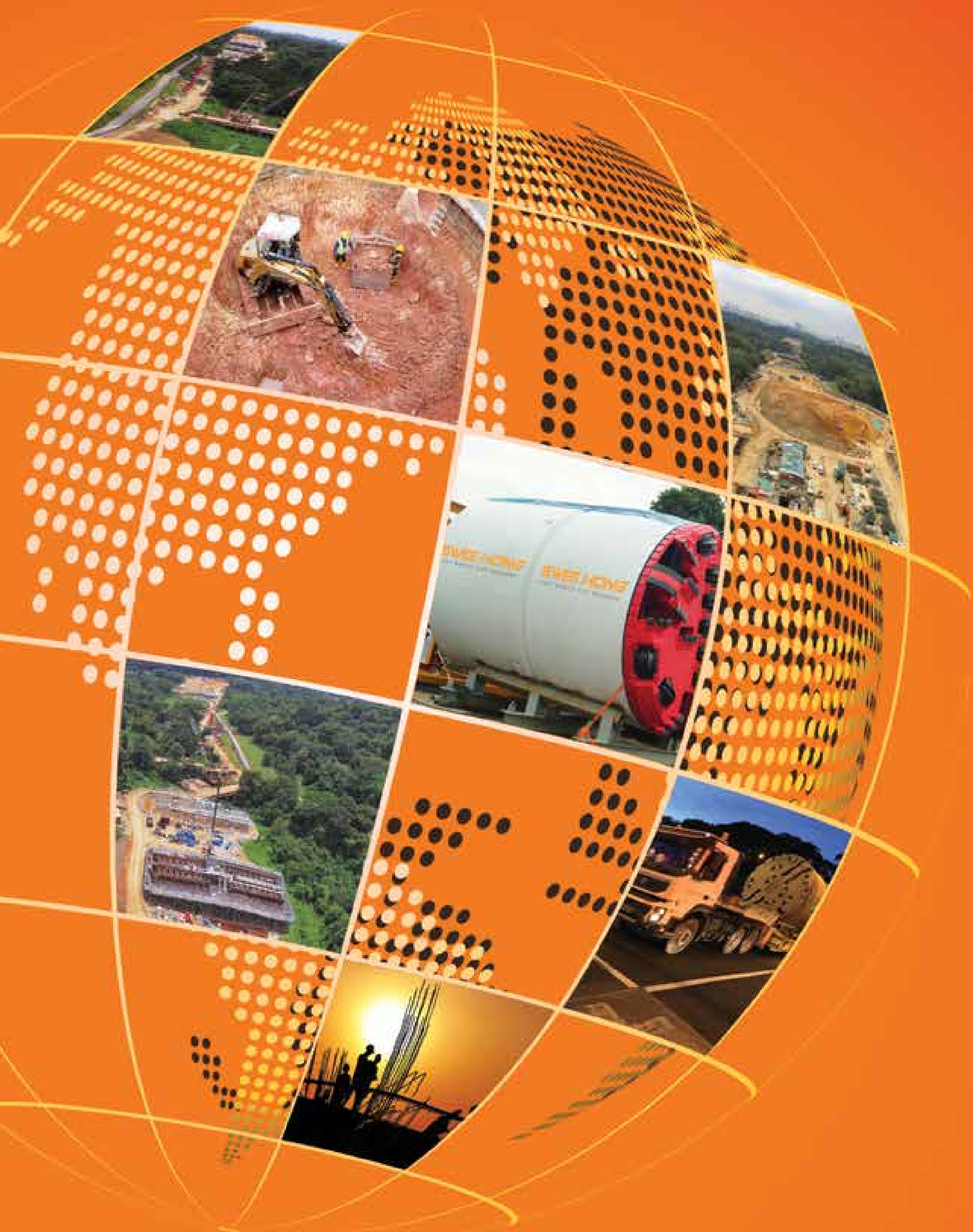
SWEE HONG
FIRST WORLD CITY BUILDERS



BUILDING ON STRENGTH.
GROWTH AMIDST CHALLENGES

ANNUAL REPORT 2016

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Harish Parameswar, *Non-Executive Chairman and Independent Director*
(Appointed 16 August 2016)
Anil Dhanpatlal Agrawal, *Executive Director*
(Appointed 12 August 2016)
Yeo Siang Thong, *Non-Executive Director*
(Appointed 4 March 2016)
Peter Moe, *Independent Director*
(Appointed 30 December 2015)
Teo Boon Tieng, *Independent Director*
(Appointed 30 December 2015)

AUDIT COMMITTEE
Teo Boon Tieng, *Chairman*
Peter Moe
Harish Parameswar

NOMINATING COMMITTEE
Peter Moe, *Chairman*
Harish Parameswar
Teo Boon Tieng

REMUNERATION COMMITTEE
Peter Moe, *Chairman*
Harish Parameswar
Teo Boon Tieng

PRINCIPAL BANKERS
OCBC Bank Limited

COMPANY SECRETARY
Tan Swee Gek, LLB *(Hons)*
Ong Beng Hong, LLB *(Hons)*

REGISTERED OFFICE
58 Sungei Kadut Drive, Singapore 729572

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01, Singapore Land Tower
Singapore 048623

AUDITOR
Nexia TS Public Accounting Corporation
100 Beach Road #30-00, Shaw Tower
Singapore 189702
Director-in-charge: Lee Look Ling
(Appointed since financial year ended 30 June 2013)

CORPORATE PROFILE

Founded in 1962 and then known as "Chop Swee Hong", the company primarily was involved in subcontracting roads, bridges and transportation of quarry materials. However, in 1980, the company grew in both business volume and service industry and was incorporated as "Swee Hong Engineering & Construction Pte Ltd". Over the next 2 decades, the execution of projects anchored Swee Hong in the civil engineering field and included the construction of roads and flyover, to name a few.

As a civil engineering contracting company licensed by the Building and Construction Authority (BCA), three pillars outline Swee Hong's expertise – Parks and Services, Infrastructure Construction and Tunnelling. Within Park and Services, Swee Hong provides a architectural, mechanical and electrical (M&E), civil and structure (C&S), soil works, landscaping and project management services.

Under Infrastructure Construction, roads, bridges, flyover, canals and sewers feature mainly in the list of completed projects. Microtunnelling and pipe-jacking is also evident in Swee Hong's projects which outlines the use of trenchless technology.

Much of Swee Hong's success lies in the quality of the people and embrace of technology in construction and project management services. The use of Building Information Modeling (BIM) technology in projecting models and construction schedules has spearheaded Swee Hong in the advancement of all projects in building First World Cities.

With the vision of building "First World Cities for First World Living", Swee Hong will continue to dominate and transform the field of civil engineering in years to come through it's technology and knowledge-driven work culture.

CORPORATE STRUCTURE

SWEE HONG

- SWEE HONG DORMITORIES PTE LTD (100%)
- SWEE HONG CONSTRUCTION PTE LTD (100%)
- SUN HUP DEVELOPMENT PTE LTD (100%)
- SWEE HONG HK PTE LTD (100%)

Legend

- White circle: Dormant Singapore Subsidiary Corporations
- Dark grey circle: Dormant Overseas Subsidiary Corporation

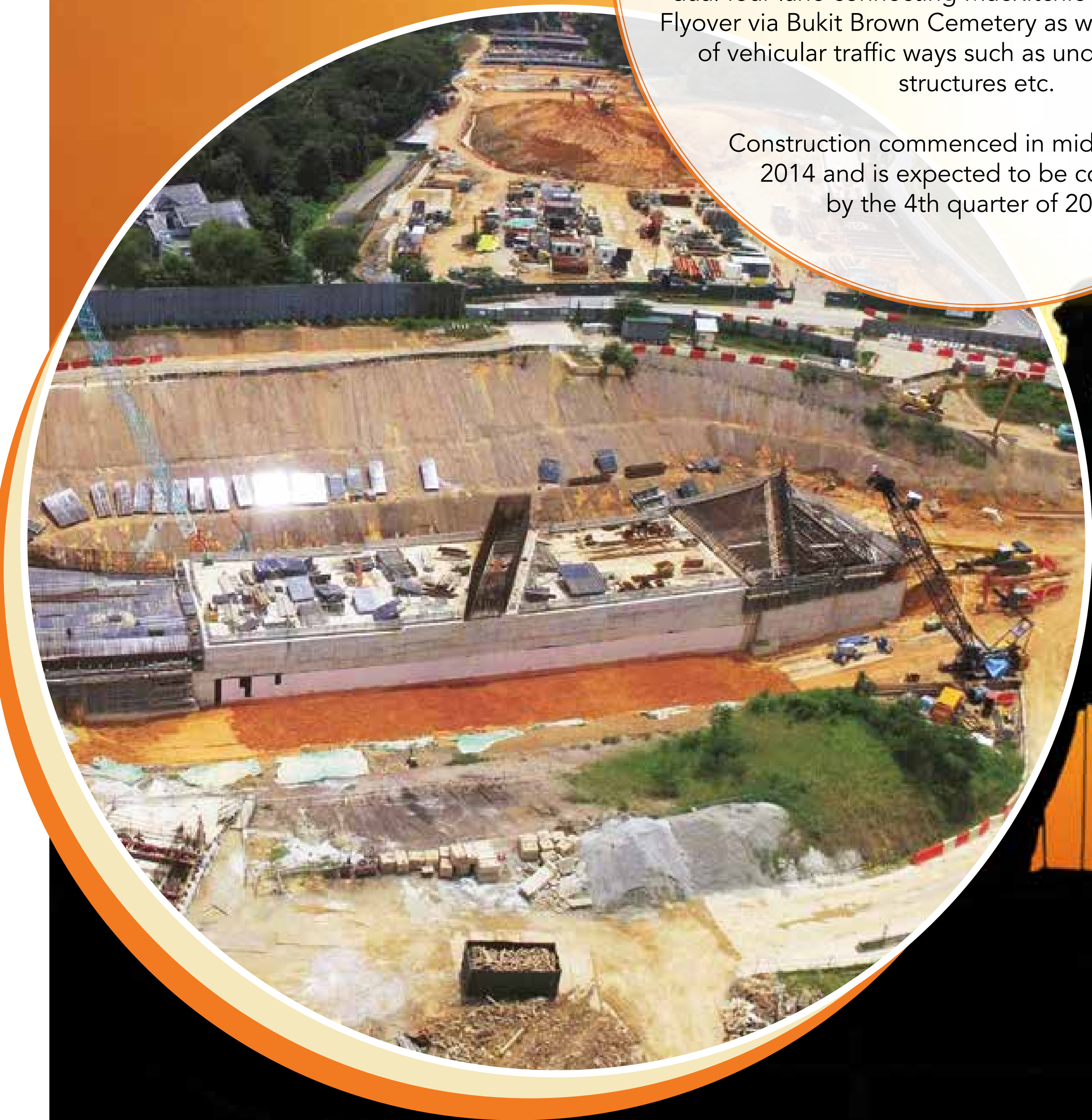
CURRENT PROJECTS

ER382 – NEW ROAD BETWEEN MACRITCHIE VIADUCT & ADAM FLYOVER

In order to ease traffic congestion, the Land Transport Authority (LTA) has awarded the contract to Swee Hong Limited to carry out the construction of new road between MacRitchie Viaduct and Adam Flyover.

The completed improvement works will consist of a new dual four-lane connecting MacRitchie Viaduct to Adam Flyover via Bukit Brown Cemetery as well as construction of vehicular traffic ways such as underpass, bridge structures etc.

Construction commenced in mid-September 2014 and is expected to be completed by the 4th quarter of 2017.



SEWERAGE SCHEME TO PHASE OUT NEE SOON PUMPING STATION – CONTRACT 1

As an ongoing effort to enhance the operational reliability of the sewerage network, PUB appointed Swee Hong Limited as the main contractor to carry out the improvements to the sewerage network in the Yishun Central, Yishun Avenue 5 and Sembawang Road area.

The project commenced in November 2011 and is expected to be completed by June 2017.

CHAIRMAN AND EXECUTIVE DIRECTOR JOINT MESSAGE

Dear shareholders,

It has been an eventful year for Swee Hong.

It has been a challenging financial year ended 2016. The company faced intense pressure to continue its on-going projects in the midst of the challenges including implementation of the Creditors Scheme of Arrangement and negotiations with potential investors. But the Company weathered the storm and we believe we are stronger today than we were a year ago.

CREDITORS SCHEME OF ARRANGEMENT

On the financial restructuring front, the Company had on 2 December 2015, lodged a copy of the Order of Court with the Registrar in relation to a scheme of arrangement between the Company and the certain creditors ("Scheme") which took effect on and from 2 December 2015. Under the Scheme, certain cash payments will be made to and new shares will be issued to the Company's Creditors in full satisfaction and complete extinguishment and discharge of the debts owed to the Company's Creditors. In particular, new shares will be issued to the Company's Creditors pursuant to two debt-to-equity exercises. In the month of June 2016, the Company disbursed a total of $6.5 million in RDA and Pari Passu payments and on 11 August 2016, the Company issued 929,461,627 Creditors Conversion Shares. The Scheme continues to be in force and the Company is committed to fulfilling its obligations to bring the Scheme to a close.

NEW CONTROLLING SHAREHOLDER

On 11 August 2016, the Company issued 1,400,000,000 Subscription Shares for a consideration of $4.0 million, and allotted 500,000,000 Warrants to KH Foges Pte Ltd which became the controlling shareholder of the Company. With the new investor on board, the Company aims to continue to grow and expand its reach beyond the shores of Singapore.

COMPLETED & CURRENT ORDER BOOK

The Company did not secure any new projects owing to its financial distress and the focus was on ongoing projects. The Company successfully obtained Certificate of Substantial Completion for the projects that it completed in the year. The on-going projects are progressing steadily and gaining momentum. We are grateful to our employers for continuing to keep their faith with the Company to overcome the most challenging period in the Company's long history. The Company will begin to tender for suitable projects for the next phase of growth.

BUSINESS OUTLOOK

In early 2016, the Building and Construction Authority ("BCA") projected construction demand to be between S$27 billion and S$34 billion, with 65% of this demand being driven by public sector demand. Construction demand from public sector remains high in year 2016 with key projects such as PUB's water reclamation and sewerage projects, Changi Airport's 3-runway system (package 2), improvement works to the Kranji Expressway and Pan-Island Expressway, associated infrastructure works for Changi Airport Terminal 5 and phase 2 of the Deep Tunnel Sewerage System. We believe that these developments will provide many opportunities for our Company. The Company is looking to bid for suitable and profitable projects to strengthen its order book.

Singapore's construction industry today grapples with rising labour costs and manpower shortages. In this environment we will need to constantly enhance our efficiency and competiveness.

CHAIRMAN AND EXECUTIVE DIRECTOR JOINT MESSAGE

OPERATIONAL EFFICIENCY

In order to improve the operational efficiency, the Company is going through extensive organizational restructuring in areas of human resource management, strengthening accountability, optimising asset utilisation, enhancing management oversight and monitoring of project progress through periodic and systematic project budgetary review and control. All these measures will help the senior management to address the concerns of effectiveness and timeliness of management actions to improve the project management and financial reporting. The Company will continue to adopt necessary strategies to drive continuous improvements in operational performance.

Furthermore, the Company has also taken cost streamlining measures to improve the financial performance of the Company. The Company has already reduced certain overheads and has been continuously identifying overheads which can be reduced or completely eliminated.

NEW COMPOSITION OF THE BOARD

At the time of issuance of last year's Annual Report, the Company did not have independent directors in its board, but today, we have Mr Teo Boon Tieng and Mr Peter Moe together with Mr Harish Parameswar as independent directors of the board, all of whom bring extensive experience to the Board, which sets the right tone and will ensure robust corporate governance. They are joined by Mr Yeo Siang Thong as Non-Executive director and Mr Anil Dhanpatlal Agrawal as Executive Director in the Board. With the new Board Members, the Board has reconstituted the Board Committees. We would also take this opportunity to thank our former Board Members for their invaluable contribution.

"We are grateful to our employers for continuing to keep their faith with the Company to overcome the most challenging period in the Company's long history."

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to extend our appreciation to our management and staff, shareholders, customers, business partners, lenders and all other stakeholders for their dedication and commitment. Without their support, the Company would not be able to tide through this challenging period.

Together we will continue to steer the Company in the direction of growth and expansion. We look forward to your continual support and better years ahead.

Harish Parameswar
Non-Executive Chairman

Anil Dhanpatlal Agrawal
Executive Director

BOARD OF DIRECTORS

HARISH PARAMESWAR

Mr Harish is our Independent Director and Non-Executive Chairman of the Board. He is also a member of Audit Committee, Remuneration Committee, and Nomination Committee. He was appointed to the Board on 16 August 2016.

Mr Harish is senior finance professional with over 20 years of entrepreneurial, investment banking and private equity experience. He is currently the Managing Director of Silk Bridge Partners, an investment holding company that's focused on private equity, joint ventures and business advisory. Till early 2016, he was Managing Director and Head of Investment Banking of Islamic Bank of Asia (a merchant banking subsidiary of DBS Bank in partnership with prominent investors from the Middle East), where he ran the investment banking and direct investment business for the bank, additionally he also managed DBS Banks existing private equity portfolio. Prior to this, Mr Harish has been a senior investment banker with strong origination capabilities across Asia, leveraging strong network of relationships with business families, sovereign wealth funds, intermediaries and private wealth networks in the region. Till 2010, he was Managing Director of Lazard Asia (NYSE: LAZ), where he was Head of South East Asia with additional responsibility for the Technology & Media sectors in Asia. Mr Harish had previously worked with international investment banks Deutsche Bank and Jardine Fleming/JP Morgan in various corporate finance roles in Asia.

Mr Harish currently sits on the Boards of private equity funds and companies in Asia.

ANIL DHANPATLAL AGRAWAL

Mr Agrawal is our Executive Director. He was appointed to the Board on 12 August 2016 following the successful completion of equity injection into the Company through KH Foges Pte Ltd.

He is also the Executive Director of KH Foges Pte Ltd, the controlling shareholder of the Company, and founder and Executive Chairman of Kridhan Infra Limited, the ultimate holding company which is publicly listed on the Bombay Stock Exchange.

He is a management graduate with more than a decade of experience in the steel & infrastructure industry. He is the founder of Kridhan Infra Limited and heads the organization today with product innovation and steel industry expertise being his forte, Mr. Agrawal pioneered the concept of 'ready to use' steel in India. He was also one of the master minds behind the conceptualization of the first Indian B2B steel portal clickforsteel.com. His broad global perspective and sharp leadership skills has empowered Kridhan Infra Limited to expand its horizons beyond the domestic frontiers positioning it to become a true international player. He brings with him 16 years of successful experience in providing fiscal, strategic, and operational leadership.

