SWEE HONG

FIRST WORLD CITY BUILDERS

BUILDING AHEAD

ANNUAL REPORT 2018

Contents

Corporate Information

BOARD OF DIRECTORS

Peter Moe
Independent Director and Non-Executive Chairman
(Appointed 30 December 2015)

Anil Dhanpatlal Agrawal
Non-Executive Director
(Appointed 12 August 2016)

Teo Boon Tieng
Independent Director
(Appointed 30 December 2015)

Moorthy Varadhan
Executive Director
(Appointed 15 September 2017)

Yeo Junyu
Executive Director
(Appointed 15 September 2017)

AUDIT COMMITTEE

Teo Boon Tieng
Chairman
Peter Moe
Anil Dhanpatlal Agrawal

NOMINATING COMMITTEE

Peter Moe
Chairman
Teo Boon Tieng

REMUNERATION COMMITTEE

Peter Moe
Chairman
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: Philip Tan Jing Choon
(Appointed since financial year ended 30 June 2017)

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 Parks and Services, Swee Hong provides 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 dominantly in the list of completed projects.

Under Tunelling, 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 its people and its embracing 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's advancement in all its projects and 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 its technology and knowledge-driven work culture.

Corporate Structure

Legend

- Dormant Singapore Subsidiary Corporations
- 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 in 2013 to carry out the construction of the 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. Barring any unexpected delays, this project is expected to be completed by the 3rd quarter of 2019.

PROPOSED SEWERS IN PUNGGOL NORTH AREA – CONTRACT 2

The Public Utilities Board ("**PUB**") awarded Swee Hong Limited the contract worth approximately S$11.4 million, for the supply and laying of approximately 1,390m dia HDPE Lined Reinforced Concrete sewer pipes along Punggol road.

The scope of work involves construction, connection, diversion, testing and commissioning and handling-over the proposed sewers and manholes. This project is estimated to be completed in May 2021.

Chairman and Executive Director
Joint Message

Dear Shareholders,

2018 has been a challenging year for the construction sector and the Group's performance for the financial year ended 30 June 2018 ("**FY2018**") was commendable. After successfully closing the Scheme of Arrangement and following an improvement in the Company's execution capabilities in its projects, the Group is working aggressively to secure new projects to strengthen the order book and has started tendering for new projects and the Company is hopeful of being awarded new projects in the near future.

UPGRADE TO CW02 – CIVIL ENGINEERING GRADE A2

After months of preparation and tremendous hard work, we have completed our internal restructuring and streamlined the Group's projects. As announced in the Company's announcement dated 20 April 2018, the Company successfully obtained notification from the BCA that the Company's application to upgrade its contractor registration status under category CW02 for Civil Engineering from Grade B1 to Grade A2 has been approved. Pursuant to this, the Company is now registered as a Grade A2 contractor under category CW02 for Civil Engineering and the Company is now able to tender for government construction assignments with a maximum value limit of S$85 million. The Company hopes that with its registration as a Grade A2 contractor, the Company's competitive strength in project tenders would be enhanced. The grant of a registration status of Grade A2 is also a testament to the Company's commitment to quality and to ensuring that continuous progress and improvement is achieved.

COMPLETED AND CURRENT ORDER BOOK

The main focus of the Company in the past year has been to expedite implementation of all ongoing projects. We are pleased to inform our Shareholders that we have been successful in our efforts. The Company is making all efforts to complete ongoing projects on a timely basis. The Company has successfully secured contract with PUB which is valued approximately S$11.4 million in aggregate for work in respect of proposed sewers in Punggol North Area. The Company has also started bidding for new projects and we are hopeful that the

"We are pleased to inform our Shareholders that we have been successful in our efforts. The Company is making all efforts to complete ongoing projects on a timely basis."

improvement in the financial status and the operational performance of the Company will help in restoration of confidence of customers and we will be able to secure new projects in the near future. We are grateful to our employees for continuing to keep their faith in the Company to overcome the most challenging period in the Company's long history.

NEW SUBSIDIARY IN INDIA

As announced in the Company's announcement dated 17 July 2018, the Company received approval for the establishment of a subsidiary in India, Swee Hong India Private Limited to enable the Company to explore overseas opportunities for further expansion of our business.

BUSINESS OUTLOOK

The BCA had in January 2018 forecasted that the total value of construction contracts to be awarded this year will reach between S$26 billion and S$31 billion, up from the preliminary estimate awarded in 2017. The projected higher construction demand is due to an anticipated increase in public sector construction demand from about S$15.5 billion last year to between S$16 billion and S$19 billion this year.

The Group will continue to bid for suitable and profitable projects to strengthen its order book even though Singapore's construction industry continues to grapple with rising labour costs, manpower and funds shortages. In this challenging environment, the Company will seek to constantly enhance its efficiency and competitiveness.

OPERATIONAL AND MANAGERIAL EFFICIENCY

The Company has taken a number of steps to improve the operational and managerial efficiency of the organisation. The hiring of appropriate and competent manpower on a needs basis coupled with assiduous improvement in the Company's systems and processes, tighter cost control measures, human resource developmental activities, better utilisation of resources and financial control measures have resulted in an improvement in the Company's performance.

The Company will continue to improve its systems based on the principle of KAIZEN. Development of human resources, enhancing efficiency and implementation of cost control measures will be the focus.

ACKNOWLEDGEMENTS

On behalf of the Board, our journey thus far has been eventful and rewarding because of like-minded partners who have supported us along the way. We would like to take this opportunity to thank all our management and staff, Shareholders, customers, business partners, lenders and all other stakeholders for their faith, dedication and immeasurable contributions. Without their support, the Company would not have been able to tide through this challenging period.

Together we will continue to achieve many more milestones ahead with all of you. We look forward to your continued support and better years ahead.

Peter Moe
Non-Executive Chairman

Moorthy Varadhan
Executive Director

Board of Directors

/// PETER MOE

Mr Peter Moe is our non-executive chairman, independent director, chairman of the Nominating Committee and Remuneration Committee and member of the Audit Committee. He was appointed to the Board on 30 December 2015. Mr Peter Moe is a veteran in the Singapore legal industry. The areas of practice that Mr Peter Moe is involved in includes civil and commercial litigation, corporate and commercial Law, conveyancing, bankruptcy and insolvency. His 35 years of legal practice has created a network of corporate and individual clients who had benefited from his vast experience and expertise.

Mr Peter Moe is a member of the Singapore Institute of Directors. He was also previously active as independent director of 3 public listed company.

/// ANIL DHANPATILAL AGRAWAL

Mr Anil Dhanpatlal Agrawal is our Non-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. Anil Dhanpatlal 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 17 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.

/// TEO BOON TIENG

Mr. Teo Boon Tieng is our Independent Director and Chairman of the Audit Committee. He is also a member of the Remuneration Committee and Nominating 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).

/// MOORTHY VARADAN

Mr Varadan Moorthy joined the Company in May 2016 as General Manager and was appointed to the Board of Directors as an Executive Director on 15 September 2017. Mr Moorthy Varadan 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 was a panel member for World of Façade.

/// KENNETH YEO JUNYU

Mr Kenneth Yeo is our Executive Director. He was appointed to the Board of Directors on 15 September 2017. Mr Kenneth Yeo has a long working experience in banks in Singapore since 2006. After graduating from the Singapore Institute of Management with a Degree in Bachelor of Science: Banking and Finance, he gained rich experience as a Relationship Manager and Senior Business Development Manager in many renowned banks such as UOB, Maybank, ICBC and ANZ. He was also a Team Manager in RHB and led a team of Relationship Managers in commercial banking providing financial solutions to SME commercial clients.

Financial and Operations Review

PROFIT AND LOSS

Revenue by business segment

	Group					
	2018 $'000	**%**	**2017 $'000**	**%**	**Increase/ (decrease) $'000**	**Increase/ (decrease) %**
Civil Engineering	47,358	96	50,439	86	(3,081)	(6)
Tunneling	1,750	4	8,083	14	(6,333)	(78)
	49,108	**100**	**58,522**	**100**	**(9,414)**	

Revenue from Civil Engineering segment decreased by S$3.1 million from S$50.4 million in the financial year ended 30 June 2017 ("**FY2017**") to S$47.3 million in FY2018 mainly due to lower revenue recognised during the financial year. Revenue from Tunnelling segment decreased by S$6.3 million from S$8.1 million in FY2017 to S$1.8 million in FY2018 due to substantial completion of the tunnelling projects in the last financial year, thereby resulting in lower revenue recognised during the financial year.

The Group's gross profit of S$4.1 million is a decrease of approximately S$3.4 million from a gross profit of S$7.5 million in FY2017 mainly due to lower revenue recognised set off with more costs incurred for the on-going projects. Gross profit from Civil Engineering segment decreased by approximately S$1.1 million during the financial year from S$5.8 million in FY2017 to S$4.7 million in FY2018 mainly due to more costs incurred for ER382 Bukit Brown project. Gross profit from Tunneling segment decreased by approximately

S$2.3 million from a gross profit of S$1.7 million in FY2017 to a gross loss of S$0.6 million in FY2018 mainly due to cost overrun for the tunnelling project.

Other gains decreased by S$24.4 million from S$24.9 million in FY2017 to S$0.5 million in FY2018. The substantial decrease was mainly due to the write-off of creditors pursuant to the Scheme of Arrangement of S$22.3 million in FY2017.

The Group did not incur significant distribution and marketing expenses during FY2018 and FY2017. Administrative expenses for FY2018 decreased by S$0.6 million as compared with FY2017. The administrative expenses of S$2.0 million mainly comprised of professional fee of S$0.4 million, salaries and related costs of S$1.2 million and other operating expenses. Finance expenses relate to interest expenses on borrowings costs for working capital purposes. Finance costs increased by S$1.2 million from S$43,000 in FY2017 to S$1.3 million in FY2018 mainly due to the increase of borrowings during the financial year.

The Group earned a profit before income tax of approximately S$1.2 million in FY2018, a decrease of S$28.6 million as compared to S$29.8 million in FY2017.

The Group earned a net profit after tax of approximately S$1.2 million due to the reasons stated above.

STATEMENT OF FINANCIAL POSITION

Trade and other receivables as at 30 June 2018 stood at S$38.8 million, an increase by S$11.3 million from S$27.5 million as at 30 June 2017. Construction contracts unbilled receivables increased by S$12.1 million from S$24.8 million as at 30 June 2017 to S$36.9 million as at 30 June 2018. Trade receivables increased by S$0.4 million from S$0.6 million as at 30 June 2017 to S$1.0 million as at 30 June 2018. These were partially offset by a decrease of S$1.5 million in advances to suppliers and deposits and prepayments, from S$1.8 million as at 30 June 2017 to S$0.3 million as at 30 June 2018.

Property, plant and equipment decreased by S$1.2 million from S$6.6 million as at 30 June 2017 to S$5.4 million as at 30 June 2018 mainly due to depreciation charges of S$1.7 million during the financial year.

Available-for-sale financial assets as at 30 June 2018 of S$15,344 remained relatively unchanged from 30 June 2017.

Financial and Operations Review

Trade and other payables decreased by S$6.6 million from S$20.1 million as at 30 June 2017 to S$13.5 million as at 30 June 2018. Trade payables decreased by S$4.2 million due to on time payment for some of the trade payables with shorter credit terms.

Borrowings increased by S$16.9 million from S$6.4 million as at 30 June 2017 to S$23.3 million as at 30 June 2018. The substantial increase was a result of an increase in loans of approximately S$8.9 million and proceeds from the issuance of bonds of approximately S$6.9 million for general working capital purposes. There is also an increase of finance lease payables of approximately S$1.1 million.

As at 30 June 2018, the Group had current liabilities of S$29.2 million, current assets of S$42.1 million and net asset position of S$10.2 million.

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 2018 ("FY2018"). The Company believes that it has largely complied with the spirit and intent of the Code and in areas where the Company's practices have deviated from the Code, rationale for the same is provided herein.

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 two (2) Executive Directors, one (1) Non-Executive Director and two (2) 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 Directors. 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 interests 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) conduct 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.

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").

On 6 November 2017, the Company announced via SGXNET the cessation of Mr Harish Parameswar as Independent Director and Non-Executive Chairman of the Company.

