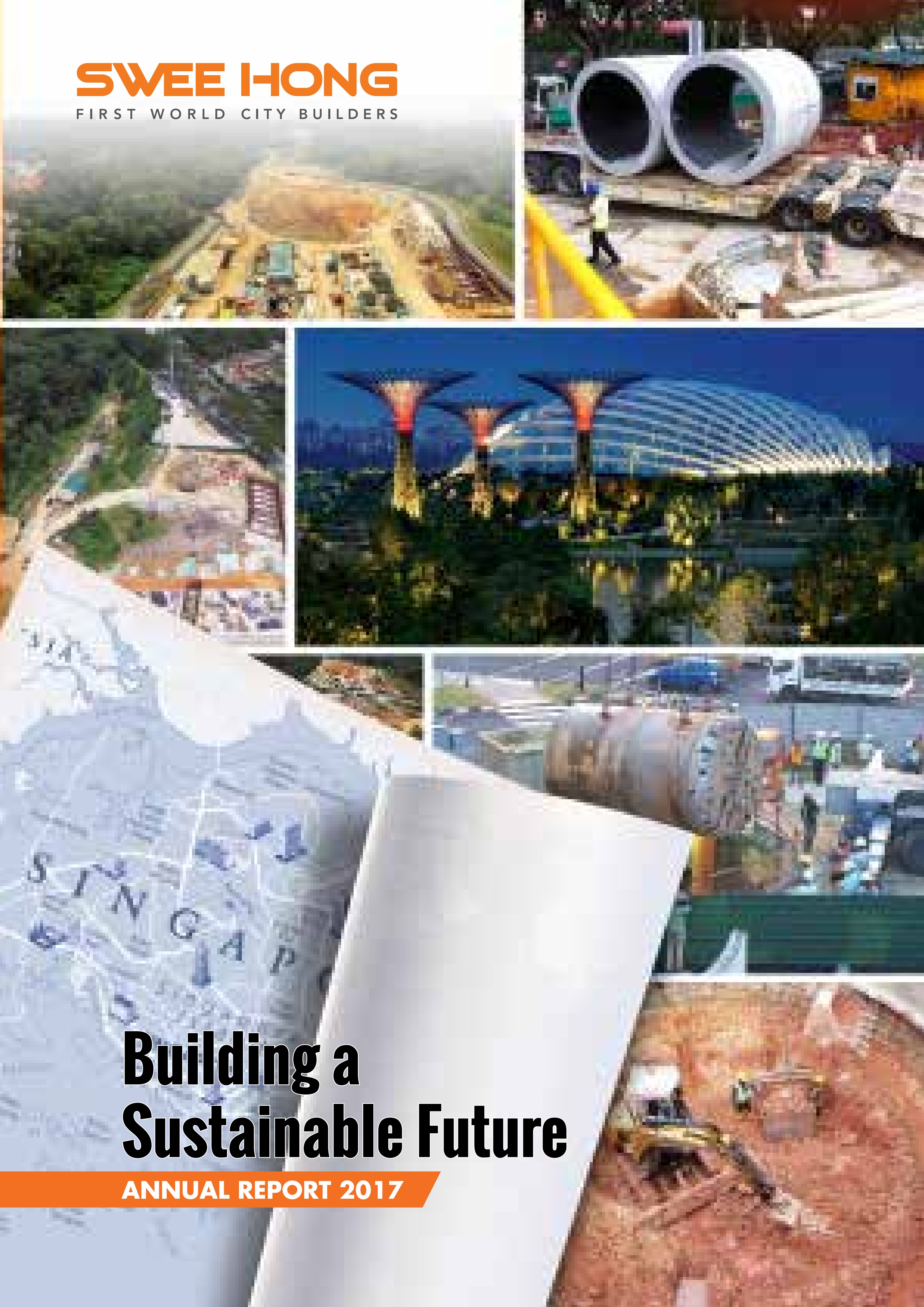
SWEE HONG

FIRST WORLD CITY BUILDERS



Building a Sustainable Future

ANNUAL REPORT 2017

Contents

Corporate Information

BOARD OF DIRECTORS
Harish Parameswar, Non-executive Chairman and Independent Director
(Appointed 16 August 2016)

Anil Dhanpatlal Agrawal, Executive Director
(Appointed 12 August 2016)

Peter Moe, Independent Director
(Appointed 30 December 2015)

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
Harish Parameswar
Peter Moe

NOMINATING COMMITTEE
Harish Parameswar, Chairman
Teo Boon Tieng
Peter Moe

REMUNERATION COMMITTEE
Harish Parameswar, Chairman
Teo Boon Tieng
Peter Moe

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 Park 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 mainly in the list of completed projects. Microtunnelling and pipe-jacking is also evident in Swee Hong's projects which outlines the use of trenchless technology.

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

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

Corporate Structure

SWEE HONG

SWEE HONG DORMITORIES PTE LTD
(100%)

SWEE HONG CONSTRUCTION PTE LTD
(100%)

SUN HUP DEVELOPMENT PTE LTD
(100%)

SWEE HONG HK PTE LTD
(100%)

Legend

- Orange: Dormant Singapore Subsidiary Corporations
- Grey: Dormant Overseas Subsidiary Corporation pending approval of deregistration application.

Current Projects

ER382 – NEW ROAD BETWEEN MACRITCHIE VIADUCT & ADAM FLYOVER

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

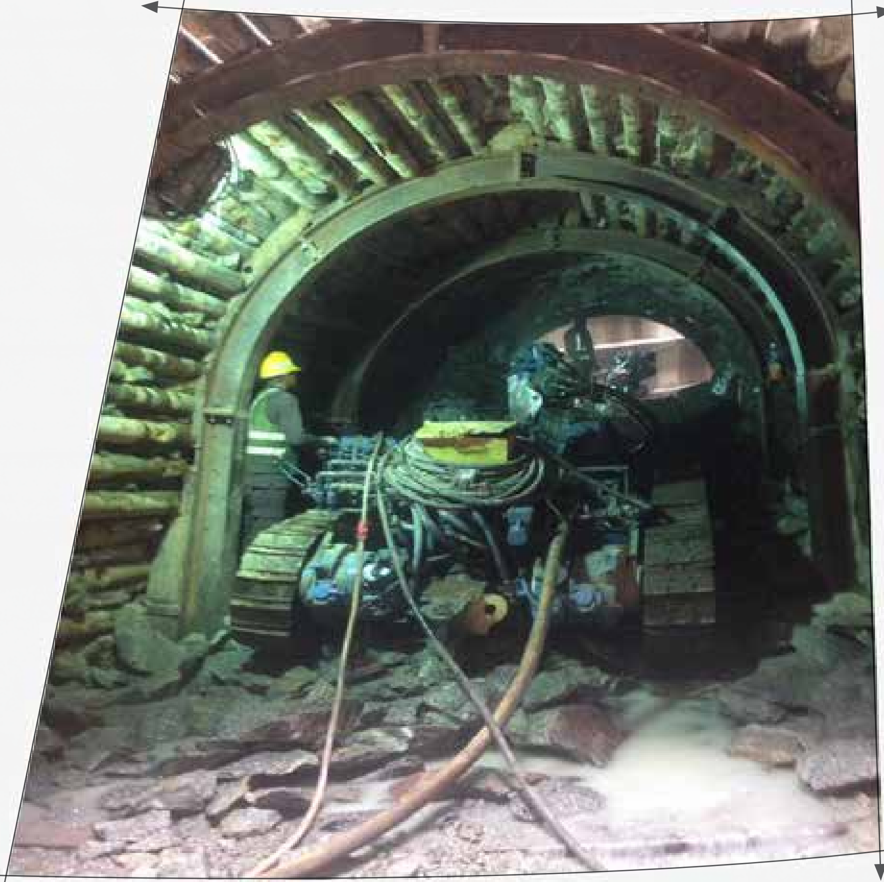
The completed improvement works will consist of a new dual four-lane connecting MacRitchie Viaduct to Adam Flyover via Bukit Brown Cemetery as well as construction of vehicular traffic ways such as underpass, bridge structures etc.

Construction commenced in mid-September 2014 and is expected to be completed by the 3rd quarter of 2018.

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

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

The project commenced in November 2011 and is expected to be completed by 4th quarter of 2017.



Chairman and Executive Director Joint Message

Dear Shareholders,

It has been a challenging and eventful year for Swee Hong. The Company faced multitude of challenges. On the-one-hand there was intense pressure to expedite implementation of its on-going projects while on-the-other hand it was imperative that the Company implement the Creditors Scheme of Arrangement while managing the funding requirements of the Company. The Company has been reasonably successful in its efforts and it is currently in a better position as compared to the previous year.

CREDITORS SCHEME OF ARRANGEMENT

The Scheme of Arrangement (the "Scheme") between the Company and certain creditors (the "Eligible Creditors") which took effect on and from 2 December 2015 has been successfully closed and all approved outstandings of the Eligible Creditors have been paid and discharged in full. Consequently, the Company is pleased to inform shareholders that it has been completely and absolutely released and discharged from all claims, obligations, liabilities and indebtedness to each and all of its' Eligible Creditors, whatsoever and howsoever arising out of, or in connection with, the approved outstanding and/or under the Scheme and the Scheme has come to an end.

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 within the current financial year. The Company has also started bidding for new projects and we are hopeful that the 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 due course. 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.

BUSINESS OUTLOOK

The Building and Construction Authority (BCA) had in January 2017 forecasted that the total value of construction contracts to be awarded this year will reach between $28 billion and $35 billion, higher than the preliminary estimate of $26.1 billion for last year.