He graduated with a Bachelor of Commerce from Sydenham College of Commerce & Economics, Mumbai India and Master of Business Administration from University of Mumbai, India.

BOARD OF DIRECTORS

PETER MOE

Mr Moe is our independent director and Chairman of the Nominating Committee and Remuneration Committee, and member of Audit Committee. He was appointed to the Board on 30 December 2015.

Mr Moe is a veteran in the Singapore legal industry. The areas of practice that Mr Moe is involved in includes Civil and Commercial Litigation, Corporate and Commercial Law, Conveyancing, Bankruptcy and Insolvency. His 33 years of legal practice has created a network of corporate and individual clients who had benefited from his vast experience and expertise.

Mr Moe is a member of the Singapore Institute of Directors. He was also an independent director of one other public listed company.

TEO BOON TIENG

Mr. Teo is our Independent Director and Chairman of Audit Committee. He is also a member of Remuneration Committee and Nomination Committee. He was appointed to the Board on 30 December 2015.

He served as an independent director and Chairman of the Audit Committee of Multi-Con Systems Limited from 2005 to March 2009. He is currently practising under his firm, Teo Boon Tieng & Company, Chartered Accountants of Singapore, which he set up in early 1997. Prior to that, he worked for Ernst & Young from early 1990 to late 1995. His experience with Ernst & Young included the audit of companies from a spectrum of industries, multinational corporations and public listed companies.

He graduated from NUS with a Bachelor of Science (Honours) in Estate Management Degree in 1989. He is a fellow member of both the Institute of Singapore Chartered Accountants (ISCA) and the Association of Chartered Certified Accountants (ACCA, UK).

YEO SIANG THONG

Mr Yeo is our Non-Executive Director. He was appointed to the Board on 4 March 2016.

He is also the CEO of KH Foges Pte Ltd, the controlling shareholder of the Company. Mr Yeo has more than 25 years' experience in the construction industry having worked as the Head of Construction Division and Managing Director of Chip Eng Seng Contractors (1988) Pte Ltd where he managed the operation for the construction group. He was also the Executive Director of Chip Eng Seng Limited from 1998 to 2007. He has also served as Executive Civil Engineer and then Executive Project Manager in the Housing Development Board, and as a Senior Manager in JTC International Pte Ltd.

He holds an Honours Degree in Civil Engineering and a Master of Science (Civil Engineering) from the National University of Singapore. He is also a Registered Professional Engineer with the Professional Engineers Board.

KEY MANAGEMENT

MOORTHY VARADHAN

Mr Moorthy is our General Manager. He joined the Company in May 2016.

Mr Moorthy is a Graduate in Civil Engineering from the prestigious College of Engineering (Anna University, Chennai India). He is an Associate Member and Chartered Engineer from the Institute of Engineers India as well as a Member of the Institute of Directors India. He is also a Technical Controller approved by the Building and Construction Authority Singapore.

He has more than 3 decades of work experience in the field of Engineering & Construction as well as in Project Management in diversified projects both in India and abroad, encompassing construction of Trenchless Technology using Micro Tunnel Boring Machines of various diameter and types, information technology building facility, software technology parks & office space, high rise residential towers elite, affordable and mass housing including precast residential towers, commercial buildings, hospitals , malls, factories, industrial structures, sports complex, exhibition & convention centre, metro rail project-stations and depots & infra structures projects such as roads, bridges and flyovers, airports passenger terminal buildings and runways. Most of them are unique, complicated and fast track projects.

He has managed projects which obtained several safety achievement awards from both RosPa and British Safety Council.

He has presented a technical paper at Institute of Concrete-Pune Chapter on Hi Rise Building Construction Technique and panel member for World of Façade.

MOHAMED AMANULLAH

is our Chief Financial Officer. He joined our Group in May 2015. He is responsible for the accounting, finance and reporting functions of the Company. Prior to joining our Group, he worked as Financial Controller of 3Cnergy Limited from July 2013 to May 2015.

Mr Mohamed Amanullah is a Fellow Chartered Certified Accountant ("FCCA"), registered with the Association of Chartered Certified Accountants in the United Kingdom, and a Chartered Accountant, CA (Singapore), registered with the Institute of Singapore Chartered Accountants. He holds a bachelors' degree in applied accounting and an MBA from University of Melbourne. He has more than 15 years' experience in accounting and finance in the legal, social welfare, and real estate industries.

FINANCIAL AND OPERATIONS REVIEW

PROFIT AND LOSS

Revenue by business segment

	Group					
	2016		2015		Increase/ (decrease)	Increase/ (decrease)
	$'000	%	$'000	%	$'000	%
Civil engineering	39,656	97%	15,794	71%	23,862	151%
Tunneling	1,162	3%	6,327	29%	(5,165)	(82%)
	40,818	**100%**	**22,121**	**100%**	**18,697**	

Revenue from civil engineering segment increased by $23.9 million from $15.8 million in FY2015 to $39.7 million in FY2016 mainly due to increased progress of the on-going projects, particularly the ER382 Bukit Brown project and progress claim as part of finalisation of accounts for the completed Main Gardens project. Revenue from tunnelling segment decreased by $5.1 million from $6.3 million in FY2015 to $1.2 million in FY2016 mainly due to slow progress in the Nee Soon tunnelling project.

The Group's gross loss of $2.0 million is a decrease of approximately $3.0 million from a gross loss of $5.0 million in FY2015 mainly due to the profit of $3.6 million from finalisation of accounts for the completed Main Gardens project. Gross profit from civil engineering segment increased by approximately $7.1 million during the financial year from $2.1 million gross loss in FY2015 to $5.0 million gross profit in FY2016 mainly due to the $5.3 million from finalisation of accounts for the completed Main Garden, completion of other civil engineering projects as well as increased activities in the ER382 Bukit Brown project. Gross loss from tunnelling segment increased by approximately $4.1 million during the financial year from a gross loss of $2.9 million in FY2015 to a gross loss of $7.0 million in FY2016 mainly due to provision for foreseeable losses of $3.1 million and additional costs incurred in one of the tunnelling projects which has run into delays due to the Group's financial situation.

The Group did not incur significant distribution and marketing expenses during FY2016. Administrative expenses for FY2016 decreased by $11.0 million as compared with FY2015. The administrative expenses of $3.9 million mainly comprised of depreciation of $0.4 million, impairment of property, plant and equipment of $0.7 million, salaries and related costs of $2.5 million, professional fees of $2.1 million and other operating expenses which were offset by write-back of impairment of construction contract amount due from customer of $3.9 million. Finance expenses relates to interest expenses on borrowings.

Loss from discontinued operation amounted to $4.2 million mainly due to sub-contractor costs recognised during the year.

The Group incurred a net loss after tax of approximately $10.3 million due to the reasons stated above.

FINANCIAL AND OPERATIONS REVIEW

BALANCE SHEET

Trade and other receivables as at 30 June 2016 of $14.4 million decreased by $0.7 million from $15.1 million as at 30 June 2015. Prepayments and advances to suppliers decreased by $4.0 million from $6.6 million as at 30 June 2015 to $2.6 million as at 30 June 2016. This was partially offset by increase in trade receivables and construction contract unbilled receivables of $3.3 million from $8.0 million as at 30 June 2015 to $11.3 million as at 30 June 2016. Construction contract work-in-progress as at 30 June 2016 amounting to $0.5 million increased by approximately $0.3 million from $0.2 million as at 30 June 2015 mainly due to purchase of inventories for ER382 project.

Asset classified as held-for-sale relates to the property located at 190A/190C Chua Chu Kang Avenue 1, Singapore 689466 which is expected to be sold in the near future to fund the Creditors Scheme of Arrangement.

Available-for-sale financial assets as at 30 June 2016 of $11,000 decreased by approximately $0.3 million from $0.3 million as at 30 June 2015 mainly due to disposal during the financial year.

Property, plant and equipment decreased by approximately $0.4 million from $12.0 million as at 30 June 2015 to $11.6 million as at 30 June 2016 mainly due to a $2.0 million depreciation charge for the financial year, a $0.7 million impairment charge on property, plant, and equipment and additions of $2.3 million during the financial year.

Trade and other payables increased by approximately $1.7 million from $53.0 million as at 30 June 2015 to $54.7 million as at 30 June 2016 mainly due to increase in accrued operating expenses of $4.0 million from $4.6 million as at 30 June 2015 to $8.6 million as at 30 June 2016. Construction contracts amount due to customers decreased by approximately $4.9 million mainly due to increased progress billing during the year.

As at 30 June 2016, the Group is in a net current liabilities position of $56.6 million.

CASH FLOW

Cash used in operating activities during the year amounted to $4.9 million mainly due to increase in trade and other payables and decrease in trade and other receivables. Net cash provided by investing activities of approximately $28.0 million arise mainly from the $30.0 million gross proceeds from the disposal of investment property under construction and $0.3 million from the disposal of available-for-sale financial assets which was offset by additions to property plant and equipment of $2.3 million. Net cash used in financing activities of approximately $25.4 million was mainly due to repayment of bank borrowings of $22.8 million and repayment of finance lease liabilities amounting to $0.3 million. This was offset by borrowings of $1.8 million extended from a related party. Bank balances restricted for use amounted to $4.1 million

Overall, cash and cash equivalents stood at approximately $5.0 million as at 30 June 2016.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors of Swee Hong Limited ("the Company") and together with its subsidiary corporations (the "Group") recognises the need for accountability, creating and preserving shareholder value and achieving its corporate vision for the Group. This report describes the Group's corporate governance practices and activities with specific reference to the Code of Corporate Governance 2012 (the "Code"), during the financial year ended 30 June 2016.

1. BOARD MATTERS

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

1.1 The Role of the Board

As at the date of this Annual Report, the Board comprises one (1) Executive Director, one (1) Non-Executive Director and three (3) Independent Directors. The Board oversees the management of the Group. It reviews the Group's strategies, policies and financial performance, assesses key risks provided by Management as well as the adequacy of internal controls and risk management. Day-to-day management and implementation of business strategies are delegated to the Executive Director. Each Director is expected, during the course of carrying out his duties, to act in good faith and make decisions objectively at all times, as fiduciaries in the best interest of the Company.

The principal functions of the Board, apart from its statutory responsibilities, are to:

(a) set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of the Company's assets and shareholders' interests;

(c) review Management's performance;

(d) set the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met;

(e) identify the key stakeholder groups of the Company;

(f) consider any sustainability issues;

(g) conducting periodic reviews of the Group's financial performance, internal controls and reporting compliance; and

(h) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met.

REPORT ON CORPORATE GOVERNANCE

1.2 Board Processes

Three board committees ("Board Committees") were established to assist in the execution of its responsibilities.

These are the:

Audit Committee ("AC"),
Nominating Committee ("NC"), and
Remuneration Committee ("RC").

At the start of the financial year ended 30 June 2016, the Company had no Independent Directors and the AC, NC and RC remained vacant as the Company, being in a financial distress situation, was unable to appoint new Independent Directors. As announced via SGXNET on 20 October 2015, the Singapore Exchange Securities Trading Limited (the "SGX-ST") had, inter alia, granted to the Company an extension of time for the appointment of at least two new Independent Directors till 31 December 2015 (the "SGX Grant of EOT"). On 30 December 2015, the Company announced via SGXNET the appointment of Mr Peter Moe and Mr Teo Boon Tieng as new Independent Directors of the Company. On the same day, following their appointments, the AC, RC and NC were reconstituted in the following order:

Audit Committee

Mr Teo Boon Tieng (Chairman)
Mr Peter Moe (Member)
Mr Ong Hoi Lian (Member) (resigned on 2 September 2016)

Nominating Committee

Mr Peter Moe (Chairman)
Mr Teo Boon Tieng (Member)
Mr Ong Hoi Lian (Member) (resigned on 2 September 2016)

Remuneration Committee

Mr Peter Moe (Chairman)
Mr Teo Boon Tieng (Member)
Mr Ong Hoi Lian (Member) (resigned on 2 September 2016)

On 12 August 2016, the Company announced via SGXNET the appointment of Mr Anil Dhanpatlal Agrawal as Executive Director of the Company. On 16 August 2016, the Company announced via SGXNET the appointment of Mr Harish Parameswar as Independent Director of the Company. On the same day, following such appointments, the Board of Directors, AC, RC and NC were reconstituted in the following order:

Board of Directors

Mr Harish Parameswar (Non-Executive Chairman and Independent Director)
Mr Peter Moe (Independent Director)
Mr Teo Boon Tieng (Independent Director)
Mr Anil Dhanpatlal Agrawal (Executive Director)
Mr Yeo Siang Thong (Non-Executive Director)
Mr Ong Hoi Lian (Non-Executive Director) (resigned on 2 September 2016)

Audit Committee

Mr Teo Boon Tieng (Chairman)
Mr Peter Moe (Member)
Mr Harish Parameswar (Member)

Nominating Committee

Mr Peter Moe (Chairman)
Mr Teo Boon Tieng (Member)
Mr Harish Parameswar (Member)

Remuneration Committee

Mr Peter Moe (Chairman)
Mr Teo Boon Tieng (Member)
Mr Harish Parameswar (Member)

The Board Committees, however, will not relieve the Board of its responsibilities. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the entire Board. Each of the Board Committees has its own written terms of references and the minutes of meetings of these committees are circulated among the Board.

Fixed Board meetings will be held at least once every quarter to review the business affairs of the Group and approve the announcement of the quarterly financial results. When necessary, additional Board meetings will be held to deliberate on other substantive matters. No Board meetings were held for the first half of the financial year ended 30 June 2016, as the Company, being in a financial distress situation, had not appointed new Independent Directors. During such period, the quarterly financial result announcements were approved by the Board of Directors which at the time comprised only two (2) Directors by way of written resolutions.

The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information relating to the proposed transaction. On and prior to 18 February 2016, the agenda for meetings were prepared in consultation with Mr Ong Hock Leong, the Managing Director who was also the Group CEO (the "CEO"). Mr Ong Hock Leong ceased as the CEO on 18 February 2016 and on 19 February 2016, Mr Mohamed Saleem Mohamed Amanullah was appointed as Acting Chief Executive Officer. Following the appointment of Mr Anil Dhanpatlal Agrawal as Executive Director on 12 August 2016, the agenda for meetings were prepared in consultation with the Executive Director. The advice of Mr Harish Parameswar, the Non-Executive Chairman, will be sought on matters to be discussed in relation to strategic issues and business plans where needed in relation to the agenda for meetings. The agenda for meetings are circulated in advance of the scheduled meetings.

REPORT ON CORPORATE GOVERNANCE

1.3 Directors' meeting held

During the financial year ended 30 June 2016, the board held three Board meetings, two AC meeting, two NC meeting and two RC meeting.

The attendance of the Directors [1] at meetings of the Board and Board Committees during the financial year ended 30 June 2016 were as follows:

		Committee		
	Board	**Audit**	**Nominating**	**Remuneration**
Number of Meetings held:	3	2	2	2
Name of Director				
Mr. Ong Hoi Lian[2]	2	1	1	1
Mr. Ong Hock Leong[3]	2 (1 Invited)	2 (Invited)	1 (Invited)	1 (Invited)
Mr Peter Moe [4]	3	2	2	2
Mr Teo Boon Tieng[5]	3	2	2	2
Mr Yeo Siang Thong[6]	1	1 (Invited)	-	-

Notes:

(1) Mr Harish Parameswar and Mr Anil Dhanpatlal Agrawal were both appointed as Directors only after the financial year ended 30 June 2016, as such, they did not attend any Board meetings held for the financial year ended 30 June 2016.

(2) On 2 September 2016, Mr Ong Hoi Lian resigned as a Director of the Company.

(3) On 18 February 2016, Mr Ong Hock Leong ceased to be Managing Director and Chief Executive Officer of the Group pursuant to a bankruptcy order made against him on 18 February 2016.

(4) Mr Peter Moe was appointed as Independent Director of the Company on 30 December 2015.

(5) Mr Teo Boon Tieng was appointed as Independent Director of the Company on 30 December 2015.

(6) Mr Yeo Siang Thong was appointed as Non-Executive Director of the Company on 4 March 2016.

The dates of fixed Board, Board committee and Annual General Meetings ("AGM") are scheduled in advance in consultation with the Directors to assist the Directors in planning their schedules and attendance. A Director who is unable to attend a Board or Board Committee meeting in person, can alternatively still participate in the meeting via telephone conference, video conference, audio visual or other electronic means of similar communication. Telephonic attendance and conference via audio communication at Board meetings are allowed under Article 104(4) of the Company's Constitution.

1.4 Matters Requiring Board Approval

The Executive Director supervises the management of the business and affairs of the Company and reduces the administrative time, inconvenience and the expenses associated with the convening of meetings of the Board and circulation of circular resolutions of the Board, without compromising the Group's corporate objectives and adversely affecting the day-to-day operations of the Company.

However, meetings of the Board are still held and/or circular resolutions are circulated to the Board for matters which require the Board's approval, including without limitation the following:

a) the financial plans of the Group;

b) major investments, divestment, capital expenditure and funding proposals;

c) review of the annual performance of the Group;

d) review of the key activities and business strategies of the Group;

e) approval of the corporate strategy and direction of the Group;

f) approval of transactions involving a conflict of interest for a Controlling Shareholder or a Director or Interested Persons Transactions (IPTs);

g) new appointments to the Board;

h) remuneration packages of the Directors and Key Management Personnel; and

i) corporate or financial restructuring and share issuances.

A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has been adopted by the Board.

1.5 Training of Directors

During the financial year ended 30 June 2016, the following appointments were made:

(a) Mr Peter Moe was appointed as Independent Director of the Company;

(b) Mr Teo Boon Tieng was appointed as Independent Director of the Company; and

(c) Mr Yeo Siang Thong was appointed as Non-Executive Director of the Company.

A newly appointed Director is typically given a formal letter setting out his duties and obligations upon his appointment and each such newly-appointed Director will undergo a comprehensive orientation program to be familiar with the Group's business and governance practices. As is the Company's practice, Mr Yeo Siang Thong, Mr Peter Moe and Mr Teo Boon Tieng were given formal letters setting out their duties and obligations upon their appointments. Mr Peter Moe, Mr Teo Boon Tieng and Mr Yeo Siang Thong underwent a comprehensive orientation program to be familiar with the Group's business and governance practices. As at the date of this annual report, the Company has also appointed Mr Harish Parameswar as Independent Director and Mr Anil Dhanpatlal Agrawal as Executive Director. They were similarly given formal letters setting out their duties and obligations upon their appointments. Mr Harish Parameswar and Mr Anil Dhanpatlal Agrawal also underwent a comprehensive orientation program to be familiar with the Group's business and governance practices.

