2 Going concern

The Group incurred losses and total comprehensive loss of $740,000 and $644,000 (2016 - $1,237,000 and $1,238,000) and reported net operating cash outflows of $641,000 (2016 - $800,000) for the financial year ended 31 March 2017; and as at the balance sheet date, the Group's and the Company's current liabilities exceeded the Group's and the Company's assets by $6,253,000 and $6,180,000 (2016 - $5,618,000 and $5,539,000), respectively and the Group and the Company have a net deficit in equity of $6,239,000 and $6,166,000 (2016 -$5,595,000 and $5,516,000) respectively.

Following the disposal of Lereno Sdn Bhd on 17 August 2015, the Company ceased to have any operating subsidiaries or business and has become a cash company as defined under Rule 1017 of Section B: Rules of Catalist (the "Catalist Rules") of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Rule 1017(2) of the Catalist Rules states that SGX-ST may proceed to remove the Company from the official list of SGX-ST ("Official List") if the Company is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company (i.e. by 16 August 2016).

On 23 June 2016, the Company entered into a conditional sale and purchase agreement with Kenyalang Property (S) Pte Ltd ("Kenyalang"), to acquire the entire issued share capital of Kenyalang Property (S) Pte Ltd, a company incorporated in Singapore, which will, upon completion of the restructuring exercise conducted by Kenyalang, holds the entire issued share capital of Sinomae Engineering Sdn. Bhd. ("Sinomae"), a company incorporated in Malaysia. The purchase consideration is agreed at RM 70 million, which shall be fully satisfied on completion by way of allotment and issuance of 583,333,333 ordinary shares of the Company at an issue price of $0.04 per share to Kenyalang. Sinomae is the legal and beneficial owner of a freehold parcel of land, measuring 4,744 acres with an existing 17 storey building (the "Asset"), located at Lot 43 Kawasan Bandar XXXI, the Town of Melaka, State of Melaka, Malaysia. Kenyalang wishes to develop the Asset into a mixed commercial development project integrating a hotel, retail and serviced apartments.

The proposed acquisition, if it proceeds to completion, will result in a reverse takeover ("RTO") of the Company as defined in Chapter 10 of the Catalist Rules of the SGX-ST and accordingly, the proposed acquisition will be subject to, amongst other things the approval of SGX-ST and the shareholders of the Company at an extraordinary general meeting to be convened at a later date.

In February 2017, the Company, through its sponsor, applied to SGX-ST and successfully obtained a further 12-month extension to meet the requirement of a new listing (i.e. by 15 February 2018). The previous extension granted by SGX-ST lapsed on 16 February 2017. The extension is subject to the Company providing information to SGX-ST and the Company's investors on its progress in meeting key milestones in the transaction.

In the event the Company is unable to meet its milestones, or complete the relevant acquisition despite the extension granted, no further extension will be granted and the Company will be removed from the Official List and a cash exit offer in accordance with Rule 1308 will be made to the Company's shareholders within 6 months.

The conditions and events mentioned above indicate that there are material uncertainties existing at the balance sheet date, which relate to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

2 Going concern (Cont'd)

As at the date of this report, the directors believe that a further 12-month extension approved by SGX-ST on 27 March 2017 will provide management with sufficient time to identify additional new assets as part of the proposed acquisition so as to strengthen the size of the assets such that the Company would be in a better financial position upon completion of the proposed acquisition of Kenyalang. In addition, the directors believe that the Group and the Company will be able to meet their obligations as and when they fall due in the next 12 months based on the continuing financial support from one of the Company's substantial shareholders to meet its liabilities and its normal operating expenses to be incurred. Lastly, management has received letters of undertaking from two substantial shareholders of the Company that they will not be demanding repayments of the advances extended by them to the Company, which amounted to $1.12 million and $2.67 million respectively, within 12 months from the balance sheet date.

If the Company fails to satisfy the requirements of SGX-ST and lifts the "cash company" status of the Company and/or obtains continuing financial support from one of the Company's substantial shareholders, it may not be able to continue in operational existence for the foreseeable future, and the Group and the Company may be unable to discharge its liabilities in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for further liabilities that may arise. No such adjustments have been made to these financial statements.