The projected stronger construction demand is due to an anticipated increase in public sector construction demand from about $15.8 billion last year to between $20 billion and $24 billion this year.

The public sector is expected to contribute about 70 per cent of the total construction demand, boosted by an increase in demand for most building types and civil engineering works. "In view of the current slowdown in the property market and continued economic uncertainties, the private sector construction demand is likely to remain subdued and is projected to stay between $8 billion and $11 billion this year."

The Company 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 labor costs, manpower and funds shortages. In this challenging environment we will need to constantly enhance our efficiency and competiveness.

Chairman and Executive Director Joint Message

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

OPERATIONAL AND MANAGERIAL EFFICIENCY

The Company has taken a number of steps to improve the operational and managerial efficiency of the organization. The hiring of the appropriate and competent manpower on an as needed basis coupled with assiduous improvement in systems and processes, tight cost control measures, human resource developmental activity, better utilization of resources and financial control measures has 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.

ENRICHING THE BOARD

Last year, the Board was enriched with the inclusion of experienced independent directors with extensive experience in various fields. The experienced Board has been a guiding force to the management and has improved the management. The Board has further been supplemented with the recent appointment of Mr Moorthy Varadan and Mr Yeo Junyu as executive directors of the Company. Mr Moorthy is widely experienced in handling large engineering projects and Mr Yeo Junyu has rich experiencing in banking and finance. We hope the appointment of the new directors will further strengthen the management of the Company. We would like to express our sincere thanks to the Board members for their continued guidance and support.

ACKNOWLEDGEMENTS

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

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

Harish Parameswar
Non-Executive Chairman

Anil Dhanpatlal Agrawal
Executive Director

Board of Directors

HARISH PARAMESWAR

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

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

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

ANIL DHANPATLAL AGRAWAL

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

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

He is a management graduate with more than a decade of experience in the steel and 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 16 years of successful experience in providing fiscal, strategic, and operational leadership.

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

PETER MOE

Mr Peter Moe is our independent director and member of the Nominating Committee, Remuneration Committee, and 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 34 years of legal practice has created a network of corporate and individual clients who have benefited from his vast experience and expertise.

Board of Directors

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

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 VARADHAN

Mr Moorthy Varadan joined the Company in May 2016 as General Manager and was appointed to the Board of Directors 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.

YEO JUNYU

Mr Yeo Junyu is our Executive Director. He was appointed to the Board of Directors on 15 September 2017. Mr Yeo Junyu 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 small medium enterprise commercial clients.

Financial and
Operations Review

PROFIT AND LOSS
Revenue by business segment

	Group					
					Increase/	Increase/
	2017		2016		(decrease)	(decrease)
	$'000	%	$'000	%	$'000	%
Civil	50,439	86%	39,656	97%	10,783	27%
Engineering	8,083	14%	1,162	3%	6,921	596%
Tunneling	**58,522**	**100%**	**40,818**	**100%**	**17,704**	

Revenue from civil engineering segment increased by $10.7 million from $39.7 million in FY2016 to $50.4 million in FY2017 mainly due to increased progress of the on-going projects, particularly the ER382 Bukit Brown.

Revenue from tunneling segment increased by $6.9 million from $1.2 million in FY2016 to $8.1 million in FY2017 mainly due to increased progress in the Nee Soon Tunneling Project.

The Group's gross profit of $7.5 million is an increase of $9.5 million approximately from a gross loss of $2.0 million in FY2016 mainly due to profit arising from civil engineering and tunneling segments as a result of increased activity on the projects.

Gross profit from civil engineering segment increased by approximately $0.8 million during the financial year from $5.0 million in FY2016 to $5.8 million gross profit in FY2017 mainly due to increased activities in the ER382 Bukit Brown project and completion of other civil engineering projects.

Gross profit from tunneling segment is an increase of $8.7 million from a gross loss of $7.0 million in FY2016 to a gross profit of $1.7 million in FY2017 mainly due to reversal of provision for foreseeable losses of $4.8 million as the project has been moving closer to achieving completion timelines in a positive manner and increased activities on the Nee Soon Tunnelling Project.

Other gains for the year 2017 of $24.9 million are mainly due to write off of creditors pursuant to the Creditors Scheme of Arrangement of $22.4 million and gains of disposal of property at 190A and 190C Choa Chu Kang Avenue 1, Singapore 689466 of $2.7 million which was partially set off by a loss of $0.4 million on disposal of the Company's property at Kranji Link. The Group did not incur significant distribution and marketing expenses during FY2017 and FY2016.

Financial and Operations Review

Administrative expenses for FY2017 decreased by $1.3 million as compared with FY2016. The administrative expenses of $2.6 million mainly comprised of depreciation of $0.4 million, allowance for impairment of property, plant and equipment of $0.3 million, salaries and related costs of $1.9 million and other operating expenses which was offset by write back provision for professional fees of $0.7 million provided in the earlier years.

Finance expenses relate to interest expenses on borrowings. The Group earned a profit before income tax of approximately $29.8 million in FY2017, an increase of $40.0 million as compared to a loss before income tax of approximately $10.2 million in FY2016.

The Group earned a net profit after tax of approximately $29.8 million due to the reasons stated above.

BALANCE SHEET

Trade and other receivables as at 30 June 2017 stood at $27.5 million an increase of $13.1 million from $14.4 million as at 30 June 2016. Construction contracts unbilled receivables increased by $17.3 million from $7.5 million as at 30 June 2016 to $24.8 million as at 30 June 2017. This was partially offset by decrease in trade receivables by $3.2 million from $3.8 million as on 30 June 2016 to $0.6 million as on 30 June 2017. Advances to suppliers, deposits and prepayments also decreased by $0.9 million from $2.7 million as on 30 June 2016 to $1.8 million as on 30 June 2017.

The property plant and equipment decreased by $5.0 million from $11.6 million as on 30 June 2016 to $6.6 million as on 30 June 2017 mainly due to disposal of Kranji Link with a net book value of $3.4 million and depreciation charge of approximately $2.0 million during the year.

Financial and
Operations Review

An allowance for impairment of $0.4 million in respect of machineries was made during the year. Additions to property plant and equipment amounted to $0.9 million during the year.

Asset classified as held for sale relating to the property located at 190A/190C Chua Chu Kang Avenue 1, Singapore 689466 was sold for approximately $3.1 million and proceeds were utilized for funding the Creditors Scheme of Arrangement.

Available-for-sale financial assets as at 30 June 2017 of $11,680 remained relatively unchanged from 30 June 2016.

Trade and other payables decreased by $34.6 million from $54.7 million as on 30 June 2016 to $20.1 million as on 30 June 2017. The substantial decrease was observed as a result of write off of approximately $18.4 million in payables to suppliers and issuance of shares of $8.4 million pursuant to the Creditors Scheme of Arrangement and net repayment of $3.8 million to suppliers.

Borrowings decreased by $15.8 million from $22.2 million as on 30 June 2016 to $6.4 million as on 30 June 2017 due to write offs and share issuance pursuant to Creditors Scheme of Arrangement which was offset by $4.6 million of loans received from related and non-related parties.

As at 30 June 2017, the Group had current liabilities of $26.5 miilion and current assets of $28.9 million and net asset position of $8.9 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 2017 (”FY2017”). 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 three (3) Executive Directors and three (3) Independent Directors. The Board oversees the management of the Group. It reviews the Group’s strategies, policies and financial performance, assesses key risks provided by Management as well as the adequacy of internal controls and risk management. Day-to-day management and implementation of business strategies are delegated to the Executive Director. Each Director is expected, during the course of carrying out his duties, to act in good faith and make decisions objectively at all times, as fiduciaries in the best 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.

Report on Corporate Governance

1.2 Board Processes

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

These are the:

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

On 15 September 2017, the Company announced via SGXNET the appointment of Mr Moorthy Varadhan and Mr Yeo Junyu as Executive Directors of the Company. On the same day following such appointments, the Board of Directors was reconstituted in the following order:

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

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 Director. The advice of Mr Harish Parameswar, the Non-Executive Chairman, will be sought on matters to be discussed in relation to strategic issues and business plans where needed in relation to the agenda for meetings. The agenda for meetings are circulated in advance of the scheduled meetings.

Report on
Corporate Governance

1.3 Directors' meeting held

During the financial year ended 30 June 2017, the board held four Board meetings, four AC meeting, one NC meeting and two RC meeting.

The attendance of the Directors at meetings of the Board and Board Committees during the financial year ended 30 June 2017 were as follows:

		Committee		
	Board	**Audit**	**Nominating**	**Remuneration**
Number of Meetings held:	4	4	1	2
Name of Director				
Mr. Harish Parameswar	4	4	1	2
Mr. Anil Dhanpatlal Agrawal	4	4 (Invited)	1 (Invited)	1 (Invited)
Mr Peter Moe	4	4	1	2
Mr Teo Boon Tieng	4	4	1	2
Mr Yeo Siang Thong(1)	0	1 (invited)	0	0
Mr Ong Hoi Lian(2)	0	1 (invited)	0	0
Mr Yeo Junyu(3)	0	0	0	0
Mr Moorthy Varadhan(3)	0	0	0	0

Notes:

(1) Mr Yeo Siang Thong did not seek re-election as a Director of the Company at the Company's Annual General Meeting held on 26 October 2016.

(2) Mr Ong Hoi Lian resigned as Executive Director of the Company on 2 September 2016.