REPORT ON CORPORATE GOVERNANCE

Regular update on new laws, regulations and best practices are made available to the Directors. The Directors are encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as Directors to the Company. During the financial year ended 30 June 2016, the directors were briefed on changes to the Companies Act (Cap. 50).

1.6 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.

As at the date of this Annual Report, the Board consists of five (5) members, the majority of whom are Independent Directors.

As at the date of this Annual Report, the Board comprises of the following Directors:

EXECUTIVE DIRECTOR

Mr. Anil Dhanpatlal Agrawal

NON-EXECUTIVE DIRECTOR

Mr. Yeo Siang Thong

INDEPENDENT DIRECTORS

Mr Harish Parameswar (Non-Executive Chairman of the Board)
Mr Peter Moe
Mr Teo Boon Tieng

The profiles of the Directors are found under the "Board of Directors" section of this Annual Report.

The Board regularly examines its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself, taking into account the scope and nature of the Group's business operations. In the course of the Board identifying suitable candidates to be appointed as new Independent Directors of the Company, the Board will also have due regard to the composition of the Board and ensure that the Board would have the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The composition of the Board will be reviewed on an annual basis by the NC. The NC will ensure that new Independent Directors that are capable of exercising objective judgment on the corporate affairs of the Group independently of Management are appointed such that no individual or small group of individuals dominate the Board's decision-making process.

Particulars of interests of directors who held office at the end of the financial year in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report.

1.7 Independent Members of the Board of Directors

Pursuant to Guideline 3.3 of the Code, a company should appoint a Lead Independent Director ("LID") where (a) the Chairman and the CEO is the same person, (b) the Chairman and the CEO are immediate family members, (c) the Chairman is part of the management team, or (d) the Chairman is not an independent director. As at the date of this Annual Report, the position of Non-Executive Chairman is held by Mr Harish Parameswar and the position of Executive Director is held by Mr Anil Dhanpatlal Agrawal. In view that the Non-Executive Chairman and the Executive Director are different persons, the Company has not appointed an LID.

The Board considers a director to be "independent" if he/she has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of that Director's independent judgment of the conduct of the Group's affairs. None of the Independent Directors should be related to the Company's Controlling Shareholders. In identifying, recruiting and appointing suitable candidates to be appointed as new Independent Directors of the Company, the Board will consider whether a particular candidate is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the candidate's judgement in his role as an Independent Director of the Company.

Each Director is required to disclose to the Board any such relationship as and when it arises.

As at the date of this Annual Report, there are three (3) Independent Directors on the Board.

In considering the independence of any potential Independent Director, the Board will take into consideration and subsequently, in consultation with the reconstituted NC, review on an annual basis, the following factors to ensure that none of the Company's Independent Directors are:

a) a director being employed by the company or any of its related companies for the current or any of the past three financial years;

b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related companies as a senior executive officer whose remuneration is determined by the remuneration committee;

c) a director, or an immediate family member, accepting any compensation from the company or any of its subsidiaries other than compensation for board service for the current or immediate past financial year;

d) a director, or whose immediate family member, being or has been a 10% shareholder of or a partner in (with 10% or more stake), or an executive officer of, or a director of any for-profit business organisation to which the company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of $200,000 should generally be deemed significant;

e) a director who is a 10% shareholder or an immediate family member of a 10% shareholder of the Company; or

f) a director who is or has been directly associated with a 10% shareholder of the Company in the current or immediate past financial year.

As a majority of the Board is made up of Independent Directors, the Company believes the Board will be able to exercise independent judgment on corporate affairs and ensure that no one individual or groups of individuals dominate any decision making process.

REPORT ON CORPORATE GOVERNANCE

1.8 Chairman and Chief Executive Officer

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

The Company typically tries to ensure that there is a clear division of responsibilities between the Chairman of the Board and the Executive Director by keeping these positions separate so as to ensure a proper balance of power and authority in the Group. The present Non-Executive Chairman of the Board is Mr Harish Parameswar who is also an Independent Director.

As the Non-Executive Chairman, Mr Harish Parameswar leads the Board to ensure its effectiveness and approves the agenda of each Board meeting in consultation with the Executive Director. The Non-Executive Chairman will also monitor communications and relations between the Company and its shareholders, within the Board and between the Board and the Management, with a view to encouraging constructive relations and dialogue amongst them.

The Executive Director, is responsible for the day-to-day operations of the Group and to ensure quality flow of information between the Board and the Management. The Executive Director also reviews the Board papers and, with the assistance of the Management, ensures that the Board members are provided with accurate, timely and clear information. Management staff who have prepared the Board papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during Board meetings.

It is the Company's intention to keep the roles of the Chairman and Executive Director separate and the Board will ensure that power is not unduly concentrated in the hands of one individual nor will there be any compromised accountability and independent decision-making as all decisions and policy changes will be conducted through the respective Board Committees, all of which will be chaired by the Independent Directors.

1.9 Board Membership

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

As at the date of this Annual Report, the NC comprises the following three (3) Independent Directors:

Mr Peter Moe (Chairman)
Mr Teo Boon Tieng (Member)
Mr Harish Parameswar (Member)

The Board typically delegates to the NC the functions of developing and maintaining a transparent and formal process for the appointment of new directors, making recommendations for directors who are due for retirement by rotation to seek re-election at general meeting and determining the independent status of each director. A retiring director is eligible for re-election by the shareholders of the Company at general meeting, and prior to nominating a retiring director for re-election, the NC will evaluate the director's contribution and performance taking into consideration factors such as attendance, competencies, commitment, preparedness, participation and candour.

The NC also reviews the independence of each of the Independent Directors annually. As part of their review process, the NC requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the guidelines in the Code. The NC reviews the declaration forms executed by the Independent Directors as well as any declaration which they may make to determine their respective independence. Pursuant to its review, the NC is of the view that Mr Peter Moe, Mr Teo Boon Tieng and Mr Harish Parameswar are independent of the Group and the Management.

The main terms of reference of the NC are as follows:

- to determine the process for search, nomination and appointment of new Board members and assessing candidates for appointment to the Board;
- to review and recommend the re-nomination of the Directors retiring by rotation, having regard to the Director's competency, contribution and performance;
- to determine on an annual basis whether or not a Director is independent;
- in respect of a Director who has multiple board representations on various companies, review and decide whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards;
- to review training and professional development programs for the Board;
- to decide how the Board's performance is to be evaluated and to propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term shareholders' value;
- to implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. Each Member of the NC shall abstain from voting on any resolutions in respect of his assessment of his performance or re-nomination as a Director; and
- to review the size, structure and composition of the Board.

In the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC would also review the change to be implemented and make recommendations to the Board accordingly. For the appointment of new Directors, the NC would, in consultation with the Board, examine the existing Board's strengths, capabilities and the existing Directors' contribution of skills, knowledge and experience to the Group and the Board. Further to the above, the NC will take into account the future needs of the Group and, together with the Board, it will seek candidates who are able to contribute to the Group. During the financial year ended 30 June 2016, the Board underwent a major reconstitution. This exercise was undertaken pursuant to the appointment of Mr Peter Moe and Mr Teo Boon Tieng as Independent Directors of the Company on 30 December 2015. The appointments of Mr Peter Moe and Mr Teo Boon Tieng for the financial year ended 30 June 2016 were reviewed by the then existing Board with due consideration given to the mix of skills, knowledge and experience each of Mr Peter Moe and Mr Teo Boon Tieng would bring to the Board. At the time of appointment, the Company did not have an NC as there were no Independent Directors and therefore, the Board undertook the review of the appointments in lieu of the NC. Subsequently, on 4 March 2016, Mr Yeo Siang Thong was appointed as Non-Executive Director of the Company. The appointment of Mr Yeo Siang Thong for the financial year ended 30 June 2016 was reviewed by the NC with due consideration given to the mix of skills, knowledge and experience that Mr Yeo Siang Thong would bring to the Board.

The NC is also generally tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the Directors may hold. As a guide, Directors of the Company should not have more than six listed company board representations and other principal commitments. The NC should conduct reviews to satisfy itself that sufficient time and attention is being given by the Directors to the affairs of the Group.

REPORT ON CORPORATE GOVERNANCE

The Constitution of the Company requires one-third of the Directors to retire from office at each AGM. Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals. As all of the Directors were appointed subsequent to the FY2015 AGM, all the Directors will be required pursuant to Article 102 of the Constitution to retire at the forthcoming AGM and will be eligible for re-appointment. The NC has also recommended the respective re-elections of Mr Peter Moe, Mr Teo Boon Tieng, Mr Anil Dhanpatlal Agrawal and Mr Harish Parameswar at the forthcoming AGM.

The NC also typically examines the Board's size to satisfy itself that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operations.

Details of the appointment of the Company's current Directors including date of initial appointment and date of last re-election (if any) and directorships in other listed companies, both current and for the preceding three years, are set out below:

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in other Listed Companies	Other Principal Commitments
Mr Anil Dhanpatlal Agrawal	40	12 August 2016	N.A.	**Present Directorships** - **Past Directorships** -	Executive Director at KH Foges Pte. Ltd. Managing Director at Kridhan Infra Limited, India
Mr Harish Parameswar	44	16 August 2016	N.A.	**Present Directorships** - **Past Directorships** -	Managing Director at Silk Bridge Partners Private Ltd.
Mr Yeo Siang Thong	52	4 March 2016	N.A.	**Present Directorships** - **Past Directorships** • Chip Eng Seng Corporation Ltd.	Chief Executive Officer of KH Foges Pte. Ltd.
Mr Peter Moe	62	30 December 2015	N.A.	**Present Directorships** • GRP Ltd **Past Directorships** • PSL Holdings Ltd • Chuan Soon Huat Industrial Group Ltd • Air Ocean Ltd	Director at Optimus Chambers LLC
Mr Teo Boon Tieng	52	30 December 2015	N.A.	**Present Directorships** - **Past Directorships** • Multi-Con Systems Limited	Partner at Teo Boon Tieng & Co., Chartered Accountants Singapore

1.10 Board Performance

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

Based on the recommendations of the NC previously, the Board has established processes and objective performance criteria for evaluating the effectiveness of Directors as a whole in the Board as well as individually.

(i) Evaluation of the effectiveness of the Board as a whole

The Board's effectiveness as a whole is assessed by the NC through completing a Board Assessment checklist. The Board Assessment checklist takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with Management. The Board's performance is also assessed by the NC based on a set of quantitative criteria and financial performance indicators. These performance criteria will remain unless changes are deemed necessary and justified by the Board. Due to the changes to the Board composition and as the present Board has not been in place for more than 10 months, the NC determined that it would not be meaningful to carry out such an assessment for the financial year ended 30 June 2016.

(ii) Evaluation of the effectiveness of individual Directors

At the end of each financial year, the performance of each Director will be evaluated by the NC. The criteria includes the level of participation in the Group, such as his commitment of time to the Board and Board Committee meetings as well as his performance on the tasks delegated to him.

The primary objective of the assessment exercise is to create a platform for each member of the Board to exchange feedback on the Board's strengths and deficiencies with the goal of strengthening the effectiveness of the Board as a whole.

The above assessment is typically conducted by the NC at least once a year. The Chairman of the NC will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.

1.11 Access to Information

Principle 6: In order to fulfill their responsibilities, Board members 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.

The Board is provided with timely and complete information prior to Board meetings and as and when the need for such information arises.

The Management had provided members of the Board with relevant background information relating to the matters that were discussed at the Board meetings. Detailed board papers are sent out to all Directors before each of the scheduled meetings so that the Directors may better understand the issues beforehand, allowing for more time at such meetings for questions which any of the Directors may have.

All Independent Directors of the Company generally have unrestricted access to the Company's senior management via telephone, e-mail and meetings.

All Directors also have separate and independent access to the Company Secretary. The role of the Company Secretary includes responsibility for ensuring that the Board's procedures are followed and that applicable rules and regulations are complied with. The Company Secretary and/or representative of the Company Secretary administers, attends and prepares minutes of all Board and Board Committee Meetings and assists the Board and Board Committees in ensuring that the Group complies with the relevant requirements of the Companies Act, Cap. 50 and the Listing Manual of the SGX-ST. The Group's Company Secretary is also the channel of communication between the Group and the SGX-ST as well as advising on all governance matters and facilitating professional development as required. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Every member of the Board and Board Committee has also unrestricted direct access to the Group's independent professional advisors as and when the need arises, to enable each member to discharge his responsibilities effectively. Any costs arising from engagement of professionals will be borne by the Company.

2 REMUNERATION MATTERS

2.1 Procedures for developing Remuneration Policies

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

The Group believes in having a framework of remuneration for the Board and key executives that is linked to the continued development of Management's strength and key executives to ensure that there is continuity in the development of talent and renewal of strong and sound leadership for the continued success of the Company. The RC comprises entirely of Independent Directors, namely:

Mr Peter Moe (Chairman)
Mr Teo Boon Tieng (Member)
Mr Harish Parameswar (Member)

The main terms of reference of the RC is to review and recommend to the Board a framework of remuneration for the Directors and key executives of the Group, and determine specific remuneration packages for each Executive Director.

The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind shall be covered by the RC. In addition, the RC typically performs an annual review of the remuneration of employees related to the Directors to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him

If necessary, the RC may seek expert advice inside and/or outside the Company on remuneration of the Directors and key management personnel. The RC will ensure that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for the financial year ended 30 June 2016.

2.2 Level and Mix of Remuneration

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

The Group has a staff remuneration policy which comprises a fixed component and a variable component. The fixed component comprises basic salary and other fixed allowances. The variable component is linked to the performance of the Company and the individual. The Board will look into the inclusion of provisions in the staff remuneration policy to allow the Company to reclaim any such variable components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The remuneration package is designed to enable the Company to stay competitive and allows the Company to better align executive compensation with shareholders' value creation.

Currently, the Group does not have any long-term incentive schemes. The Group has a service agreement with the Executive Director. The Group typically does not have any service agreements with any of the Independent Directors. The Non-Executive Directors are typically paid Directors' fees, which are determined by the Board taking into account time spent and responsibilities. The Directors' fees are subject to approval by the shareholders at each AGM. The Company will ensure that any new Independent Directors are not over-compensated to the extent their independence may be compromised.

2.3 Disclosure of Remuneration

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

The breakdown of the remuneration (rounded off to the nearest thousand dollars) of the Directors[1] for the financial year ended 30 June 2016 is set out below:

Remuneration Band & Name of Director	Salary[2]	Variable or performance related income/bonuses	Director's fees	Consultancy Fees[3]	Benefits-in-kind[4]	Total
	%	%	%	%	%	$
Ong Hock Leong[5]	55%	-	-	35%	10%	321,000
Ong Hoi Lian[6]	-	-	100%	-	-	60,000
Yeo Siang Thong[7]	-	-	100%	-	-	19,000
Peter Moe[8]	-	-	100%	-	-	30,000
Teo Boon Tieng[9]	-	-	100%	-	-	30,000

Notes:

(1) Mr Harish Parameswar and Mr Anil Dhanpatlal Agrawal were both appointed as Directors only after the financial year ended 30 June 2016, as such, they did not receive any remuneration.

(2) Salary includes Employer CPF.

(3) Consultancy fees are for services rendered outside ordinary duties.

(4) Benefits-in-kind consist of transport and accommodation allowances.

(5) Mr Ong Hock Leong ceased as a Director of the Company on 18 February 2016.

(6) Mr Ong Hoi Lian resigned as a Director of the Company with effect from 2 September 2016.

(7) Mr Yeo Siang Thong was appointed on 4 March 2016 as Non-Executive Director of the Company.

(8) Mr Peter Moe was appointed on 30 December 2015 as an Independent Director of the Company.

(9) Mr Teo Boon Tieng was appointed on 30 December 2015 as an Independent Director of the Company.

2.4 Remuneration of Employees Related to Directors

Save for disclosed below, there were no employees who are related to a Director or the Chief Executive Officer whose remuneration exceeded $50,000 for the financial year ended 30 June 2016.

Remuneration Band & Name of Employee	**Age**	**Family relationship with any director, CEO**	**Current position and duties, and the year the position was first held**
Between S$50,001 and S$100,000			
Ong Eng Hwoon	40	Son of Ong Hoi Lian, Non-Executive and Non-Independent Director[1]	Project Manager since 2008

Notes:

(1) Mr Ong Hoi Lian resigned as a Director of the Company with effect from 2 September 2016.

2.5 Remuneration of Top Key Management Personnel

The annual aggregate remuneration paid to the top key management personnel of the Company for the financial year ended 30 June 2016 is $331,700. Details of the remuneration paid to such key management personnel for the financial year ended 30 June 2016 are set out below:

Remuneration Band & Name of Key Executive	**Salary**[1]	**Benefits-in-kind**[2]	**Total**
	%	%	**%**
Below $250,000			
Mohamed Saleem Mohamed Amanullah[3]	85%	15%	100%
Moorthy Varadhan[4]	89%	11%	100%
Wong Siew Moh[5]	86%	14%	100%

Notes:

(1) Salary includes Employer CPF.

(2) Benefits in kind consist of transport allowances.

(3) Mr Mohamed Saleem Mohamed Amanullah is the Chief Financial Officer of the Company.

(4) Mr Moorthy Varadhan is the General Manager of the Company.

(5) Dr Wong Siew Moh, the previous Technical Manager left the Company with effect from 30 April 2016.

The Board is of the view that given the sensitive and confidential nature of employees' remuneration, detailed disclosure on the top key management personnel is not in the best interests of the Group. Such disclosure would disadvantage the Group in relation to its competitors and may adversely affect the cohesion and spirit of team work prevailing among the employees of the Group.

3. ACCOUNTABILITY AND AUDIT

3.1 Accountability

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

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Group's performance, position and prospects on a quarterly basis. This responsibility extends also to reports to regulators. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET, press releases and the Company's website. The Board will review and approve the financial reports before their release. The Board will also review and approve any press releases concerning the Group's financial results. The Group's Annual Report is available on request and accessible on the Company's website.