On 7 February 2018, the Company announced via SGXNET that Mr Anil Dhanpatlal Agrawal had been redesignated from Executive Director to Non-Executive Director of the Company. As at the date of this report, the composition of the Board of Directors, the Audit Committee, Nominating Committee and Remuneration Committee is as follows:

Board of Directors

Mr Peter Moe (Non-Executive Chairman and Independent Director)
Mr Anil Dhanpatlal Agrawal (Non-Executive Director)
Mr Yeo Junyu (Executive Director)
Mr Moorthy Varadhan (Executive Director)
Mr Teo Boon Tieng (Independent Director)

Audit Committee

Mr Teo Boon Tieng (Chairman)
Mr Peter Moe (Member)
Mr Anil Dhanpatlal Agrawal (Member)

Nominating Committee

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

Remuneration Committee

Mr Peter Moe (Chairman)
Mr Teo Boon Tieng (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.

The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information relating to the proposed transaction. The agenda for meetings are prepared in consultation with the Executive Directors. The advice of Mr Peter Moe, 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.

1.3 Directors' meeting held

During the financial year ended 30 June 2018, the board held four Board meetings, four AC meeting, one NC meeting and one RC meeting.

The attendance of the Directors at meetings of the Board and Board Committees during the financial year ended 30 June 2018 were as follows:

		Committee		
	Board	**Audit**	**Nominating**	**Remuneration**
Number of Meetings held:	4	4	1	1
Name of Director				
Mr Peter Moe	4	4	1	1
Mr. Anil Dhanpatlal Agrawal(1)	3	3 (2 Invited)	1 (Invited)	1 (Invited)
Mr Yeo Junyu(2)	2	2 (2 Invited)	N.A.	N.A.
Mr Moorthy Varadhan(2)	3	3 (3 Invited)	N.A.	N.A.
Mr Teo Boon Tieng	4	4	1	1
Mr. Harish Parameswar(3)	1	1	1	1

Notes:

(1) Mr Anil Dhanpatlal Agrawal was redesignated from Executive Director to Non-Executive Director of the Company on 7 February 2018. Pursuant to the redesignation, Mr Anil Dhanpatlal Agrawal became a member of the Audit Committee with effect from 7 February 2018.

(2) As Mr Yeo Junyu and Mr Moorthy Varadhan were both appointed as Directors on 15 September 2017, they did not attend the Full Year Board and Board Committee Meetings held on 25 August 2017.

(3) Mr Harish Parameswar resigned as a Director of the Company with effect from 6 November 2017.

The dates of fixed Board, Board committees and Annual General Meeting ("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 Directors supervise 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

Generally, 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. A newly appointed Director with no prior experience as a director of a public listed company in Singapore will also be encouraged to attend training courses organised by the Singapore Institute of Directors ("SID") or other training institutions in areas such as accounting, legal and industry specific knowledge and where appropriate, in connection with their duties.

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 year under review, some of the Directors have attended the following seminar(s), SID Fundamental Series on Board and Director Fundamentals, Evolving Corporate Governance and Financial Regulations in Singapore, Anti Money Laundering in Singapore and the Audit Committee Seminar 2018.

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, two (2) of whom are Independent Directors and one (1) is a Non-Executive Director.

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

EXECUTIVE DIRECTORS

Mr Yeo Junyu
Mr Moorthy Varadhan

INDEPENDENT DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Mr Anil Dhanpatlal Agrawal

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

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. 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. The Board's policy in identifying suitable director nominees to be appointed as new Independent Directors of the Company, is primarily to have due regard to the composition of the Board and ensure that the Board would have the appropriate mix of members with complementary skills, diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making, regardless of gender. The Board is of the view that the current Board members comprise persons whose diverse skills, experience, knowledge of the Company and attributes provide for effective direction for the Group. To maintain or enhance the Board's balance and diversity, the existing attributes and core competencies, the composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has an appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. 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. The NC has examined the Board's size and is satisfied that it is appropriate for effective decision-making, taking into account the nature and scope of the Company's operations and is of the view that the Board has a good balance of Directors who come from diverse backgrounds and have extensive industry knowledge and/or business, financial, accounting and management experience.

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 Peter Moe and the position of Executive Directors are held by Mr Yeo Junyu and Mr Moorthy Varadhan respectively. In view that the Non-Executive Chairman and the Executive Directors 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 two (2) 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 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 at least one-third of the Board is made up of Independent Directors, the Company believes that the Board shall be able to exercise independent judgment on corporate affairs and ensures that no one individual or groups of individuals dominate any decision making process.

1.8 Chairman and Executive Directors

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 Directors 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 Peter Moe who is also an Independent Director.

As the Non-Executive Chairman, Mr Peter Moe leads the Board to ensure its effectiveness and approves the agenda of each Board meeting in consultation with the Executive Directors. The Non-Executive Chairman bears the following responsibilities:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promoting a culture of openness and debate at the Board;

(d) ensuring that the Directors receive complete, adequate and timely information;

(e) ensuring effective communication with shareholders;

(f) encouraging constructive relations within the Board and between the Board and Management;

(g) facilitating the effective contribution of Independent Directors towards the Company; and

(h) together with the Audit Committee, promoting high standards of corporate governance.

The Executive Directors are 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 Directors also review 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.

The Chairman and the Executive Directors are unrelated and independent of each other. It is the Company's intention to keep the roles of the Chairman and Executive Directors 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 reappointment of directors to the Board.

As at the date of this Annual Report, the NC comprises the following two Independent Directors:

Mr Peter Moe (Chairman)
Mr Teo Boon Tieng (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 and Mr Teo Boon Tieng 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 Directors retiring by rotation, having regard to our 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 addresses 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 renomination 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. The Company adopts a comprehensive and detailed process in the selection of new Directors. Candidates will be first sourced through an extensive network of contacts and selected based on the needs of the Group and the relevant expertise required. Where necessary, the NC may seek the help of external consultants in the search process. In selecting suitable candidates, the NC will take into account the strategic goals, business direction and future needs of the Group and, together with the Board, it will seek candidates who are able to contribute to the Group. The Board will also consider gender diversity requirements in seeking any new appointment for the Board. The NC will conduct interviews with the candidates, and nominate the candidate deemed most suitable for appointment to the Board.

During the financial year ended 30 June 2018, the NC underwent a reconstitution pursuant to the cessation of Mr Harish Parameswar as an Independent Director on 6 November 2017 and on the same day, Mr Peter Moe was appointed as Chairman of the NC.

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, taking into consideration the number of public listed company board representations held by the Director and other principal commitments. In addition, the NC will also take into consideration a qualitative assessment of each Director's contributions as well as any other relevant time commitments. 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 who hold multiple board representations to the affairs of the Group. The NC is satisfied that sufficient time and attention is being given by each of the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations.

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. The NC has recommended the respective re-elections of Mr Teo Boon Tieng and Mr Moorthy Varadhan who are retiring pursuant to Article 98 of the Constitution 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.

Report on Corporate Governance

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 Peter Moe	65	30 December 2015	31 October 2017	**Present Directorships** • GRP Ltd **Past Directorships** • PSL Holdings Ltd • Chuan Soon Huat Industrial Group Ltd • Air Ocean Ltd	Director at Optimus Chambers LLC
Mr Anil Dhanpatlal Agrawal	42	12 August 2016	31 October 2017	**Present Directorships** - **Past Directorships** -	Executive Director at KH Foges Pte. Ltd. Managing Director at Kridhan Infra Limited, India
Mr Yeo Junyu	36	15 September 2017	31 October 2017	**Present Directorships** - **Past Directorships** -	Director of Asian Strategic Turnaround Ventures Pte. Ltd. Director of AAAKS International Pte. Ltd. Director of FXZ International Pte. Ltd.
Mr Moorthy Varadhan	51	15 September 2017	31 October 2017	**Present Directorships** - **Past Directorships** -	Director of Econ Geotech Pte. Ltd.
Mr Teo Boon Tieng	54	30 December 2015	26 October 2016	**Present Directorships** - **Past Directorships** -	Managing Partner at Teo Boon Tieng & Co., Chartered Accountants Singapore

The NC notes that under the Code, the independence of any Director who has served on the Board beyond nine (9) years from the date of first appointment should be subject to particularly rigorous review. At present, there are no Independent Directors who have served beyond 9 years since the date of his first appointment.

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.

(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. No external facilitator has been appointed by the Company.

The NC has conducted the assessment of effectiveness of the Board as a whole and of the performance of the Directors for the financial year ended 30 June 2018. After conducting the assessment exercise, the NC is satisfied that the Directors have been able to devote adequate time and attention to the affairs of the Company and that they are able to fulfil their duties as Directors of the Company.

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 as well as copies of relevant documents 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 and may request for additional information.

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 finance personnel with the highest seniority, which is currently the Company's Finance Manager, provides assistance in the Company Secretarial role and/or 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 and ensuring that information flows between the Board and Board Committees and between management and the Non-Executive Directors 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 of two (2) Independent Directors, namely:

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

During the financial year ended 30 June 2018, the RC underwent a reconstitution pursuant to the cessation of Mr Harish Parameswar as an Independent Director on 6 November 2017 and on the same day, Mr Peter Moe was appointed as Chairman of the RC.

The function of the RC under the RC terms of reference are as follows:

(a) 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;

(b) coverage of all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind;

(c) perform annual review of the remuneration of employees related to the Directors to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities; and

(d) review and approve any bonuses, pay increases and/or promotions for these employees.

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 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 2018.

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 Directors 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. In setting the remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals. For FY2018, the RC is of the view that the performance conditions were met by the Executive Directors and the key management personnel of the Group.

Currently, the Group does not have any long-term incentive schemes, employee share option scheme or other long-term incentive scheme in place for its Executive Directors and key management personnel. However, it will consider the establishment of such schemes as and when appropriate. The Group has service agreements with the Executive Directors. The Group typically does not have any service agreements with any of the Independent Directors or Non-Executive Director. 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 the 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 for the financial year ended 30 June 2018 is set out below:

Remuneration Band & Name of Director	Salary[2]	Variable or performance related income/bonuses	Director's fees	Benefits-in-kind[3]	Total
	%	%	%	%	$
Peter Moe	-	-	100.0	-	50,000
Anil Dhanpatlal Agrawal[1]	42.4	-	50.5	7.1	198,000
Yeo Junyu[4]	87.8	3.0	-	9.2	207,358
Moorthy Varadhan[4]	76.9	13.0	-	10.1	216,225
Teo Boon Tieng	-	-	100.0	-	50,000
Harish Parameswar[5]	-	-	100.0	-	9,848

Notes:

(1) For the period 1 July 2017 to 7 February 2018, Mr Anil Dhanpatlal Agrawal was an Executive Director of the Company and was paid salary in accordance with the terms of his service agreement with the Company. Following Mr Anil Dhanpatlal Agrawal's redesignation as Non-Executive Director on 7 February 2018, Mr Anil Dhanpatlal Agrawal ceased to receive salary from the Company and instead, received Director's fees for the period 8 February 2018 to 30 June 2018.

(2) Salary includes Employer CPF.

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

(4) As Mr Moorthy Varadhan and Mr Yeo Junyu were appointed as Directors only on 15 September 2017, for FY2018, Mr Moorthy Varadhan and Mr Yeo Junyu received salary for the period from 16 September 2017 to 30 June 2018.

(5) Mr Harish Parameswar resigned as a Director of the Company with effect from 6 November 2017.

2.4 Remuneration of Employees Related to Directors

There were no employees who are related to a Director whose remuneration exceeded $50,000 for the financial year ended 30 June 2018.

2.5 Remuneration of Top Key Management Personnel

For the financial year ended 30 June 2018, the Company had two key management personnel. The annual aggregate remuneration paid to the top two (2) key management personnel (excluding Directors) of the Company for the financial year ended 30 June 2018 is $213,500. Details of the remuneration paid to such key management personnel for the financial year ended 30 June 2018 are set out below:

Remuneration Band & Name of Key Executive	Salary[1]	Variable or performance related income/bonuses	Benefits-in-kind[2]	Total
%	**%**	%	%	**%**
Below $250,000				
Moorthy Varadhan[3]	95.4	-	4.6	100
Deepak Bhandari[4]	89.7	-	10.3	100

Notes:

(1) Salary includes Employer CPF.

