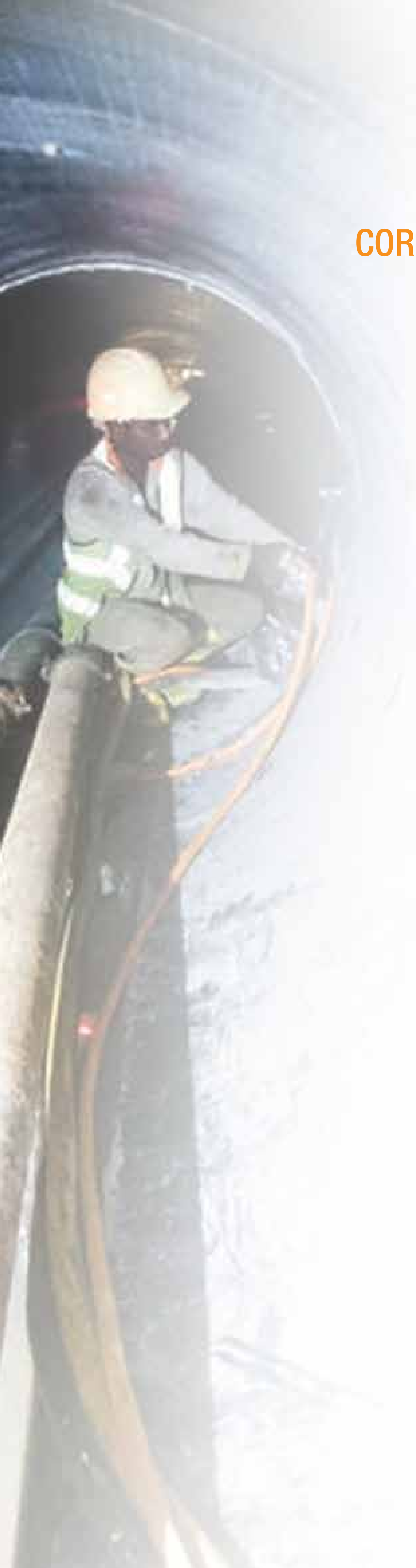
SWEE HONG

FIRST WORLD CITY BUILDERS

ANNUAL REPORT 2015

STRENGTH THROUGH STABILITY



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Hock Leong, Managing Director

Ong Hoi Lian, Non-Executive Non-Independent Director,
(Appointed 05 January 2015)

AUDIT COMMITTEE

-

NOMINATING COMMITTEE

-

REMUNERATION COMMITTEE

-

PRINCIPAL BANKERS

OCBC Bank Limited

COMPANY SECRETARY

Tan Swee Gek, LLB (Hons)

Ong Beng Hong, LLB (Hons)

REGISTERED OFFICE

190A/C Choa Chu Kang Avenue 1, Comfort Garden, Singapore 689466

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

AUDITOR

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

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CORPORATE PROFILE

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

As a civil engineering contracting company licensed by the Building and Construction Authority (BCA), three pillars outline Swee Hong’s expertise – Parks and Services, Infrastructure Construction and Tunnelling. Within Park and Services, Swee Hong provides a architectural, mechanical and electrical (M&E), civil and structure (C&S), soil works, landscaping and project management services. Under Infrastructure Construction, roads, bridges, flyover, canals and sewers feature mainly in the list of completed projects. Microtunnelling and pipe-jacking is also evident in Swee Hong’s projects which outlines the use of trenchless technology.

Swee Hong’s focus 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 transform the field of civil engineering in years to come through it’s technology and knowledge driven work culture.

CORPORATE STRUCTURE

Swee Hong Limited

- **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

⬛ Dormant Overseas Subsidiary Corporation

🟧 Dormant Singapore Subsidiary Corporations

CURRENT PROJECTS

POB2 Bridge Demolision (ER405: Widening of Upper Paya Lebar Road Project)

T2136: Sewer Diversion at Springleaf Station

ER405 – ROAD WIDENING OF UPPER PAYA LEBAR ROAD FROM UPPER SERANGOON ROAD TO BARTLEY ROAD

The Land Transport Authority (LTA) awarded Swee Hong Limited the contract worth approximately $12.8 million, for the widening of the 1.3 kilometer stretch, between Upper Serangoon Road and Bartley Road.