The Management provides the Board with quarterly reports of the Group's financial performance, as well as progress reports on the achievement of the Management's goals and objectives determined by the Board. The Management also maintains close contact and communication with the Board by various means, including but not limited to holding meetings with the Board or via email in which documents are circulated to the Board for their review or for their information. The abovementioned arrangement allows the Directors to monitor the Group's performance as well as the Management's achievement of the goals and objectives determined and set by the Board.

3.2 Risk Management and Internal Controls

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

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that all internal control systems contain inherent limitations and that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The AC is usually in charge of conducting regular reviews of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management.

The AC has reviewed the adequacy and effectiveness of the various systems put in place by the Management and it is satisfied that there are adequate internal controls in the Group to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets.

The Group has in place a system of internal control and risk management for ensuring proper accounting records and reliable financial information as well as management of business risks with a view to safeguarding shareholders' investments and the Group's assets. The risk management framework implemented provides for systematic and structured review and reporting of the assessment of the degree of risk, evaluation and effectiveness of controls in place and the requirements for further controls. Management typically reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

The Board has also received assurance from the Executive Director and the Chief Financial Officer on the integrity of the financial statements of the Group, in particular that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the effectiveness of the Group's risk management and internal control systems.

The External Auditors report any significant deficiencies in any key internal controls to the Directors.

Action plans to manage the risks are continuously being monitored and refined by Management and the Board. Any material non-compliance in internal controls together with corrective measures are reported directly to the Directors.

Based on the internal controls established and maintained by the Group, reviews conducted by the Independent Auditors and assurance from Management, the AC is of the opinion that the Group's system of internal controls, addressing financial, operational, compliance and information technology risks, and its risk management policies and systems (notably those systems that monitor and manage financial, operating, compliance, information technology and other risks) were adequate and effective as at 30 June 2016 in its current business environment.

For purposes of this section and in line with the Singapore Standards on Auditing and the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Internal Controls-Integrated Framework, "internal controls" is broadly defined as "a process effected by an entity's board of directors and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

(a) effectiveness and efficiency of operations;

(b) reliability of financial reporting; and

(c) compliance with applicable laws and regulations."

The first category addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of assets. The second category relates to the preparation of reliable published financial statements, including interim and condensed financial statements and selected financial data derived from such statements, such as earning releases, reported publicly. The third category deals with complying with those laws and regulations to which the entity is subject.

The Board recognises that no internal control system could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve the business objectives.

3.3 Whistle-blowing policy

The Group has put in place a whistle-blowing policy to provide employees with an avenue to raise concerns about possible improprieties in financial reporting or other matters, and the Board is satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

Details of the whistle-blowing policies and arrangements have been made available to all employees of the Company. In accordance with the rules of the whistle-blowing policies, following investigation and evaluation of a complaint, the AC will decide on recommended disciplinary or remedial action, if any. The action so determined by the AC to be appropriate shall then be brought to the Board or to the appropriate members of senior management for authorisation or implementation, respectively.

3.4 Audit Committee

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

The AC has written terms of reference that are approved by the Board and clearly set out its responsibilities.

The AC comprises entirely of Independent Directors, namely:

Mr Teo Boon Tieng (Chairman)
Mr Peter Moe (Member)
Mr Harish Parameswar (Member)

In appointing new members of the AC, the Board will ensure that the members of the AC have accounting or related financial management expertise and experience to discharge their responsibilities as members of the AC.

The AC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the AC typically ensures that its members have the appropriate qualifications to provide independent, objective and effective supervision. In the course of appointing new members to the AC, the Board will ensure that such new members will have the appropriate qualifications to provide independent, objective and effective supervision.

The AC has written terms of references which is enforced by the Board and carries out its functions in accordance with the Companies Act and the Code.

The AC typically meets periodically at least four times a year to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained within the Group. For the financial year ended 30 June 2016, there were only two (2) AC meetings held as the Company, being in a financial distress situation, was unable to appoint new Independent Directors until 30 December 2015 and as such, prior to the appointments of new Independent Directors in the financial year ended 30 June 2016, there was no AC.

The AC also typically reviews interested person transactions of the Group on a quarterly basis to ensure that these transactions are carried out on normal commercial terms and are not prejudicial to the interest of the Group and to its minority shareholders.

The AC is authorised to investigate any matter within its terms of reference, and has full access to and the full cooperation of the Management. The AC has full discretion to invite any Director or executive officer to attend its meetings, as well as access to reasonable resources to enable it to discharge its function properly. In performing its functions, the AC also reviews the assistance given by the Company's officers to the Independent Auditors. The AC is also authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. Generally, all of the members of the AC are Independent Directors. Each member of the AC will abstain from voting on any resolutions in respect of matters he is interested in.

The AC generally meets with the Group's external auditors and the executive management as and when required and in any event at least once a year to review accounting, auditing and financial reporting matters so as to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group. The AC also studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the AC advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its interim and annual reports.

REPORT ON CORPORATE GOVERNANCE

The AC met with the Independent Auditors once during the financial year ended 30 June 2016 and up to the date of this report without the presence of the Management. These meetings enable the Independent Auditors to raise issues encountered in the course of their work directly to the AC.

3.5 Auditor Independence

The AC reviews the independence of the Independent Auditors annually. The AC had assessed the Independent Auditors based on the factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group.

For the financial year ended 30 June 2016, the AC has reviewed, and is satisfied that the Independent Auditors, Nexia TS Public Accounting Corporation, is independent and objective, and that the audit engagement partner will be rotated every 5 years, in accordance with the Listing Manual.

The AC has reviewed all non-audit services provided by the Independent Auditors as well as the non-audit fees paid to the Independent Auditors and is satisfied that the nature and the scope of such services do not affect the Independent Auditors' independence and objectivity. For the financial year ended 30 June 2016, the audit fees paid to the Independent Auditors for their audit services were $85,000 and the non-audit fees paid to the Independent Auditors was $1000.

Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board is of the opinion that a suitable auditing firm has been appointed to meet the Group's auditing obligations.

The AC has also reviewed and is satisfied that the Group had complied with Rules 712 and 716 of the Listing Manual. The Company's Hong Kong subsidiary, Swee Hong HK Pte Limited, is audited by Alfred K. Wong & Company, for local statutory purposes. The Board has reviewed the appointment of Alfred K. Wong & Company as the audit firm of its Hong Kong subsidiary, Swee Hong HK Pte Limited, which is dormant, and is of the view that the appointment does not compromise the standard and effectiveness of the audit of the Group.

3.6 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 Board acknowledges that it is responsible for maintaining an internal audit function independent of the activities it audits. During the financial year ended 30 June 2016, the effectiveness of the internal controls and risk management systems and procedures were monitored by the Management and the Board. The Chief Financial Officer is responsible for the internal audit and controls function and reports to the Executive Director on all internal audit and controls and risk management matters.

The Board has reviewed the adequacy and effectiveness of the Company's internal controls and risk management functions. Taking into account the Company's current business environment and financial position, the Company has decided to appoint a professional internal audit firm for the upcoming financial year ending 30 June 2017. The AC is still in the process of identifying and appointing a new professional internal audit firm and once the appropriate professional internal audit firm has been identified and appointed, the necessary announcement(s) relating to such appointment will be made.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

4.1 Shareholder Rights

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

The shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Listing Manual of the SGX-ST.

Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders and they are informed of the rules, including voting procedures that govern general meetings of shareholders. Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting.

4.2 Communication with Shareholders

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

The Group engages investors in regular communications. It discloses information on a timely basis through SGXNET as well as on the Group's corporate website.

The Board also regards the AGM as an opportunity to communicate directly with the shareholders and encourages attendance and participative dialogue during the AGM. The notice of the AGM is dispatched to shareholders with the Annual Report (together with explanatory notes or a circular/letter to shareholders on items of special business, if applicable) at least 14 days before the AGM if ordinary businesses are to be transacted at the meeting or at least 21 days before the meeting if special businesses are to be transacted at the meeting. The notice, first disseminated via SGXNET, is also advertised in newspapers.

The Company encourages all the shareholders to attend the AGM to grasp a better understanding of the Group's business and be informed of the Group's strategic goals and objectives. The Board and Management are committed to an open dialogue with the shareholders at the AGM to address the shareholders' issues, views and concerns.

The Chairmen of the AC, RC and NC are normally available at the AGM as well to answer questions relating to the work of the Board Committees. The results of the Annual General Meeting will be released as an announcement via SGXNET.

The Company does not have a fix dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET.

REPORT ON CORPORATE GOVERNANCE

4.3 Conduct of Shareholder Meetings

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's AGMs are the principal forums for dialogue with shareholders. The Company encourages all shareholders to attend the AGM to grasp a good understanding of the Group's business and be informed of its strategic goals and objectives. The Board and Management are committed to an open dialogue with the shareholders at the AGM to address the shareholders' issues, views and concerns. The Chairmen of the AC, NC and RC will be available at the meetings to answer any question relating to the work of these committees up to the date of their cessation of appointment.

The Independent Auditors are also present to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the Auditors' report. Votes at the forthcoming Annual General Meeting and all General Meetings going forward will be taken by poll so that shareholders are accorded rights proportionate to their shareholding and all votes are counted.

Shareholders are encouraged to attend the AGM and all other general meetings of the Company to ensure high level of accountability and to stay appraised of the Group's strategy and goals. Notice of the meeting is advertised in newspapers and announced on SGXNET.

All resolutions at general meetings for substantially separate issues are kept separate unless they are interdependent and linked so as to form one significant proposal.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to shareholders upon their request. Results of the general meeting are also released as an announcement via SGXNET.

5. DEALINGS IN SECURITIES

The Group has adopted internal codes pursuant to the Listing Rule 1207(19) of the Listing Manual applicable to all its officers in relation to dealing in the Company securities. Its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the full year results announcement, as the case may be, and ending on the date of announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. Directors and officers of the Company are also prohibited from dealing in the Company's shares on a short term basis.

6. INTERESTED PERSONS TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders. In order to achieve this objective, the Board and AC usually meet on a quarterly basis to review whether the Company or any member in the Group is entering or intended to enter into any potential interested person transactions so as to ensure the Company complies with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions. In the absence of the AC, the Chief Financial Officer monitors and reviews any interested person transactions of the Company and reports on the same to the Board on a regular basis. There were no interested person transactions with a value of S$100,000 and above entered into during the financial year ended 30 June 2016.

7. MATERIAL CONTRACTS

Save as disclosed in the audited financial statements of this Annual Report and via SGXNET announcements and as set out below, there are no material contracts of the Company or its subsidiaries involving the interest of the CEO, directors or controlling shareholder subsisting at the end of the financial year ended 30 June 2016 or have been entered into since the end of the previous financial year.

S/N	Description	Contract Value (S$'000)	Contracting Parties	Contract Date
1	Bored Piling Works and Contiguous Bored Piling Works	5,083	KH Foges Pte Ltd[1] and the Company	14 April 2015
2	New Bridgeworks	46,500	KH Foges Pte Ltd and the Company	15 January 2016
3	Shafts Construction, Manholes & Pipe jacking works	9,000	KH Foges Pte Ltd and the Company	26 January 2016
4	Rental of Tunnel Boring Machine	200[2]	KH Foges Pte Ltd and the Company	01 March 2016
5	Supply & Installation of Micro-piling works	1,767	PSL Engineering Pte Ltd[3] and the Company	17 May 2016
6	Supply of Rebar, Concrete, Rental of machines, Steel plates, Sheet piles	15,000	KH Foges Pte Ltd and the Company	29 July 2016
7	Procurement of materials and services	7,000	KH Foges Pte Ltd and the Company	01 August 2016

Notes:

(1) KH Foges Pte Ltd is a controlling shareholder of the Company.

(2) The rental for the tunnel boring machine is payable on a monthly basis.

(3) PSL Engineering Pte Ltd is a wholly owned subsidiary of KH Foges Pte Ltd, which is a controlling shareholder of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

The directors present their statement to the members together with the audited financial statements of Swee Hong Limited (the "Company") and its subsidiary corporations (the "Group") for the financial year ended 30 June 2016 and the balance sheet of the Company as at 30 June 2016.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 41 to 101 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, based on the assumptions and measures undertaken as described in Note 4 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Peter Moe	(Appointed on 30 December 2015)
Teo Boon Tieng	(Appointed on 30 December 2015)
Yeo Siang Thong	(Appointed on 4 March 2016)
Anil Dhanpatlal Agrawal	(Appointed on 12 August 2016)
Harish Parameswar	(Appointed on 16 August 2016)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the 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.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as follows:

	Holdings registered in name of the director		Holdings in which director is deemed to have an interest	
	At 30.06.2016	**At 01.07.2015**	**At 30.06.2016**	**At 01.07.2015**
Company				
(No. of ordinary shares)				
Ong Hock Leong (1)(2)(3)	4,854,070	4,854,070	147,853,460	147,853,460
Ong Hoi Lian (1)(4)	23,054,070	23,054,070	147,329,650	147,329,650

The directors' interests in the ordinary shares of the Company as at 21 July 2016 were the same as those as at 30 June 2016.

Directors' interests in shares or debentures (Cont'd)

Notes:

(1) SHEC Holdings Pte. Ltd. holds 147,329,650 shares in the Company. Ong Hock Leong and Ong Hoi Lian each hold 20% of the issued share capital of SHEC Holdings Pte. Ltd.. As they hold not less than 20% of the issued share capital in SHEC Holdings Pte. Ltd., they are therefore deemed to have an interest in the shares held by SHEC Holdings Pte. Ltd. pursuant to Section 7 of the Companies Act.

(2) The Estate of Ong Whay Yeow holds 7,333,340 shares in the Company. Ong Whay Yeow passed away intestate on 29 April 1989. Under the Intestate Succession Act, Cap. 146, the beneficiaries under his estate are his spouse, Madam Ang Siew Kee (deceased on 18 August 2014) and his children, amongst which includes, Ong Hock Leong. Ong Hock Leong's deemed interest includes 523,810 shares held in the name of the Estate of Ong Whay Yeow.

(3) Ceased to act as director due to a bankruptcy order made against Ong Hock Leong on 18 February 2016.

(4) Resigned on 2 September 2016

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Warrants

On 11 August 2016, the Company allotted and issued 500,000,000 warrants to a related company approved by shareholders of the Company at an Extraordinary General Meeting dated 2 August 2016. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.01.

The conditions under which the exercise price of the warrants may be adjusted are as follows:

(a) an issue by the Company of shares to shareholders credited as fully paid for which no consideration is payable, by way of capitalisation of profits or reserves to its shareholders;

(b) a capital distribution made by the Company to its shareholders whether on a reduction of capital or otherwise;

(c) an offer or invitation made by the Company to its shareholders under which they may acquire or subscribe for shares by way of rights;

(d) an issue by the Company of shares if the consideration receivable by the Company for each Share is less than 90% of the relevant last dealt price for each share; and

(e) any consolidation, subdivision or conversion of shares.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Audit Committee

The members of the Audit Committee (the "AC") at the date of this report were as follows:

Teo Boon Tieng	Chairman	(Appointed on 30 December 2015)
Harish Parameswar	Member	(Appointed on 16 August 2016)
Peter Moe	Member	(Appointed on 30 December 2015)

All members of the AC were independent, non-executive directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, SGX Listing Manual and the Code of Corporate Governance which includes the following:

- To review the Company's independent auditor's audit plan and any recommendations on internal accounting controls arising from the statutory audit;
- To review the Company's internal auditor's internal audit scope and their evaluation of the adequacy of Company's internal control and accounting system;
- To review the consolidated financial statements;
- To review the internal control and procedures and ensure co-ordination between the independent auditor and the management, reviewing the assistance given by the management to the independent auditor, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditor may wish to discuss;
- To review and discuss with the independent auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- To consider and recommend the appointment or re-appointment of the independent auditor and matters relating to resignation or dismissal of the independent auditor;
- To review transactions falling within the scope of Chapter 9 and Chapter 10 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual;
- To undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- Generally to undertake such other functions and duties as may be required by status or the SGX-ST Listing Manual, and by such amendments made thereto from time to time;
- To review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up; and
- To conduct periodic review of foreign exchange transactions and hedging policies (if any) undertaken by the Group.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

....
Anil Dhanpatlal Agrawal
Director

....
Teo Boon Tieng
Director

7 October 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SWEE HONG LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Swee Hong Limited (the "Company") and its subsidiary corporations (the "Group") set out on pages 41 to 101, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2016, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Emphasis of matter

We draw attention to Note 4 to the financial statements. For the financial year ended 30 June 2016, the Group reported a gross loss of $1,976,580 (2015: $5,014,178) and total comprehensive loss of $10,325,129 (2015: $51,336,116). As at 30 June 2016, the Group's and Company's current liabilities exceeded their current assets by $56,614,345 (2015: $46,973,165) and $57,383,817 (2015: $47,766,403), respectively and the Group and Company have net equity deficit of $45,042,095 (2015: $34,716,966) and $45,809,566 (2015: $34,908,198), respectively.

As at 30 June 2016, the Company has balances of trade and other payables and borrowings amounting to $45,408,243 and $22,180,668, respectively which are overdue. In 2015, as the Company failed to meet their financial obligations on their respective due dates, certain creditors filed legal actions/proceedings to the High Court of the Republic of Singapore (the "Court") against the Company to demand payments. During the current financial year, the Company filed an application to the Court ("Application") to propose a scheme of arrangement between the Company and certain of its creditors ("Scheme") for the purposes of implementing and facilitating the Company's debt restructuring plan. On 25 November 2015, the Court approved the Scheme and granted the orders in the Application (the "Order of Court"). The Company extracted the Order of Court on 30 November 2015 and lodged a copy of the Order of Court with the Registrar of Companies on 2 December 2015. As such, the Scheme took effect and became binding on all parties on and from 2 December 2015. Included in the above balances of trade and other payables and borrowings are the amounts of debt outstanding agreed between the creditors and the Scheme manager under the Scheme ("Approved Debt Outstanding") amounting to approximately $28.1 million and $18.0 million, respectively.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and Company's abilities to continue as going concerns. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 30 June 2016 is appropriate after taking into consideration of the following assumptions and measures:

(a) As disclosed in Note 31, the Company has on 11 August 2016, allotted and issued the following:

   (i) 435,739,903 Creditors Start Conversion Shares and 67,766,667 Fee Shares to the conversion creditors under the Scheme. Consequently, trade and other payables and borrowings decreased by approximately $8.0 million and $0.6 million, respectively and the Company had written off 48% of the Approved Debt Outstanding which resulted in further decrease of trade and other payables and borrowings by approximately $16.6 million and $4.5 million, respectively. The remaining Approved Debt Outstanding will be satisfied either through cash payment or issuance of ordinary shares of the Company as full satisfaction and full discharge of the Approved Debt Outstanding.