(3) Mr Yeo Junyu and Mr Moorthy Varadhan were both appointed as Directors only after the financial year ended 30 June 2017 and as such, they did not attend any Board and Board Committee meetings held during the financial year ended 30 June 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 Director supervises the management of the business and affairs of the Company and reduces the administrative time, inconvenience and the expenses associated with the convening of meetings of the Board and circulation of circular resolutions of the Board, without compromising the Group's corporate objectives and adversely affecting the day-to-day operations of the Company.

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

a) the financial plans of the Group;
b) major investments, divestment, capital expenditure and funding proposals;
c) review of the annual performance of the Group;
d) review of the key activities and business strategies of the Group;
e) approval of the corporate strategy and direction of the Group;
f) approval of transactions involving a conflict of interest for a Controlling Shareholder or a Director or Interested Persons Transactions ("IPTs");
g) new appointments to the Board;
h) remuneration packages of the Directors and Key Management Personnel; and
i) corporate or financial restructuring and share issuances.

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

1.5 Training of Directors

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. As is the Company's practice, Mr Kenneth Yeo and Mr Moorthy Varadhan were given formal letters setting out their duties and obligations upon their appointments and they also underwent 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 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, Director Financial Reporting Essentials which was jointly organised by the Singapore Institute of Directors and the Accounting & Corporate Regulatory Authority.

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 six (6) members, half of whom are Independent Directors.

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

EXECUTIVE DIRECTORS

Mr Anil Dhanpatlal Agrawal
Mr Yeo Junyu
Mr Moorthy Varadhan

INDEPENDENT DIRECTORS

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

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

The Board'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.

Report on Corporate Governance

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

1.7 Independent Members of the Board of Directors

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

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

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

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

In considering the independence of any potential Independent Director, the Board will take into consideration and subsequently, in consultation with the 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 half of the Board is made up of Independent Directors, the Company believes 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 Chief Executive Officer

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

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

As the Non-Executive Chairman, Mr Harish Parameswar leads the Board to ensure its effectiveness and approves the agenda of each Board meeting in consultation with the Executive Director. The Non-Executive Chairman 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 Director is responsible for the day-to-day operations of the Group and to ensure quality flow of information between the Board and the Management. The Executive Director also reviews the Board papers and, with the assistance of the Management, ensures that the Board members are provided with accurate, timely and clear information. Management staff who have prepared the Board papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during Board meetings.

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

1.9 Board Membership

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

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

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

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

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

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

- to determine the process for search, nomination and appointment of new Board members and assessing candidates for appointment to the Board;
- to review and recommend the re-nomination of Directors retiring by rotation, having regard to the Director's competency, contribution and performance;
- to determine on an annual basis whether or not a Director is independent;
- in respect of a Director who has multiple board representations on various companies, review and decide whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards;
- to review training and professional development programs for the Board;
- to decide how the Board's performance is to be evaluated and to propose objective performance criteria, subject to the approval of the Board, which 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.

Report on Corporate Governance

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 2017, the NC underwent a reconstitution pursuant to Mr Peter Moe's relinquishment of his position as Chairman of the NC and the appointment of Mr Harish Parameswar 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 Peter Moe and Mr Anil Dhanpatlal Agrawal who are retiring pursuant to Article 98 of the Constitution at the forthcoming AGM. As Mr Moorthy Varadhan and Mr Kenneth Yeo were appointed subsequent to the FY2016 AGM, they will also be required pursuant to Article 102 of the Constitution to retire at the forthcoming AGM and will be eligible for re-appointment.

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 Anil Dhanpatlal Agrawal	41	12 August 2016	26 October 2016	**Present Directorships** - **Past Directorships** -	Executive Director at KH Foges Pte. Ltd. Managing Director at Kridhan Infra Limited, India
Mr Harish Parameswar	44	16 August 2016	26 October 2016	**Present Directorships** - **Past Directorships** -	Managing Director at Silk Bridge Partners Private Ltd. Director of MEC Coal Pte. Ltd.
Mr Peter Moe	62	30 December 2015	26 October 2016	**Present Directorships** ● GRP Ltd **Past Directorships** ● PSL Holdings Ltd ● Chuan Soon Huat Industrial Group Ltd ● Air Ocean Ltd	Director at Optimus Chambers LLC
Mr Teo Boon Tieng	53	30 December 2015	26 October 2016	**Present Directorships** - **Past Directorships** -	Managing Partner at Teo Boon Tieng & Co., Chartered Accountants Singapore
Mr Yeo Junyu	35	15 September 2017	N.A	**Present Directorships** - **Past Directorships** -	Director of Asian Strategic Turnaround Ventures Pte. Ltd.
Mr Moorthy Varadhan	50	15 September 2017	N.A	**Present Directorships** - **Past Directorships** -	Director of Econ Geotech Pte Ltd

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.

Report on Corporate Governance

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. As Mr Yeo Junyu and Mr Moorthy Varadhan were only appointed on 15 September 2017 and have only been in position for approximately one (1) month, the NC has not carried out the Board Assessment checklist for the two newly appointed Directors for the financial year ended 30 June 2017.

(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 2017. 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 Chief Financial Officer and the Head of Finance provide 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 three (3) Independent Directors, namely:

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

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 2017.

2.2 Level and Mix of Remuneration

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

The Group has a staff remuneration policy which comprises a fixed component and a variable component. The fixed component comprises basic salary and other fixed allowances. The variable component is linked to the performance of the Company and the individual. The Board will look into the inclusion of provisions in the staff remuneration policy to allow the Company to reclaim any such variable components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The remuneration package is designed to enable the Company to stay competitive and allows the Company to better align executive compensation with shareholders' value creation. 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 FY2017, the RC is of the view that the performance conditions were met by the Executive Director and the key management personnels 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. 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[1] for the financial year ended 30 June 2017 is set out below:

Remuneration Band & Name of Director	Salary[2]	Variable or performance related income/bonuses	Director's fees	Consultancy Fees[3]	Benefits-in-kind[4]	Total
	%	%	%	%	%	$
Anil Dhanpatlal Agrawal	100[5]	-	-	-	-	73,000
Harish Parameswar	-	-	100%	-	-	131,000
Ong Hoi Lian[6]	-	-	28%	72%	-	36,000
Yeo Siang Thong[7]	-	-	100%	-	-	19,000
Peter Moe	-	-	100%	-	-	60,000
Teo Boon Tieng	-	-	100%	-	-	60,000

Notes:

(1) Mr Yeo Junyu and Mr Moorthy Varadhan were both appointed as Directors only after the financial year ended 30 June 2017 and as such, they did not receive any remuneration from the Company in their capacity as a director during the financial year ended 30 June 2017.

(2) Salary includes Employer CPF.

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

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

(5) For FY2017, Mr Anil Dhanpatlal Agrawal received salary from August 2016 to November 2016 and waived his salary due to him for the balance period in FY2017.

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

(7) Mr Yeo Siang Thong did not seek re-election as a Director of the Company at the Company's Annual General Meeting on 26 October 2016.

2.4 Remuneration of Employees Related to Directors

There were no employees who are related to a Director or the Chief Executive Officer whose remuneration exceeded $50,000 for the financial year ended 30 June 2017.

2.5 Remuneration of Top Key Management Personnel

The annual aggregate remuneration paid to the top three (3) key management personnel (excluding Directors) of the Company for the financial year ended 30 June 2017 is $434,343. Details of the remuneration paid to such key management personnel for the financial year ended 30 June 2017 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				
Mohamed Saleem Mohamed Amanullah[3]	89%	0%	11%	100%
Deepak Bhandari[4]	93%	0%	7%	100%
Moorthy Varadhan[5]	74%	8%	18%	100%

Notes:

(1) Salary includes Employer CPF.

(2) Benefits in kind consist of transport allowances.

(3) Mr Mohamed Saleem Mohamed Amanullah resigned as Chief Financial Officer of the Company with effect from 19 May 2017.

(4) Mr Deepak Bhandari is the head of finance of the Company.

(5) Mr Moorthty Varadhan is the general manager of the Company. Mr Moorthy Varadhan was appointed as an Executive Director of the Company on 15 September 2017 after the ending of FY2017 as such his remuneration for FY2017 falls under that for top key management personnel excluding Directors.

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.

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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 Director and the Head of Finance of 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 2017 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 entirely of Independent Directors, namely:

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

In appointing new members of the AC, the Board will ensure that the members of the AC have accounting or related financial management expertise and experience to discharge their responsibilities as members of the 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 2017, 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, all of the members of the AC are Independent Directors. Each member of the AC will abstain from voting on any resolutions in respect of matters he is interested in.

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

The AC met with the Independent Auditors once during the financial year ended 30 June 2017 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 2017, 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 2017, the audit fees paid to the Independent Auditors for their audit services were $85,000 and the non-audit fees paid to the Independent Auditors was $7,200.

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.

The AC has also reviewed and is satisfied that the Group had complied with Rules 712 and 716 of the Listing Manual. The Company's Hong Kong subsidiary, Swee Hong HK Pte Limited, is audited by Alfred K. Wong & Company for local statutory purposes. The Board has reviewed the appointment of Alfred K. Wong & Company as the audit firm of the Hong Kong subsidiary, Swee Hong HK Pte Limited, which is dormant and is of the view that the appointment does not compromise the standard and effectiveness of the audit of the Group. The Company has on 31 July 2017 submitted a de-registration application with the Companies Registry for the Company's Hong Kong subsidiary, Swee Hong HK Pte Limited. The application is currently still pending approval from the Companies Registry and the Company will announce once the de-registration application is approved.

3.6 Internal Audit

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

The Board acknowledges that it is responsible for maintaining an internal audit function independent of the activities it audits. During the financial year ended 30 June 2017, as no internal auditor was appointed, the effectiveness of the internal controls and risk management systems and procedures were monitored by the Management and the Board. The Chief Financial Officer is responsible for the internal audit and controls function and reports to the Executive Director on all internal audit and controls and risk management matters.