(2) Benefits in kind consist of transport allowances.

(3) As Mr Moorthy Varadhan was appointed a Director of the Company on 15 September 2017, for FY2018, Mr Moorthy Varadhan received salary for the period 1 July 2017 to 15 September 2017. This salary excludes remuneration received following his appointment as a Director of the Company.

(4) Mr Deepak Bhandari resigned as Head of Finance of Swee Hong Limited with effect from 15 February 2018.

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, including the determination of the Company's levels of risk tolerance and risk policies 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 and Board of Directors 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.

Report on Corporate Governance

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 Company'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 Directors and the Finance Manager, being the finance personnel with the highest seniority in the Company 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 Board with the concurrence of 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 2018 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 was 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, employees are encouraged to bring complaints to the attention of their supervisors, the humans resource department or the managing director. Once a complaint has been received by any one of the abovementioned individuals, they are required to forward the complaints in a letter addressed to the AC of the Company for further investigation. The AC may where it deems necessary, designate an authorised person independent of the financial reporting function to assist the AC in addressing any complaints. Such authorised persons shall report to the AC periodically about the process of resolving the complaints received so as to enable the AC to review the effectiveness of the whistle blowing policy. 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 of two (2) Independent Directors and one (1) Non-Executive Director, namely:

Mr Teo Boon Tieng (Chairman)
Mr Peter Moe (Member)
Mr Anil Dhanpatlal Agrawal (Member)

During the financial year ended 30 June 2018, the AC underwent a reconstitution pursuant to the redesignation of Mr Anil Dhanpatlal Agrawal as an Non-Executive Director on 7 February 2018 and on the same day, Mr Anil Dhanpatlal Agrawal was appointed as a member of the AC.

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 committee. In addition, periodic updates on changes in accounting standards and treatment are conveyed to members of the AC by the external auditors during the AC meeting to allow the AC members to keep abreast of such changes and its corresponding impact on the financial statements, if any.

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 2018, there were four (4) AC meetings held.

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 interests of the Group and to its minority shareholders as well as considering and recommending to the Board and shareholders the appointment, re-appointment or removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors.

The AC is authorised to investigate any matter within its Terms of Reference including without limitation internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore and other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position, 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, the members of the AC are Independent Directors and Non-Executive Director. 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.

The AC met with the Independent Auditors two times during the financial year ended 30 June 2018 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 2018, 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 2018, the audit fees paid to the Independent Auditors for their audit services were $62,000 and the non-audit fees paid to the Independent Auditors was $15,000.

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 Company's auditing obligations.

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 and the Board has reviewed the adequacy and effectiveness of the Company's internal controls and risk management functions for FY2018. During the financial year ended 30 June 2018, the internal audit function was outsourced to a public accounting firm, One e-Risk Services Pte Ltd, a firm which meets the standard set by internationally-recognised professional bodies such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors report primarily to the chairman of the AC and any non-compliance and internal control weaknesses noted during the internal audit and the recommendations thereof will be reported to the AC as part of the review of the Group's internal control system. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The AC will also review and approve the annual internal audit plans and resources annually to ensure that the internal auditor has the necessary resources to adequately and effectively perform its functions. The AC is satisfied that the internal auditors are staffed by qualified and experienced personnel.

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.

Price-sensitive information is released to all parties such as shareholders, stakeholders and the public simultaneously to ensure a level playing field. Any material information or respective quarterly, half-yearly and full year results (all issued within the mandatory period) is disseminated in a timely manner through SGXNET. In disclosing information, the Company strives to be as descriptive, detailed and forthcoming as possible, and to avoid boilerplate disclosures. The Company aims to provide shareholders with prompt disclosure of relevant information, to enable them to have a better understanding of the Company's businesses and performance. The Company also makes available its annual reports, financial information and announcements to the SGX-ST on its website: www.sweehong.sg.

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 resolutions are to be transacted at the meeting or at least 21 days before the meeting if special resolutions 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 AGM 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. For FY2018, the Company will not be paying final dividends to shareholders in view of the Company's working capital requirements and the continued challenging environment in the construction industry.

In addition, the Company's investor relations team is led by the Chief Executive Officer and in his absence, the finance personnel with the highest seniority who is responsible for integrating finance, accounting, corporate communications and legal compliance to enable effective communication between the Company and investors. The Company holds briefings to present its financial results for the media and analysts, when requested. Outside of the financial announcement periods, when necessary and appropriate, the Management will meet investors and analysts who wish to seek a better understanding of the Group's business and operations. This also enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company on investors' views.

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 AGM 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. The detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced.

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. The Constitution allows a member of the Company to appoint 1 or 2 proxies to attend and vote instead of the member. Voting in abstentia, including voting by mail, electronic mail or facsimile, may only be possible following careful study to ensure the integrity of the information and authentication of the identity of member through the web is not compromised and is also subject to legislative amendments to recognise electronic voting.

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 or in the absence of the Chief Financial Officer, the finance personnel with the highest seniority monitors and reviews any interested person transactions of the Company and reports on the same to the Board on a regular basis.

The AC and the Board had reviewed all interested person transactions ("IPTs") for FY2018 and were satisfied that the transactions were conducted at arm's length. It was noted that save as described in the table below, the IPTs entered into by the Company in FY2018 were within the threshold limits set out under Chapter 9 of the Listing Manual and no announcements or shareholders' approval was therefore required.

The Company had obtained shareholders' approval for the adoption of an IPT mandate (the "IPT Mandate") for FY2018 at an Extraordinary General Meeting of the Company held on 31 October 2017 in respect of transactions that may be entered into between the Group and KH Foges Pte Ltd and its holding companies, associated company, subsidiary and associates (including Mr Anil Dhanpatlal Agrawal). Further details of the IPT Mandate are set out in the Circular to Shareholders dated 16 October 2017.

The Company had entered into transactions pursuant to the IPT Mandate during FY2018. Details of the IPTs (excluding transactions less than S$100,000) of the Group for FY2018 are as follows[(1)]:

	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Listing Manual)	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)**
Name of Interested Person	**S$'000**	**S$'000**
KH Foges Pte Ltd	-	14,797
PSL Engineering Pte Ltd	-	1,251
Econ Geotech Pte Ltd	116	-

(1) For the purposes of Chapter 9 of the Listing Manual, transactions which were entered into prior to KH Foges Pte Ltd becoming a controlling shareholder of the Company and which remained subsisting as at 11 August 2016, being the date on which KH Foges Pte Ltd became a controlling shareholder of the Company, do not constitute interested person transactions as they were entered into prior to KH Foges Pte Ltd becoming a controlling shareholder of the Company and an interested person.

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 2018 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 machines 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.

8. SUSTAINABILITY REPORT

In accordance with the Listing Manual, the Group will issue its sustainability report by June 2019 and upload the full sustainability report on SGXNET.

Directors' Statement

For the financial year ended 30 June 2018

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 2018 and the statement of financial position of the Company as at 30 June 2018.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 47 to 108 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 2018 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
Teo Boon Tieng
Anil Dhanpatlal Agrawal
Moorthy Varadhan
Yeo Junyu

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 30.06.2018	**At 01.07.2017**	**At 30.06.2018**	**At 01.07.2017**
Company				
(No. of ordinary shares)				
Anil Dhanpatlal Agrawal[1]	-	-	1,485,287,706	1,485,287,706
(No. of warrants)				
Anil Dhanpatlal Agrawal[2]	-	-	500,000,000	500,000,000

The directors' interests in the ordinary shares of the Company as at 21 July 2018 were the same as those as at 30 June 2018.

Notes:

(1) KH Foges Pte. Ltd. holds 1,485,287,706 shares in the Company. Mr Anil Dhanpatlal Agrawal is deemed to have at least 20% of the issued share capital of KH Foges Pte. Ltd. by virtue of holding more than 50% of shareholding in Kridhan Infra Ltd., the ultimate holding corporation 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.

(2) As at 30 June 2018, 500,000,000 warrants which were issued to KH Foges Pte. Ltd. by the Company on 11 August 2016 remained outstanding and which when exercised at a price of $0.01 per share will result in 500,000,000 shares being allotted to KH Foges Pte. Ltd.

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 KH Foges Pte. Ltd. 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.

Audit Committee

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

Peter Moe	Chairman	
Teo Boon Tieng	Member	
Anil Dhanpatlal Agrawal	Member	(Appointed on 7 February 2018)

All members of the AC were non-executive directors. All members were independent, except for Mr Anil Dhanpatlal Agrawal who has deemed interest.

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;

Audit Committee (Cont'd)

- 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 SGX 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 2018

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

....
Moorthy Varadhan
Director

....
Yeo Junyu
Director

5 October 2018

Independent Auditor's Report

to the Members of Swee Hong Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Swee Hong Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including summary of significant accounting policies, as set out on pages 47 to 108.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (Cont'd)

Accounting for construction contracts

(Refer to Notes 2.6, 5 and 15 to the financial statements)

Risk:

The Group had recognised construction revenue of $49,108,296 for the financial year ended 30 June 2018.

The Group recognises revenue in accordance with FRS 11, which is based on the stage of completion of the contract activity derived by the proportion of the contract costs incurred for works performed up to the reporting date to the estimated total contract costs. Costs incurred in relation to future activities of a contract are excluded in determining the stage of completion of the contract.

In the event when it is probable that the total contract costs exceed the total contract revenue, a provision for foreseeable losses would be recognised as an expense immediately.

Also included in the contract revenues are certain claims on variation orders.

We considered this as key audit matter because of:

- Significant judgements and estimates are used to ensure that the costs included in the computation of the percentage of completion does not include any costs relating to future activities.
- Significant assumptions, judgements and estimates are required in preparing the estimated total contract costs.
- Significant assumptions, judgements and estimates are required to determine the likelihood of the approvals of the variation order by the customers and the final approved amounts.

Inappropriate assumptions, judgements or estimates used could result in a material variance in the amounts recognised in the income statement and/or an additional provision for foreseeable losses are required, if any.

Our response:

In obtaining sufficient audit evidence, the following procedures were carried out:

In relation to contract costs used to determine the stage of completion of contracts, we:

- Obtained an understanding and evaluated the design and implementation of key controls over the process of allocating and capturing of contract costs.
- Verified material costs to relevant supplier invoices and reviewed the accrued costs vis-à-vis the estimated cost.
- Compared the stage of completion computed by the management to customer's payment certificates to assess whether the contract costs incurred represents the works performed.

Key Audit Matters (Cont'd)

<u>Our response: (Cont'd)</u>

In relation to estimated total contract costs, we:

- Obtained an understanding and evaluated the design of key controls over the budgeting process in estimating the total contract costs.

- Assessed management's assumptions, judgement and estimates used to derive the budgeted cost and cost to completion.

- Compared the stage of completion computed to the customer's payment certificates to assess whether the estimated total contract cost is reasonable.

In relation to variation orders, we:

- Obtained an understanding from the Group's project managers on the process and timing of recognition of variation orders.

- Obtained and reviewed correspondences between management and customers in relation to the variations.

- Assessed management's assumptions, judgements and estimates used to determine the likelihood of the approvals of the variation orders by the customers and the final approved amount.

We have also assessed the adequacy of the provision for foreseeable losses, if any, for projects which incurred losses and those with low margin.

<u>Our findings:</u>

Based on our audit procedures performed, we consider management's assumptions, judgements and estimates to be within a reasonable range.

