(700)
Cash and cash equivalents for consolidated statement of cash flows purposes at 31 December	150,174	157,476

23. Construction contracts in progress

	Group	
	2016	2015
	\$'000	\$'000
Aggregate amount of costs incurred and recognised profits to date on uncompleted contracts	285,347	282,682
Less: progress payments received and receivables	(325,745)	(278,172)
Net amount due (from) to contract customers at 31 December	(40,398)	4,510
Included in the accompanying statement of financial position as follows:		
Under other assets, current (Note 20)	–	15,138
Under other liabilities, current (Note 30)	(40,398)	(10,628)
	(40,398)	4,510
Construction contract retention receivables as an asset under trade receivables (Note 18B)	3,778	2,506

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

24. Share capital

	Number of shares	Group and Company Treasury shares \$'000	Share capital \$'000	Total \$'000
Ordinary shares of no par value:				
Balance at 1 January 2015 and at 31 December 2015 and 2016	919,245,086	(4,574)	130,307	125,733

The ordinary shares each carry the right to one vote at a meeting of the members or on any resolution of members, the right to an equal share in any dividend paid by the Company in accordance with the Act and the right to an equal share in the distribution of surplus assets of the Company and all are fully paid.

	Treasury shares		Fair value	
	2016 No: '000	2015 No: '000	2016 \$'000	2015 \$'000
Number at 1 January	16,671	16,671	4,501	6,335
Number at 31 December	16,671	16,671	3,751	4,501

At an Extraordinary General Meeting held on 19 May 2009, the shareholders of the Company approved and adopted the Wee Hur Employee Share Option Scheme ("Wee Hur ESOS") and Wee Hur Performance Share Plan ("Wee Hur PSP"). Details of the Wee Hur ESOS and Wee Hur PSP can be found in the Company's circular to shareholders dated 23 April 2009 in relation to the proposed adoption of the Wee Hur ESOS and Wee Hur PSP.

At the end of the financial year, no options and awards have been granted under the Wee Hur ESOS and Wee Hur PSP.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders; and to provide an adequate return to owners by pricing products and services commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the financial year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital, reserves and retained earnings).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2016 \$'000	2015 \$'000
Net debt:		
All current and non-current borrowings	134,853	103,430
Less: cash and cash equivalents	(150,874)	(158,176)
Net debt	(16,021)	(54,746)
Adjusted capital:		
Total equity	342,245	373,142
Adjusted capital	342,245	373,142

The Group's cash and cash equivalent exceeds its total borrowings. The debt-to-adjusted capital ratio therefore does not provide a meaningful indicator of risk of borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

24. Share capital (cont'd)

Capital management (cont'd):

The Group and the Company are not subject to externally imposed capital requirements other than mentioned in the following paragraph, and except for a subsidiary which has to have a minimum paid up capital and a minimum net worth of \$15,000,000 (2015: \$15,000,000) in order to maintain its grading status with the Building and Construction Authority.

In order to maintain its listing on the SGX-ST, the Company has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the financial year. Management receives a report from the Share Registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the financial year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

25. Fair value reserve

The reserve comprises the fair value adjustment on interest free loans from other related parties.

	Group	
	2016	2015
	\$'000	\$'000
At 1 January	–	659
Reclassified to non-controlling interests	–	(659)
At 31 December	–	–

26. Foreign currency translation reserve

	Group	
	2016	2015
	\$'000	\$'000
At 1 January	897	–
Exchange differences on translating foreign operations	1,278	897
At 31 December	2,175	897

27. Provisions, non-current

	Group	
	2016	2015
	\$'000	\$'000
At 1 January	2,500	1,250
Provision for dismantling costs	–	1,250
At 31 December	2,500	2,500

The provision is based on the present value of costs to be incurred to remove the buildings in investment property. The estimate is based on evaluation by management.

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28. Other financial liabilities

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<u>Non-Current:</u>				
<u>Financial instrument with floating interest rates:</u>				
Bank loan 1 (secured) (Note 28A)	–	53,830	–	–
Bank loan 2 (secured) (Note 28B)	11,200	30,400	–	–
Bank loan 3 (secured) (Note 28C)	8,835	–	–	–
Bank loan 4 (secured) (Note 28D)	13,882	–	–	–
Non-Current, total	33,917	84,230	–	–
<u>Current:</u>				
<u>Financial instrument with floating interest rates:</u>				
Bank loan 1 (secured) (Note 28A)	75,899	–	–	–
Bank loan 2 (secured) (Note 28B)	19,200	14,200	–	–
Bank loan 3 (secured) (Note 28C)	4,941	–	–	–
Bank loan 4 (secured) (Note 28D)	896	–	–	–
Bank loan 5 (secured) (Note 28E)	–	5,000	–	5,000
Derivatives financial instruments (Note 31)	658	88	658	88
Current, total	101,594	19,288	658	5,088
Total	135,511	103,518	658	5,088
 The non-current portion is repayable as follows:				
Due within two to five years	23,770	84,230	–	–
Due after five years	10,147	–	–	–
Total	33,917	84,230	–	–