The Board has reviewed the adequacy and effectiveness of the Company's internal controls and risk management functions. Taking into account the Company's current business environment and financial position, the Company has appointed a professional internal audit firm, One e-Risk Services Pte Ltd for the financial year ending 30 June 2018. The internal auditor will report directly to the chairman of the AC on audit matters. 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.

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 businesses are to be transacted at the meeting or at least 21 days before the meeting if special businesses are to be transacted at the meeting. The notice, first disseminated via SGXNET, is also advertised in newspapers.

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

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

The Company does not have a fix dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET. For FY2017, the Company will not be paying final dividends to shareholders as the Company has no distributable profits to declare dividends.

In addition, the Company's investor relations team is led by the Chief Executive Officer and in his absence, the Head of Finance 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 Annual General Meeting and all General Meetings going forward will be taken by poll so that shareholders are accorded rights proportionate to their shareholding and all votes are counted. The detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced.

Report on Corporate Governance

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 monitors and reviews any interested person transactions of the Company and reports on the same to the Board on a regular basis. There were no interested person transactions with a value of S$100,000 and above entered into during the financial year ended 30 June 2017[(1)].

(1) For the purposes of Chapter 9 of the Listing Manual, transactions which were entered into prior to KH Foges becoming a controlling shareholder of the Company and which remained subsisting as at 11 August 2016, being the date on which KH Foges became a controlling shareholder of the Company, do not constitute interested person transactions as they were entered into prior to KH Foges 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 2017 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.

Directors' Statement

For the financial year ended 30 June 2017

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 2017 and the balance sheet of the Company as at 30 June 2017.

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 49 to 110 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 2017 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.

1. 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	Appointed on 12 August 2016
Harish Parameswar	Appointed on 16 August 2016
Yeo Junyu	Appointed on 15 September 2017
Moorthy Varadhan	Appointed on 15 September 2017

2. 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.

3. 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 30.06.2017	At 01.07.2016	At 30.06.2017	At 01.07.2016
Company				
(No. of ordinary shares)				
Anil Dhanpatlal Agrawal[1]	-	-	1,485,287,706	-
(No. of warrants)				
Anil Dhanpatlal Agrawal[2]	-	-	500,000,000	-

The directors' interests in the ordinary shares of the Company as at 21 July 2017 were the same as those as at 30 June 2017.

Note:

(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 company 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 2017, 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.

4. 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.

5. 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.

6. Audit Committee

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

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

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

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

- To review the Company's independent auditor's audit plan and any recommendations on internal accounting controls arising from the statutory audit.
- To review the Company's internal auditor's internal audit scope and their evaluation of the adequacy of Company's internal control and accounting system;
- To review the consolidated financial statements;

6. 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 Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual;

- To undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

- Generally to undertake such other functions and duties as may be required by status or the SGX-ST Listing Manual, and by such amendments made thereto from time to time;

- To review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up; and

- To conduct periodic review of foreign exchange transactions and hedging policies (if any) undertaken by the Group.

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

Directors' Statement

For the financial year ended 30 June 2017

7. Independent Auditor

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

On behalf of the Board of Directors

....
Anil Dhanpatlal Agrawal
Director

....
Teo Boon Tieng
Director

9 October 2017

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 2017, 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 49 to 110.

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 2017 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 2.7, 5 and 15 to the financial statements)

Risk:

The Group had recognised construction revenue of $58,522,060 for the financial year ended 30 June 2017.

The Group recognise 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 to the reporting date bear 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 place significance on these areas as:

- 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)

Our response: (Cont'd)

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.

Our findings:

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

Scheme of Arrangement

(Refer to Notes 6 and 29(a) to the financial statements)

Risk:

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

Our response:

In obtaining sufficient audit evidence, the following procedures were performed:

- Obtained and reviewed the Scheme approved by the High Court of the Republic of Singapore to verify if the gain is calculated in accordance with the relevant clauses.
- Reviewed management's computation of the gain by reconciling the payments of liabilities, releases and discharges of claims, obligations and liabilities under the Scheme, to bank transactions, share registers and other underlying accounting records.

Key Audit Matters (Cont'd)

Our findings:

We found that the computation by the management is reasonable.

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 that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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.

- 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.

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

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
9 October 2017

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2017

	Note	2017 $	2016 $
Continuing operations			
Revenue	5	58,522,060	40,818,446
Cost of works		(51,009,862)	(42,795,026)
Gross profit/(loss)		7,512,198	(1,976,580)
Other gains – net	6	24,935,046	386,118
Expenses			
- Distribution and marketing		(5,517)	(11,416)
- Administrative		(2,611,415)	(3,931,966)
- Finance	9	(42,885)	(442,103)
Profit/(loss) before income tax		29,787,427	(5,975,947)
Income tax expense	10	-	-
Net profit/(loss) from continuing operations		29,787,427	(5,975,947)
Discontinued operations			
Loss from discontinued operations, net of tax		-	(4,202,390)
Total profit/(loss)		29,787,427	(10,178,337)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gains/(losses)	16	1,112	(29,090)
- Reclassification		-	(103,867)
Currency translation differences arising from consolidation			
- Losses	23(b)(ii)	(3,706)	(13,835)
Other comprehensive loss, net of tax		(2,594)	(146,792)
Total comprehensive income/(loss)		29,784,833	(10,325,129)
Net profit/(loss) attributable to:			
Equity holders of the Company		29,787,427	(10,178,337)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		29,784,833	(10,325,129)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company (cents per share)			
Basic earnings/(loss) per share			
- For continuing operations	12	1.05	(0.21)
- For discontinued operations	12	-	(0.15)
Diluted earnings/(loss) per share:			
- For continuing operations	12	0.89	(0.21)
- For discontinued operations	12	-	(0.15)

The accompanying notes form an integral part of these financial statements

Statements of Financial Position

As at 30 June 2017

	Note	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
ASSETS					
Current assets					
Cash and cash equivalents	13	852,521	4,961,687	818,472	4,923,074
Trade and other receivables	14	27,479,612	14,439,175	27,503,920	14,459,778
Construction contract work-in-progress	15	476,921	471,010	476,921	471,010
		28,809,054	19,871,872	28,799,313	19,853,862
Assets classified as held-for-sale	11	44,298	348,837	44,298	348,837
		28,853,352	20,220,709	28,843,611	20,202,699
Non-current assets					
Available-for-sale financial assets	16	11,680	10,568	11,680	10,568
Investments in subsidiary corporations	17	-	-	2,001	2,001
Property, plant and equipment	18	6,620,066	11,561,682	6,620,066	11,561,682
		6,631,746	11,572,250	6,633,747	11,574,251
Total assets		35,485,098	31,792,959	35,477,358	31,776,950
LIABILITIES					
Current liabilities					
Trade and other payables	19	20,118,565	54,654,386	20,863,356	55,405,848
Borrowings	20	6,425,000	22,180,668	6,425,000	22,180,668
		26,543,565	76,835,054	27,288,356	77,586,516
Total liabilities		26,543,565	76,835,054	27,288,356	77,586,516
NET ASSETS/(LIABILITIES)		8,941,533	(45,042,095)	8,189,002	(45,809,566)
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	22	52,778,324	28,579,529	52,778,324	28,579,529
Other reserves	23	(17,160)	(14,566)	1,844	732
Accumulated losses	24	(43,819,631)	(73,607,058)	(44,591,166)	(74,389,827)
TOTAL EQUITY		8,941,533	(45,042,095)	8,189,002	(45,809,566)

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2017

	Share capital $	Accumulated losses $	Other reserves $	Total equity $
Group				
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
2016				
Beginning of financial year	28,579,529	(63,428,721)	132,226	(34,716,966)
Loss for the financial year	-	(10,178,337)	-	(10,178,337)
Other comprehensive loss for the financial year	-	-	(146,792)	(146,792)
End of financial year	28,579,529	(73,607,058)	(14,566)	(45,042,095)

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2017

	2017 $	2016 $
Cash flows from operating activities		
Net profit/(loss)	29,787,427	(10,178,337)
Adjustments for:		
- Depreciation of property, plant and equipment	1,969,002	2,013,384
- Impairment of property, plant and equipment - net	328,068	709,982
- Loss/(gain) on disposal of property, plant and equipment - net	337,628	(15,607)
- Gain on disposal of assets classified as held-for-sale	(2,734,439)	-
- Gain on disposal of available-for-sale financial assets - net	-	(109,375)
- Interest income	(93)	(85)
- Dividend income	(5,329)	(6,920)
- Interest expenses	42,885	442,103
- Scheme creditors write-off	(22,390,772)	-
- Unrealised currency translation gains - net	(3,706)	(13,835)
	7,330,671	(7,158,690)
Changes in working capital:		
- Construction contract work-in-progress	(5,911)	(302,453)
- Trade and other receivables	(13,040,437)	3,763,189
- Trade and other payables	(3,825,258)	(1,196,819)
Cash flows used in operations	(9,540,935)	(4,894,773)
Interest received	93	85
Net cash used in operating activities	(9,540,842)	(4,894,688)
Cash flows from investing activities		
Additions to property, plant and equipment	(895,230)	(2,279,776)
Proceeds from disposal of property, plant and equipment	37,850	15,607
Proceeds from disposal of assets classified as held-for-sale	3,100,000	-
Proceeds from disposal of available-for-sale financial assets	-	254,297
Proceeds from disposal of investment property under construction	-	30,000,000
Dividends received	5,329	6,920
Net cash provided by investing activities	2,247,949	27,997,048

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2017

	2017 $	2016 $
Cash flows from financing activities		
Bank balances released/(restricted for use)	4,052,798	(4,052,798)
Repayment of finance lease liabilities	(160,263)	(315,975)
Proceeds from borrowings	4,625,000	1,800,000
Repayment of borrowings	(1,206,915)	(22,819,028)
Interest paid	(42,885)	(1,947)
Net cash provided by/(used in) financing activities	7,267,735	(25,389,748)
Net decrease in cash and cash equivalents	(25,158)	(2,287,388)
Cash and cash equivalents		
Beginning of financial year	877,679	3,165,067
End of financial year (Note 13)	852,521	877,679

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 22 and 29(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 29(b)).