Other information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement director on the audit resulting in this independent auditor's report is Philip Tan Jing Choon.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
5 October 2018

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2018

	Note	2018 $	2017 $
Revenue	5	49,108,296	58,522,060
Cost of works		(45,052,457)	(51,009,862)
Gross profit		4,055,839	7,512,198
Other gains – net	6	489,507	24,935,046
Expenses			
- Distribution and marketing		(13,990)	(5,517)
- Administrative		(2,034,754)	(2,611,415)
- Finance	9	(1,263,924)	(42,885)
Profit before income tax		1,232,678	29,787,427
Income tax expense	10	-	-
Net profit		1,232,678	29,787,427
Other comprehensive gain/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gains	16	3,664	1,112
Currency translation differences arising from consolidation			
- Gains/(losses)	25(b)(ii)	19,004	(3,706)
Other comprehensive gain/(loss), net of tax		22,668	(2,594)
Total comprehensive income		1,255,346	29,784,833
Net profit attributable to:			
Equity holders of the Company		1,232,678	29,787,427
Total comprehensive income attributable to:			
Equity holders of the Company		1,255,346	29,784,833
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic earnings per share		0.04	1.05
Diluted earnings per share		0.04	0.89

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

Statements of Financial Position

As at 30 June 2018

		Group		Company	
		2018	2017	2018	2017
	Note	$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	13	2,329,296	852,521	2,321,577	818,472
Trade and other receivables	14	38,802,042	27,479,612	38,819,314	27,503,920
Construction contract work-in- progress	15	956,563	476,921	956,563	476,921
		42,087,901	28,809,054	42,097,454	28,799,313
Assets classified as held-for-sale	11	-	44,298	-	44,298
		42,087,901	28,853,352	42,097,454	28,843,611
Non-current assets					
Available-for-sale financial assets	16	15,344	11,680	15,344	11,680
Investments in subsidiary corporations	17	-	-	2,001	2,001
Property, plant and equipment	18	5,432,499	6,620,066	5,432,499	6,620,066
		5,447,843	6,631,746	5,449,844	6,633,747
Total assets		47,535,744	35,485,098	47,547,298	35,477,358
LIABILITIES					
Current liabilities					
Trade and other payables	19	13,470,089	20,118,565	14,252,954	20,863,356
Deferred income	20	142,112	-	142,112	-
Borrowings	21	15,584,768	6,425,000	15,584,768	6,425,000
		29,196,969	26,543,565	29,979,834	27,288,356
Non-current liabilities					
Deferred income	20	390,806	-	390,806	-
Borrowings	21	7,751,090	-	7,751,090	-
		8,141,896	-	8,141,896	-
Total liabilities		37,338,865	26,543,565	38,121,730	27,288,356
NET ASSETS		10,196,879	8,941,533	9,425,568	8,189,002
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	52,778,324	52,778,324	52,778,324	52,778,324
Other reserves	25	5,508	(17,160)	5,508	1,844
Accumulated losses	26	(42,586,953)	(43,819,631)	(43,358,264)	(44,591,166)
TOTAL EQUITY		10,196,879	8,941,533	9,425,568	8,189,002

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2018

	Share capital $	Accumulated losses $	Other reserves $	Total equity $
Group				
2018				
Beginning of financial year	52,778,324	(43,819,631)	(17,160)	8,941,533
Profit for the financial year	-	1,232,678	-	1,232,678
Other comprehensive income for the financial year	-	-	22,668	22,668
End of financial year	52,778,324	(42,586,953)	5,508	10,196,879
2017				
Beginning of financial year	28,579,529	(73,607,058)	(14,566)	(45,042,095)
Issued during the financial year	24,198,795	-	-	24,198,795
Profit for the financial year	-	29,787,427	-	29,787,427
Other comprehensive loss for the financial year	-	-	(2,594)	(2,594)
End of financial year	52,778,324	(43,819,631)	(17,160)	8,941,533

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2018

	2018	2017
	$	$
Cash flows from operating activities		
Net profit	1,232,678	29,787,427
Adjustments for:		
- Depreciation of property, plant and equipment	1,748,688	1,969,002
- Impairment of property, plant and equipment - net	-	328,068
- (Gain)/loss on disposal of property, plant and equipment - net	(2,527)	337,628
- Loss/(gain) on disposal of assets classified as held-for-sale	44,298	(2,734,439)
- Gain on de-registration of a subsidiary corporation	(7,434)	-
- Interest income	(16,115)	(93)
- Dividend income	(560)	(5,329)
- Interest expenses	1,263,924	42,885
- Scheme creditors write-off	-	(22,390,772)
- Amortisation of deferred income	(35,528)	-
- Unrealised currency translation losses/(gains) - net	312,208	(3,706)
	4,539,632	7,330,671
Changes in working capital, net of effects from de-registration of a subsidiary corporation		
- Construction contract work-in-progress	(479,642)	(5,911)
- Trade and other receivables	(11,322,430)	(13,040,437)
- Trade and other payables	(6,698,209)	(3,825,258)
Cash flows used in operations	(13,960,649)	(9,540,935)
Interest received	16,115	93
Net cash used in operating activities	(13,944,534)	(9,540,842)
Cash flows from investing activities		
Additions to property, plant and equipment	(14,098)	(895,230)
Proceeds from disposal of property, plant and equipment	23,950	37,850
Proceeds from disposal of assets classified as held-for-sale	-	3,100,000
Dividends received	560	5,329
Net cash provided by investing activities	10,412	2,247,949

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2018

	2018 $	2017 $
Cash flows from financing activities		
Bank balances released	-	4,052,798
Repayment of finance lease liabilities	(286,710)	(160,263)
Proceeds from borrowings	15,031,796	4,625,000
Proceeds from issuance of convertible bonds	7,000,000	-
Convertible bonds issue cost paid	(261,875)	-
Proceeds from finance lease under sale and lease back	1,423,684	-
Repayment of borrowings	(6,444,251)	(1,206,915)
Interest paid	(1,051,747)	(42,885)
Fixed deposit pledged	(1,786,232)	-
Net cash provided by financing activities	13,624,665	7,267,735
Net decrease in cash and cash equivalents	(309,457)	(25,158)
Cash and cash equivalents		
Beginning of financial year	852,521	877,679
Effects of currency translation on cash and cash equivalents	(55,156)	-
End of financial year (Note 13)	487,908	852,521

Significant non-cash transactions

During the financial year ended 30 June 2017, (a) the Company had issued 2,463,659,507 shares amounting to $24,198,795, which included the Subscription Shares issued to KH Foges Pte. Ltd. and those pursuant to the Scheme of Arrangement ("Scheme"), for the settlement of its financial liabilities with the respective parties (Notes 24 and 31(a)); (b) the Company had disposed its building under construction and leasehold land ("Kranji Property") for the settlement of its financial obligations to United Overseas Bank ("UOB") under the Scheme pursuant to the Deed of Release and Discharge entered into with UOB on 9 June 2017. The assessed value of the Kranji Property by UOB was $3,120,000 which was net off with its financial obligations to UOB under the Scheme (Note 31(b)).

Reconciliation of assets arising from investing activities

	1 July 2017 $	Cash outflow $	Cash inflow $	Non-cash changes			30 June 2018 $
				Gain on disposal	Deferred income	Depreciation	
Property, plant and equipment	6,620,066	14,098	(23,950)	2,527	568,446	(1,748,688)	5,432,499

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2018

Reconciliation of liabilities arising from financing activities

	1 July 2017 $	Principal and interest payments $	Principal received $	Non-cash changes Foreign exchange movement	Interest expense	Trade and other payable	30 June 2018 $
Convertible bonds	-	(220,833)	6,738,125	-	405,011	(29,167)	6,893,136
Loan and bank borrowings	6,425,000	(7,209,733)	15,031,796	293,204	793,482	(28,000)	15,305,749
Lease liabilities	-	(298,261)	1,423,684	-	11,550	-	1,136,973

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

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 2018 were authorised for issue in accordance with resolution of the directors on 5 October 2018.

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 is 58 Sungei Kadut Drive, PSL Building, Singapore 729572 and place of business is 60 Ubi Crescent #01-12 Level 3 Singapore 408569.

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.

The Company's immediate holding corporation is KH Foges Pte. Ltd., a company incorporated in Singapore. The ultimate holding corporation is Kridhan Infra Ltd, a company incorporated in India and listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

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.

Interpretations and amendments to published standards effective in 2018

On 1 July 2017, 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.

2 Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Interpretations and amendments to published standards effective in 2018 (Cont'd)

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 except for the following:

FRS 7 Statement of Cash Flows

The amendments to FRS 7 Statement of Cash Flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosure in Consolidated Statement of Cash Flows to the Financial Statements.

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.

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 2.6.

(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.

2 Significant accounting policies (Cont'd)

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

Subsidiaries

(a) Consolidation

Subsidiaries 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests comprise the portion of a subsidiary'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 statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) 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 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 measured at their fair values at the acquisition date.

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

Subsidiaries (Cont'd)

(b) Acquisitions (Cont'd)

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 (i) 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 (ii) fair value of the identifiable net assets acquired is recorded as goodwill.

(c) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary 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.

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.

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.

2 Significant accounting policies (Cont'd)

2.5 Property, plant and equipment (Cont'd)

(b) *Depreciation*

Depreciation 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 land	16 years
Plant and machinery	10 years
Office equipment	10 years
IT equipment	3 years
Motor vehicles	5 years
Renovation	5 years

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".

2.6 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 reporting 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. Variations in contract work, claims and incentive payments are included in 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 and they are capable of being reliably measured.

2 Significant accounting policies (Cont'd)

2.6 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 statement of financial position 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 reporting 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".

2.7 Investments in subsidiary corporations

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

2.8 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiary corporations

Property, plant and equipment and investments in subsidiary corporations 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.

2 Significant accounting policies (Cont'd)

2.8 Impairment of non-financial assets (Cont'd)

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.

2.9 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 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 reporting 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 statement of financial position.

(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 reporting date.

(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.

2 Significant accounting policies (Cont'd)

2.9 Financial assets (Cont'd)

(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 reporting 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)

2.9 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 2.9(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 from equity 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.

2.10 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.

2.11 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.

(a) Borrowings

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.

(b) Convertible bonds

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bond.

2 Significant accounting policies (Cont'd)

2.11 Borrowings (Cont'd)

(b) Convertible bond (Cont'd)

The difference, if any, between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amount of the liability and equity components is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

2.12 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, as well as those in relation to general borrowings used to finance 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.

2.13 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.

2.14 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)

2.15 Leases

Where the Group is the lessee:

The Group leases certain plant and machinery under finance leases and dormitories for workers, equipment and office space under operating leases from non-related parties.

(a) 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.

(b) 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.

2.16 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 reporting 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.

2 Significant accounting policies (Cont'd)

2.16 Income taxes (Cont'd)

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 reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting 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.

2.17 Provisions for other liabilities and charges

Provisions for other liabilities and charges 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.

2.18 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.

2.19 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 ("$" or "SGD"), which is the functional currency of the Company.

2 Significant accounting policies (Cont'd)

2.19 Currency translation (Cont'd)

(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 reporting date;

(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 Significant accounting policies (Cont'd)

2.20 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.

2.21 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 statement of financial position. 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.

2.22 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.

2.23 Dividends to Company's shareholders

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

2.24 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.

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 reporting date had been higher/lower by 5% from management's estimates, the Group's revenue would have been higher/lower by $4,187,826/$7,685,052 (2017: $ 8,001,963).

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 $10,487,681/$3,802,625 (2017: $8,017,383).

(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 $Nil (2017: $417,500) was recognised in the current financial year ended 30 June 2018 as the fair values less cost to sell valued by independent third party valuer are higher than their carrying amounts.

If the fair value of the property, plant and equipment increases/decreases by 10% (2017: 10%) from management's estimates, the Group's and Company's impairment loss will decreased/increased by $76,000 (2017: $84,000) correspondingly to profit or loss.

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

(c) *Impairment of trade and other receivables*

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 other receivables through analysis of historical bad debt, customer and supplier concentrations, and changes in customer payment terms.

Management reviews its trade receivables and other receivables 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 reporting 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, the Group's and Company's allowance for impairment will decrease/increase by $Nil/$80,589 (2017: $2,003/$17,639) for trade and other receivables respectively.

4 Going concern assumption

The Group has secured only one new construction contracts during the financial year ended 30 June 2018. In addition, the Group incurred a net operating cash outflow of $13,944,534 (2017: $9,540,842) during the financial year ended 30 June 2018. This may indicate an existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Nonetheless, the directors of the Group believe that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 30 June 2018 is still appropriate after taking into consideration of the following:

(a) The Group's financial position has improved as at 30 June 2018, reporting a net current assets and net assets of $12.9 million and $10.2 million (2017: $2.3 million and $8.9 million) respectively.