The range of floating interest rates paid were as follows:

	Group	
	2016	2015
	Per annum	Per annum
Bank loan 1 (secured)	1.92% to 2.56%	2.87% to 3.05%
Bank loan 2 (secured)	2.39% to 3.37%	2.30% to 3.37%
Bank loan 3 (secured)	1.60% to 1.65%	–
Bank loan 4 (secured)	1.60% to 1.65%	–

During the financial years ended 31 December 2016 and 31 December 2015, certain interest expenses on the term loans are capitalised as part of the cost of investment properties (Note 15) and development properties (Note 19).

The fair values are reasonable approximation of the carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

28. Other financial liabilities (cont'd)

28A. Bank loan 1 (secured)

Bank loan 1 amounting to \$75,899,000 (2015: \$53,830,000) bears interest at 1.45% per annum over the bank's cost of funds as determined by the bank on the day of transaction, for an interest period of 1, 3 or 6 months.

The loan is to be fully repaid on 30 April 2018 or 6 months after the issuance of the TOP in respect of a subsidiary's development property, whichever is earlier.

Bank loan 1 above is secured by:

- (i) legal mortgage on a development property with an aggregate carrying amount of \$154,918,000 (2015: \$89,003,000);
- (ii) legal assignment of all rights, titles and interests in the construction contracts, insurance policies, performance bonds, tenancy agreements and sale and purchase agreements, and receivables relating to a subsidiary's development property;
- (iii) guarantees given by certain Directors of the Company and certain related parties; and
- (iv) corporate guarantees given by the Company.

In addition, the security for the bank loan included an additional Deed of Subordination of all moneys which are now or may hereafter be owing from subsidiary to Directors or shareholders.

28B. Bank loan 2 (secured)

Bank loan 2 amounting to \$30,400,000 (2015: \$44,600,000) bears interest at 1.75% per annum over the bank's cost of funds or 1.75% per annum over the bank's SWAP offer rate as determined by the bank on the day of transaction, whichever is higher; or at such other rate at the sole discretion of the bank, for an interest period of 1, 3 or 6 months.

The bank loan is repayable via the first principal instalment of \$1,500,000, the 2nd to the 4th principal instalments of interest servicing only, the 5th to 9th principal instalments of \$1,100,000 each and the 10th to the 29th principal instalments of \$2,200,000 each. The rental proceeds shall be used to make lump sum principal repayments of \$2,000,000 each on 30 July 2015 and 30 December 2015 respectively and of \$500,000 each on 30 June 2016 and 30 December 2016 respectively. The first instalment shall commence on the 13th month from the date of first drawdown (namely 16 June 2014) or 6 months after the issuance of the TOP (for Phase 2) or 30 January 2015, whichever is the earliest and shall be fully repaid by 31 May 2017.

The repayment mode has been revised on 16 November 2015 with the repayment of the 11th to the 22nd principal instalments of S\$1,100,000 each and the 23rd to the 43rd principal instalments of S\$1,600,000 each. The bank loan shall be fully repaid on 31 July 2018.

Bank loan 2 above is secured by:

- (i) legal assignment of rental proceeds or charge over rental account of all current and future rental income from a relevant subsidiary's operating dormitory;
- (ii) legal charge over rental account, operating accounts and interest service reserve accounts from a relevant subsidiary's operating dormitory maintained with the bank;
- (iii) fixed charge over 100% shares in the share capital of a relevant subsidiary and other financial instruments acceptable to the bank;
- (iv) first deed of debenture to be executed, incorporating a fixed and floating charge over all present and future undertakings, property assets, revenue and rights from a relevant subsidiary's operating dormitory;
- (v) guarantees given by certain Directors of the Company and certain related parties; and
- (vi) corporate guarantees given by the Company.

In addition, the security for the bank loan included an additional Deed of Subordination of all moneys which are now or may hereafter be owing from subsidiary to Directors or shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

28. Other financial liabilities (cont'd)

28C. Bank loan 3 (secured)

Bank loan 3 amounting to \$13,776,000 (2015: Nil) bears interest at 1.25% per annum over the bank's 1-month SWAP offer rate as determined by the bank; or at such other rate at the sole discretion of the bank, for an interest period of 36 months.