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 30 June 2017

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 2017 were authorised for issue in accordance with resolution of the directors on **9 October 2017**.

1 General information

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

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

The Company's immediate holding corporation is KH Foges Pte. Ltd., a company incorporated in Singapore, formerly disclosed as a related party in the financial statements for the financial year ended 30 June 2016. 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 and Note 4.

Interpretations and amendments to published standards effective in 2017

On 1 July 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2 Significant accounting policies (Cont'd)

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 2.7.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

(d) Rental income

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

2.3 Government grants

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

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

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

2 Significant accounting policies (Cont'd)

2.4 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

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

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

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

(ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(a) Subsidiary corporations (Cont'd)

(ii) Acquisitions (Cont'd)

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

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

(iii) Disposals

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

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

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

(b) Associated companies

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

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

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(b) Associated companies (Cont'd)

(i) Acquisitions

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

(ii) Equity method of accounting

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

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

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(b) Associated companies (Cont'd)

(iii) Disposals

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

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

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) Components of costs

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

(b) Depreciation

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

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

2 Significant accounting policies (Cont'd)

2.5 Property, plant and equipment (Cont'd)

(b) Depreciation (Cont'd)

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

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

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

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

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

2.6 Borrowing costs

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

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

2 Significant accounting policies (Cont'd)

2.7 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the 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.

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

At the 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".

2.8 Investment properties

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

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

2 Significant accounting policies (Cont'd)

2.8 Investment properties (Cont'd)

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

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

2.9 Investments in subsidiary corporations and associated company

Investments in subsidiary corporations and associated company are carried at cost less accumulated impairment losses in the Company's 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.

2.10 Impairment of non-financial assets

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

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

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

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

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

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2 Significant accounting policies (Cont'd)

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

Property, plant and equipment
Investments in subsidiary corporations and associated company (Cont'd)

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

2.11 Financial assets

(a) *Classification*

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

(i) *Loans and receivables*

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

2.11 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)

2.11 Financial assets (Cont'd)

(e) Impairment (Cont'd)

(ii) Available-for-sale financial assets

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

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified 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.

2.12 Offsetting of financial instruments

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

2.13 Borrowings

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

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

2.14 Trade and other payables

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

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

2.15 Fair value estimation of financial assets and liabilities

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

2 Significant accounting policies (Cont'd)

2.16 Leases

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

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

(i) Lessee – Finance leases

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

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

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

(ii) Lessee – Operating leases

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

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

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

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

Lessor – Operating leases

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

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

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

2 Significant accounting policies (Cont'd)

2.17 Income taxes

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

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 balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

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

2.18 Provisions for other liabilities and charges

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

2 Significant accounting policies (Cont'd)

2.19 Employee compensation

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

Defined contribution plans

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

2.20 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

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

2 Significant accounting policies (Cont'd)

2.20 Currency translation (Cont'd)

(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.

2.21 Segment Reporting

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

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the 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.

2.23 Share capital

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

2.24 Dividends to Company's shareholders

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

2 Significant accounting policies (Cont'd)

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

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

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

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

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

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

3 Critical accounting estimates, assumptions and judgements

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

(a) Construction contracts

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

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

If the percentage-of-completion on uncompleted contracts at the balance sheet date had been higher/lower by 5% from management's estimates, the Group's revenue would have been higher/lower by $ 8,001,963 (2016: $7,904,911).

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 5% from management's estimates, the Group's loss before tax would have been higher/lower by $8,017,383 (2016: $8,433,153).

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

(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 $417,500 (2016: $709,982) was recognised in the current financial year ended 30 June 2017 as the fair values less cost to sell valued by independent third party valuer are lower than their carrying amounts.

If the fair value of the property, plant and equipment increase/decrease by 10% (2016: 12%) from management's estimates, the Group's and Company's impairment loss will decreased/increased by $84,000 (2016: $Nil/$128,492) correspondingly to profit or loss.

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

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

Management reviews its trade receivables and construction contracts amount due from customers for objective evidence of impairment at least annually. Significant financial difficulties of the debtor and supplier, the probability that the debtor and supplier will enter bankruptcy, and default or significant delay in payments and deliveries are considered objective evidence that a receivable or construction contracts amount due from customers is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the debtor and supplier operates in. Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recognised in profit or loss. The carrying amounts of trade and other receivables at the 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 and construction contracts amount due from customers, the Group's and Company's allowance for impairment will decrease/increase by $2,003/$17,639 and $Nil (2016: $418,755/$30,607 and $Nil/$533,293) for trade receivables and construction contracts amount due from customers respectively.

4 Going concern assumption

The Group had not secured any new construction contracts during the financial year ended 30 June 2017. 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.

In addition, the Group incurred a net operating cash outflow of $9,540,842 (2016: $4,894,688) during the financial year ended 30 June 2017.

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 2017 is appropriate for the next twelve months after taking into consideration of the following:

(a) 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.

(b) The Group's financial position had improved during the current financial year and the Group recorded net profit amounting to $29.8 million (2016: net loss amounting $10.2 million) and net current assets and net assets of $2.3 million and $8.9 million (2016: net current liabilities and net liabilities of $56.6 million and $45.0 million) respectively.

(c) On 31 August 2017, the Company had entered into a subscription agreement with Targa Solution Pte. Ltd. ("Subscriber") in which the Subscriber agreed to subscribe for convertible bonds in two tranches aggregating to $7.0 million. The proceed will be used for the Company's working capital purposes.

    On 7 September 2017, the first tranche of the convertible bonds aggregating to a principal amount of $5.0 million had been completed.

(d) With the above, the Company has now greater ability and flexibility to bid for potential new projects, current projects on hand will provide sufficient working capital to meet its liabilities and the management is confident of securing new construction contracts in the next twelve months.

5 Revenue

	Group	
	2017	**2016**
	$	**$**
Revenue from civil engineering	50,439,492	39,656,219
Revenue from tunnelling	8,082,568	1,162,227
	58,522,060	40,818,446

6 Other gains – net

	Group	
	2017	2016
	$	$
Foreign exchange gains/(losses) – net	2,021	(619)
Dividend income	5,329	6,920
(Loss)/gain on disposal of property, plant and equipment	(337,628)	15,607
Gain on disposal of assets classified as held-for-sale	2,734,439	-
Available-for-sale financial assets		
- Gain on disposal	-	5,508
- Reclassification from other comprehensive income on disposal (Note 23(b)(i))	-	103,867
	-	109,375
Bank interest income	93	85
Government grant:		
- Temporary Employment Credit	27,975	31,540
- Special Employment Credit	11,629	14,889
- Productivity and Innovation Scheme	26,983	59,998
- Wages Credit Scheme	24,895	54,468
Scheme creditors write-off (Note 29(a))	22,390,773	-
Other income	48,537	93,855
	24,935,046	386,118

7 Expenses by nature

	Group	
	2017	2016
	$	$
Purchase of materials	14,228,292	7,679,927
Audit fees paid/payable to auditor of the Company	85,000	85,000
Fees paid/payable to auditor of the Company for non-audit services	18,000	15,600
Depreciation of property, plant and equipment (Note 18)	1,969,002	2,013,384
Impairment loss on property, plant and equipment – net (Note 18)	328,068	709,982
Employee compensation (Note 8)	8,373,694	8,119,933
Worksite expenses	4,614,552	4,665,499
Write back for impairment of construction contracts amount due from customers (Note 27(b)(ii))	-	(3,855,373)
(Write-back)/allowance for impairment of receivables (Note 27(b)(ii))		
- Trade	-	(38,573)
- Non-trade	(23,292)	129,675
Sub-contractors charges	23,423,874	22,560,318
Professional fees (reversed)/charged	(749,845)	2,121,905
Upkeep and maintenance for motor vehicles and offices	32,270	33,481
Other expenses	1,327,179	2,497,650
Total cost of works, distribution and marketing costs and administrative expenses	53,626,794	46,738,408

8 Employee compensation

	Group	
	2017	2016
	$	$
Wages and salaries	7,669,434	7,285,658
Employer's contribution to defined contribution plans including Central Provident Fund	374,227	465,276
Other benefits	330,033	368,999
	8,373,694	8,119,933

9 Finance expenses

	Group	
	2017	2016
	$	$
Interest expense:		
- Finance lease liabilities	14,471	1,947
- Loans from non-related parties	30,000	-
- Bank borrowings	(1,586)	440,156
	42,885	442,103

10 Income tax credit

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

	Group	
	2017	2016
	$	$
Profit/(loss) before income tax		
- continuing operations	29,787,427	(5,975,947)
- discontinued operations	-	(4,202,390)
Profit/(loss) before income tax	29,787,427	(10,178,337)
Tax calculated at tax rate of 17% (2016: 17%)	5,063,863	(1,730,317)
Effects of:		
- Expenses not deductible for tax purposes	29,456	748,165
- Income not subject for tax purposes	(31,968)	(27,352)
- Deferred tax assets not recognised	349,450	1,009,504
- Utilisation of previously unrecognised tax losses	(5,410,801)	-
	-	-

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 $9,800,000 (2016: $42,000,000), capital allowances of $12,900,000 (2016: $10,900,000) and utilised donations of $270,000 (2016: $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

On 10 February 2015, the Company filed an application to the High Court of the Republic of Singapore to propose a scheme of arrangement between the Company and certain of its creditors for the purposes of implementing and facilitating the Company's debt restructuring plan. In the debt restructuring plan, the management has indicated its intention to dispose its leasehold building to finance the Group's operations.