(b) The current projects on hand are able to provide sufficient working capital to meet the Group's liabilities and obligations for the next twelve months.

4 Going concern assumption (Cont'd)

(c) Subsequent to year end, the Group had managed to borrow $2.3 million (Note 21) in loans and continue to believe that the Group's ability to obtain further loans and the ability to bid for new projects.

(d) The immediate holding corporation has indicated its intention to provide continuing financial support to enable the Group to meet its obligations as and when they fall due.

5 Revenue

	Group	
	2018	**2017**
	$	**$**
Revenue from civil engineering	47,357,938	50,439,492
Revenue from tunnelling	1,750,358	8,082,568
	49,108,296	58,522,060

6 Other gains – net

	Group	
	2018	**2017**
	$	**$**
Foreign exchange (losses)/gains – net	(240,843)	2,021
Dividend income	560	5,329
Gain/(loss) on disposal of property, plant and equipment	2,527	(337,628)
(Loss)/gain on disposal of assets classified as held-for-sale	(44,298)	2,734,439
Gain on de-registration of a subsidiary corporation (Note 13)	7,434	-
Amortisation of deferred income (Note 20)	35,528	-
Bank interest income	16,115	93
Government grant:		
- Temporary employment credit	10,706	27,975
- Special employment credit	4,006	11,629
- Productivity and innovation scheme	-	26,983
- Wages credit scheme	20,778	24,895
Scheme creditors write-off (Note 31(a))	-	22,390,773
Sales of scrap	667,644	-
Other income	9,350	48,537
	489,507	24,935,046

7 Expenses by nature

	Group 2018 $	Group 2017 $
Purchase of materials	10,452,605	14,228,292
Audit fees paid/payable to auditor of the Company		
- Current year	62,000	85,000
- Prior year overprovision	(15,000)	-
Fees paid/payable to auditor of the Company for non-audit services	14,000	18,000
Depreciation of property, plant and equipment (Note 18)	1,748,688	1,969,002
Impairment loss on property, plant and equipment – net (Note 18)	-	328,068
Employee compensation (Note 8)	8,067,938	8,373,694
Worksite expenses	5,690,300	4,614,552
Write-back for impairment of trade receivables (Note 29(b)(ii))	-	(23,292)
Sub-contractors charges	20,273,177	23,423,874
Professional fees charged/(reversed)	344,103	(749,845)
Upkeep and maintenance for motor vehicles and offices	90,788	32,270
Other expenses	372,602	1,327,179
Total cost of works, distribution and marketing costs and administrative expenses	47,101,201	53,626,794

8 Employee compensation

	Group 2018 $	Group 2017 $
Wages and salaries	6,986,401	7,669,434
Employer's contribution to defined contribution plans including Central Provident Fund	266,914	374,227
Other benefits	814,623	330,033
	8,067,938	8,373,694

9 Finance expenses

	Group 2018 $	Group 2017 $
Interest expense:		
- Finance lease liabilities	11,550	14,471
- Loans from non-related parties	713,970	30,000
- Bank borrowings	133,393	(1,586)
- Convertible bonds	405,011	-
	1,263,924	42,885

10 Income tax expense

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

	Group	
	2018	2017
	$	$
Profit before income tax	1,232,678	29,787,427
Tax calculated at tax rate of 17% (2017: 17%)	209,555	5,063,863
Effects of:		
- Expenses not deductible for tax purposes	29,410	29,456
- Income not subject for tax purposes	(1,711)	(31,968)
- Utilisation of previously unrecognised tax losses	(237,254)	(5,061,351)
	-	-

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 $13,800,000 (2017: $16,600,000), capital allowances of $2,700,000 (2017: $12,900,000) and utilised donations of $192,000 (2017: $270,000) 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 Assets classified as held-for-sale

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

	Group and Company	
	2018	2017
	$	$
Property, plant and equipment – office equipment	-	44,298

During the financial year ended 30 June 2018, the Company has written off any remaining carrying amount of assets classified as held-for-sale.

12 Earnings per share

(a) Basic earnings per share

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

	Group	
	2018	**2017**
Net profit attributable to equity holders of the Company ($)	1,232,678	29,787,427
Weighted average number of ordinary shares outstanding for basic earnings per share	2,832,159,507	2,832,159,507
Basic earnings per share (cents per share)	0.04	1.05

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share warrants.

Convertible bonds are assumed to have been converted into ordinary shares at issuance and the net profit is adjusted to eliminate the interest expense less the tax effect.

For share warrants, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

For the financial year ended 30 June 2018, the calculation of diluted earnings per share did not assume conversion of warrants and convertible bonds because the conversion price is anti-dilutive.

12 Earnings per share (Cont'd)

(b) Diluted earnings per share (Cont'd)

Diluted earnings per share for continuing operations attributable to equity holders of the Company is calculated as follows:

	Group	
	2018	**2017**
Net profit attributable to equity holders of the Company ($)	1,232,678	29,787,427
Weighted average number of ordinary shares outstanding for basic earnings per share	2,832,159,507	2,832,159,507
Adjustment for conversion of warrants	-	500,000,000
Weighted average number of ordinary shares outstanding for diluted earnings per share	2,832,159,507	3,332,159,507
Diluted earnings per share (cents per share)	0.04	0.89

13 Cash and cash equivalents

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Cash at bank and on hand	487,908	852,521	480,189	818,472
Fixed deposits at bank	1,841,388	-	1,841,388	-
	2,329,296	852,521	2,321,577	818,472

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

	Group	
	2018	**2017**
	$	**$**
Cash and cash equivalents (as above)	2,329,296	852,521
Less: Fixed deposits pledged	(1,841,388)	-
Cash and cash equivalents per consolidated statement of cash flows	487,908	852,521

Fixed deposits are pledged to secure the bank borrowings (Note 21) and banker's guarantees on certain projects. Fixed deposits are restricted for withdrawal until the bank borrowings have been fully discharged and/or banker's guarantees expired.

13 Cash and cash equivalents (Cont'd)

De-registration of a subsidiary corporation

On 8 December 2017, Swee Hong HK Pte Limited has been dissolved by de-registration from the Companies Registry in Hong Kong. The de-registration have no any material impact on the consolidated earnings per share or net tangible assets per share of the Group for the current financial year ended 30 June 2018.

	Group 2018 $
Carrying amounts of assets and liabilities disposed of	
Trade and other payable	(7,434)
Total liabilities	(7,434)
Net liabilities derecognised and disposed of	(7,434)

The aggregated cash inflows arising from the de-registration of Swee Hong HK Pte Limited were:

	$
Net liability disposed of (as above)	(7,434)
Gain on deregistration of subsidiary corporation (Note 6)	7,434
Cash proceed from deregistration	-
Less: Cash and cash equivalents in subsidiary corporation deregistrated of	-
Net cash outflow on de-registration	-

14 Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Trade receivables	1,037,737	784,456	1,037,737	784,456
Less: Allowance for impairment (Note 29(b)(ii))	-	(176,393)	-	(176,393)
Trade receivables – net	1,037,737	608,063	1,037,737	608,063
Construction contracts:				
- Due from customers (Note 15)	36,889,015	22,858,473	36,889,015	22,858,473
- Retention sum (Note 15)	-	1,963,350	-	1,963,350
	36,889,015	24,821,823	36,889,015	24,821,823
Non-trade receivables				
- Subsidiary corporations	-	-	17,272	24,308
- Related corporations	261,421	-	261,421	-
- Non-related parties	293,306	394,672	293,306	394,672
	554,727	394,672	571,999	418,980
- Less: Allowance for impairment (Note 29(b)(ii))	-	(106,383)	-	(106,383)
	554,727	288,289	571,999	312,597
Advances to suppliers	-	1,383,803	-	1,383,803
Deposits	228,561	349,468	228,561	349,468
Prepayments	92,002	28,166	92,002	28,166
	38,802,042	27,479,612	38,819,314	27,503,920

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

15 Construction contracts work-in-progress

	Group and Company	
	2018	2017
	$	$
Construction contract work-in-progress:		
Beginning of financial year	476,921	471,010
Contract costs incurred	45,532,099	51,015,773
Contract expenses recognised in profit or loss	(45,052,457)	(51,009,862)
End of financial year	956,563	476,921
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	490,917,151	439,845,505
Less: Progress billings	(454,028,136)	(416,987,032)
	36,889,015	22,858,473
Presented as:		
Due from customers on construction contracts (Note 14)	36,889,015	22,858,473
Retentions on construction contracts (Note 14)	-	1,963,350

16 Available-for-sale financial assets

	Group and Company	
	2018	2017
	$	$
Beginning of financial year	11,680	10,568
Fair value gains recognised in other comprehensive income (Note 25(b)(i))	3,664	1,112
End of financial year	15,344	11,680
Available-for-sale financial assets are analysed as follows:		
Listed securities		
- Equity securities - Singapore	15,344	11,680

17 Investments in subsidiary corporations

	Company	
	2018	2017
	$	$
Equity investment at cost		
Beginning and end of financial year	2,001	2,001

During the financial year ended 30 June 2018, 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.

17 Investments in subsidiary corporations (Cont'd)

The Group had the following subsidiary corporations as at 30 June 2018 and 2017:

Name of Subsidiary Corporations	Principal Activities	Country of Business/ Incorporation	Proportion of ordinary shares held directly by parent 2018 %	2017 %
Sun Hup Development Pte Ltd [(1)]	Property developer and provider of general services	Singapore	100	100
Swee Hong Dormitories Pte Ltd	Development and operation of dormitories	Singapore	100	100
Swee Hong Construction Pte Limited	Building construction	Singapore	100	100
Swee Hong HK Pte Limited [(1)]	Civil engineering and trenchless tunnelling	Hong Kong	-	100

(1) The Company had de-registered its subsidiary Swee Hong HK Pte Limited on 28 July 2017.

18 Property, plant and equipment

Group and Company	Plant and machinery $	Office equipment $	Motor vehicles $	Renovation $	Total $
2018					
Cost					
Beginning of financial year	19,101,822	1,346,639	3,586,391	308,968	24,343,820
Additions	1,425,688	8,979	-	3,115	1,437,782
Disposals	(3,110,796)	-	(130,629)	(308,968)	(3,550,393)
End of financial year	17,416,714	1,355,618	3,455,762	3,115	22,231,209
Accumulated depreciation and impairment losses					
Beginning of financial year	12,891,961	1,267,520	3,255,305	308,968	17,723,754
Depreciation charge	1,623,281	32,274	92,718	415	1,748,688
Disposals	(2,255,558)	-	(109,206)	(308,968)	(2,673,732)
End of financial year	12,259,684	1,299,794	3,238,817	415	16,798,710
Net book value					
End of financial year	5,157,030	55,824	216,945	2,700	5,432,499

18 Property, plant and equipment (Cont'd)

Group and Company	Building under construction $	Leasehold land $	Plant and machinery $	Office equipment $	Motor vehicles $	Renovation $	Total $
2017							
Cost							
Beginning of financial year	11,596,331	2,076,000	18,566,970	1,613,220	3,348,010	328,436	37,528,967
Reclassified as assets held-for-sale	-	-	-	(272,027)	-	-	(272,027)
Additions	40,051	-	534,852	5,446	314,881	-	895,230
Disposals	(11,636,382)	(2,076,000)	-	-	(76,500)	(19,468)	(13,808,350)
End of financial year	-	-	19,101,822	1,346,639	3,586,391	308,968	24,343,820
Accumulated depreciation and impairment losses							
Beginning of financial year	8,246,398	1,925,933	10,910,310	1,460,100	3,110,358	314,186	25,967,285
Reclassified as assets held-for-sale	-	-	-	(227,729)	-	-	(227,729)
Depreciation charge	-	129,844	1,564,151	52,587	221,447	973	1,969,002
Disposals	(8,174,404)	(2,055,777)	-	-	(76,500)	(6,191)	(10,312,872)
Impairment charge/(reversal)	(71,994)	-	417,500	(17,438)	-	-	328,068
End of financial year	-	-	12,891,961	1,267,520	3,255,305	308,968	17,723,754
Net book value							
End of financial year	-	-	6,209,861	79,119	331,086	-	6,620,066

(a) The impairment loss of $417,500 of plant and machinery during the financial year ended 30 June 2017 represented the write-down of carrying amount to the recoverable amount determined by an independent professional valuer based on the DRC and MCM approach at the reporting date.