   (ii) 493,721,724 OHL Conversion Shares to Ong Hock Leong ("OHL") under the Scheme as full settlement of the Approved Debt Outstanding amounting to approximately $9.9 million. Consequently, borrowings further decreased by the same amount.

   (iii) 1,400,000,000 Subscription Shares and 500,000,000 Warrants Shares to KH Foges Pte. Ltd. ("Controlling Shareholder") for a total consideration of $4.0 million and $5.0 million, respectively, for additional working capital purposes.

Emphasis of matter (Cont'd)

(b) The Company is currently marketing for sale its office building to generate funds for fulfilment of the Approved Debt Outstanding under the Scheme. The estimated sale price is between $2.5 million to $3.5 million.

(c) The Group has obtained a letter of undertaking from its Controlling Shareholder to provide financial support to the Company in relation to its working capital purposes by exercising the Warrants Shares to subscribe for new ordinary shares of the Company when required and provide continuing financial support to enable the Group and Company to continue as going concerns.

(d) With the successful outcome of the above measures, the Company expects to bid for potential new projects in the next twelve months.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets to current assets. The financial statements do not include any adjustment which may arise from these uncertainties. Our opinion is not qualified in respect of this matter.

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.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Lee Look Ling
(Appointed since financial year ended 30 June 2013)

Singapore

7 October 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Continuing operations			
Revenue	5	40,818,446	22,121,189
Cost of works		(42,795,026)	(27,135,367)
Gross loss		(1,976,580)	(5,014,178)
Other gains – net	6	386,118	361,192
Expenses			
- Distribution and marketing		(11,416)	(39,187)
- Administrative		(3,931,966)	(14,563,597)
- Finance	9	(442,103)	(72,692)
		(5,975,947)	(19,328,462)
Share of loss of an associated company	18	-	(133,194)
Loss before income tax		(5,975,947)	(19,461,656)
Income tax credit	10	-	17,000
Net loss from continuing operations		(5,975,947)	(19,444,656)
Discontinued operations			
Loss from discontinued operations, net of tax	11	(4,202,390)	(31,861,567)
Total loss		(10,178,337)	(51,306,223)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value (losses)/ gains		(29,090)	24,829
- Reclassification		(103,867)	(53,442)
Currency translation differences arising from consolidation			
- Losses		(13,835)	(1,280)
Other comprehensive loss, net of tax		(146,792)	(29,893)
Total comprehensive loss		(10,325,129)	(51,336,116)
Net loss attributable to:			
Equity holders of the Company		(10,178,337)	(51,306,223)
Total comprehensive loss attributable to:			
Equity holders of the Company		(10,325,129)	(51,336,116)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted loss per share			
- For continuing operations	12	(0.22)	(0.70)
- For discontinued operations	12	(0.15)	(1.15)

The accompanying notes form an integral part of these financial statements

BALANCE SHEETS

AS AT 30 JUNE 2016

		Group		Company	
		2016	2015	2016	2015
	Note	$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	13	4,961,687	3,193,507	4,923,074	3,154,894
Trade and other receivables	14	14,439,175	15,146,907	14,459,778	15,153,674
Construction contract work-in-progress	15	471,010	168,557	471,010	168,557
		19,871,872	18,508,971	19,853,862	18,477,125
Discontinued operations and assets classified as held-for-sale	11	348,837	32,906,863	348,837	32,906,863
		20,220,709	51,415,834	20,202,699	51,383,988
Non-current assets					
Available-for-sale financial assets	16	10,568	288,447	10,568	288,447
Investments in subsidiary corporations	17	-	-	2,001	602,006
Investment in an associated company	18	-	-	-	-
Property, plant and equipment	19	11,561,682	12,005,272	11,561,682	12,005,272
		11,572,250	12,293,719	11,574,251	12,895,725
Total assets		31,792,959	63,709,553	31,776,950	64,279,713
LIABILITIES					
Current liabilities					
Trade and other payables	21	54,654,386	53,008,795	55,405,848	53,770,187
Borrowings	22	22,180,668	43,066,316	22,180,668	43,066,316
		76,835,054	96,075,111	77,586,516	96,836,503
Liabilities directly associated with assets classified as held-for-sale	11	-	2,313,888	-	2,313,888
		76,835,054	98,388,999	77,586,516	99,150,391
Non-current liabilities					
Borrowings	22	-	37,520	-	37,520
Total liabilities		76,835,054	98,426,519	77,586,516	99,187,911
NET LIABILITIES		(45,042,095)	(34,716,966)	(45,809,566)	(34,908,198)
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	28,579,529	28,579,529	28,579,529	28,579,529
Other reserves	25	(14,566)	132,226	732	133,689
Accumulated losses	26	(73,607,058)	(63,428,721)	(74,389,827)	(63,621,416)
TOTAL EQUITY		(45,042,095)	(34,716,966)	(45,809,566)	(34,908,198)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Share capital $	Accumulated losses $	Other reserves $	Total equity $
Group				
2016				
Beginning of financial year	28,579,529	(63,428,721)	132,226	(34,716,966)
Loss for the year	-	(10,178,337)	-	(10,178,337)
Other comprehensive loss for the financial year	-	-	(146,792)	(146,792)
End of financial year	28,579,529	(73,607,058)	(14,566)	(45,042,095)
2015				
Beginning of financial year	28,579,529	(12,122,498)	162,119	16,619,150
Loss for the year	-	(51,306,223)	-	(51,306,223)
Other comprehensive loss for the financial year	-	-	(29,893)	(29,893)
End of financial year	28,579,529	(63,428,721)	132,226	(34,716,966)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016 $	2015 $
Cash flows from operating activities		
Net loss	(10,178,337)	(51,306,223)
Adjustments for:		
- Income tax credit	-	(17,000)
- Depreciation and impairment of property, plant and equipment, net	2,723,366	10,591,918
- Gain on disposal of property, plant and equipment	(15,607)	(30,000)
- Gain on disposal of associated company	-	(4)
- Amortisation of investment property under construction	-	3,590,160
- Re-measurement of assets classified as held-for-sale to fair value less cost to sell	-	22,993,112
- Gain on disposal of available-for-sale financial assets - net	(109,375)	(51,639)
- Interest income	(85)	(218)
- Dividend income	(6,920)	(4,824)
- Finance expenses	442,103	72,692
- Share of loss of an associated company	-	133,194
- Unrealised currency translation gains - net	(13,835)	(1,280)
	(7,158,690)	(14,030,112)
Changes in working capital:		
- Construction contract work-in-progress	(302,453)	211,276
- Trade and other receivables	3,763,189	2,770,047
- Trade and other payables	(1,196,819)	24,780,191
Cash flows (used in)/generated from operations	(4,894,773)	13,731,402
Interest received	85	218
Interest paid	-	(692)
Income tax refund	-	17,000
Net cash (used in)/provided by operating activities	(4,894,688)	13,747,928
Cash flows from investing activities		
Additions to property, plant and equipment	(2,279,776)	(1,911,876)
Additions to investment property under construction	-	(36,610,018)
Purchase of available-for-sale financial assets	-	(4,061)
Disposal of associated company	-	4
Disposal of property, plant and equipment	15,607	30,000
Disposal of available-for-sale financial assets	254,297	104,874
Proceeds from disposal of investment property under construction	30,000,000	-
Dividends received	6,920	4,824
Net cash provided by/(used in) investing activities	27,997,048	(38,386,253)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016 $	2015 $
Cash flows from financing activities		
Bank deposits released	-	303,500
Bank balances restricted for use	(4,052,798)	-
Repayment of finance lease liabilities	(315,975)	(1,479,513)
Proceeds from borrowings	1,800,000	32,673,896
Repayment of borrowings	(22,819,028)	(3,190,508)
Interest paid	(1,947)	(85,273)
Net cash (used in)/provided by financing activities	(25,389,748)	28,222,102
Net (decrease)/increase in cash and cash equivalents	(2,287,388)	3,583,777
Cash and cash equivalents		
Beginning of financial year	3,165,067	(418,710)
End of financial year (Note 13)	877,679	3,165,067

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements of the Group and the Company for the financial year ended 30 June 2016 were authorised for issue in accordance with resolution of the directors on 7 October 2016.

1 General information

Swee Hong Limited (the "Company") is listed on the Main Board of SGX-ST on 23 May 2012 and incorporated and domiciled in the Republic of Singapore. The address of its registered office and place of business is 58 Sungei Kadut Drive, PSL Building, Singapore 729572.

The principal activities of the Company are building construction and investment holding. The principal activities of the subsidiary corporations are set out in Note 17.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 and Note 4.

Interpretations and amendments to published standards effective in 2016

On 1 July 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue comprise of the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue are presented, net of goods and services tax, rebates and discounts, and after eliminating revenue within the Group.

2 Significant accounting policies (Cont'd)

2.2 Revenue recognition (Cont'd)

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Revenue from civil engineering and tunnelling

Revenue from construction contract is recognised based on the percentage of completion method as disclosed in Note 2.7.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(a) Subsidiary corporations (Cont'd)

(i) Consolidation (Cont'd)

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(a) *Subsidiary corporations (Cont'd)*

(iii) *Disposals (Cont'd)*

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated company," for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) *Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investment in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(b) *Associated companies (Cont'd)*

(iii) *Disposals*

Investments in associated companies are derecognised when the Group losses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated company" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold buildings	43 years
Leasehold land	16 years
Plant and machinery	10 years
Office equipment	3 to 10 years
Motor vehicles	5 years
Renovation	5 years

Building under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

2 Significant accounting policies (Cont'd)

2.5 Property, plant and equipment (Cont'd)

(b) *Depreciation (Cont'd)*

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the 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 repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains – net". Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.7 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

2 Significant accounting policies (Cont'd)

2.7 Construction contracts (Cont'd)

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "Trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "Trade and other payables".

Progress billing not yet paid by customers and retention by customer are included within "Trade and other receivables". Advances received are included within "Trade and other payables".

2.8 Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.9 Investments in subsidiary corporations and associated company

Investments in subsidiary corporations and associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2 Significant accounting policies (Cont'd)

2.10 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiary corporations and associated company

Property, plant and equipment and investments in subsidiary corporations and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset 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 amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.11 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" and "Cash and cash equivalents" on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

2 Significant accounting policies (Cont'd)

2.11 Financial assets (Cont'd)

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Available-for-sales financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial sales are recognised separately in income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2 Significant accounting policies (Cont'd)

2.11 Financial assets (Cont'd)

(e) Impairment (Cont'd)

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2 Significant accounting policies (Cont'd)

2.16 Leases

(a) *Where the Group is the lessee:*

The Group leases motor vehicles and certain plant and machinery under finance leases and dormitory for workers, land and equipment under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *Where the Group is the lessor:*

The Group leases investment properties under operating leases to non-related parties.

Lessor – Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2 Significant accounting policies (Cont'd)

2.17 Income taxes

Current income tax for current and prior period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax taxes are recognised as income and expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions for other liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for further operating losses.

2 Significant accounting policies (Cont'd)

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contributions plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains - net"

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency that are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the balance sheet date;

2 Significant accounting policies (Cont'd)

2.20 Currency translation (Cont'd)

(c) Translation of Group entities' financial statements (Cont'd)

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.25 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2 Significant accounting policies (Cont'd)

2.25 Non-current assets (or disposal groups) held-for-sale and discontinued operations (Cont'd)

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary corporation acquired exclusively with a view to resale.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factor including expectations of future events that are believed to be reasonable under circumstances.

(a) Construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract.

Significant assumptions are required to determine the stage of completion, the extent of the contract costs incurred the estimated total contract revenue and contract cost, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making judgement, the Group evaluates by relying on past experience.

If the percentage-of-completion on uncompleted contracts at the balance sheet date had been higher/lower by 5% from management's estimates, the Group's revenue would have been higher/lower by $7,904,911 (2015: $9,298,022).

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 5% from management's estimates, the Group's loss before tax would have been higher/lower by $8,433,153 (2015: $9,364,417).

(b) Estimated impairment of property, plant and equipment

Property, plant and equipment is tested for impairment whenever there is any objective evidence or indication that the property, plant and equipment may be impaired.

The recoverable amounts of property, plant and equipment, where applicable, cash-generating-unit ("CGU"), have been determined based on higher of the fair value less costs to sell. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised to profit or loss for the differences.

An impairment loss of $709,982 (2015: $8,338,988) was recognised in the current financial year ended 30 June 2016 as the fair values less cost to sell valued by independent third party valuer are lower than their carrying amounts.

3 Critical accounting estimates, assumptions and judgements (Cont'd)

(b) *Estimated impairment of property, plant and equipment (Cont'd)*

If the fair value of the property, plant and equipment increase/decrease by 12% (2015: 12%) from management's estimates, the Group's and Company's impairment loss will decreased/ increased by $Nil/$128,492 (2015: $19,386/$253,909) correspondingly to profit or loss.

(c) *Impairment of trade receivables and construction contracts amount due from customers*

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments and inability of the suppliers to deliver the goods. If the financial conditions of the customers and suppliers were to deteriorate, resulting in an impairment of their ability to make payments and deliver the goods, additional allowances may be required in future periods. Management generally evaluate the adequacy of allowance for impairment for trade receivables and construction contracts amount due from customers through analysis of historical bad debt, customer and supplier concentrations, and changes in customer payment terms.

Management reviews its trade receivables and construction contracts amount due from customers for objective evidence of impairment at least annually. Significant financial difficulties of the debtor and supplier, the probability that the debtor and supplier will enter bankruptcy, and default or significant delay in payments and deliveries are considered objective evidence that a receivable or construction contracts amount due from customers is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the debtor and supplier operates in. Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recognised in profit or loss. The carrying amounts of trade and other receivables at the balance sheet date are disclosed in Note 14.

If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for all past due receivables and construction contracts amount due from customers, the Group's and Company's allowance for impairment will decrease/increase by $418,755/$30,607 and $Nil/$533,293 (2015: $127,909/$21,497 and $668,509/$55,584) for trade receivables and construction contracts amount due from customers respectively.

4 Going concern assumption

The Group reported a gross loss of $1,976,580 (2015: $5,014,178) and total comprehensive loss of $10,325,129 (2015: $51,336,116) for the financial year ended 30 June 2016. Furthermore, as at 30 June 2016, the Group's and Company's current liabilities exceeded their current assets by $56,614,345 (2015: $46,973,165) and $57,383,817 (2015: $47,766,403) respectively and the Group and Company have net equity deficit of $45,042,095 (2015: $34,716,966) and $45,809,566 (2015: $34,908,198), respectively.

As at 30 June 2016, the Company has balances of trade and other payables and borrowings amounting to $45,408,243 and $22,180,668, respectively which are overdue. As the Company failed to meet their financial obligations on their respective due dates, certain creditors filed legal actions/proceedings to the High Court of the Republic of Singapore (the "Court") against the Company to demand payments. During the current financial year, the Company filed an application to the Court ("Application") to propose a scheme of arrangement between the Company and certain of its creditors ("Scheme") for the purposes of implementing and facilitating the Company's debt restructuring plan. On 25 November 2015, the Court approved the Scheme and granted the orders in the Application (the "Order of Court").

4 Going concern assumption (Cont'd)

The Company extracted the Order of Court on 30 November 2015 and lodged a copy of the Order of Court with the Registrar of Companies on 2 December 2015. As such, the Scheme took effect and became binding on all parties on and from 2 December 2015. Included in the above balances of trade and other payables and borrowings are the amounts of debt outstanding agreed between the creditors and the Scheme manager under the Scheme ("Approved Debt Outstanding") amounting to approximately $28.1 million and $18.0 million, respectively.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and Company's abilities to continue as going concerns. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 30 June 2016 is appropriate after taking into consideration of the following assumptions and measures:

(a) As disclosed in Note 31, the Company has on 11 August 2016, allotted and issued the following:

(i) 435,739,903 Creditors Start Conversion Shares and 67,766,667 Fee Shares to the conversion creditors under the Scheme. Consequently, trade and other payables and borrowings decreased by approximately $8.0 million and $0.6 million, respectively and the Company had written off 48% of the Approved Debt Outstanding which resulted in further decrease of trade and other payables and borrowings by approximately $16.6 million and $4.5 million, respectively. The remaining Approved Debt Outstanding will be satisfied either through cash payment or issuance of ordinary shares of the Company as full satisfaction and full discharge of the Approved Debt Outstanding.

(ii) 493,721,724 OHL Conversion Shares to Ong Hock Leong ("OHL") under the Scheme as full settlement of the Approved Debt Outstanding amounting to approximately $9.9 million. Consequently, borrowings further decreased by the same amount.

(iii) 1,400,000,000 Subscription Shares and 500,000,000 Warrants Shares to KH Foges Pte. Ltd. ("Controlling Shareholder") for a total consideration of $4.0 million and $5.0 million, respectively, for additional working capital purposes.

(b) The Company is currently marketing for sale its office building to generate funds for fulfilment of the Approved Debt Outstanding under the Scheme. The estimated sale price is between $2.5 million to $3.5 million.

(c) The Group has obtained a letter of undertaking from its Controlling Shareholder to provide financial support to the Company in relation to its working capital purposes by exercising the Warrants Shares to subscribe for new ordinary shares of the Company when required and provide continuing financial support to enable the Group and Company to continue as going concerns.

(d) With the successful outcome of the above measures, the Company expects to bid for potential new projects in the next twelve months.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets to current assets. The financial statements do not include any adjustment which may arise from these uncertainties.