The loan is repayable by 36 monthly instalments comprising principal and interest from the date of the loan disbursement.

Bank loan 3 above is secured by:

- (i) legal mortgage on leasehold property at 35 Kranji Link with an aggregate carrying amount of \$4,490,000; and
- (ii) corporate guarantees given by the Company.

28D. Bank loan 4 (secured)

Bank loan 4 amounting to \$14,778,000 (2015: Nil) bears interest at 1.25% per annum over the bank's 1-month SWAP offer rate as determined by the bank; or at such other rate at the sole discretion of the bank, for an interest period of 180 months.

The loan is repayable by 180 monthly instalments comprising principal and interest from the date of the loan disbursement.

Bank loan 4 above is secured by:

- (i) legal mortgage on freehold properties at 39 Kim Keat Road and 1/A/B Lorong Ampas with an aggregate carrying amount of \$15,453,000; and
- (ii) corporate guarantees given by the Company.

28E. Bank loan 5 (secured)

Bank loan 5 is a revolving term loan amounting to Nil (2015: \$5,000,000) bears interest at 1.00% per annum over the bank's cost of funds as determined by the bank on the day of transaction, for an interest period of 1, 3, 6 or 12 months.

Notwithstanding the above terms, the bank has the right to vary, modify, suspend or cancel the banking facilities and/or to demand immediate repayment of all liabilities owing to the bank.

Bank loan 5 above is secured by a memorandum of charge and pledge over assets in respect of the Company's cash deposits, marketable securities and other assets. The loan has been fully repaid during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

29. Trade and other payables

29A. Other payables, non-current

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Loans payable to other related parties (Note 3)	27,195	24,855	–	–
Loans payable to subsidiaries	–	–	22,515	–
Total	27,195	24,855	22,515	–
Movements during the year:				
Balance at 1 January	24,855	11,830	–	–
Additions at cost	1,705	14,400	30,000	–
Reclassified as current	–	–	(5,988)	–
Settled	–	–	(1,497)	–
Unwinding of imputed interest (Note 3C)	683	640	–	–
Fair value adjustment on interest free loans due to non-controlling interests (Note 3C)	(48)	(2,015)	–	–
Balance at 31 December	27,195	24,855	22,515	–
Total loans at cost comprising:				
Loan 1 at cost	16,000	14,400		
Loan 2 at cost	12,505	12,400		
Unwinding of imputed interest	1,412	729		
Fair value adjustment on interest free loans due from subsidiaries	(2,722)	(2,674)		
Total at cost	27,195	24,855		

The loans from related parties are unsecured and interest free. The loans are subordinated to certain subsidiaries' non-current bank loans. Interests are imputed from 1.85% to 3.50% per annum (2015: 1.85% to 3.50%) repriced semi-annually for cash flow discounting purposes. Repayment is expected in July 2017 for Loan 1 and December 2019 for Loan 2. The fair values are not significantly different from their carrying values.

The loan agreements with subsidiaries provide that principal loan amount of \$15,000,000 is repayable by equal monthly instalments over 3 years from October 2016 and \$15,000,000 is repayable by equal monthly instalments over 15 years from October 2016. The loans bear interest at 1.5% per annum over 1-month Singapore Interbank Offered rate ("SIBOR").

29B. Trade and other payables, current

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<u>Trade payables:</u>				
Outside parties	85,701	119,307	3,157	7,173
Subtotal	85,701	119,307	3,157	7,173
<u>Other payables:</u>				
Other related parties (Note 3)	387	24,238	–	–
Subsidiaries	–	–	62,538	6,545
Other payables	9,056	11,780	60	40
Subtotal	9,443	36,018	62,598	6,585
Total trade and other payables	95,144	155,325	65,755	13,758

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

30. Other liabilities, current

	Group	
	2016	2015
	\$'000	\$'000
Deferred income	92	273
Due to customers on construction contracts (Note 23)	40,398	10,628
	40,490	10,901