The carrying amount of the leasehold building was presented in the statement of financial position as "Assets classified as held-for-sale" as at 30 June 2016. The sale of the leasehold building was completed in the current financial year and recorded a gain of approximately $2.7 million (Note 6).

During the current financial year, management has indicated its intention to dispose certain of its office equipment. The carrying amount of the office equipment is presented on the statement of financial position as "Asset classified as held-for-sale".

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

	Group and Company	
	2017	2016
	$	$
Property, plant and equipment – leasehold building	-	348,837
Property, plant and equipment – office equipment	44,298	-

12 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

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

	Group	
	2017	2016
Net profit/(loss) attributable to equity holders of the Company ($)		
- Profit/(loss) from continuing operations	29,787,427	(5,975,947)
- Loss from discontinued operations	-	(4,202,390)
	29,787,427	(10,178,337)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share	2,832,159,507	2,832,159,507
Basic earnings/(loss) per share (cents per share)		
- For continuing operations	1.05	(0.21)
- For discontinued operations	-	(0.15)

12 Earnings/(loss) per share (Cont'd)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average numbers of ordinary shares outstanding during the financial year after the adjustments for the effects of all dilutive potential ordinary shares.

	Group	
	2017	**2016**
Net profit/(loss) attributable to equity holders of the Company ($)		
- Profit/(loss) from continuing operations	29,787,427	(5,975,947)
- Loss from discontinued operations	-	(4,202,390)
	29,787,427	(10,178,337)
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/(loss) per share	3,332,159,507	2,832,159,507
Diluted earnings/(loss) per share (cents per share)		
- For continuing operations	0.89	(0.21)
- For discontinued operations	-	(0.15)

The weighted average number of ordinary shares outstanding for basic earnings per share of 2,832,159,507 have taken into consideration, (i) 435,739,903 Creditors Start Conversion Shares, (ii) 493,721,724 OHL Conversion Shares, (iii) 66,431,213 UOB Shares, (iv) 1,400,000,000 Subscription Shares and (v) 67,766,667 Fee Shares.

On 11 August 2016, the Company had allotted and issued 500,000,000 share warrants. Accordingly, the adjusted weighted average number of shares is 3,332,159,507 for the financial year ended 30 June 2017. As the potential ordinary shares would result in a reduction in loss per share in the financial year ended 30 June 2016, hence, they have not been considered as dilutive potential ordinary shares for the financial year ended 30 June 2016.

13 Cash and cash equivalents

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Cash at bank and on hand	852,521	4,961,687	818,472	4,923,074

13 Cash and cash equivalents (Cont'd)

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

	Group	
	2017	2016
	$	$
Cash and cash equivalents (as above)	852,521	4,961,687
Less: Bank overdraft (Note 20)	-	(31,210)
Less: Cash restricted for use	-	(4,052,798)
	852,521	877,679

14 Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables	784,456	3,951,991	784,456	3,951,991
Less: Allowance for impairment (Note 27(b)(ii))	(176,393)	(176,393)	(176,393)	(176,393)
Trade receivables – net	608,063	3,775,598	608,063	3,775,598
Construction contracts:				
- Due from customers (Note 15)	22,858,473	6,166,456	22,858,473	6,166,456
- Retention sum (Note 15)	1,963,350	1,367,339	1,963,350	1,367,339
	24,821,823	7,533,795	24,821,823	7,533,795
Non-trade receivables				
- Subsidiary corporations	-	-	24,308	20,603
- Non-related parties	394,672	541,626	394,672	541,626
	394,672	541,626	418,980	562,229
- Less: Allowance for impairment (Note 27(b)(ii))	(106,383)	(129,675)	(106,383)	(129,675)
	288,289	411,951	312,597	432,554
Advances to suppliers	1,383,803	1,904,685	1,383,803	1,904,685
Deposits	349,468	130,129	349,468	130,129
Prepayments	28,166	683,017	28,166	683,017
	27,479,612	14,439,175	27,503,920	14,459,778

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

15 Construction contracts work-in-progress

	Group and Company	
	2017	2016
	$	$
Construction contract work-in-progress:		
Beginning of financial year	471,010	168,557
Contract costs incurred	51,015,773	43,097,480
Contract expenses recognised in profit or loss	(51,009,862)	(42,795,027)
End of financial year	476,921	471,010
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	439,845,505	382,242,597
Less: Progress billings	(416,987,032)	(376,735,944)
	22,858,473	5,506,653
Presented as:		
Due from customers on construction contracts (Note 14)	22,858,473	6,166,456
Due to customers on construction contracts (Note 19)	-	(659,803)
	22,858,473	5,506,653
Retentions on construction contracts (Note 14)	1,963,350	1,367,339

16 Available-for-sale financial assets

	Group and Company	
	2017	2016
	$	$
Beginning of financial year	10,568	288,447
Fair value gains/(losses) recognised in other comprehensive income (Note 23(b)(ii))	1,112	(29,090)
Disposals	-	(248,789)
End of financial year	11,680	10,568
Available-for-sale financial assets are analysed as follows:		
Listed securities		
- Equity securities - Singapore	11,680	10,568

17 Investments in subsidiary corporations

	Company 2017 $	Company 2016 $
Equity investment at cost		
Beginning of financial year	2,001	602,006
Allowance for impairment	-	(600,005)
End of financial year	2,001	2,001

During the financial year ended 30 June 2017, management has assessed the recoverable amount of its investments in subsidiary corporations. The recoverable amount has been determined on the basis of their value-in-use.

The Group had the following subsidiary corporations as at 30 June 2017 and 2016:

Name of Subsidiary Corporations	Principal Activities	Country of Business/ Incorporation	Proportion of ordinary shares held directly by parent 2017 %	Proportion of ordinary shares held directly by parent 2016 %
Sun Hup Development Pte Ltd [1]	Property developer and provider of general services	Singapore	100	100
Swee Hong HK Pte Limited [1] [2]	Civil engineering and trenchless tunnelling	Hong Kong	100	100
Swee Hong Dormitories Pte Ltd [1]	Development and operation of dormitories	Singapore	100	100
Swee Hong Construction Pte Limited [1]	Building construction	Singapore	100	100

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

(2) The Company has applied for deregistration of its subsidiary Swee Hong HK Pte Limited on 28 July 2017.

18 Property, plant and equipment

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

18 Property, plant and equipment (Cont'd)

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

18 Property, plant and equipment (Cont'd)

(a) During the financial year ended 30 June 16, the impairment loss of $926,725 of the building under construction and leasehold land represented the write-down of carrying amount to the recoverable amount determined by an independent professional valuer based on the Depreciated Replacement Cost ("DRC") and Market Comparison Methods ("MCM") approach at the reporting date.

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 2016, the reversal of impairment loss of $216,743 on the plant and machinery was due to the recoverable amount valued by an independent professional valuer based on the DRC and MCM approach at the reporting date, of the assets of the Group and Company were higher than the carrying amount.

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 $Nil (2016: $500,500) at the report date (Note 21).

19 Trade and other payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Trade payables				
- Non related parties	7,264,179	30,724,929	7,264,179	30,724,929
- Holding corporation	8,545,739	3,163,423	8,545,739	3,163,423
	15,809,918	33,888,352	15,809,918	33,888,352
Construction contracts:				
- Due to customers (Note 15)	-	659,803	-	659,803
Non-trade payables				
- Subsidiary corporations	-	-	774,343	774,343
- Non-related parties	2,730,293	11,519,891	2,730,293	11,519,891
	2,730,293	11,519,891	3,504,636	12,294,234
Accrued operating expenses	1,578,354	8,586,340	1,548,802	8,563,459
	20,118,565	54,654,386	20,863,356	55,405,848

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

20 Borrowings

	Group and Company	
	2017	**2016**
	$	**$**
Current		
Bank overdraft (Note 13)	-	31,210
Bank borrowings	-	10,314,761
Finance lease liabilities (Note 21)	-	160,263
Loans from non-related parties	3,000,000	-
Loan from holding corporation	3,425,000	1,800,000
Loan from a shareholder	-	9,874,434
Total borrowings	6,425,000	22,180,668

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

	Group and Company	
	2017	**2016**
	$	**$**
Less than 1 year	6,425,000	22,180,668

(a) Security granted

Bank borrowings

As at 30 June 2016, bank borrowing amounting to $8,050,900 were secured over leasehold land and building under construction (Note 18). These bank borrowings were under the Scheme of Arrangement and fully settled during the financial year ended 30 June 2017.

Loans from non-related parties

The Company acquired loans amounting to $2,000,000 and $1,000,000 from two non-related parties on 6 and 29 June 2017 and 13 June 2017 respectively.

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

The loan amounting to $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. $1,500,000 and $500,000 of the loan acquired on 6 June 2017 and 29 June 2017 are to be repaid in full on or before 6 June 2018 and 29 June 2018 respectively.

20 Borrowings (Cont'd)

(a) Security granted (Cont'd)

Loans from non-related parties (Cont'd)

(2) The loan amounting to $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 is to be fully repaid on 15 December 2017.