(b) For the financial year ended 30 June 2017, the reversal of impairment loss of $89,432 on building under construction and office equipment was due to the disposal and the reclassification of the assets respectively.

(c) The carrying amounts of plant and machinery and motor vehicles held under finance leases are $1,388,092 (2017: $Nil) at the report date.

19 Trade and other payables

	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Trade payables				
- Non related parties	8,682,707	7,264,179	8,682,707	7,264,179
- Holding corporation	2,696,257	8,545,739	2,696,257	8,545,739
- Related corporations	210,728	-	210,728	-
	11,589,692	15,809,918	11,589,692	15,809,918
Non-trade payables				
- Subsidiary corporations	-	-	793,694	774,343
- Non-related parties	835,869	2,730,293	835,869	2,730,293
	835,869	2,730,293	1,629,563	3,504,636
Accrued operating expenses	1,044,528	1,578,354	1,033,699	1,548,802
	13,470,089	20,118,565	14,252,954	20,863,356

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

20 Deferred income

	Group and Company 2018 $	Group and Company 2017 $
Current	142,112	-
Non-current	390,806	-
Total deferred income	532,918	-

Movement of deferred income is as follows:

	2018 $	2017 $
Beginning of financial year	-	-
Deferred income recognised from sale and leaseback transaction	568,446	-
Amortisation of deferred income (Note 6)	(35,528)	-
End of financial year	532,918	-

During the financial year, the Group entered into a sale and leaseback transaction for its cranes and machinery with its financer. The cranes and machinery were sold at a consideration of $1.4 million which resulted in a gain of $0.57 million being excess in sales price over the carrying amount of the machinery. The same set of cranes and machinery were purchased back via hire purchase agreement. The gain has been deferred and will be amortised in proportion to the hire purchase lease payment over the lease period.

21 Borrowings

	Group and Company	
	2018	**2017**
	$	**$**
Current		
Bank borrowings	6,880,749	-
Finance lease liabilities (Note 23)	279,019	-
Loan from non-related parties	5,000,000	3,000,000
Loan from holding corporation	3,425,000	3,425,000
	15,584,768	6,425,000
Non-current		
Convertible bonds (Note 22)	6,893,136	-
Finance lease liabilities (Note 23)	857,954	-
	7,751,090	-
Total borrowings	23,335,858	6,425,000

The Group's and the Company's borrowings bear fixed interest rates except for bank borrowing of $6,880,749 (2017: $Nil) in which the interest rate is reprice annually.

(a) Security granted

Bank borrowings

As at 30 June 2018, bank borrowing amounting to $6,880,749 (2017: $Nil) were secured by a fixed deposit of $1,706,250 (2017: $Nil) and supported by corporate guarantee provided by immediate holding corporation.

Loans from non-related parties

The Company acquired loans total amounting to $5,000,000 (2017: $3,000,000) from non-related parties as follows:

(1) The Company acquired a loan amounting to $1,500,000 (2017: $1,500,000) from a non-related party on 6 June 2017. It had obtain a further loan of $500,000 (2017: $500,000) to $2,000,000 (2017: $2,000,000) on 29 June 2017 with a supplementary agreement.

The loan amounting to $2,000,000 (2017: $2,000,000) is unsecured and has a tenor of twelve months. Interests are to be paid in advance each month at 1.5% per month and the loan was fully repaid on 9 July 2018.

(2) The loan amounting to $1,000,000 (2017: $Nil) is unsecured and has a tenor of three months. Interests are to be paid on the 15th every monthly at 9% per annum and the loan was fully repaid on 15 August 2018.

21 Borrowings (Cont'd)

(a) Security granted (Cont'd)

Loans from non-related parties (Cont'd)

(3) The loan amounting to $1,500,000 (2017: $Nil) is unsecured and has a tenor of twelve months. Interests are to be paid on a monthly basis at 5% per annum and the loan is to be fully repaid on 2 November 2018.

(4) The loan amounting to $500,000 (2017: $Nil) is unsecured and has a tenor of three months. Interests are to be paid on a monthly basis at 1.5% per month and the loan was fully repaid on 10 August 2018.

(5) The loan amounting to $Nil (2017: $1,000,000) is unsecured and has a tenor of six months. Interests are to be paid on the 15th every monthly at 12% per annum and the loan was fully repaid on 15 December 2017.

The Company subsequently acquired loans total amounting to $2,300,000 from non-related parties as follows:

(1) The Company acquired a loan amounting to $1,000,000 on 17 August 2018. It is unsecured and has a tenor of three months. Interests are to be paid on the 15th every monthly and the loan is to be fully repaid on 17 November 2018.

(2) The Company acquired a loan amounting to $1,300,000 on 13 August 2018. It is unsecured and has a tenor of three months. Interests are to be paid in advance and the loan is to be fully repaid on 13 November 2018.

Loan from holding corporation

Loan from immediate holding corporation of $3,425,000 (2017: $3,425,000) is unsecured, interest-free and repayable on demand.

(b) Fair value of non-current borrowings

	Group and Company	
	2018	**2017**
	$	**$**
Convertible bonds	6,414,427	-
Finance lease liabilities	801,822	-

21 Borrowings (Cont'd)

(b) Fair value of non-current borrowings (Cont'd)

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	Group and Company	
	2018	**2017**
Convertible bonds	12.35%	-
Finance lease liabilities	5.33%	-

The fair values are within Level 2 of the fair values hierarchy.

22 Convertible bonds

On 19 February 2018, the Company issued 5% convertible bonds denominated in Singapore Dollars with a nominal value of $7,000,000. The bonds are due for repayment three years from the issue date at their nominal value of $7,000,000 or may be converted into shares of the Company at the holder's option at the conversion price of $0.015 per share during the conversion period from 19 August 2018 to 18 February 2021.

The fair value of the liability component of the convertible bonds is calculated using a market interest rate for an equivalent non-convertible bond at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves, net of deferred income taxes.

The management has calculated the fair value of the liability component at the inception of the convertible bonds and has assessed that the equity conversion component is not significant and therefore not recognised.

23 Finance lease liabilities

The Group leases certain plant and machinery 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	
	2018	**2017**
	$	**$**
Minimum lease payments due		
– Not later than one year	338,832	-
– Between one and five years	931,788	-
	1,270,620	-
Less: Future finance charges	(133,647)	-
Present value of finance lease liabilities	1,136,973	-
Not later than one year (Note 21)	279,019	-
Between one and five years (Note 21)	857,954	-
Total	1,136,973	-

24 Share capital

	Number of shares	**Amount**
2018		**$**
Group and Company		
Beginning and end of financial year	2,832,159,507	52,778,324
2017		
Group and Company		
Beginning financial year	368,500,000	28,579,529
Issued during the financial year	2,463,659,507	24,198,795
End of financial year	2,832,159,507	52,778,324

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 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
(a) Composition:				
Fair value reserve	5,508	1,844	5,508	1,844
Currency translation reserve	-	(19,004)	-	-
	5,508	(17,160)	5,508	1,844

	Group and Company 2018 $	Group and Company 2017 $
(b) Movements:		
(i) Fair value reserve		
Beginning of financial year	1,844	732
Fair value gains (Note 16)	3,664	1,112
End of financial year	5,508	1,844

	Group 2018 $	Group 2017 $
(ii) Currency translation reserve		
Beginning of financial year	(19,004)	(15,298)
Net currency translation differences of financial statements of foreign subsidiary corporation	19,004	(3,706)
End of financial year	-	(19,004)

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 2018 $	Company 2017 $
Beginning of financial year	(44,591,166)	(74,389,827)
Net profit	1,232,902	29,798,661
End of financial year	(43,358,264)	(44,591,166)

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 subcontractor services

	Group and Company	
	2018	2017
	$	$
Purchases of goods and subcontractor services:		
- Holding corporation	14,796,766	31,594,802
- Related corporations	1,265,138	529,621
Consultancy services:		
- Related parties	5,000	-
Loan received from holding corporation	-	1,625,000

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members. Related corporations are entities with common ultimate holding corporation as the company.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group and Company	
	2018	2017
	$	$
Wages and salaries	653,925	420,054
Employer's contribution to defined contribution plans including Central Provident Fund	13,358	12,325
Directors' fees	209,848	280,807
Other benefits	67,800	101,356
	944,931	814,542

Included in the above is total compensation to directors of the Company amounting to $731,431 (2017: $380,199).

28 Commitments

Operating lease commitments

The Group leases dormitories for workers, equipment and office space 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	
	2018	**2017**
	$	**$**
Not later than one year	239,100	601,428
Between one and five years	53,100	476
	292,200	601,904

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 reporting 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 $	EUR $	USD $	Total $
30 June 2018				
Financial Assets				
Cash and cash equivalents and available-for-sale financial assets	435,090	-	1,909,550	2,344,640
Trade and other receivables	38,710,040	-	-	38,710,040
Receivable from inter-companies	812,966	-	-	812,966
	39,958,096	-	1,909,550	41,867,646
Financial Liabilities				
Trade and other payables	13,465,453	4,636	-	13,470,089
Borrowings	16,455,109	-	6,880,749	23,335,858
Payables to inter-companies	812,966	-	-	812,966
	30,733,528	4,636	6,880,749	37,618,913
Net financial assets/ (liabilities)	9,224,568	(4,636)	(4,971,199)	4,248,733
Add: Net non-financial assets	5,948,146	-	-	5,948,146
Net assets/(liabilities)	15,172,714	(4,636)	(4,971,199)	10,196,879
Currency profile including non-financial assets/ (liabilities)	15,172,714	(4,636)	(4,971,199)	10,196,879
Currency exposure of financial liabilities net of those denominated in the respective entities functional currencies	-	(4,636)	(4,971,199)	(4,975,835)

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

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

The Group's currency exposures were as follows: (Cont'd)

	SGD $	HKD $	Total $
30 June 2017			
Financial Assets			
Cash and cash equivalents and available-for-sale financial assets	864,201	-	864,201
Trade and other receivables	26,067,643	-	26,067,643
Receivable from inter-companies	799,930	-	799,930
	27,731,774	-	27,731,774
Financial Liabilities			
Trade and other payables	20,117,715	850	20,118,565
Borrowings	6,425,000	-	6,425,000
Payables to inter-companies	799,930	-	799,930
	27,342,645	850	27,343,495
Net financial assets/(liabilities)	389,129	(850)	388,279
Add: Net non-financial assets	8,553,254	-	8,553,254
Net assets/(liabilities)	8,942,383	(850)	8,941,533
Currency profile including non-financial assets/(liabilities)	8,942,383	(850)	8,941,533
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)

The Company's currency exposures are as follows:

	SGD $	EUR $	USD $	Total $
30 June 2018				
Financial Assets				
Cash and cash equivalents and available-for-sale financial assets	427,371	-	1,909,550	2,336,921
Trade and other receivables	38,727,312	-	-	38,727,312
	39,154,683	-	1,909,550	41,064,233
Financial Liabilities				
Trade and other payables	14,248,318	4,636	-	14,252,954
Borrowings	16,455,109	-	6,880,749	23,335,858
	30,703,427	4,636	6,880,749	37,588,812
Net financial assets/ (liabilities)	8,451,256	(4,636)	(4,971,199)	3,475,421
Add: Net non-financial assets	5,950,147	-	-	5,950,147
Net assets/(liabilities)	14,401,403	(4,636)	(4,971,199)	9,425,568
Currency profile including non-financial assets/ (liabilities)	14,401,403	(4,636)	(4,971,199)	9,425,568
Currency exposure of financial liabilities net of those denominated in the Company's functional currencies	-	(4,636)	(4,971,199)	(4,975,835)

There is no significant foreign currency exposure by the Company for the financial year ended 30 June 2017.

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

If the EUR and USD change against the SGD by 5% (2017: nil) and HKD change against the SGD by nil (2017: 2%) 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)	
	2018	**2017**
	Profit after tax	**Profit after tax**
	$	**$**
Group and Company		
EUR against SGD		
- Strengthened	232	-
- Weakened	(232)	-
USD against SGD		
- Strengthened	248,560	-
- Weakened	(248,560)	-
HKD against SGD		
- Strengthened	-	(17)
- Weakened	-	17

(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 weighted average effective interest rates for bank borrowings are 4.76% per annum. An increase/decrease in 100 basis points in interest rates would not likely to have any material effect on the financial results of the Group.