31. Derivatives financial instruments

Forward currency exchange contracts

These include the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

				Negative	
				Fair Value (Note 29)	
Reference currency	Principal	Monthly settlement	2016	2015	
	\$'000		\$'000	\$'000	
Contract 1	AUD	750	January to December 2016	–	37
Contract 2	AUD	1,000	January 2016 to October 2016	–	8
Contract 3	AUD	250	January 2016 to July 2016	–	(8)
Contract 4	AUD	500	March 2016 to September 2016	–	51
Contract 5	AUD	250	June to November 2017	83	–
Contract 6	AUD	650 to 1,000	December 2016 to November 2017	431	–
Contract 7	AUD	250	November 2016 to August 2017	122	–
Contract 8	AUD	560	May 2016 to May 2017	6	–
Contract 9	AUD	560	June 2016 to June 2017	6	–
Contract 10	AUD	560	June 2016 to June 2017	6	–
Contract 11	AUD	560	July 2016 to July 2017	4	–
				658	88

Currency derivatives are utilised to hedge significant future transactions and cash flows. The entity is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the entity's principal markets. As a matter of principle, the entity does not enter into derivative contracts for speculative purposes.

The fair value (level 2) of the forward currency contracts is based on valuation made by financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

32. Financial instruments: information on financial risks

32A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the financial year.

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Cash and cash equivalents (Note 22)	150,874	158,176	80,002	39,684
Loans and receivables (Note 18)	100,914	40,489	174,828	103,219
Financial assets at fair value through profit or loss (Note 21)	48,704	19,050	48,704	19,050
At 31 December	300,492	217,715	303,534	161,953
<u>Financial liabilities:</u>				
Borrowings measured at amortised cost	134,853	103,430	–	5,000
Trade and other payables measured at amortised cost (Note 29)	122,339	180,180	88,270	13,758
Derivatives financial instruments at fair value (Note 31)	658	88	658	88
At 31 December	257,850	283,698	88,928	18,846

Further quantitative disclosures are included throughout these financial statements.

32B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risk. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.

There has been no change to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

32C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statements of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

32. Financial instruments: information on financial risks (cont'd)

32D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the financial year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables, an on-going credit evaluation is performed on the financial condition of the customers and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

As disclosed in Note 22, cash and cash equivalents' balances represent amounts with a less than 90 day maturity other than the amounts held by bankers to cover the bank guarantees issued.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade and other receivables' customers is about 7 to 35 days (2015: 7 to 35 days). But some customers take a longer period to settle the amounts.

- (a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of the financial year but not impaired:

	Group	
	2016	2015
	\$'000	\$'000
Trade receivables past due but not impaired:		
1 – 30 days	2,709	2,018
31 – 60 days	2,327	1,244
61 – 90 days	1,440	346
Over 90 days	918	1,628
Total	7,394	5,236

- (b) As at the end of financial year there were no amounts that were impaired.

Concentration of trade receivables' customers as at the end of the financial year:

	Group	
	2016	2015
	\$'000	\$'000
Top 1 customer	10,133	15,337
Top 2 customers	18,617	18,967
Top 3 customers	20,187	20,093

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

32. Financial instruments: information on financial risks (cont'd)

32E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year \$'000	1 – 5 years \$'000	More than 5 years \$'000	Total \$'000
Group				
Non-derivative financial liabilities:				
<u>2016:</u>				
Gross borrowings commitments	103,057	24,826	11,194	139,077
Trade and other payables	95,144	28,505	–	123,649
At 31 December	198,201	53,331	11,194	262,726
<u>2015:</u>				
Gross borrowings commitments	21,749	86,810	–	108,559
Trade and other payables	155,325	26,800	–	182,125
At 31 December	177,074	113,610	–	290,684
Company				
Non-derivative financial liabilities:				
<u>2016:</u>				
Trade and other payables	66,361	14,045	10,909	91,315
At 31 December	66,361	14,045	10,909	91,315
<u>2015:</u>				
Gross borrowings commitments	5,000	–	–	5,000
Trade and other payables	13,758	–	–	13,758
At 31 December	18,758	–	–	18,758

Financial guarantee contracts – For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the financial year, no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

	Less than 1 year \$'000	1 – 5 years \$'000	More than 5 years \$'000	Total \$'000
Company				
<u>2016:</u>				
Financial guarantee contracts – bank guarantee in favour of subsidiaries	67,670	19,290	10,147	97,107
Financial guarantee contracts – bank guarantee in favour of associate	–	60,291	–	60,291
<u>2015:</u>				
Financial guarantee contracts – bank guarantee in favour of subsidiaries	14,739	54,704	–	69,443

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

32. Financial instruments: information on financial risks (cont'd)

32E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 5 to 35 days (2015: 5 to 35 days).

The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows.

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<u>Bank facilities:</u>				
Undrawn borrowing facilities	60,018	148,447	10,000	10,000
Unused banker guarantees	5,996	48,133	–	10,037

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused borrowing facilities is provided regularly to management to assist them in monitoring the liquidity risk.