5 Revenue

	Group	
	2016	2015
	$	$
Revenue from civil engineering	39,656,219	15,793,855
Revenue from tunnelling	1,162,227	6,327,334
	40,818,446	22,121,189

6 Other gains – net

	Group	
	2016	2015
	$	$
Foreign exchange (losses)/ gains - net	(619)	7,857
Dividend income	6,920	4,824
Gain on disposal of associated company	-	4
Gain on disposal of property, plant and equipment	15,607	30,000
Available-for-sale financial assets		
- Gain on disposal	5,508	105,081
- Reclassification from other comprehensive income on disposal (Note 25(b)(i))	103,867	(53,442)
	109,375	51,639
Bank interest income	85	218
Government grant:		
- MEC Scheme Disbursement	-	77,429
- Temporary Employment Credit	31,540	-
- Special Employment Credit	14,889	14,870
- Productivity and Innovation Scheme	59,998	-
- Wages Credit Scheme	54,468	95,980
Other income	93,855	78,371
	386,118	361,192

7 Expenses by nature

	Group 2016 $	Group 2015 $
Purchase of materials	7,679,927	4,484,564
Audit fees paid/payable to auditor of the Company	85,000	85,000
Fees paid/payable to auditor of the Company for non-audit services	15,600	11,800
Depreciation of property, plant and equipment (Note 19)	2,013,384	2,252,930
Impairment loss on property, plant and equipment – net (Note 19)	709,982	8,338,988
Employee compensation (Note 8)	8,119,933	8,609,400
Worksite expenses	4,665,499	4,577,545
Write back for impairment of construction contracts amount due from customers (Note 29(b)(ii))	(3,855,373)	(555,840)
(Write-back)/allowance for impairment of receivables (Note 29(b)(ii))		
- Trade	(38,573)	56,045
- Non-trade	129,675	-
Sub-contractors charges	22,560,318	9,919,061
Professional fees	2,121,905	1,602,000
Upkeep and maintenance for motor vehicles and offices	33,481	92,547
Other expenses	2,497,650	2,264,111
Total cost of works, distribution and marketing costs and administrative expenses	46,738,408	41,738,151

8 Employee compensation

	Group 2016 $	Group 2015 $
Wages and salaries	7,285,658	7,671,005
Employer's contribution to defined contribution plans including Central Provident Fund	465,276	543,457
Other benefits	368,999	394,938
	8,119,933	8,609,400

9 Finance expenses

	Group	
	2016	2015
	$	$
Interest expense:		
- Finance lease liabilities	1,947	12,581
- Bank borrowings	440,156	60,111
	442,103	72,692

The investment property under construction was disposed on 16 July 2015, hence, no borrowing costs were capitalised during the current financial year. In FY2015, borrowing costs of $461,838 were capitalised as cost of the investment property under construction.

10 Income tax credit

	Group	
	2016	2015
	$	$
Tax credit attributable to loss is made up of:		
- Overprovision in prior years		
From continuing operations		
Current income tax	-	(17,000)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2016	2015
	$	$
Loss before income tax		
- continuing operations	(5,975,947)	(19,461,656)
- discontinued operations	(4,202,390)	(31,861,567)
Loss before income tax	(10,178,337)	(51,323,223)
Share of loss of an associated company, net of tax	-	133,194
	(10,178,337)	(51,190,029)
Tax calculated at tax rate of 17% (2015: 17%)	(1,730,317)	(8,702,305)
Effects of:		
- Expenses not deductible for tax purposes	748,165	6,067,048
- Income not subject for tax purposes	(27,352)	(1,733)
- Deferred tax assets not recognised	1,009,504	2,636,990
	-	-

10 Income tax credit (Cont'd)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profit is probable. The Group has unutilised tax losses of $47,400,000 (2015: $41,500,000), capital allowances of $10,900,000 (2015: $10,800,000) and utilised donations of $400,000 (2015: $400,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unutilised tax losses in Singapore.

There is no deferred tax assets recognised as it is not probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

11 Discontinued operations and assets classified as held-for-sale

Details of the discontinued operations and assets classified as held-for-sale are as follows:

	Group and Company	
	2016	**2015**
	$	**$**
Disposal group (Note 11(a)(iii))	-	32,558,026
Asset classified as held-for-sale (Note 11(b))	348,837	348,837
	348,837	32,906,863

(a) Discontinued operations and assets classified as held-for-sale

In FY 2015, the Company has entered into a sale and purchase agreement with a third party on 11 June 2015 for the sale of the investment property under construction ("dormitory"). The transaction was completed during the financial year ended 30 June 2016.

The results from the dormitory are presented on the statement of comprehensive income as "Discontinued operations". The carrying amount of the investment property under construction and other receivables were presented on the balance sheet as "Discontinued operations and assets classified as held-for-sale".

11 Discontinued operations and assets classified as held-for-sale (Cont'd)

(a) Discontinued operations and asset classified as held-for-sale (Cont'd)

(i) The results of the discontinued operations were as follows:

	Group	
	2016	**2015**
	$	**$**
Revenue	-	5,049,013
Expenses *	(4,202,390)	(36,910,580)
Loss before and after tax from discontinued operations	(4,202,390)	(31,861,567)
Loss attributable to the equity holders of the Company relates to:		
- Loss from continuing operations	(5,975,947)	(19,444,656)
- Loss from discontinued operations	(4,202,390)	(31,861,567)
	(10,178,337)	(51,306,223)

* Included in the above expenses are subcontractor costs of disposal group classified as held-for-sale amounting to $4,020,390 (2015: amortisation and re-measurement of assets of disposal group classified as held-for-sale to fair value less cost to sell amounting to $3,590,160 and $22,993,112 respectively) recognised to profit or loss during the financial year.

(ii) The impact of the discontinued operations on the cash flows of the Group were as follows:

	Group	
	2016	**2015**
	$	**$**
Operating cash outflows	-	(289,881)
Investing cash outflows	-	(36,610,018)
Total cash outflows	-	(36,899,899)

(iii) Details of the assets of disposal group classified as held-for-sale as at 30 June 2015 were as follows:

	Group and Company
	2015
	$
Investment property under construction (Note 20)	29,064,204
Other receivables	3,493,822
	32,558,026

11 Discontinued operations and assets classified as held-for-sale (Cont'd)

(a) Discontinued operations and asset classified as held-for-sale (Cont'd)

(iv) Details of the liabilities directly associated with assets of disposal group classified as held-for-sale as at 30 June 2015 were as follows:

	Group and Company
	2015
	$
Other payables	2,313,888

As at 30 June 2015, the assets of disposal group classified as held-for-sale and liabilities directly associated with assets of disposal group classified as held-for-sale were written down to their fair value less cost to sell of $30,244,138. This was a non-recurring fair value which has been measured using observable inputs, being the prices for recent sales, and was therefore within Level 2 of the fair value hierarchy.

(b) Asset classified as held-for-sale

On 10 February 2015, the Company filed an application to the High Court of the Republic of Singapore to propose a scheme of arrangement between the Company and certain of its creditors for the purposes of implementing and facilitating the Company's debt restructuring plan. In the debt restructuring plan, the management has indicated its intention to dispose its leasehold building to finance the Group's operations. The carrying amount of the leasehold building is presented on the balance sheet as "Discontinued operations and assets classified as held-for-sale".

Details of the asset classified as held-for-sale are as follows:

	Group and Company	
	2016	2015
	$	$
Property, plant and equipment – leasehold building	348,837	348,837

12 Loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average numbers of ordinary shares outstanding during the financial year.

	Group	
	2016	2015
Net loss attributable to equity holders of the Company ($)		
- Loss from continuing operations	(5,975,947)	(19,444,656)
- Loss from discontinued operations	(4,202,390)	(31,861,567)
	(10,178,337)	(51,306,223)

12 Loss per share (Cont'd)

	Group	
	2016	2015
Weighted average number of ordinary shares outstanding for basic loss per share	2,765,728,294	2,765,728,294
Basic and diluted loss per share (cents per share)		
- For continuing operations	(0.22)	(0.70)
- For discontinued operations	(0.15)	(1.15)

As disclosed in Note 31(a), on 11 August 2016, the Company had allotted and issued 435,739,903 Creditors Start Conversion Shares, 493,721,724 OHL Conversion Shares, 1,400,000,000 Subscription Shares and 67,766,667 Fee Shares. Hence, the new number of shares presented is 2,765,728,294.

As disclosed in Note 31(a), on 11 August 2016, the Company had allotted and issued 500,000,000 Warrants. As the potential ordinary shares would result in a reduction in loss per share, hence, there were no dilutive potential ordinary shares during the financial year.

13 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Cash at bank and on hand	4,961,687	3,193,507	4,923,074	3,154,894

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2016	2015
	$	$
Cash and cash equivalents (as above)	4,961,687	3,193,507
Less: Bank overdraft (Note 22)	(31,210)	(28,440)
Less: Cash restricted for use	(4,052,798)	-
	877,679	3,165,067

Included in the cash and cash equivalents are bank balances amounting to $4,052,798 (2015: $Nil) which are restricted for use of a particular project and partial fulfillment of Scheme of Arrangement.

14 Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Trade receivables	3,951,991	1,494,054	3,951,991	1,494,054
Less: Allowance for impairment (Note 29(b)(ii))	(176,393)	(214,966)	(176,393)	(214,966)
Trade receivables - net	3,775,598	1,279,088	3,775,598	1,279,088
Construction contracts:				
- Due from customers (Note 15)	6,166,456	11,197,970	6,166,456	11,197,970
- Less: Allowance for impairment (Note 29(b)(ii))	-	(5,332,925)	-	(5,332,925)
- Due from customers - net	6,166,456	5,865,045	6,166,456	5,865,045
- Retention sum (Note 15)	1,367,339	820,054	1,367,339	820,054
	7,533,795	6,685,099	7,533,795	6,685,099
Non-trade receivables				
- Subsidiary corporations	-	-	20,603	6,767
- Non-related parties	541,626	262,868	541,626	262,868
	541,626	262,868	562,229	269,635
- Less: Allowance for impairment (Note 29(b)(ii))	(129,675)	-	(129,675)	-
	411,951	262,868	432,554	269,635
Advances to suppliers	1,904,685	6,548,300	1,904,685	6,548,300
Deposits	130,129	354,362	130,129	354,362
Prepayments	683,017	17,190	683,017	17,190
	14,439,175	15,146,907	14,459,778	15,153,674

The non-trade amount due from subsidiary corporations are unsecured, interest-free and is receivable on demand.

15 Construction contracts work-in-progress

	Group and Company	
	2016	2015
	$	$
Construction contract work-in-progress:		
Beginning of financial year	168,557	379,833
Contract costs incurred	43,097,480	26,924,091
Contract expenses recognised in profit or loss	(42,795,027)	(27,135,367)
End of financial year	471,010	168,557
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	382,242,597	343,448,987
Less: Progress billings	(376,735,944)	(337,800,548)
	5,506,653	5,648,439
Presented as:		
Due from customers on construction contracts (Note 14)	6,166,456	11,197,970
Due to customers on construction contracts (Note 21)	(659,803)	(5,549,531)
	5,506,653	5,648,439
Retentions on construction contracts (Note 14)	1,367,339	820,054

16 Available-for-sale financial assets

	Group and Company	
	2016	2015
	$	$
Beginning of financial year	288,447	366,234
Additions	-	4,061
Fair value (losses)/gains recognised in other comprehensive income (Note 25)	(29,090)	24,829
Disposals	(248,789)	(106,677)
End of financial year	10,568	288,447
Available-for-sale financial assets are analysed as follows:		
Listed securities		
- Equity securities - Singapore	10,568	288,447

17 Investments in subsidiary corporations

	Company 2016 $	Company 2015 $
Equity investment at cost		
Beginning of financial year	602,006	602,006
Allowance for impairment	(600,005)	-
End of financial year	2,001	602,006

During the financial year, management has assessed the recoverable amount of its investments in subsidiary corporations. The recoverable amount has been determined on the basis of their value-in-use. The impairment test carried out as at 30 June 2016 and deemed the recoverable amount in one of its subsidiary corporation as Nil as the subsidiary corporation remains dormant and that the Group does not have any business plan for the subsidiary corporation. Hence, the related cost of investment has been fully impaired.

The Group had the following subsidiary corporations as at 30 June 2016 and 2015:

Name of Subsidiary Corporations	Principal Activities	Country of Business/ Incorporation	Proportion of ordinary shares held directly by parent 2016 %	2015 %
Sun Hup Development Pte Ltd [(1)]	Property developer and provider of general services (dormant)	Singapore	100	100
Swee Hong HK Pte Limited [(1)]	Civil engineering and trenchless tunnelling (dormant)	Hong Kong	100	100
Swee Hong Dormitories Pte Ltd [(1)]	Development and operation of dormitories (dormant)	Singapore	100	100
Swee Hong Construction Pte Limited [(1)]	Building construction (dormant)	Singapore	100	100

[(1)] Reviewed by Nexia TS Public Accounting Corporation for consolidation purposes.

18 Investment in an associated company

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Equity investment at cost				
Beginning of financial year			-	200,000
Disposals			-	(200,000)
End of financial year			-	-
Beginning of financial year	-	133,194		
Share of losses	-	(133,194)		
End of financial year	-	-		

The Group has disposed its interest in the associated company, United Singapore Builders Pte Ltd, on 3 June 2015.

Summarised statement of comprehensive income

	For the year ended 30 June 2015
	$
Revenue	-
Loss from operations	(748,745)
Total comprehensive loss	(748,745)

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

18 Investment in an associated company (Cont'd)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated company, was as follows:

	As at 30 June 2015 $
Net assets at 1 July	420,672
Loss for the year	(748,745)
At 30 June	(328,073)
Interest in associated company (20%)	(65,615)
Other adjustments	65,615
	-

The Group did not recognise its share of losses of an associated company amounting to $16,555 for the financial year ended 30 June 2015 because the cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses.

19 Property, plant and equipment

Group and Company	Building under construction $	Leasehold land $	Plant and machinery $	Office equipment $	Motor vehicles $	Renovation $	Total $
2016							
Cost							
Beginning of financial year	10,589,763	2,076,000	17,309,470	1,597,512	3,526,662	328,436	35,427,843
Additions	1,006,568	-	1,257,500	15,708	-	-	2,279,776
Disposals	-	-	-	-	(178,652)	-	(178,652)
End of financial year	11,596,331	2,076,000	18,566,970	1,613,220	3,348,010	328,436	37,528,967
Accumulated depreciation and impairment losses							
Beginning of financial year	7,430,320	1,685,443	9,553,385	1,382,448	3,060,286	310,689	23,422,571
Depreciation charge	-	129,843	1,573,668	77,652	228,724	3,497	2,013,384
Disposals	-	-	-	-	(178,652)	-	(178,652)
Impairment charge/ (reversal)	816,078	110,647	(216,743)	-	-	-	709,982
End of financial year	8,246,398	1,925,933	10,910,310	1,460,100	3,110,358	314,186	25,967,285
Net book value							
End of financial year	3,349,933	150,067	7,656,660	153,120	237,652	14,250	11,561,682

19 Property, plant and equipment (Cont'd)

Group and Company	Building under construction $	Leasehold building $	Leasehold land $	Plant and machinery $	Office equipment $	Motor vehicles $	Renovation $	Total $
2015								
Cost								
Beginning of financial year	8,742,219	750,000	2,076,000	17,474,570	1,578,212	3,501,530	328,436	34,450,967
Additions	1,847,544	-	-	19,900	19,300	25,132	-	1,911,876
Disposals	-	-	-	(185,000)	-	-	-	(185,000)
Reclassified to asset classified as held-for-sale	-	(750,000)	-	-	-	-	-	(750,000)
End of financial year	10,589,763	-	2,076,000	17,309,470	1,597,512	3,526,662	328,436	35,427,843
Accumulated depreciation and impairment losses								
Beginning of financial year	-	383,721	647,719	8,110,319	1,263,729	2,711,492	299,836	13,416,816
Depreciation charge	-	17,442	129,844	1,627,278	118,719	348,794	10,853	2,252,930
Disposals	-	-	-	(185,000)	-	-	-	(185,000)
Impairment charge	7,430,320	-	907,880	788	-	-	-	8,338,988
Reclassified to asset classified as held-for-sale	-	(401,163)	-	-	-	-	-	(401,163)
End of financial year	7,430,320	-	1,685,443	9,553,385	1,382,448	3,060,286	310,689	23,422,571
Net book value								
End of financial year	3,159,443	-	390,557	7,756,085	215,064	466,376	17,747	12,005,272

19 Property, plant and equipment (Cont'd)

(a) On 11 November 2011, the Company entered into a Building Agreement with a Government Authority for a plot of leasehold land (the "Lease") with carrying amount of $150,067 (2015: $390,557). One of the terms and conditions of the Lease is to complete the construction of factory facilities stipulated in the agreement by 31 August 2014. As the construction works were unable to complete by targeted completion date, the Company had applied for extension on construction period and subject to the approval of Government Authority. The carrying amount of the building under construction as at 30 June 2016 amounting to $3,349,933 (2015: $3,159,443). Leasehold land and building under construction of the Group was provided as security for bank borrowings (Note 22).

The impairment loss of $926,725 (2015: $8,338,200) of the building under construction and leasehold land representing the write-down of carrying amount to the recoverable amount determined by an independent professional valuer based on the Depreciated Replacement Cost ("DRC") and Market Comparison Methods approach at the balance date.

(b) The write back of impairment loss of $216,743 (2015: impairment loss of $788) of the plant and machinery arise due to the recoverable amount, valued by an independent professional valuer based on the Depreciated Replacement Cost ("DRC") and Market Comparison Methods approach at the balance sheet date, of the assets of the Group and Company were higher than the carrying amount.

(c) The carrying amounts of plant and machinery and motor vehicles held under finance leases are $500,500 (2015: $1,781,459) at the balance date (Note 23).

20 Investment property under construction

	Group and Company 2015 $
Beginning of financial year	19,037,458
Additions	36,610,018
Amortisation	(3,590,160)
Re-measurement of assets of disposal group classified as held-for-sale to fair value less cost to sell	(22,993,112)
	29,064,204
Less: Reclassified to assets of disposal group classified as held-for-sale (Note 11)	(29,064,204)
End of financial year	-

Investment property under construction was leased to non-related parties under operating leases.

On 11 June 2015, the Company has entered into a sale and purchase agreement with a third party relating to, inter alia, the sale and purchase of the rights, benefits, obligations and liabilities of the Company under a contract with respect to the investment property under construction. The completion of the sale and purchase took place on 16 July 2015. Hence, the investment property under construction was reclassified to assets of disposal group classified as held-for-sale (Note 11) as at 30 June 2015.

As at 30 June 2015, investment property under construction was pledged as security for bank borrowings (Note 22).