To help ease traffic congestions during peak hours, the dual-three lanes will be widened to dual-four lanes.

The widening works will enable the road to cater to the expected increase in traffic arising from future redevelopments and growth in the area.

The project has substantially completed in 4th quarter of 2015. The remaining minor works and reinstatement works are expected to be completed by January 2016. Motorists can expect a smoother traffic flow due to the increased capacity provided by the additional lane

CONTRACT T2136: SEWER DIVERSION AT SPRINGLEAF STATION

Land Transport Authority (LTA) of Singapore awarded Contract T2136: Sewer Diversion at Springleaf Station to Swee Hong Limited. This project is worth $13.9 million and it involves diverting the existing sewer networks at Upper Thomson Road. The advance works are necessary in order to facilitate the construction of the future Springleaf Station for the Thomson East Coast Line (TEL).

Contract T2136 includes designing a new sewer network and subsequently, build the proposed sewer line with the help of Micro Tunneling Boring Machine (MTBM) technology.

This project is estimated to be completed in January 2016.

CURRENT PROJECTS

TBM (Tunnel Boring Machine) Launch at Nee Soon (MH14) (Sewerage Scheme to Phase Out Nee Soon Pumping Station – Contract 1)

PROJECT TITLE: 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 has since commenced in November 2011 and is expected to be completed by last quarter of 2016.

Artist Impression of ER 382 – New Road between MacRitchie Viaduct & Adam Flyover

PROJECT TITLE: ER382 – NEW ROAD BETWEEN MACRITCHIE VIADUCT & ADAM FLYOVER

In order to ease traffic congestion, the Land Transport Authority (LTA) has awarded the contract to Swee Hong Limited to carry out the construction of new road between MacRitchie Viaduct and Adam Flyover. The completed improvement works will consist of a new dual four-land connecting MacRitchie Viaduct to Adam Flyover via Bukit Brown Cemetery as well as construction of vehicular traffic ways such as underpass, bridge structures etc.

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

MANAGING DIRECTOR'S MESSAGE

> "We are grateful to our Clients for continuing to keep their faith with the Company to overcome the most challenging period in the Company's long history."
>
> Ong Hock Leong
> Managing Director

It has been a challenging and trying year for Swee Hong.

The company faced severe cash flow issues due to the delay in the completion of the North Coast Lodge dormitory project. We engaged Ernst and Young Solutions LLP as our Independent Financial Advisors ("IFA") to assist in financial restructuring of the Company to bring it back to solvency.

The Company, on 10 February 2015 filed an application to propose a scheme of arrangement. On 25 February 2015, the Company successfully obtained an order from the Court which restrains, for a period of 6 months, further proceedings in any action or proceeding against the Company. The Order was to bring stability to the Company's operations, and allow the Company time to finalise the scheme of arrangement in consultation with its key creditors. The Order also strengthens and reinforces the Company's ability to perform its obligations under its ongoing public sector construction contracts. The moratorium has been extended by the Courts and is still in effect.

As part of the debt restructuring exercise, the Company together with the IFA decided to dispose the North Coast Lodge Dormitory. The dormitory was sold in June 2015 for a gross consideration of S$30 million. The Company is also in the process of disposing its office located at 190A/C Choa Chu Kang Avenue 1 to raise funds to pay creditors of the Scheme.

Another set-back we faced was that on 06 October 2015, the Company was notified by the solicitors acting for United Overseas Bank Limited, that an option granted to purchase the lease of Kranji Premises to an entity on 30 September 2015, had been exercised.