32F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2016	2015
	\$'000	\$'000
<u>Financial liabilities with interest:</u>		
Floating rates	134,853	103,430
At 31 December	134,853	103,430

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group	
	2016	2015
	\$'000	\$'000
<u>Financial liabilities with interest:</u>		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have an increase/decrease in borrowing costs capitalised for the year by	1,349	1,034

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

32. Financial instruments: information on financial risks (cont'd)

32G. Foreign currency risk

Analysis of amounts denominated in non-functional currency:

	Australian dollar \$'000
Group:	
<u>2016:</u>	
<u>Financial assets:</u>	
Cash and cash equivalents	17,913
Loans and receivables	1,093
Total financial assets	<u>19,006</u>
<u>Financial liabilities:</u>	
Trade and other payables at amortised cost	4,392
Total financial liabilities	<u>4,392</u>
Net financial assets at 31 December	<u><u>14,614</u></u>
<u>2015:</u>	
<u>Financial assets:</u>	
Cash and cash equivalents	8,885
Loans and receivables	4,133
Total financial assets	<u>13,018</u>
<u>Financial liabilities:</u>	
Trade and other payables at amortised cost	2,835
Total financial liabilities	<u>2,835</u>
Net financial assets at 31 December	<u><u>10,183</u></u>

Sensitivity analysis:

	Group
	2016 2015
	\$'000 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the AUD with all other variables held constant would have an adverse effect on pre-tax profit of	<u><u>(1,329)</u></u> (926)

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

32. Financial instruments: information on financial risks (cont'd)

32G. Foreign currency risk (cont'd)

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the financial year. The analysis above has been carried out on the basis that there are no hedged transactions.

32H. Equity price risk

There are investments in equity shares or similar instruments. As a result, such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities. The fair values of these assets and sensitivity analysis are disclosed in Note 21.

33. Items in profit or loss

In addition to the profits and loss disclosed elsewhere in the notes to the financial statements, this item includes the following charges:

	Group	
	2016	2015
	\$'000	\$'000
Audit fees to the independent auditor of the Company	182	204
Audit fees to the other independent auditor	26	–
Other fees to the independent auditor of the Company	97	37
Other fees to the other independent auditor	59	–

34. Capital commitments

Estimated amounts committed at the end of the financial year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Commitments to purchase property, plant and equipment	–	196
Commitment to purchase property ^{#a}	–	58,540

#a. The property cost is denominated in A\$ with an amount of A\$56,700,000.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

35. Operating lease payment commitments – as lessee

At the end of the financial year, the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Not later than one year	4,790	12,646
Later than one year and not later than five years	8,979	12,889
Later than five years	484	716
Rental expenses for the financial year included in:		
Cost of sales	12,292	13,098
Administrative expenses (Note 6)	544	1,073
	12,836	14,171

Operating lease payments represent rentals payable by subsidiaries for their offices, warehouses and business operations as follows:

- (a) The lease from Jurong Town Corporation is for the period of 14.8 years from 1 March 2011 and ending on 31 December 2025. The rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.
- (b) The lease from Housing and Development Board is for the period of 2.5 years from 1 September 2014 and ending on 28 February 2017.
- (c) The lease from Jurong Town Corporation is for the period of 6 years from 1 November 2013 and ending on 31 October 2019.
- (d) The lease from Singapore Land Authority is for the period of 1.8 years from 1 July 2015 and ending on 9 May 2017.

36. Operating lease income commitments – as lessor

At the end of the financial year, the total of future minimum lease receivables commitments under non-cancellable operating leases are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Not later than one year	27,556	24,377
Later than one year and not later than five years	1,129	1,920
Rental income for the financial year	48,864	29,831

The Group leases out certain warehouse, commercial and residential properties under non-cancellable operating leases. Leases are negotiated for initial terms of one to three years with fixed rental rates.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

37. Financial information by operating segments

37A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (a) The property development segment is in the business of developing and sale of residential and industrial properties.
- (b) The building construction segment is in the business of constructing residential and commercial properties.
- (c) The investment property segment is in the business of building and operating of foreign workers' dormitories & student accommodation for local and foreign students.
- (d) The investment holding segment is involved in Group-level corporate services.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured in the same way as operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

37. Financial information by operating segments (cont'd)

37A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The following is an analysis of the Group's reportable segments for the financial year ended 31 December 2016:

Operating segment	Property development \$'000	Building construction \$'000	Investment property \$'000	Investment holding \$'000	Elimination \$'000	Consolidated \$'000
<u>Profit or loss and reconciliation</u>						
Revenue by segment	7,778	158,837	48,688	6,029	(57,081)	164,251
	7,778	158,837	48,688	6,029	(57,081)	164,251
Segment result	1,968	20,270	23,938	175,663	(181,278)	40,561
Interest income	266	421	404	13,144	(12,455)	1,780
Finance costs	(60)	(59)	(4,276)	(5,785)	8,562	(1,618)
Depreciation	–	(2,460)	(16,627)	(15)	1,885	(17,217)
Profit (loss) before tax	2,174	18,172	3,439	183,007	(183,286)	23,506
Income tax (expense) benefit	(72)	(3,860)	(2,772)	(44)	641	(6,107)
Profit (loss) after tax	2,102	14,312	667	182,963	(182,645)	17,399
<u>Assets and reconciliation</u>						
Segment assets	317,840	160,935	196,613	638,550	(609,780)	704,158
Total assets	317,840	160,935	196,613	638,550	(609,780)	704,158
<u>Liabilities and reconciliation</u>						
Segment liabilities	257,598	131,728	158,019	250,175	(435,607)	361,913
Total liabilities	257,598	131,728	158,019	250,175	(435,607)	361,913
<u>Other material items and reconciliation</u>						
Expenditure for non-current assets	–	439	103,354	14	–	103,807

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

37. Financial information by operating segments (cont'd)

37A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The following is an analysis of the Group's reportable segments for the financial year ended 31 December 2015:

Operating segment	Property development \$'000	Building construction \$'000	Investment property \$'000	Investment holding \$'000	Elimination \$'000	Consolidated \$'000
<u>Profit or loss and reconciliation</u>						
Revenue by segment	250,445	228,971	29,648	10,862	(107,088)	412,838
	<u>250,445</u>	<u>228,971</u>	<u>29,648</u>	<u>10,862</u>	<u>(107,088)</u>	<u>412,838</u>
Segment result	77,327	25,406	8,622	40,097	(52,289)	99,163
Interest income	280	351	120	6,606	(5,599)	1,758
Finance costs	–	–	(2,243)	(2,697)	3,238	(1,702)
Depreciation	–	(3,261)	(16,955)	(2)	1,302	(18,916)
Profit (loss) before tax	77,607	22,496	(10,456)	44,004	(53,348)	80,303
Income tax (expense) benefit	(13,189)	(2,414)	2	521	315	(14,765)
Profit (loss) after tax	<u>64,418</u>	<u>20,082</u>	<u>(10,454)</u>	<u>44,525</u>	<u>(53,033)</u>	<u>65,538</u>
<u>Assets and reconciliation</u>						
Segment assets	423,024	160,355	113,968	381,535	(377,219)	701,663
Total assets	<u>423,024</u>	<u>160,355</u>	<u>113,968</u>	<u>381,535</u>	<u>(377,219)</u>	<u>701,663</u>
<u>Liabilities and reconciliation</u>						
Segment liabilities	252,174	128,961	119,134	106,729	(278,477)	328,521
Total liabilities	<u>252,174</u>	<u>128,961</u>	<u>119,134</u>	<u>106,729</u>	<u>(278,477)</u>	<u>328,521</u>
<u>Other material items and reconciliation</u>						
Expenditure for non-current assets	–	723	16,153	–	–	16,876

37B. Geographical information

	Revenue		Non-current assets	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Singapore	157,962	412,831	77,329	65,854
Australia	6,289	7	124,486	18,678
	<u>164,251</u>	<u>412,838</u>	<u>201,815</u>	<u>84,532</u>

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

37. Financial information by operating segments (cont'd)

37C. Information about major customers

	Group	
	2016	2015
	\$'000	\$'000
Top 1 customer in building construction segment	90,794	125,579

38. Events after the end of the financial year

Subsequent to the end of the financial year, the Group has (i) set up a property trust known as WH Gray Street Trust with issued and paid up units of A\$ 1.00 each for 100 units and (ii) incorporated a wholly owned subsidiary known as Wee Hur Capital Pte. Ltd. with issued share capital of A\$ 1.00 each for 100 ordinary shares.