20 Investment property under construction (Cont'd)

As at 30 June 2015, the details of the Group's and Company's investment property under construction were as follows:

Location	Description	Approximate Land Area (sq m)	Tenure
Admiralty Road West	Dormitory	65,700	1 September 2013 to 30 August 2016 and an option, at the discretion of Building and Construction Authority, Singapore to renew for a further period of three years

21 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Trade payables				
- Non related parties	30,724,929	25,566,226	30,724,929	25,566,226
- Related party	3,163,423	-	3,163,423	-
	33,888,352	25,566,226	33,888,352	25,566,226
Construction contracts:				
- Due to customers (Note 15)	659,803	5,549,531	659,803	5,549,531
Non-trade payables				
- Subsidiary corporations	-	-	774,343	774,343
- Related party	-	1,354,888	-	1,354,888
- Non-related parties [1]	11,519,891	15,970,760	11,519,891	15,970,760
	11,519,891	17,325,648	12,294,234	18,099,991
Accrued operating expenses	8,586,340	4,567,390	8,563,459	4,554,439
	54,654,386	53,008,795	55,405,848	53,770,187

(1) Includes an amount of approximately $9.2 million representing amount owing to non-related parties covered under the Creditors Scheme of arrangement (2015: $12.8 million representing land rental and administrative charges payable to a government authority and approximately $1.0 million representing professional fees). An amount of approximately $5.2 million will be written off in accordance with the Scheme of Arrangement in August 2016 and amount of approximately $3.1 million will be settled by way of issuance of new shares in the Company pursuant to the Scheme of Arrangement.

The non-trade amounts due to subsidiary corporations and related party are unsecured, interest-free and are repayable on demand.

22 Borrowings

	Group and Company	
	2016	2015
	$	$
Current		
Bank overdraft (Note 13)	31,210	28,440
Bank borrowings	10,314,761	31,508,724
Finance lease liabilities (Note 23)	160,263	438,718
Loan from a non-related party	-	1,216,000
Loan from a related party	1,800,000	-
Loan from a shareholder	9,874,434	-
Loan from a director	-	9,874,434
	22,180,668	43,066,316
Non-current		
Finance lease liabilities (Note 23)	-	37,520
Total borrowings	22,180,668	43,103,836

The exposure of the borrowings of the Group and the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group and Company	
	2016	2015
	$	$
Less than 1 year	22,180,668	43,066,316
1 to 5 years	-	37,520
	22,180,668	43,103,836

(a) Security granted

Bank borrowings

The bank borrowings are bearing floating interest rate.

As at 30 June 2016, bank borrowing amounting to $8,050,900 is secured over leasehold land and building under construction (Note 19). All the bank borrowings are under the Scheme of Arrangement.

As at 30 June 2015, the bank borrowings were secured over certain bank deposits (Note 13), discontinued operations and assets classified as held-for-sale (Note 11(a)(iii)) and leasehold land and building under construction (Note 19).

Finance leases

Finance lease liabilities of the Group and Company are effectively secured over the leased plant and machinery and motor vehicles (Note 19), as the legal title is retained by the lessor and will be transferred to the Company and the Group upon full settlement of the finance lease liabilities.

22 Borrowings (Cont'd)

(a) Security granted (Cont'd)

Loan from a director

As at 30 June 2015, loan from a director, Mr Ong Hock Leong, was unsecured, interest-free and repayable on demand. During the financial year, loan from a director was reclassified to loan from a shareholder as Mr Ong Hock Leong ceased to act as director due to a bankruptcy order made against him on 18 February 2016.

Loan from a related party

Loan from a related party is unsecured, interest-free and repayable on demand.

Loan from a shareholder

Loan from a shareholder is unsecured, interest-free and repayable on demand. The amount has been fully converted to equity through the issuance of 493,721,724 OHL Conversion Shares on 11 August 2016 as part of the Company's on-going debt restructuring exercise (Note 31(a)).

(b) Fair value of non-current borrowings

	Group and Company	
	2016	**2015**
	$	**$**
Finance lease liabilities (Note 23)	-	37,520

The fair value above was determined from the cash flow analysis, discounted at market borrowing rate of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group and Company	
	2016	**2015**
Finance lease liabilities (Note 23)	-	3.81%

(c) Breach of bank covenants

In 2015, the Group failed to comply with the following covenant clause in one of its bank borrowings:

- Existing charge on fixed deposit of $300,000 placed with bank shall be maintained for so long as the facility(ies) are outstanding and unpaid; and
- To maintain a positive net worth at all times

Due to this breach of covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of $716,856. The outstanding balance is presented as a current liability as at 30 June 2015.

The bank has not requested for early repayment of the loan as of date when the financial statements for the financial year ended 30 June 2015 were approved by the Board of Directors on 7 December 2015.

In 2016, bank covenants have lapsed with the implementation of the Scheme of Arrangement.

23 Finance lease liabilities

The Group leases certain plant and machinery and motor vehicles from non-related parties under finance lease agreements. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of lease term.

	Group and Company	
	2016	2015
	$	$
Minimum lease payments due		
- Not later than one year	162,309	440,765
- Between one and five years	-	37,590
	162,309	478,355
Less: Future finance charges	(2,046)	(2,117)
Present value of finance lease liabilities	160,263	476,238
Not later than one year (Note 22)	160,263	438,718
Between one and five years (Note 22)	-	37,520
Total	160,263	476,238

24 Share capital

	Number of shares	Amount $
Group and Company		
2016 and 2015		
Beginning and end of financial year	368,500,000	28,579,529

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

25 Other reserves

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
(a) Composition:				
Fair value reserve	732	133,689	732	133,689
Currency translation reserve	(15,298)	(1,463)	-	-
	(14,566)	132,226	732	133,689

25 Other reserves (Cont'd)

	Group and Company 2016 $	Group and Company 2015 $
(b) Movements:		
(i) Fair value reserve		
Beginning of financial year	133,689	162,302
Fair value (losses)/gains (Note 16)	(29,090)	24,829
Reclassification to profit or loss	(103,867)	(53,442)
End of financial year	732	133,689

	Group 2016 $	Group 2015 $
(ii) Currency translation reserve		
Beginning of financial year	(1,463)	(183)
Net currency translation differences of financial statements of foreign subsidiary corporation	(13,835)	(1,280)
End of financial year	(15,298)	(1,463)

Other reserves are non-distributable.

26 Accumulated losses

(a) Retained profits of the Group and the Company are distributable.

(b) Movement in accumulated losses of the Company is as follows:

	Company 2016 $	Company 2015 $
Beginning of financial year	(63,621,416)	(12,258,317)
Net loss	(10,768,411)	(51,363,099)
End of financial year	(74,389,827)	(63,621,416)

27 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2016	2015
	$	$
Consultation fees paid to director	30,000	30,000
Expenses paid on behalf of the Group by a related party	-	1,354,888
Loan received from a related party	1,800,000	-

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2016	2015
	$	$
Wages and salaries	469,194	574,369
Employer's contribution to defined contribution plans including Central Provident Fund	37,776	28,723
Directors' fees	139,167	65,000
Other benefits	92,363	93,704
	738,500	761,796

Included in the above is total compensation to directors of the Group amounting to $346,518 (2015: $321,940).

28 Commitments

Operating lease commitments

The Group leases copier machines and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are analysed as follows:

	Group and Company	
	2016	**2015**
	$	**$**
Not later than one year	2,404,758	4,440
Between one and five years	601,904	12,025
	3,006,662	16,465

29 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Management will set policies consistent with the principles laid down by the Board, which will cover authority levels, oversight responsibilities, risk identification, management and measurement.

The Company operates mainly in Singapore and most of its transactions are denominated in Singapore Dollar (the functional currency).

Foreign currency risk arising from transactions which are denominated in currencies other than the functional currency, relate mainly to the importation of machinery and spares. The Group manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts. At the balance sheet date, the Group has not entered into any currency forward contracts.

29 Financial risk management (Cont'd)

(a) Market risk

(i) Currency risk

The Group's currency exposures were as follows:

	SGD $	HKD $	Total $
30 June 2016			
Financial Assets			
Cash and cash equivalents and available-for-sale financial assets	4,972,255	-	4,972,255
Trade and other receivables	11,851,473	-	11,851,473
Receivable from inter-companies	796,225	-	796,225
	17,619,953	-	17,619,953
Financial Liabilities			
Trade and other payables	53,993,733	850	53,994,583
Borrowings	22,180,668	-	22,180,668
Payables to inter-companies	796,225	-	796,225
	76,970,626	850	76,971,476
Net financial liabilities	(59,350,673)	(850)	(59,351,523)
Add: Net non-financial assets	14,309,428	-	14,309,428
Net liabilities	(45,041,245)	(850)	(45,042,095)
Currency profile including non-financial liabilities	(45,041,245)	(850)	(45,042,095)
Currency exposure of financial liabilities net of those denominated in the respective entities functional currencies	-	(850)	(850)

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk (Cont'd)*

	SGD $	USD $	HKD $	Total $
30 June 2015				
Financial Assets				
Cash and cash equivalents and available-for-sale financial assets	3,314,986	96,417	70,551	3,481,954
Trade and other receivables	12,075,239	-	-	12,075,239
Receivable from inter-companies	782,389	-	-	782,389
	16,172,614	96,417	70,551	16,339,582
Financial Liabilities				
Trade and other payables	49,772,302	-	850	49,773,152
Borrowings	43,103,836	-	-	43,103,836
Payables to inter-companies	782,389	-	-	782,389
	93,658,527	-	850	93,659,377
Net financial (liabilities)/ assets	(77,485,913)	96,417	69,701	(77,319,795)
Add: Net non-financial assets	42,602,829	-	-	42,602,829
Net (liabilities)/assets	(34,883,084)	96,417	69,701	(34,716,966)
Currency profile including non-financial liabilities	(34,883,084)	-	(850)	(34,883,934)
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	-	96,417	70,551	166,968

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Company is not exposed to currency risk as all its financial assets and liabilities as at 30 June 2016 are denominated in Singapore Dollar.

As at 30 June 2015, the Company's currency exposures as follows:

	SGD $	USD $	HKD $	Total $
30 June 2015				
Financial Assets				
Cash and cash equivalents and available-for-sale financial assets	3,276,373	96,417	70,551	3,443,341
Trade and other receivables	12,082,006	-	-	12,082,006
	15,358,379	96,417	70,551	15,525,347
Financial Liabilities				
Trade and other payables	50,534,544	-	-	50,534,544
Borrowings	43,103,836	-	-	43,103,836
	93,638,380	-	-	93,638,380
Net financial (liabilities)/ assets	(78,280,001)	96,417	70,551	(78,113,033)
Add: Net non-financial assets	43,204,835	-	-	43,204,835
Net (liabilities)/assets	(35,075,166)	96,417	70,551	(34,908,198)
Currency profile including non-financial liabilities	(35,075,166)	-	-	(35,075,166)
Currency exposure of financial assets net of those denominated in the Company's functional currencies	-	96,417	70,551	166,968

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

If the USD change against the SGD by Nil% (2015: 5%) and HKD change against the SGD by 1% (2015: 4%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follow:

	Increase/(Decrease)	
	2016	**2015**
	Loss after tax	**Loss after tax**
	$	**$**
Group and Company		
USD against SGD		
- Strengthened	-	4,001
- Weakened	-	(4,001)
HKD against SGD		
- Strengthened	7	2,342
- Weakened	(7)	(2,342)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and Company's interest rate risk mainly arises from bank borrowings at variable interest rates. The Group and Company is exposed to significant interest rate risk on its variable-rate borrowings and manages its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group and Company.

The Group's and Company's bank borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates had increased/decreased by 1% (2015: 1%) with all other variables including tax rates being held constant, the loss after tax for the year would have been higher/lower by $85,613 (2015: $261,522).

(iii) Price risks

The Group and the Company are exposed to equity securities price risks arising from investments held by the Group and the Company which are classified on the balance sheet as available-for-sale financial assets.

Further details of these equity investments can be found in Notes 16 to the financial statements.

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(iii) Price risks (Cont'd)

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

In respect of equity investments classified as available-for-sale financial assets, if equity prices had been 10% higher or lower, with all other variable including tax rate being held constant, the Group's and Company equity as at 30 June 2016 would increase/decrease by $877 (2015: $23,941).

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. As the major customers of Group are government bodies, defaults risks for trade receivables are low. As for customers who are not government bodies, the Group has in place credit control policies.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the executive directors based on a credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by the executive directors.

As the Group does not hold any collateral, the maximum exposure to credit risk for trade receivable is the carrying amount of that class of financial instruments presented on the balance sheet.

The trade receivables of the Group comprise of 2 debtors (2015: 1 debtor) that individually represented 40% and 59% respectively (2015: 90%) of trade receivables.

The credit risk for trade receivables based on the information provided by key management is as follows:

	Group and Company	
	2016	**2015**
	$	**$**
By geographical areas		
Singapore	3,775,598	1,279,088
By types of customers		
Government bodies	3,730,856	1,266,438
Other companies	44,742	12,650
	3,775,598	1,279,088

29 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks registered with the Monetary Authority Singapore. Trade receivables that are neither past due nor impaired are mainly government bodies with good payment record.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and non-trade receivables and construction contracts amount due from customers.

<u>Trade and non-trade receivables</u>

The age analysis of trade and non-trade receivables past due but not impaired is as follows:

	Group		**Company**	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Past due < 3 months	3,730,856	1,262,158	3,730,856	1,262,158
Past due more than 3 months	456,694	279,798	477,296	286,565
	4,187,550	1,541,956	4,208,152	1,548,723

The carrying amount of trade and non-trade receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	Group and Company	
	2016	**2015**
	$	**$**
Past due more than 3 months	306,068	214,966
Less: Allowance for impairment	(306,068)	(214,966)
	-	-

29 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

(ii) Financial assets that are past due and/or impaired (Cont'd)

Trade and non-trade receivables (Cont'd)

	Group and Company	
	2016	**2015**
	$	**$**
Beginning of financial year	214,966	158,921
Allowance made (Note 7)	129,675	56,045
Allowance utilised (Note 7)	(38,573)	-
End of financial year	306,068	214,966
Trade (Note 14)	176,393	214,966
Non-trade (Note 14)	129,675	-
	306,068	214,966

The impaired trade and non-trade receivables arise due to the amounts have been overdue and management is of the opinion that the recoverability is low.

Construction contracts due from customers

The carrying amount of the amount due from customers on construction contracts determined to be impaired and the movement in the related allowance for impairment is as follows:

	Group and Company	
	2016	**2015**
	$	**$**
Gross amount:		
Construction contracts amount due from customers	-	5,408,677
Less: Allowance for impairment	-	(5,332,925)
	-	75,752
Beginning of financial year	5,332,925	5,888,765
Write back (Note 7)	(3,855,373)	(555,840)
Write-off	(1,477,552)	-
End of financial year (Note 14)	-	5,332,925

As at 30 June 2015, the impaired amount due from customers on construction contracts arise mainly from contracts completed in financial year ended 30 June 2016 and 2015, in which the Group anticipates the customer disputing the amount of variation works.

The allowance for impairment amounting to $3,855,373 has been written back as subsequent billings have been made on the amount and paid by the customers.

29 Financial risk management (Cont'd)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities (Note 22) to enable the Group to meet its normal operating commitments. As at balance sheet date, assets held by the Group and the Company for managing liquidity risks included cash and short-term deposits as disclosed in Note 13.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year $	**Between 1 and 2 years $**
Group		
At 30 June 2016		
Trade and other payables	53,994,583	-
Borrowings	22,180,668	-
At 30 June 2015		
Trade and other payables	47,459,264	-
Borrowings	43,066,316	37,590
Company		
At 30 June 2016		
Trade and other payables	54,746,045	-
Borrowings	22,180,668	-
At 30 June 2015		
Trade and other payables	48,220,656	-
Borrowings	43,066,316	37,590

29 Financial risk management (Cont'd)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group has obtained a letter of undertaking from its Controlling Shareholder to provide financial support to the Company in relation to its working capital purposes by exercising the Warrants Shares to subscribe for new ordinary shares of the Company when required and provide continuing financial support to enable the Group and Company to continue as going concerns.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2016 and 2015 except for as disclosed in Note 22(c).

(e) Fair value measurement

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

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

(b) input other than quoted prices included within Level 1 there are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $	Level 2 $	Level 3 $	Total $
Group and Company				
2016				
Available-for-sale financial assets	10,568	-	-	10,568
2015				
Available-for-sale financial assets	288,447	-	-	288,447

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and the Company is the current bid price. These instruments are included in level 1.

The carrying amount less impairment loss of receivables and the carrying amount of payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amount of current borrowings approximates their fair value.

29 Financial risk management (Cont'd)

(f) Financial Instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 16 to the financial statements, except for the following:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Loans and receivables	16,813,160	15,268,746	16,795,150	15,236,900
Financial liabilities at amortised cost	76,175,251	92,876,988	76,926,713	93,638,380

30 Segment information

The management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Group's operating segments are its strategic business units which offer different services and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Group's activities comprise the following reportable segments:

(i) Civil Engineering – The business division of our Group that carries out civil engineering works which include road construction works, road maintenance works, sewerage rehabilitation (excluding tunnelling works), drains (excluding tunnelling works), soil improvement works and other infrastructure works.

(ii) Tunnelling – The business division of our Group that carries out micro-tunnelling works.

(iii) Dormitory – The business division of our Group that which carries out rental of accommodation to employers of foreign workers. This business segment has ceased with effect from 16 July 2015 following the disposal of the dormitory.

Management has determined the operating segments that are used to make strategic decisions. Currently, the business segments operate only in Singapore.