Loan from holding corporation

Loan from holding corporation is unsecured, interest-free and repayable on demand.

Loan from a shareholder

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

21 Finance lease liabilities

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

	Group and Company	
	2017	**2016**
	$	**$**
Minimum lease payments due – not later than one year	-	162,309
Less: Future finance charges	-	(2,046)
Present value of finance lease liabilities	-	160,263
Not later than one year (Note 20)	-	160,263

22 Share capital

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

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

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

New ordinary shares issued during the financial year ended 2017 related to:

(a) 435,739,903 Creditors Start Conversion Shares at $0.02 per share issued to eligible creditors under the Scheme.

(b) 493,721,724 OHL Conversion Shares at $0.02 per share issued to Mr Ong Hock Leong.

(c) 66,431,213 UOB Shares at $0.02 per share issued to United Overseas Bank.

(d) 1,400,000,000 Subscription Shares aggregating to $4,000,000 issued to the holding corporation.

(e) 67,766,667 Fees Shares aggregating to $321,000 issued to the Scheme Manager.

23 Other reserves

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
(a) Composition:				
Fair value reserve	1,844	732	1,844	732
Currency translation reserve	(19,004)	(15,298)	-	-
	(17,160)	(14,566)	1,844	732

23 Other reserves (Cont'd)

	Group and Company	
	2017	2016
	$	$
(b) Movements:		
(i) Fair value reserve		
Beginning of financial year	732	133,689
Fair value gains/(losses) (Note 16)	1,112	(29,090)
Reclassification to profit or loss	-	(103,867)
End of financial year	1,844	732

	Group	
	2017	2016
	$	$
(ii) Currency translation reserve		
Beginning of financial year	(15,298)	(1,463)
Net currency translation differences of financial statements of foreign subsidiary corporation	(3,706)	(13,835)
End of financial year	(19,004)	(15,298)

Other reserves are non-distributable.

24 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	
	2017	2016
	$	$
Beginning of financial year	(74,389,827)	(63,621,416)
Net profit/(loss)	29,798,661	(10,768,411)
End of financial year	(44,591,166)	(74,389,827)

25 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	
	2017	**2016**
	$	**$**
Purchase of goods and subcontractor services:		
- Holding corporation	31,594,802	-
- Related party	529,621	-
Loan received from holding corporation	1,625,000	1,800,000

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

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2017	**2016**
	$	**$**
Wages and salaries	420,054	469,194
Employer's contribution to defined contribution plans including Central Provident Fund	12,325	37,776
Directors' fees	280,807	139,167
Other benefits	101,356	92,363
	814,542	738,500

Included in the above is total compensation to directors of the Group amounting to $380,199 (2016: $ 346,518).

26 Commitments

Operating lease commitments

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

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

	Group and Company	
	2017	2016
	$	$
Not later than one year	601,428	2,404,758
Between one and five years	476	601,904
	601,904	3,006,662

27 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.

27 Financial risk management (Cont'd)

(a) Market risk

(i) Currency risk

The Group's currency exposures were as follows:

	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)

27 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

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

27 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Company is not exposed to currency risk as all its financial assets and liabilities as at 30 June 2017 and 2016 are denominated in Singapore Dollar.

If the HKD change against the SGD by 2% (2016: 1%) 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)	
	2017	**2016**
	Profit after tax	**Loss after tax**
	$	**$**
Group and Company		
HKD against SGD		
- Strengthened	(17)	9
- Weakened	17	(9)

(ii) Cash flow and fair value interest rate risks

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

The Group and Company does not have any significant interest rate risk on its borrowings, since all the borrowings of the company are fixed interest rate borrowings.

(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.

27 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 2017 would increase/decrease by $969 (2016: $877).

(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 2 debtors (2016: 2 debtors) that individually represented 42% and 36% (2016: 40% and 59% respectively) of trade receivables.

27 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

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

	Group and Company	
	2017	2016
	$	$
<u>By geographical areas</u>		
Singapore	608,063	3,775,598
<u>By types of customers</u>		
Government bodies	13,861	3,730,856
Other companies	594,202	44,742
	608,063	3,775,598

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

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

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

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

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

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

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Past due < 3 months	13,861	3,730,856	13,861	3,730,856
Past due more than 3 months	6,169	456,694	6,169	477,296
	20,030	4,187,550	20,030	4,208,152

27 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)

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	
	2017	**2016**
	$	**$**
Past due more than 3 months	282,776	306,068
Less: Allowance for impairment	(282,776)	(306,068)
	-	-

	Group and Company	
	2017	**2016**
	$	**$**
Beginning of financial year	306,068	214,966
Allowance made (Note 7)	-	129,675
Allowance utilised (Note 7)	(23,292)	(38,573)
End of financial year	282,776	306,068
Trade (Note 14)	176,393	176,393
Non-trade (Note 14)	106,383	129,675
	282,776	306,068

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.

27 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

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

Construction contracts due from customers

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

	Group and Company	
	2017	**2016**
	$	**$**
Gross amount:		
Construction contracts amount due from customers	-	-
Less: Allowance for impairment	-	-
	-	-
Beginning of financial year	-	5,332,925
Write back (Note 7)	-	(3,855,373)
Write-off	-	(1,477,552)
End of financial year	-	-

The allowance for impairment amounting to $3,855,373 has been written back during the financial year ended 30 June 2016 as subsequent billings have been made on the amount and paid by the customers.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities (Note 19) 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 bank balances as disclosed in Note 13.

27 Financial risk management (Cont'd)

(c) Liquidity risk (Cont'd)

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.

	Less than 1 year $
Group	
At 30 June 2017	
Trade and other payables	20,118,565
Borrowings	6,425,000
At 30 June 2016	
Trade and other payables	53,994,583
Borrowings	22,180,668
Company	
At 30 June 2017	
Trade and other payables	20,863,356
Borrowings	6,425,000
At 30 June 2016	
Trade and other payables	54,746,045
Borrowings	22,180,668

(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 2016 to provide financial support to the Company in relation to its working capital purposes by exercising the Warrants Shares to subscribe for new ordinary shares of the Company when required and provide continuing financial support to enable the Group and Company to continue as going concerns.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2017 and 2016.

27 Financial risk management (Cont'd)

(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				
2017				
Available-for-sale financial assets	11,680	-	-	11,680
2016				
Available-for-sale financial assets	10,568	-	-	10,568

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.

27 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	
	2017	2016	2017	2016
	$	$	$	$
Loans and receivables	26,920,164	16,813,160	26,910,429	16,795,150
Financial liabilities at amortised cost	26,543,565	76,175,251	27,288,356	76,926,713

28 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.

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Financial Statements
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28 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 receivables				
- Trade receivables	-	-	-	-
- 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

28 Segment information (Cont'd)

Primary reporting format – business segments:

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

28 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.

	2017 $	2016 $
Segment assets for reportable segments	31,436,823	21,149,004
Unallocated:		
- Cash and cash equivalents	852,521	3,835,767
- Other receivables	1,728,448	1,280,784
- Construction contract work-in-progress	-	5,476
- Available-for-sale financial assets	11,680	10,568
- Property, plant and equipment	1,455,626	5,511,360
	35,485,098	31,792,959

(ii) Segment liabilities

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

	2017 $	2016 $
Segment liabilities for reportable segments	16,222,354	31,489,818
Unallocated:		
- Other payables	3,896,211	24,694,686
- Borrowings	6,425,000	20,650,550
	26,543,565	76,835,054

28 Segment information (Cont'd)

(b) Information about major customers

Revenue from a major customer amounted to $49,191,362 (2016: $30,327,566), arising from sales of civil engineering and tunnelling segment.

	2017 $	2016 $
Civil engineering	48,747,144	26,491,718
Tunnelling	444,218	3,835,848
	49,191,362	30,327,566

(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.

29 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.

29 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.

29 Significant events (Cont'd)

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

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

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

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

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

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

(d) *Proposed issue 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 and will not be listed.

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.

29 Significant events (Cont'd)

(d) *Proposed issue of Convertible Bonds (Cont'd)*

(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.

The Company intends to use the net proceeds for working capital purposes.

(e) *Other*

On 2 December 2016, the Board of Directors announced that, pursuant to Accounting and Corporate Regulatory Authority (ACRA)'s Financial Reporting Surveillance Programme ("FRSP"), ACRA had on 25 November 2016 issued to the Board of Directors an advisory letter on compliance with accounting standards (the "Advisory Letter"). The Advisory Letter was issued following a series of queries and responses between the Company and ACRA.

The Advisory Letter states that ACRA has issued a warning to Mr Ong Hock Leong and Mr Chee Tet Choy, Andy, who were signatories of the financial statements for the financial year ended 30 June 2014 ("FY2014") for a breach of Section 201(3A) of the Companies Act, Chapter 50 for an instance of severe non-compliance.

After considering the Company's responses, ACRA has concluded that the FY2014 financial statements do not comply with Paragraph 53 of FRS 40 *Investment Property*.

As disclosed in Note 2.8, the Group has adopted fair value model to its investment property. Paragraph 53 of FRS 40 *Investment Property* contains a general presumption that the fair value of an investment property can be reliably measured on a continuing basis. The Group has rebutted the general presumption and measured its investment property under construction at cost rather than fair value as at 30 June 2014.

Pursuant to the Advisory Letter, ACRA has requested the Company to restate and re-file the re-audited financial statements for FY2014 and FY2015.

There is no impact to the consolidated financial statements of the Group and the statement of financial position of the Company for the year ended 30 June 2017.