39. Changes and adoption of financial reporting standards

For the current financial year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative
FRS 110 & 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

40. New or amended standards in Issue but not yet effective

For the future financial years new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future financial years. Those applicable to the reporting entity for future financial years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
FRS 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
	Amendments to FRS 115: Clarifications to FRS 115	
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019

STATISTICS OF SHAREHOLDINGS

AS AT 7 MARCH 2017

Number of fully issued and paid up shares (excluding treasury shares and subsidiary holdings)	:	919,245,086
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Treasury shares	:	16,671,000
Subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	307	9.71	5,135	0.00
100 - 1,000	93	2.49	50,521	0.01
1,001 - 10,000	730	23.08	5,046,381	0.55
10,001 - 1,000,000	1,978	62.53	161,787,402	17.60
1,000,001 and above	55	1.74	752,355,647	81.84
Total	3,163	100.00	919,245,086	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	Number of Shares	%
1	GSC Holdings Pte. Ltd.	349,159,000	37.98
2	Citibank Nominees Singapore Pte Ltd	63,002,272	6.85
3	Raffles Nominees (Pte) Limited	38,800,557	4.22
4	Goh Yeu Toh	34,072,157	3.71
5	DBS Nominees (Private) Limited	30,611,838	3.33
6	Sua Nam Heng	30,417,257	3.31
7	Cheng Kiang Huat	21,000,257	2.28
8	CIMB Securities (Singapore) Pte. Ltd.	13,540,896	1.47
9	Goh Yeow Lian	12,815,600	1.39
10	United Overseas Bank Nominees (Private) Limited	12,621,821	1.37
11	UOB Kay Hian Private Limited	11,194,503	1.22
12	Goh Yew Tee	11,159,416	1.21
13	Kuik Ah Han	10,050,000	1.09
14	OCBC Securities Private Limited	8,251,133	0.90
15	Goh Yew Lay	7,566,560	0.82
16	Goh Yew Gee	6,490,120	0.71
17	Low Woo Swee @ Loh Swee Teck	6,209,000	0.68
18	Ong Gim Loo	6,000,000	0.65
19	Liew Siew Keok	5,160,000	0.56
20	Phillip Securities Pte Ltd	4,457,852	0.48
		682,580,239	74.23

STATISTICS OF SHAREHOLDINGS

AS AT 7 MARCH 2017

SUBSTANTIAL SHAREHOLDERS AS AT 7 MARCH 2017

(As recorded in the Register of Substantial Shareholders as at 7 March 2017)

Substantial Shareholdings Name	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Goh Yeow Lian ⁽²⁾	12,815,600	1.39	399,694,872	43.48
GSC Holdings Pte. Ltd.	349,159,000	37.98	—	—

Notes:

⁽¹⁾ Based on the total number of issued ordinary shares of 919,245,086 (excluding 16,671,000 treasury shares and subsidiary holdings) as at 7 March 2017.

⁽²⁾ Goh Yeow Lian is deemed to have an interest in the following shares:

- (i) 349,159,000 shares held by GSC Holdings Pte Ltd through his interest in GSC Holdings Pte. Ltd.
- (ii) 2,800,000 shares registered in the name of his spouse, Tan Ah Hio.
- (iii) 8,216,000 shares held by his spouse, Tan Ah Hio (registered in the name of Citibank Nominees Singapore Pte Ltd).
- (iv) 39,519,872 shares registered in the name of Citibank Nominees Singapore Pte Ltd.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

To the best knowledge of the Company, the percentage of shareholding held in the hands of public as at 7 March 2017 is approximately 36.85% of the total issued shares, excluding treasury shares. Therefore, the Company complies with Rule 723 of the Listing Manual.

TREASURY SHARES AND SUBSIDIARY HOLDINGS

As at 7 March 2017, the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of outstanding ordinary shares is 1.81%.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of Wee Hur Holdings Ltd. (the “Company”) will be held on Friday, 28 April 2017 at 11.30 a.m. at Quality Hotel Marlow Singapore, Quality Ballroom, 201 Balestier Road, Singapore 329926 for the purpose of transacting the following business:

ORDINARY BUSINESS

- | | | |
|----|---|---------------------|
| 1. | To receive and adopt the Directors’ Statement, Auditor’s Report and Audited Financial Statements for the financial year ended 31 December 2016. | Resolution 1 |
| 2. | To declare the payment of a final tax exempt (one-tier) dividend of 0.3 cent per ordinary share for the financial year ended 31 December 2016. | Resolution 2 |
| 3. | To approve the payment of Directors’ fees of S\$180,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears. (2016: S\$180,000) | Resolution 3 |
| 4. | To re-elect Teo Choon Kow @ William Teo, a Director retiring pursuant to Article 107 of the Company’s Constitution [See explanatory Note (a)]. | Resolution 4 |
| 5. | To re-elect Robert Wong Kwan Seng, a Director retiring pursuant to Article 107 of the Company’s Constitution [See explanatory Note (b)]. | Resolution 5 |