30 Segment information (Cont'd)

Primary reporting format – business segments:

	Civil Engineering $	Tunnelling $	Common and all other segments $	Total $
30 June 2016				
Sales	39,656,219	1,162,227	-	40,818,446
Gross profit/(loss)	5,016,110	(6,992,690)	-	(1,976,580)
Other gains – net	-	-	386,118	386,118
Distribution and marketing expenses	-	-	(11,416)	(11,416)
Administrative expenses	2,750,561	1,353,129	(8,035,656)	(3,931,966)
Finance expenses	-	-	(442,103)	(442,103)
Net loss	7,766,671	(5,639,561)	(8,103,057)	(5,975,947)
Loss from discontinued operations, net of tax	-	-	(4,202,390)	(4,202,390)
Net loss includes:				
- Depreciation of property, plant and equipment	642,304	931,365	439,715	2,013,384
- (Reversal)/impairment of property, plant and equipment	(11,500)	(198,243)	919,725	709,982
- Write back for impairment of construction contract amount due to customers	(2,739,061)	(1,116,312)	-	(3,855,373)
- (Write back)/allowance for impairment of receivables				
- Trade receivables	-	(38,573)	-	(38,573)
- Other receivables	-	-	129,675	129,675
Segment assets	13,655,466	7,493,538	10,643,955	31,792,959
Total assets includes:				
Additions to:				
- Property, plant and equipment	-	-	2,279,776	2,279,776
Segment liabilities	21,797,101	9,692,717	45,345,236	76,835,054

30 Segment information (Cont'd)

Primary reporting format – business segments: (Cont'd)

	Civil Engineering $	Tunnelling $	Dormitory (Discontinued operations) $	Common and all other segments $	Total $
30 June 2015					
Sales	15,793,855	6,327,334	-	-	22,121,189
Gross loss	(2,148,860)	(2,865,318)	-	-	(5,014,178)
Other income	30,000	-	-	331,192	361,192
Distribution and marketing expenses	-	-	-	(39,187)	(39,187)
Administrative expenses	(486,722)	(12,285)	-	(14,064,590)	(14,563,597)
Finance expenses	-	-	-	(72,692)	(72,692)
Loss from operation	(2,605,582)	(2,877,603)	-	(13,845,277)	(19,328,462)
Share of loss of an associated company	-	-	-	(133,194)	(133,194)
Loss before income tax	(2,605,582)	(2,877,603)	-	(13,978,471)	(19,461,656)
Income tax credit	-	-	-	17,000	17,000
Net loss	(2,605,582)	(2,877,603)	-	(13,961,471)	(19,444,656)
Loss from discontinued operations, net of tax	-	-	(31,861,567)	-	(31,861,567)
Net loss and loss from discontinued operations includes:					
- Depreciation of property, plant and equipment	695,913	931,365	-	625,652	2,252,930
- Impairment of property, plant and equipment	(204,455)	205,243	-	8,338,200	8,338,988
- Amortisation of investment property	-	-	3,590,160	-	3,590,160
- Write-back for impairment of construction contracts amount due from customers	(299,739)	(256,101)	-	-	(555,840)
- Allowance for impairment of trade receivables	17,472	38,573	-	-	56,045
- Re-measurement of assets of disposal group classified as held-for-sale to fair value less cost to sell	-	-	22,993,112	-	22,993,112

30 Segment information (Cont'd)

Primary reporting format – business segments: (Cont'd)

	Civil Engineering $	Tunnelling $	Dormitory (Discontinued operations) $	Common and all other segments $	Total $
30 June 2015 (Cont'd)					
Segment assets	7,764,989	9,886,416	37,149,708	8,908,440	63,709,553
Total assets includes:					
Additions to:					
- Property, plant and equipment	19,900	-	-	1,891,976	1,911,876
- Investment property under construction	-	-	36,610,018	-	36,610,018
Segment liabilities	14,628,820	7,878,789	51,121,401	24,797,509	98,426,519

The management assesses the performance of the operating segments based on gross profits. Selling and distribution expenses, general and administrative expenses and other income are not allocated to segments because they are not directly attributable to the segments or cannot be allocated to the segments on a reasonable basis.

(a) Reconciliations

(i) Segment assets

For the purposes of monitoring segment performance and allocating resources between segments, the management monitors the inventories and receivables attributable to each segment. All assets are allocated to reportable segments other than cash and cash equivalents, other receivables, available-for-sale financial assets, investment in associated company and property, plant and equipment.

	2016 $	2015 $
Segment assets for reportable segments	21,149,004	54,801,113
Unallocated:		
- Cash and cash equivalents	3,835,767	2,014,003
- Other receivables	1,280,784	2,019,466
- Construction contract work-in-progress	5,476	-
- Available-for-sale financial assets	10,568	288,447
- Property, plant and equipment	5,511,360	4,586,524
	31,792,959	63,709,553

30 Segment information (Cont'd)

(a) Reconciliations (Cont'd)

(ii) Segment liabilities

For the purposes of monitoring segment performance and allocating resources between segments, the management monitors the payables attributable to each segment. All liabilities are allocated to reported segments other than other payables and borrowings.

	2016 **$**	**2015** **$**
Segment liabilities for reportable segments	31,489,818	73,629,010
Unallocated:		
- Other payables	24,694,686	12,778,220
- Borrowings	20,650,550	12,019,289
	76,835,054	98,426,519

(b) Information about major customers

Revenue from a major customer amounted to $30,327,566 (2015: $20,260,635), arising from sales of civil engineering and tunnelling segment.

	2016 **$**	**2015** **$**
Civil engineering	26,491,718	15,431,340
Tunnelling	3,835,848	4,829,295
	30,327,566	20,260,635

(c) Geographical information

Revenue and loss of the Group are mainly derived from the civil engineering and tunnelling segments in Singapore which forms the Group's strategic business.

The non-current assets employed by the Group are located in Singapore. Accordingly, no other segmental information by geographical segment is presented.

31 Significant events

(a) Litigations and scheme of arrangement

On 2 December 2015, the Company lodged a copy of the Order of Court with the Registrar. A scheme of arrangement between the Company and the certain creditors ("Scheme") which took effect on and from 2 December 2015. Under the Scheme, certain cash payments will be made to and new Shares will be issued to the Company's Creditors in full satisfaction and complete extinguishment and discharge of the debts owed to the Company's Creditors. In particular, new shares will be issued to the Company's Creditors pursuant to two debt-to-equity exercises referred to as the "Start Conversion" and the "End Conversion".

On 14 June 2016, at the Eligible Creditors Meeting, the Company's Eligible Creditors unanimously approved the proposed amendment to the Scheme to extend the date by which the Start Conversion Date must occur (failing which the Scheme shall terminate) from 30 June 2016 to 31 October 2016.

In the month of June 2016, the Company disbursed a total of $6.5 million in Reverse Dutch Auction ("RDA") and Parri Passu payments. On 11 August 2016, the Company announced that 435,739,903 Creditors Start Conversion Shares, 493,721,724 OHL Conversion Shares, 1,400,000,000 Subscription Shares, 500,000,000 Warrants and 67,766,667 Fee Shares were allotted and issued on 11 August 2016.

(b) Disposal of leasehold land and leasehold building under construction

On 23 March 2016, the Company announced that on 18 March 2016, the Company was notified by solicitors acting for UOB that pursuant to the tender for the purchase of the Private Lot A0020500 at Plot KR0309 Kranji Link Singapore ("Kranji Property") conducted from 1 February 2016 to 1 March 2016, United Overseas Bank ("UOB") had accepted an offer from Civil Tech Pte. Ltd. ("Buyer") to purchase Kranji Property at the price of $4,150,000.

On 4 August 2016, the Company announced that, by way of a letter dated 3 August 2016, the Company was notified by solicitors acting for UOB that JTC has rejected the sale of Kranji Property.

As the sale of the Kranji Property has not been completed, none of the UOB Start Conversion Shares have been allotted and issued.

(c) Proposed Issuance of Subscription Shares and Warrants to KH Foges Pte. Ltd.

At the Extraordinary General Meeting of the Company held on 2 August 2016 (the "EGM"), all resolutions as set out in the Notice of EGM dated 18 July 2016 were put to vote by poll and were duly passed.

On 11 August 2016, the Company announced that the issuance of 1,400,000,000 Subscription Shares, 500,000,000 Warrants were allotted and issued on 11 August 2016.

Following the allotment and issue of the Subscription Shares, the Subscriber became a controlling shareholder of the Company and the Company and the Subscriber have entered into a non-compete agreement under which the Subscriber has undertaken that for so long as it is a controlling shareholder of the Company, it shall and procure that its associates over which the Subscriber has control:

(i) give a first right of refusal to the Company to bid or tender for any new civil engineering projects; and

(ii) not bid or tender for any projects that the Company has submitted or tendered for.

31 Significant events (Cont'd)

(d) Others

The Company's Building & Construction Authority's ("BCA") grading for Civil Engineering works has been revised from A1 to B1 as the Company did not meet the criteria relating to Financial Resources. The Company is working expeditiously towards regaining the A1 grading.

The unfulfilled order book of the Company is approximately $110.3 million as of 30 June 2016. The Company is currently working with clients, sub-contractors and suppliers towards the fulfilling of the order book.

32 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group and the Company's accounting periods beginning on or after 1 July 2016 or later periods and which the Group and the Company has not early adopted:

Effective for annual periods beginning on or after 1 January 2016

- FRS 114 *Regulatory Deferral Accounts*
- Amendments to FRS 1 Disclosure Initiative
- Amendments to FRS 27 Equity Method in Separate Financial Statements
- Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants
- Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception
- Improvements to FRSs (November 2014)
  - Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations
  - Amendments to FRS 107 Financial Instruments: Disclosures
  - Amendment to FRS 19 Employee Benefits
  - Amendment to FRS 34 Interim Financial Reporting

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7: Disclosure initiatives
- Amendments to FRS 12: Recognition of Deferred Tax Assets for unrealised losses

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments
  - Illustrative Examples
  - Implementation Guidance
  - Amendments to Guidance on Other Standards
- FRS 115 Revenue from Contracts with Customers
  (The effective date of FRS 115 *Revenue from contracts with customers* has been deferred from 1 January 2017 to 1 January 2018 via Amendments to FRS 115: Effective date of FRS 115)
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers

32 New or revised accounting standards and interpretations (Cont'd)

<u>Effective for annual periods beginning on or after 1 January 2019</u>

- FRS 116 Leases
  - Illustrative Examples
  - Amendments to Guidance on Other Standards
- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  (the expected date of this Amendments had been revised from 1 January 2016 to a date to be determined by ASC in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

STATISTICS OF SHAREHOLDINGS
AS AT 23 SEPTEMBER 2016

Number of shares: 2,765,728,294
Class of shares: Ordinary shares
Voting rights: One vote per share
The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.23	53	0.00
100 - 1,000	45	10.44	43,000	0.00
1,001 - 10,000	84	19.49	576,059	0.02
10,001 - 1,000,000	234	54.29	47,802,636	1.73
1,000,001 AND ABOVE	67	15.55	2,717,306,546	98.25
TOTAL	431	100.00	2,765,728,294	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	KH FOGES PTE LTD	1,400,000,000	50.62
2	ONG HOCK LEONG (WANG FULIANG)	393,721,724	14.24
3	SHEC HOLDINGS PTE LTD	147,329,650	5.33
4	ACL CONSTRUCTION (S) PTE LTD	107,296,955	3.88
5	RHB SECURITIES SINGAPORE PTE. LTD.	106,012,070	3.83
6	MANISH	88,844,148	3.21
7	UOB KAY HIAN PRIVATE LIMITED	59,270,467	2.14
8	CITIBANK NOMINEES SINGAPORE PTE LTD	36,516,000	1.32
9	DB NOMINEES (SINGAPORE) PTE LTD	26,904,567	0.97
10	PHUA JOO	26,205,768	0.95
11	CHONG LEE CHENG	24,096,092	0.87
12	ONG HOI LIAN	23,054,070	0.83
13	EDWARD LEE EWE MING	18,391,000	0.66
14	ONG GEK HOON	15,851,958	0.57
15	ONG KAH LAM	14,854,070	0.54
16	ENGINEERING MANUFACTURING SERVICES (S) PTE LTD	14,000,000	0.51
17	ONG HUR SENG	12,954,070	0.47
18	ESTATE OF ANG SIEW KEE, DECEASED	12,766,660	0.46
19	ONG SIEW CHING (WANG XIUZHEN)	12,212,035	0.44
20	ONG ENG HOE	12,127,035	0.44
	TOTAL	2,552,408,339	92.28

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Shareholders as at 23 September 2016)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**Number of Shares**	**%**	**Number of Shares**	**%**
KH Foges Pte. Ltd.[1]	1,400,000,000	50.62		
Anil Dhanpatlal Agrawal[2]	-	-	1,400,000,000	50.62
SHEC Holdings Pte. Ltd.	147,329,650	5.33	-	-
Ong Hock Leong[3] [4]	498,575,794	18.03	147,853,460	5.35
Ong Hur Seng[3]	12,954,070	0.47	147,329,650	5.33
Ong Kah Lam[3]	14,854,070	0.54	147,329,650	5.33
Ong Hoi Lian[3]	23,054,070	0.83	147,329,650	5.33

Note:

(1) KH Foges Pte. Ltd. holds 500,000,000 warrants in the Company, with each warrant carrying the right to subscribe for one (1) new share in the Company.

(2) Mr Anil Dhanpatlal Agrawal is deemed to have at least 20% of the issued share capital of KH Foges Pte. Ltd. and is therefore deemed to have an interest in the shares held by KH Foges Pte. Ltd. pursuant to Section 7 of the Companies Act, Cap 50.

(3) SHEC Holdings Pte. Ltd. Holds 147,329,650 shares in the Company. Ong Hur Seng, Ong Hock Leong, Ong Hoi Lian and Ong Kah Lam, each hold 20.0% of the issued share capital of SHEC Holdings Pte. Ltd.. As they each hold not less than 20.0% of the issued share capital in SHEC Holdings Pte. Ltd., each of them is therefore deemed to have an interest in the Shares held by SHEC Holdings pursuant to section 7 of the Companies Act.

(4) The Estate of Ong Whay Yeow holds 7,333,340 shares in the Company. Ong Whay Yeow passed away intestate on 29 April 1989. Under the Intestate Succession Act, Cap. 146, the beneficiaries under his estate are his spouse, Madam Ang Siew Kee and his children, amongst which includes the Company's Managing Director, Ong Hock Leong. Each of them is therefore deemed to have an interest held in the name of the Estate of Ong Whay Yeow. Ong Hock Leong's deemed interest includes 523,810 shares held in the name of the Estate of Ong Whay Yeow. Mr Ong Hock Leong's 104,854,070 shares are held in the name of RHB Securities Singapore Pte Ltd.

Percentage of shareholding held in the hands of the public

As at 23 September 2016, as far as the Company is aware, the percentage of shareholding in the Company held in the hands of the public is approximately 24.18%. At least 10% of the Company's equity securities are held by the public at all times and the Company is in compliance with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at **Warren Golf and Country Club Conference Room 1 & 2 (Level 2), 81 Choa Chu Kang Way, Singapore 688263 on 26 October 2016 at 9:30 a.m.** to transact the following business:

ORDINARY BUSINESSES

1. To receive and adopt the Directors' Statement and Audited Accounts of the Company for the financial year ended 30 June 2016 together with the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr Harish Parameswar pursuant to Article 102 of the Company's Constitution. **Resolution 2**
[See Explanatory Note (i)]

3. To re-elect Mr Anil Dhanpatalal Agrawal pursuant to Article 102 of the Company's Constitution. **Resolution 3**
[See Explanatory Note (i)]

4. To re-elect Mr Teo Boon Tieng pursuant to Article 102 of the Company's Constitution. **Resolution 4**
[See Explanatory Note (i)]

5. To re-elect Mr Peter Moe pursuant to Article 102 of the Company's Constitution. **Resolution 5**
[See Explanatory Note (i)]

6. To note that Mr Yeo Siang Thong will be retiring pursuant to Article 102 of the Company's Constitution and will not be seeking re-election.

7. To approve the payment of Directors' fees of up to S$300,000 for the financial year ending 30 June 2017, to be paid quarterly in arrears. **Resolution 6**

8. To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**

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

SPECIAL BUSINESSES

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

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

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

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

(i) the aggregate number of shares (including shares to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro rata basis to the Shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

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

i. new shares arising from the conversion or exercise of any convertible securities;

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

iii. any subsequent bonus issue, consolidation or subdivision of shares;

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

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier” **Resolution 8**

[See Explanatory Note (ii)]

By Order of the Board

Tan Swee Gek
Company Secretary
11 October 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The effect of the Ordinary Resolution 2, 3, 4 and 5 above, is to re-elect the director of the Company who was appointed as an additional director. Pursuant to Article 102 of the Company's Constitution, such director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.

Mr Harish Parameswar will upon re-election as a Director of the Company, remain as an Independent Director, Non-Executive Chairman of the Board, a member of the Audit Committee, a member of the Nominating Committee and a member of the Remuneration Committee. Mr Harish Parameswar is considered independent for the purposes of Rule 704(7) of the Listing Manual of the SGX-ST ("**Listing Manual**").

Mr Anil Dhanpatlal Agrawal will upon re-election as a Director of the Company, remain as an Executive Director of the Company.

Mr Teo Boon Tieng will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, chairman of the Audit Committee, a member of the Nominating Committee and a member of the Remuneration Committee. Mr Teo Boon Tieng is considered independent for the purposes of Rule 704(7) of the Listing Manual.

Mr Peter Moe will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, chairman of the Nominating Committee, chairman of the Remuneration Committee and a member of the Audit Committee. Mr Peter Moe is considered independent for the purposes of Rule 704(7) of the Listing Manual.

(ii) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares), of which up to 20% may be issued other than on a pro rata basis to shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) Except for a member who is a relevant intermediary (as defined under Section 181 of the Act), a member of the Company entitled to attend and vote at the general meeting is required to appoint one or two proxies to attend and vote in his stead.

   (b) A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the general meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares.

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

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

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 58 Sungei Kadut Drive Singapore 729572 not less than 48 hours before the time appointed for holding the Annual General Meeting.

5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to attend and vote at the Annual General Meeting.

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

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SWEE HONG LIMITED
(Company Registration No. 198001852R)
(Incorporated In the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. For investors who have used their CPF monies to buy Swee Hong Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ______________________________ (Name), (NRIC/Passport no.) ____________________

of ____ (Address)

being a member/members of Swee Hong Limited (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

Name	NRIC/Passport No.	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 vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Warren Golf and Country Club Conference Room 1 & 2 (Level 2), 81 Choa Chu Kang Way, Singapore 688263 on 26 October 2016 at 9:30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

☐ Please tick here if more than two proxies will be appointed (Please refer to Note 2). This is only applicable for members who are relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50).

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Statement and Audited Accounts for the financial year ended 30 June 2016		
2	Re-election of Mr Harish Parameswar as a Director		
3	Re-election of Mr Anil Dhanpatlal Agrawal as a Director		
4	Re-election of Mr Teo Boon Tieng as a Director		
5	Re-election of Mr Peter Moe as a Director		
6	Approval of Directors' fees amounting to S$300,000 for the financial year ending 30 June 2017, to be paid quarterly in arrears		
7	Re-appointment of Nexia TS Public Accounting Corporation as Auditors		
8	Authority to issue shares and convertible securities pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this _________ day of __________________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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

**Delete where inapplicable*

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Except for a member who is a relevant intermediary (as defined under the Companies Act, Chapter 50 of Singapore (the "**Act**"), a member entitled to attend and vote at the general meeting is entitled to appoint one or two proxies to attend and vote in his stead. A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the general meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares.

3. Where a member who is not a relevant intermediary appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. Where a member who is a relevant intermediary appoints two or more proxies, the appointments shall be invalid unless the number and class of shares in relation to which each proxy has been appointed is specified in the proxy form.

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

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

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 58 Sungei Kadut Drive, Singapore 729572 not less than 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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.

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FIRST WORLD CITY BUILDERS

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