(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 statement of financial position as available-for-sale financial assets.

Further details of these equity investments can be found in Note 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 2018 would increase/decrease by $1,274 (2017: $969).

(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 statement of financial position.

The trade receivables of the Group comprise of 1 debtor (2017: 2 debtors) that individually represented 78% (2017: 42% and 36% respectively) of trade receivables.

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

	Group and Company	
	2018	**2017**
	$	**$**
By geographical areas		
Singapore	1,037,737	608,063
By types of customers		
Government bodies	805,888	13,861
Other companies	231,849	594,202
	1,037,737	608,063

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.

Trade and non-trade receivables

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

	Group		**Company**	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Past due < 3 months	805,888	13,861	805,888	13,861
Past due more than 3 months	-	6,169	-	6,169
	805,888	20,030	805,888	20,030

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	
	2018	**2017**
	$	**$**
Past due more than 3 months	-	282,776
Less: Allowance for impairment	-	(282,776)
	-	

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	
	2018	**2017**
	$	**$**
Beginning of financial year	282,776	306,068
Allowance utilised	(282,776)	-
Write back of allowances (Note 7)	-	(23,292)
End of financial year	-	282,776
Trade (Note 14)	-	176,393
Non-trade (Note 14)	-	106,383
	-	282,776

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.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities (Note 21) to enable the Group to meet its normal operating commitments. As at the reporting date, assets held by the Group and the Company for managing liquidity risks included cash and cash equivalents 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 reporting 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.

29 Financial risk management (Cont'd)

(c) Liquidity risk (Cont'd)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	$	$	$
Group			
At 30 June 2018			
Trade and other payables	13,470,089	-	-
Borrowings	15,584,768	688,832	9,296,289
At 30 June 2017			
Trade and other payables	20,118,565	-	-
Borrowings	6,425,000	-	-
Company			
At 30 June 2018			
Trade and other payables	14,252,954	-	-
Borrowings	15,584,768	688,832	9,296,289
At 30 June 2017			
Trade and other payables	20,863,356	-	-
Borrowings	6,425,000	-	-

(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 holding corporation in the financial year ended 30 June 2018 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.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

29 Financial risk management (Cont'd)

(d) Capital risk (Cont'd)

	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Net debt	34,476,651	25,691,044	35,267,235	26,469,884
Total equity	10,196,879	8,941,533	9,425,568	8,189,002
Total capital	44,673,530	34,632,577	44,692,803	34,658,886
Gearing ratio	77%	74%	79%	76%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 30 June 2018.

(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				
2018				
Available-for-sale financial assets	15,344	-	-	15,344
2017				
Available-for-sale financial assets	11,680	-	-	11,680

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 reporting 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 statement of financial position and in Note 16 to the financial statements, except for the following:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Loans and receivables	41,039,336	26,920,164	41,048,889	26,910,429
Financial liabilities at amortised cost	36,805,947	26,543,565	37,588,812	27,288,356

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.

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 $	Tunneling $	Common and all other segments $	Total $
30 June 2018				
Sales	47,357,938	1,750,358	-	49,108,296
Gross profit/(loss)	4,696,834	(640,995)	-	4,055,839
Other gains – net	-	-	730,350	730,350
Distribution and marketing expenses	-	-	(13,990)	(13,990)
Administrative expenses	-	-	(2,275,597)	(2,275,597)
Finance expenses	-	-	(1,263,924)	(1,263,924)
Net profit/(loss)	4,696,834	(640,995)	(2,823,161)	1,232,678
Net profit/(loss) includes:				
- Depreciation of property, plant and equipment	1,647,360	68,640	32,688	1,748,688
Segment assets	41,114,822	3,067,124	3,353,798	47,535,744
Total assets includes:				
Additions to:				
- Property, plant and equipment	1,368,660	57,028	12,094	1,437,782
Segment liabilities	11,734,823	291,493	25,312,549	37,338,865

30 Segment information (Cont'd)

Primary reporting format – business segments:

	Civil Engineering $	Tunneling $	Common and all other segments $	Total $
30 June 2017				
Sales	50,439,492	8,082,568	-	58,522,060
Gross profit	5,839,689	1,672,509	-	7,512,198
Other gains – net	-	-	24,935,046	24,935,046
Distribution and marketing expenses	-	-	(5,517)	(5,517)
Administrative expenses	-	-	(2,611,415)	(2,611,415)
Finance expenses	-	-	(42,885)	(42,885)
Net profit	5,839,689	1,672,509	22,275,229	29,787,427
Net profit includes:				
- Depreciation of property, plant and equipment	1,312,452	251,699	404,852	1,969,003
- Impairment of property, plant and equipment – net	-	-	328,063	328,063
- Write back for impairment of other receivables	-	-	(23,292)	(23,292)
Segment assets	22,634,383	8,802,440	4,048,275	35,485,098
Total assets includes:				
Additions to:				
- Property, plant and equipment	314,881	534,852	45,497	895,230
Segment liabilities	13,389,999	2,832,355	10,321,211	26,543,565

30 Segment information (Cont'd)

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 and property, plant and equipment.

	2018 $	2017 $
Segment assets for reportable segments	44,181,946	31,436,823
Unallocated:		
- Cash and cash equivalents	2,329,296	852,521
- Other receivables	950,633	1,728,448
- Available-for-sale financial assets	15,344	11,680
- Property, plant and equipment	58,525	1,455,626
	47,535,744	35,485,098

(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, borrowings and deferred income.

	2018 $	2017 $
Segment liabilities for reportable segments	12,026,316	16,222,354
Unallocated:		
- Other payables	1,443,773	3,896,211
- Borrowings	23,335,858	6,425,000
- Deferred income	532,918	-
	37,338,865	26,543,565

30 Segment information (Cont'd)

(b) Information about major customers

Revenue from a major customer amounted to $44,958,904 (2017: $49,191,362), arising from sales of civil engineering and tunnelling segment.

	2018 $	2017 $
Civil engineering	44,958,904	48,747,144
Tunnelling	-	444,218
	44,958,904	49,191,362

(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) *Scheme of Arrangement*

On 2 December 2015, the Company lodged a copy of the Order of Court with the Registrar. A Scheme of Arrangement ("Scheme") between the Company and the certain creditors ("Creditors") which took effect on and from 2 December 2015. Under the Scheme, certain cash payments were to be made to and new Shares to 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 were to 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.

31 Significant events (Cont'd)

(a) *Scheme of Arrangement (Cont'd)*

On 21 June 2017, the Company announced that the issuance of 66,431,213 UOB Shares pursuant to the Deed of Release and Discharge entered into with United Overseas Bank on 9 June 2017, had been completed on 21 June 2017 (Note 29(b)).

During the financial year ended 30 June 2017, the Company had disbursed the remaining of $5.7 million in Reverse Dutch Auction ("RDA") and Parri Passu payments to the Creditors to fulfill its outstanding obligations to the Creditors under the Scheme.

On 20 July 2017, the Scheme had come to an end and Company is completely and absolutely released and discharged from all claims, obligations and liabilities under the Scheme.

The Company recorded a gain of $22,390,773 (Note 6) for the financial year ended 30 June 2017 due to the released and discharged from all claims, obligations and liabilities under the Scheme.

(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 United Overseas Bank ("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, UOB had accepted an offer from Civil Tech Pte. Ltd. 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.

On 14 March 2017, UOB accepted an offer of $3,100,000 for the purchase of the Kranji Property.

On 9 June 2017, the Company and UOB entered into a Deed of Release and Discharge pursuant to which UOB's Approve Debt was revised to $5,677,881, and the Company agreed to allot and issue 66,431,213 shares of the Company ("UOB Shares") and pay $211,012 to UOB in full and final satisfaction and discharge of UOB's Approved Debt.

The issuance of UOB Shares and the sale of the Kranji Property were completed on 21 June 2017 and 18 July 2017 respectively.

On 20 July 2017, the Scheme of Arrangement ("Scheme") had come to an end and Company is completely and absolutely released and discharged from all claims, obligations and liabilities under the Scheme.

31 Significant events (Cont'd)

(c) *Issuance of Convertible Bonds*

On 31 August 2017 the Company entered into a subscription agreement with Targa Solution Pte. Ltd. ("Subscriber") pursuant to which the Subscriber had agreed to subscribe for convertible bonds ("Bonds") aggregating to $7,000,000.

The Bonds issue was undertaken by way of private placement.

Relevant details of the Bonds are as follow:

(i) The Bonds constitute unconditional, unsubordinated and unsecured obligation of the Company and will be issued in two tranches, tranche one of principal amount $5,000,000 ("Completion Tranche 1") and tranche two of principal amount $2,000,000 ("Completion Tranche 2"). The term of the Bonds is three years from the date of issuance of the Completion Tranche.

(ii) Interest will be payable by the Company to the Subscriber in the following manner:

- at the rate of 5% per annum on the principal amount of the Bonds on a monthly basis; and

- an additional interest at the rate of 7% per annum on the principal amount of the Bonds, only payable on the date falling three years from Completion Tranche 2.

(iii) At the option of the Subscriber, the Bonds may be converted in whole or any part thereof in tranches of $500,000. The conversion of the Bonds would result in the issue of a maximum of 466,666,666 new ordinary shares ("Conversion Shares"). The conversion price shall be $0.015 per Conversion Shares.

(iv) The Company shall redeem the outstanding Bonds at 100% of the principle value together with all interest accrued and outstanding thereon comprising those mentioned in (ii) on maturity date.

On 7 September 2017, the first tranche of the Bonds aggregating to a principal amount of $5,000,000 had been completed. Subsequent to this, the remaining Bonds of an aggregate principal amount of S$2,000,000 had been completed on 19 February 2018. The maturity date is on 18 February 2021.

The Company has utilised the full amount of proceeds for the repayment of working capital loans.

32 Subsequent events

On 17 July 2018, the Company incorporated a 99.99%-owned subsidiary corporation, Swee Hong India Private Limited ("SH India"), in India to undertake construction and infrastructure projects.

On 3 August 2018, the Board of Directors of the Company entered into a non-binding memorandum of understanding with World Forum Development Limited and Gold Paradise International Limited for the proposed acquisition of the entire issued and paid-up share capital of Asiaframe Group Limited.

33 New or revised accounting standards and interpretations

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2018 and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 July 2018

- FRS 109 Financial Instruments

  FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

  FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

  Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

  There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group is required to adopt a new accounting framework from 1 July 2018. The new accounting framework has similar requirements of FRS 109 and the management does not expect significant adjustments to the Group's financial statements.

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

Effective for annual periods beginning on or after 1 July 2018 (Cont'd)

- FRS 115 Revenue from Contracts with Customers

  FRS 115 replaces FRS 11 Construction Contracts, FRS 18 Revenue, and related interpretations.

  Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  Step 1: Identify the contract(s) with a customer

  Step 2: Identify the performance obligations in the contract

  Step 3: Determine the transaction price

  Step 4: Allocate the transaction price to the performance obligations in the contract

  Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Group is required to adopt a new accounting framework from 1 July 2018. The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 34.

- Amendments to FRS 40: Transfers of Investment Property

- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions

- Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts

- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers

- Improvements to FRSs (December 2016)

  - Amendment to FRS 28 Investments in Associates and Joint Ventures

  - Amendment to FRS 101 First-Time Adoption of Financial Reporting Standards

- INT FRS 122 Foreign Currency Transactions and Advance Considerations

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

Effective for annual periods beginning on or after 1 July 2019

- FRS 116 Leases

  FRS 116 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  Some of the commitments of the Group may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group is required to adopt a new accounting framework from 1 July 2018 (Note 33). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

- Amendments to FRS 109: Prepayment Features with Negative Compensation

- Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures

34 Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as "Singapore IFRS - Identical Financial Reporting Standards" ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 July 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ending 30 September 2018.