30 New or revised accounting standards and interpretations

Below are the mandatory accounting standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group and the Company's accounting periods beginning on or after 1 July 2017 or later periods and which the Group and the Company has not early adopted:

<u>Effective for annual periods beginning on or after 1 January 2017</u>

- Amendments to FRS 7: Disclosure Initiatives
- Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Improvements to FRSs (December 2016)
    - Amendments to FRS 112: Disclosure of Interest in Other Entities

<u>Effective for annual periods beginning on or after 1 January 2018</u>

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts and Customers
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 40: Transfer of Investment Property
- INT FRS 122 Foreign Currency Transactions and Advance Consideration
- Improvements to FRSs (December 2016)
    - Amendments to FRS 101: First-time Adoption of Financial Reporting Standards
    - Amendments to FRS 28: Investments in Associates and Joint Ventures

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

- FRS 116 Leases Illustrative Examples & Amendments to Guidance on Other Standards

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

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group and the Company's accounting periods beginning on or after 1 July 2017 or later periods and which the Group and the Company has not early adopted: (Cont'd)

Effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the ASC

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group has yet to assess the full impact from adoption of the above standards and intends to apply the relevant standards in the financial years where the standards become effective.

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 109 Financial Instruments

The complete version of FRS 109 replaces most of the guidance in FRS 39. 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. Investment 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.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the financial assets of the Group would appear to satisfy the conditions for classification as amortised cost and hence there will be no change to the accounting for these assets.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

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 actually use for risk management purposes. There will be no impact on the Group's accounting as the Group does not have any such hedging instrument.

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

FRS 109 Financial Instruments (Cont'd)

There is now a new expected credit losses 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. While the Group has not yet undertaken a detailed assessment on how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

FRS 115 Revenue from Contracts and Customers

This is the converged standard on revenue recognition. It 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 goods or services. 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.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make a more detailed assessment of the impact over the next twelve months.

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

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.

As the Group currently has no finance leases and its operating leases will be fulfilled in the next twelve months, no significant impact to the Group's results are expected to arise at the current moment as a result of the adoption FRS 116.

IFRS Convergence in 2018

Singapore-incorporated companies listed on the SGX-ST will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 30 June 2019, with retrospective application to the comparative financial year ending 30 June 2018 and the opening statement of financial position as at 1 July 2017.

Management expects the potential impact arising from new/amended IFRS will be consistent with those disclosed above. Management is currently performing a detailed analysis at the transition options and other requirements of IFRS 1.

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, management does not expect any material change to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/amended IFRSs, and the election of certain transition options amended under IFRS 1.

Statistics of Shareholdings

As at 22 September 2017

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	8	0.75	362	0.00
100 - 1,000	60	5.63	50,562	0.00
1,001 - 10,000	94	8.83	644,259	0.02
10,001 - 1,000,000	787	73.90	215,250,432	7.60
1,000,001 AND ABOVE	116	10.89	2,616,213,892	92.38
TOTAL	**1,065**	**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.	158,986,435	5.61
4	SHEC HOLDINGS PTE LTD (IN MEMBERS VOLUNTARY LIQUIDATION)	147,329,650	5.20
5	CITIBANK NOMINEES SINGAPORE PTE LTD	89,844,148	3.17
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	66,872,213	2.36
7	LIM POH CHOO ALICE (LIN BAOZHU)	49,527,300	1.75
8	ACL CONSTRUCTION (S) PTE LTD	47,280,055	1.67
9	PHUA JOO	26,205,768	0.93
10	ONG HOI LIAN	19,000,070	0.67
11	ONG GEK HOON	15,851,958	0.56
12	ONG KAH LAM	14,854,070	0.52
13	ENGINEERING MANUFACTURING SERVICES (S) PTE LTD	14,000,000	0.49
14	EST OF ANG SIEW KEE, DEC'D	12,766,660	0.45
15	ONG SIEW CHING (WANG XIUZHEN)	12,412,035	0.44
16	ONG ENG HOE	12,127,035	0.43
17	CHUA TIONG JOO	12,000,000	0.42
18	TAN KIM CHENG	10,600,000	0.37
19	TEHC INTERNATIONAL PTE LTD	10,323,461	0.36
20	RAFFLES NOMINEES (PTE) LIMITED	9,190,800	0.32
	TOTAL	**2,345,999,417**	**82.81**

Statistics of Shareholdings

As at 22 September 2017

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Shareholders as at 22 September 2017)

Name of Substantial Shareholder	Direct Interest Number of Shares	%	Deemed Interest Number of Shares	%	Total Interest Number of Shares	%
KH Foges Pte Ltd[1]	1,485,287,706[2]	-	-	-	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
SHEC Holdings Pte Ltd	147,329,650	5.20	-	-	147,329,650	5.20
Ong Hock Leong[3][4]	216,827,759	7.66	147,853,460	5.22	364,681,219	12.88
Ong Hur Seng[3]	-	-	147,329,650	5.20	147,329,650	5.20
Ong Kah Lam[3]	14,854,070	0.52	147,329,650	5.20	162,183,720	5.72
Ong Hoi Lian[3]	23,054,070	0.81	147,329,650	5.20	170,383,720	6.01

Notes:

(1) KH Foges Pte. Ltd. holds 500,000,000 warrants issued by the Company on 11 August 2016 with each warrant carrying the right to subscribe for one (1) new share in the Company.

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

(3) SHEC Holdings Pte Ltd holds 147,329,650 shares in the Company. Ong Hur Seng, Ong Hock Leong, Ong Hoi Lian and Ong Kah Lam, each hold 20% 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 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 Yeow. Ong Hock Leong's deemed interest includes 523,810 shares held in the name of the Estate of Ong Whay Yeow. Mr Ong Hock Leong's 104,854,070 shares are held in the name of RHB Securities Singapore Pte Ltd.

Percentage of shareholding held in the hands of the public

As at 22 September 2017, as far as the Company is aware, the percentage of shareholding in the hands of the public is approximately 33.37%. 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 **58 Sungei Kadut Drive Singapore 729572 on 31 October 2017 at 2 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 2017 together with the Auditors' Report thereon.	**Resolution 1**
2.	To receive and adopt the restated Audited Accounts of the Company for the financial year ended 30 June 2014. [See Explanatory Note (i)]	**Resolution 2**
3.	To receive and adopt the restated Audited Accounts of the Company for the financial year ended 30 June 2015. [See Explanatory Note (i)]	**Resolution 3**
4.	To re-elect Mr Yeo Junyu pursuant to Article 102 of the Company's Constitution. [See Explanatory Note (ii)]	**Resolution 4**
5.	To re-elect Mr Moorthy Varadhan pursuant to Article 102 of the Company's Constitution. [See Explanatory Note (ii)]	**Resolution 5**
6.	To re-elect Mr Anil Dhanpatlal Agrawal pursuant to Article 98 of the Company's Constitution. [See Explanatory Note (iii)]	**Resolution 6**
7.	To re-elect Mr Peter Moe pursuant to Article 98 of the Company's Constitution. [See Explanatory Note (iii)]	**Resolution 7**
8.	To approve the payment of Directors' fees of up to S$270,000 for the financial year ending 30 June 2018, to be paid quarterly in arrears.	**Resolution 8**
9.	To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration.	**Resolution 9**
10.	To transact any other ordinary business which may properly be transacted at an Annual General Meeting.	

SPECIAL BUSINESSES

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

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

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

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

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

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

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

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

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

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

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

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier” **Resolution 10**

[See Explanatory Note (iv)]

By Order of the Board

Tan Swee Gek / Ong Beng Hong
Joint Company Secretary
16 October 2017

Notice of
Annual General Meeting

Explanatory Notes:

(i) Under the Accounting & Corporate Regulatory Authority's ("**ACRA**") Financial Reporting Surveillance Programme, ACRA had on 25 November 2016 issued to the Board of Directors of the Company an advisory letter on compliance with accounting standards. Pursuant to the advisory letter, the Company is required to restate and refile its audited accounts for the financial years ended 30 June 2014 and 30 June 2015.

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

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

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

(iii) The effect of the Ordinary Resolution 6 and 7 above, is to re-elect the director of the Company who is retiring from office by rotation.

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

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

(iv) The Ordinary Resolution 10 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares), of which up to 20% may be issued other than on a pro rata basis to shareholders.

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

Notice of
Annual General Meeting

Notes:

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

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

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

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

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 58 Sungei Kadut Drive Singapore 729572 not less than 48 hours before the time appointed for holding the 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 58 Sungei Kadut Drive Singapore 729572 on 31 October 2017 at 2 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 2017		
2	To receive and adopt the restated Audited Accounts of the Company for the financial year ended 30 June 2014		
3	To receive and adopt the restated Audited Accounts of the Company for the financial year ended 30 June 2015		
4	Re-election of Mr Yeo Junyu as a Director		
5	Re-election of Mr Moorthy Varadhan as a Director		
6	Re-election of Mr Anil Dhanpatlal Agrawal as a Director		
7	Re-election of Mr Peter Moe as a Director		
8	Approval of Directors' fees amounting to S$270,000 for the financial year ending 30 June 2018, to be paid quarterly in arrears		
9	Re-appointment of Nexia TS Public Accounting Corporation as Auditors		
10	Authority to issue shares and convertible securities pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this _________ day of __________________ 2017

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.

Designed
& Produced by
+65 6880 2828 Xpress®

SWEE HONG

FIRST WORLD CITY BUILDERS

Company Reg. No.198001852R

SWEE HONG LIMITED
58 Sungei Kadut Drive Singapore 729572
(65) 6763 1212 • (65) 6760 4637