Though the Company faced many setbacks, we remained resilient and focused. We continued to work with the IFA and a formal Scheme was presented to the Creditors. At the Court meeting held on 06 November 2015, The Company obtained majority creditors' approval for the Scheme; and the High Court of Singapore, on 25 November 2015, approved the Scheme and granted the orders in the Application.

Another significant development was that on 23 November 2015, The Company entered into a conditional subscription agreement with Singapore Infrastructure (Asia Pacific) Pte. Ltd. (the "Subscriber") pursuant to which the Company has agreed to allot and issue to the Subscriber on the terms and subject to the conditions of the Subscription Agreement. The Subscriber was incorporated in Singapore on 5 November 2014 and is a subsidiary of a company based in the People's Republic of China, which is engaged in the construction of bridges, tunnels, viaducts and elevated highways. The Company agreed to such proposed issue as it requires fresh capital.

While the Company was undergoing the debt-restructuring exercise, the construction projects are still on-going. They are progressing at a slower pace but, the situation is improving and the projects pace is gaining momentum. We are grateful to our Clients for continuing to keep their faith with the Company to overcome the most challenging period in the Company's long history.

It has been a tough year and a tough lesson learnt. Moving forward, we will work hard to gain stability, gathering strength as we get back on our tracks. We look forward to your continual support and a better year ahead.

OPERATIONS REVIEW

PROFIT AND LOSS

Revenue by business segment

	FY2015 $	FY2014 $
Civil Engineering	15,793,855	19,938,469
Tunnelling	6,327,334	11,430,654
	22,121,189	31,369,123

The Group's total revenue decreased by $9.3 million from $31.4 million in FY2014 to $22.1 million in FY2015 mainly due to slow progress of the on-going projects due to Company's financial difficulties. Revenue from civil engineering segment decreased by $4.1 million from $19.9 million in FY2014 to $15.8 million in FY2015. Similarly, revenue from tunnelling segment decreased by $5.1 million from $11.4 million in FY2014 to $6.3 million in FY2015.

The Group's gross loss decreased by $2.6 million from $7.6 million incurred in FY2014 (restated) to $5.0 million in FY2015. Gross loss from civil engineering segment increased by $0.1million from approximately $2.1 million in FY2014 to $2.2 million in FY2015 mainly due to the slowdown in progress of projects during the year which resulted in cost over-runs. Gross loss from tunnelling segment decreased by $2.7 million from $5.6 million in FY2014 to $2.9 million in FY2015 mainly due to the decrease in provision for cost over-run provided in the current financial year as compared to the previous financial year.

Distribution and marketing expenses decreased by $0.4 million from $0.5 million in FY2014 to $0.1 million in FY2015 mainly due to reduced marketing and advertisement expenses incurred during the year.

Administrative expenses for FY2015 increased by $2.6 million from $12.0 million in FY2014 (restated) to $14.6 million in FY2015. The increase was mainly due to impairment of property, plant and equipment of $8.3 million partially offset against decrease of $2.3 million in employee compensation and other reduction in expenses parallel to lower level of activities during the current financial year compared to previous financial year.

The income and expenditure of dormitory business segment has been reclassified as discontinued operations due to the disposal of the dormitory located at 300 Admiralty Road West on 16 July 2015. The loss from discontinued operations was mainly due to re-measurement of assets classified as held-for-sale to fair value less cost to sell recognised to profit or loss of $23.0 million and amortisation of $3.6 million.

The Group incurred a net loss after tax of approximately $51.3 million due to the reasons stated above.

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OPERATIONS REVIEW

BALANCE SHEET

Trade and other receivables as at 30 June 2015 amounting to $15.1 million decreased by approximately $6.3 million as compared to $21.4 million as at 30 June 2014 mainly due to lower trade receivables from construction contracts of $6.7 million.

Assets classified as held-for-sale relates to the property located at 190A/190C Choa Chu Kang Avenue 1 which is expected to be sold in the near future and the dormitory business segment which is discontinued following the disposal of the foreign workers dormitory located at 300 Admiralty Road West on 16 July 2015. The assets classified held-for-sale also includes rental receivables and deposits directly associated to the dormitory.