34 Adoption of SFRS(I) (Cont'd)

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 - First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The management has assessed that there would not be significant impact arising from the adoption of SFRS(I) on the Company's financial statements are set out as follows:

(a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 30 June 2019), subject to the mandatory exceptions and optional exemptions under IFRS 1. The Group is not expected to elect any relevant optional exemptions and do not expect any significant adjustments to the Group's financial statements prepared under SFRS(I).

(b) Application of SFRS(I) equivalent of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent of IFRS 9 on 1 July 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 30 June 2018.

(i) Classification and measurement

The Group has assessed the business models that are applicable on 1 July 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) equivalent of IFRS 9. Management does not expect significant adjustments to the Group's statement of financial position line items.

(ii) Impairment of financial assets

The following financial assets will be subject to the expected credit loss impairment model under SFRS(I) equivalent of IFRS 9:

- Trade receivables and contract assets recognised under SFRS(I) equivalent of IFRS 15; and
- Loans to related parties and other receivables at amortised cost.

Management does not expect significant adjustments to the Group's statement of financial position line items from the application of the expected credit loss impairment model.

34 Adoption of SFRS(I) (Cont'd)

(c) Application of SFRS(I) equivalent of IFRS 15

In accordance with the requirements of IFRS 1, the Group will adopt SFRS(I) equivalent of IFRS 15 retrospectively. The main adjustments are as follows:

(i) Accounting for costs incurred to fulfil a contract

Under SFRS, training costs incurred on staff working specifically on certain contracts to construct specialised equipment are expensed to the profit or loss as they do not qualify for recognition as an asset under any SFRS.

Under SFRS(I) equivalent of IFRS 15, as these costs relate directly to the Group's contracts with customers and are expected to be recovered, they will be capitalised as "contract assets - costs to fulfil a contract".

(ii) Accounting for contract will multiple performance obligations

Under SFRS, each contract for construction of specialised equipment has been assessed to be one contract with revenue recognised progressively by reference to the stage of completion of the contract activity at the reporting date.

The Group has assessed each contract under the requirements of SFRS(I) equivalent of IFRS 15 and concluded that for each of these contracts there are two distinct performance obligations which are satisfied at different timings. This will result in different timings of revenue recognition for each performance obligation under each contract.

(iii) Presentation of contract assets and liabilities

The Group is expected to change the presentation of certain amounts in the statement of financial position to reflect the terminology in SFRS(I) equivalent of IFRS 15:

- Amounts due from customers arising from construction contracts, accrued revenue and construction contract work-in-progress under SFRS will be reclassified to be presented as part of contract assets.
- The expected volume discounts and refunds to customers which have been presented as current provisions under SFRS, will be classified as contract liabilities.
- Advances received from customers arising from construction contracts and amounts due to customers arising from construction contracts under SFRS will be reclassified to be presented as part of contract liabilities.

Management does not expect significant adjustments on the Group's financial statements from the adoption of this standard.

34 Adoption of SFRS(I) (Cont'd)

(d) Summary of provisional financial impact

The line items on the Group's financial statement that may be adjusted with significant arising from the adoption of SFRS(I) as described above are summarised below:

	As at 30 June 2018 reported under SFRS $	(Provisional) As at 1 July 2018 under SFRS(I) $	As at 1 July 2017 reported under SFRS $	(Provisional) As at 1 July 2017 reported under SFRS(I) $
Trade and other receivables	38,802,042	1,913,027	27,479,612	2,657,789
Construction contract work-in-progress	956,563	-	476,921	-
Contract assets	-	37,845,578	-	25,298,744
Available-for-sale financial assets	15,344	-	11,680	-
Financial assets, at FVOCI	-	15,344	-	11,680

Statistics of Shareholdings

As at 19 September 2018

Number of Shares	2,832,159,507
Class of Shares	Ordinary shares
Voting Rights	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	10	0.98	406	0.00
100 - 1,000	63	6.19	50,262	0.00
1,001 - 10,000	94	9.23	651,359	0.02
10,001 - 1,000,000	716	70.34	201,403,698	7.11
1,000,001 AND ABOVE	135	13.26	2,630,053,782	92.87
TOTAL	**1,018**	**100.00**	**2,832,159,507**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	KH FOGES PTE LTD	1,400,000,000	49.43
2	ONG HOCK LEONG (WANG FULIANG)	216,827,759	7.66
3	RHB SECURITIES SINGAPORE PTE. LTD.	126,757,435	4.48
4	ONG KAH LAM	78,805,730	2.78
5	CITIBANK NOMINEES SINGAPORE PTE LTD	69,363,948	2.45
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	65,628,413	2.32
7	ACL CONSTRUCTION (S) PTE LTD	47,280,055	1.67
8	LIM POH CHOO ALICE (LIN BAOZHU)	42,000,000	1.48
9	SIAU NGEOK LAN	36,170,000	1.28
10	ONG HUR SENG	29,465,930	1.04
11	ONG SIEW CHING (WANG XIUZHEN)	27,145,000	0.96
12	ONG ENG HOE	26,860,000	0.95
13	PHUA JOO	26,205,768	0.93
14	ONG GEK HOON	15,851,958	0.56
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	15,094,800	0.53
16	KOH YEW CHOO	14,901,100	0.53
17	ENGINEERING MANUFACTURING SERVICES (S) PTE LTD	14,000,000	0.49
18	EST OF ANG SIEW KEE, DEC'D	12,766,660	0.45
19	CHUA TIONG JOO	12,000,000	0.42
20	LEOW SWEE CHONG	11,304,900	0.40
	TOTAL	**2,288,429,456**	**80.81**

Statistics of Shareholdings

As at 19 September 2018

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Shareholders as at 19 September 2018)

	Direct Interest		Deemed Interest		Total Interest	
Name of Substantial Shareholder	Number of Shares	%	Number of Shares	%	Number of Shares	%
KH Foges Pte Ltd[(1)]	1,485,287,706[(2)]	52.44	-	-	1,485,287,706[(2)]	52.44
Mr Anil Dhanpatlal Agrawal	-	-	1,485,287,706[(2)]	52.44	1,485,287,706[(2)]	52.44
Ong Hock Leong[(3)(4)(5)]	216,827,759	7.66	147,853,460	5.22	364,681,219	12.88
Ong Hur Seng[(3)(6)]	-	-	147,329,650	5.20	147,329,650	5.20
Ong Kah Lam[(3)]	78,805,730	2.78	88,397,790	3.12	167,203,520	5.9
Ong Hoi Lian[(3)(7)]	23,054,070	0.81	147,329,650	5.20	170,383,720	6.01

Notes:

(1) Calculated based on the Existing Issued Share Capital of 2,832,159,507 Shares. The shareholding of each Director/substantial shareholder as well as the Existing Issued Share Capital, do not take into account the 500,000,000 warrants issued by the Company on 11 August 2016 to KH Foges Pte Ltd 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) As disclosed in the Disclosure of Interest/Change in Interest of Substantial Shareholder(s) announcement released via SGXNet on 6 April 2018, SHEC Holdings Pte Ltd's shareholding reduced from 147,329,650 shares to 88,397,790 shares and pursuant to which, SHEC Holdings Pte Ltd ceased to be a substantial shareholder of the Company. Ong Hur Seng, Ong Hock Leong, Ong Hoi Lian and Ong Kah Lam, each hold 20% of the issued share capital of SHEC Holdings Pte. Ltd. As they each hold not less than 20% of the issued share capital in SHEC Holdings Pte Ltd, each of them is therefore deemed to have an interest in the 88,397,790 shares held by SHEC Holdings Pte Ltd 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 as his spouse, Madam Ang Siew Kee and his children, amongst which includes Ong Hock Leong. Each of them is therefore deemed to have an interest held in the name of the Estate of Ong Whay Yeo. Ong Hock Leong's deemed interest includes 523,810 shares held in the name of the Estate of Ong Whay Yeow.

(5) As disclosed in Note (3), Mr Ong Hock Leong holds 20% of the issued share capital of SHEC Holdings Pte. Ltd. and is interested in the 88,397,790 shares held by SHEC Holdings Pte Ltd. As at the Latest Practicable Date, no notification relating to the disclosure of change in interest for Mr Ong Hock Leong in respect of his deemed interest pursuant to the change in shareholding for SHEC Holdings Pte Ltd has been received and as such, the Register of Substantial Shareholder reflects Mr Ong Hock Leong's deemed interest as 147,853,460.

(6) As disclosed in Note (3), Mr Ong Hur Seng holds 20% of the issued share capital of SHEC Holdings Pte. Ltd. and is interested in the 88,397,790 shares held by SHEC Holdings Pte Ltd. As at the Latest Practicable Date, no notification relating to the disclosure of change in interest for Mr Ong Hur Seng in respect of his deemed interest pursuant to the change in shareholding for SHEC Holdings Pte Ltd has been received and as such, the Register of Substantial Shareholder reflects Mr Ong Hur Seng's deemed interest as 147,329,650.

(7) As disclosed in Note (3), Mr Ong Hoi Lian holds 20% of the issued share capital of SHEC Holdings Pte. Ltd. and is interested in the 88,397,790 shares held by SHEC Holdings Pte Ltd. As at the Latest Practicable Date, no notification relating to the disclosure of change in interest for Mr Ong Hoi Lian in respect of his deemed interest pursuant to the change in shareholding for SHEC Holdings Pte Ltd has been received and as such, the Register of Substantial Shareholder reflects Mr Ong Hoi Lian's deemed interest as 147,329,650.

Percentage of shareholding held in the hands of the public

As at 19 September 2018, as far as the Company is aware, the percentage of shareholding in the hands of the public is approximately 36.31%. 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 35 Sungei Kadut Street 6, Singapore 728869 **on 26 October 2018 at 3 p.m.** to transact the following business:

ORDINARY BUSINESSES

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended 30 June 2018 together with the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr Teo Boon Tieng pursuant to Article 98 of the Company's Constitution. [See Explanatory Note (i)] **Resolution 2**

3. To re-elect Mr Moorthy Varadhan pursuant to Article 98 of the Company's Constitution. [See Explanatory Note (i)] **Resolution 3**

4. To approve the payment of Directors' fees of up to S$160,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears. **Resolution 4**

5. To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

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

SPECIAL BUSINESSES

7. 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

Notice of Annual General Meeting

(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"

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

Notice of Annual General Meeting

8. To consider and, if thought fit, pass the following ordinary resolution with or without any modifications:

   "That:

   (a) approval be and is hereby given, for the purpose of Chapter 9 of the SGX-ST Listing Manual ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into the Mandated Transactions (as defined in the appendix and particulars of which are set out in the appendix) with the Interested Persons (as defined in the appendix and particulars of which are set out in the appendix), provided that such transactions are (i) made on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders and (ii) in accordance with the review procedures for such Mandated Transactions as set out in the appendix;

   (b) such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company;

   (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and to implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the SGX-ST Listing Manual which may be prescribed by the SGX-ST from time to time; and

   (d) the Non-Interested Directors (as defined in the appendix) of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Resolution."

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

By Order of the Board

Tan Swee Gek
Company Secretary
11 October 2018

Notice of Annual General Meeting

Explanatory Notes:

(i) The effect of the Ordinary Resolution 2 and 3 above, is to re-elect the director of the Company who is retiring from office by rotation.

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

Mr Moorthy Varadhan will upon re-election as a Director of the Company, remain as an Executive Director of the Company.

(ii) The Ordinary Resolution 6 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.

(iii) The Ordinary Resolution 7 above relates to the renewal of a mandate given by Shareholders to the Company on 31 October 2017, allowing the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into interested person transactions pursuant to Chapter 9. Please refer to the appendix dated 11 October 2018 for details.

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 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 35 Sungei Kadut Street 6, Singapore 728869 on 26 October 2018 at 3 p.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 2018		
2	Re-election of Mr Teo Boon Tieng as a Director		
3	Re-election of Mr Moorthy Varadhan as a Director		
4	Approval of Directors' fees amounting to S$160,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears		
5	Re-appointment of Nexia TS Public Accounting Corporation as Auditors		
6	Authority to issue shares and convertible securities pursuant to Section 161 of the Companies Act, Chapter 50.		
7	Renewal of the interested person transactions mandate		

Dated this __________ day of __________________ 2018

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

Company Reg. No.198001852R

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