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions:

- | | | |
|----|---|---|
| 6. | Share Issue Mandate | Resolution 6 |
| | “That pursuant to Section 161 of the Companies Act, Chapter 50 (the “Companies Act”) and the listing rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) authority be and is hereby given to the Directors of the Company to: | |
| | (a) | (i) 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 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 the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, |

Notice of Annual General Meeting

provided that

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (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 shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) 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 a 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)]

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 5 May 2017 for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd of 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 up to the close of business at 5:00 p.m. on 4 May 2017 will be registered to determine members' entitlement to the proposed final tax exempt (one-tier) dividend (the "Proposed Dividend"). The Proposed Dividend, if approved, will be paid on 12 May 2017 to members registered in the books of the Company on 4 May 2017.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the Proposed Dividend will be paid by the Company to CDP which will in turn distribute the Proposed Dividend entitlements to holders of shares in accordance with its practice.

By Order of the Board
Tan Ching Chek and Teo Ah Hiong
Joint Company Secretaries

6 April 2017

Explanatory Notes:

- (a) Teo Choon Kow @ William Teo, if elected, will continue to serve as the Chairman of the Audit and the Remuneration Committees and a member of the Nominating Committee. Teo Choon Kow @ William Teo is considered by the Board of Directors as an Independent Director for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
- (b) Wong Kwan Seng Robert, if elected, will continue to serve as the Chairman of the Nominating Committee and a member of the Audit and the Remuneration Committees. Wong Kwan Seng Robert is considered by the Board of Directors as an Independent Director for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
- (c) The proposed ordinary resolution 6, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting to issue shares in the Company up to the limits as specified in the resolution for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

Notes:

- 1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

Notice of Annual General Meeting

2. A proxy need not be a member of the Company.
3. If a proxy is to be appointed, the instrument of proxy must be deposited at the Company's registered office at 39 Kim Keat Road, Wee Hur Building, Singapore 328814 not less than forty-eight (48) hours before the time fixed for holding the Annual General Meeting. The completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.
4. A Depositor's name must appear on the Depository Register maintained by CDP as at seventy-two (72) hours before the time fixed for holding the Annual General Meeting in order to be entitled to attend, speak and vote at the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instruction appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

Personal Data Privacy:

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

Photographic, sound and/or video recordings of the Annual General Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Annual General Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Annual General Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

In addition, the Company may upon the request of any shareholder, provide such shareholder with a copy of the minutes of the Annual General Meeting which may contain a member's personal data as explained above. By participating in the Annual General Meeting, raising any questions and/or proposing/seconding any motion, a member will be deemed to have consented to have his personal data recorded and dealt with for the purposes and in the manner explained above.

Proxy Form

WEE HUR HOLDINGS LTD.

Company Reg. No.: 200619510K
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING

IMPORTANT

- Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Act"), relevant intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
- For CPF/SRS investors who have used their CPF/SRS monies to buy Wee Hur Holdings Ltd's shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF/SRS Investors should to contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2017.

I/We _____ (Name), _____ (NRIC/Passport Number/Company Registration Number)
of _____ (Address)

being a member/members of Wee Hur Holdings Ltd. (the "**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Friday, 28 April 2017 at 11.30 a.m. at Quality Hotel Marlow Singapore, Quality Ballroom, 201 Balestier Road, Singapore 329926 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Ordinary Resolutions	For	Against
ORDINARY BUSINESS			
1.	To adopt the Directors' Statement, Auditor's Report and Audited Financial Statements.		
2.	To declare Final Dividend.		
3.	To approve Directors' Fees for the financial year ending 31 December 2017.		
4.	To re-elect Teo Choon Kow @ William Teo, a Director retiring under Article 107 of the Company's Constitution.		
5.	To re-elect Robert Wong Kwan Seng, a Director retiring under Article 107 of the Company's Constitution.		
SPECIAL BUSINESS			
6.	To approve the Share Issue Mandate.		

Dated this _____ day of _____ 2017

Total Number of Shares Held	
-----------------------------	--

Signature(s) of Member(s) / Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
2. A proxy need not be a member of the Company.
3. If no name is inserted in the space for the name of your proxy in the instrument appointing a proxy or proxies, the Chairman of the Meeting will act as your proxy.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 39 Kim Keat Road, Wee Hur Building, Singapore 328814, not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Act.
9. The completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
10. The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy appointing a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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偉合控股有限公司
WEE HUR HOLDINGS LTD

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