Available-for-sale financial assets as of 30 June 2015 amounting to $0.3 million decreased by $0.1 million as compared to $0.4 million as of 30 June 2014 due to disposal of shares held by the Group.

Investment in associated company as of 30 June 2015 is nil due to the disposal of shares in United Singapore Builders Pte Ltd during the year.

Property, plant and equipment decreased by approximately $9.0 million from $21.0 million as of 30 June 2014 to $12.0 million as of 30 June 2015 mainly due impairment loss recognised of $8.3 million relating to leasehold land and property under construction and reclassification of $0.4 million from property, plant and equipment to assets held-for-sale.

Trade and other payables increased by approximately $22.5 million from $30.5 million as of 30 June 2014 to $53.0 million as of 30 June 2015 due to higher creditor turnover days as the Group experienced financial difficulties that resulted in delays in payments to trade and non-trade creditors.

The Group's borrowings increased significantly by $27.1 million from $16.0 million as at 30 June 2014 to $43.1 million as at 30 June 2015 mainly due to drawdown of financing facilities for the construction of investment property under construction.

Liabilities directly associated with assets classified as held-for-sale comprises of tenants deposits relating to discontinued dormitory business segment.

Group's net current liabilities as at 30 June 2015 amounted to $47.0 million mainly due to reclassification of long term borrowings which has since become due and payable immediately.

CASH FLOW

Cash provided by operating activities during the year amounted to $13.7 million mainly due to the increase in trade and other payables. Net cash of approximately $38.3 million used in investing activities were mainly due to additions to investment property under construction of approximately $36.6 million and additions to property, plant and machinery of approximately $1.9 million partially offset by proceeds from sale of property plant and equipment and sale of shares held under available-for-sale financial assets amounting to $0.1 million. Net cash of approximately $28.2 million provided by financing activities was mainly due to proceeds from bank borrowings of approximately $23.7 million to fund the construction of investment property and $9.0 million loan from director for working capital purposes. These were partially offset by repayments of approximately $4.7 million.

Overall, cash and cash equivalents stood at approximately $3.2 million as of 30 June 2015.

MR ONG HOCK LEONG

is our Managing Director. He has been our Managing Director since his appointment to the Board on 31 March 2008. He has more than 17 years of experience in the civil engineering industry and is responsible for the formulation of strategies and steering the directions for the business development of our Group, as well as the overall management and day-to-day operations of our Group especially in the preparation of tenders and management of projects (including contractual, technical and project operation matters). Prior to becoming our Managing Director, he worked with our Company as a contracts manager from 1998 to 2008, and as a quantity surveyor from 1994 to 1998. He obtained a Diploma in Building from Singapore Polytechnic in 1991. In April 2011, he was appointed as the BCA's Industry Ambassador for Construction Productivity, to work together with BCA to raise the industry's awareness of the need to boost productivity and build capability in order to remain competitive.

MR ONG HOI LIAN

Mr Ong Hoi Lian is our Non-Executive Director. He was appointed to the Board on 5 January 2015. Prior to his current appointment, Mr Ong Hoi Lian served as Non-Executive Director from 05 June 1980 to 30 March 2014. He has more than 32 years of experience in the civil engineering industry and was responsible for overseeing several of the Company's projects. He has overseen, directed and brought to completion several of the Company's milestone projects, such as the One-North Project, the HDB (Road Repair and Re-surfacing) Project and the contract for the road, sewer, drainage and communications networks at Changi East (Phase 1), which have contributed to the Company's growth and success. In addition to his involvement with our Group, he is also the vice-president of the Tai Guan Ong See Association since 2009, the public relations manager of the Bukit Panjang Kong Huay since 2009, and the vice-treasurer of the South View Primary School Alumni since 1998.

KEY MANAGEMENT

DR. WONG SIEW MOH

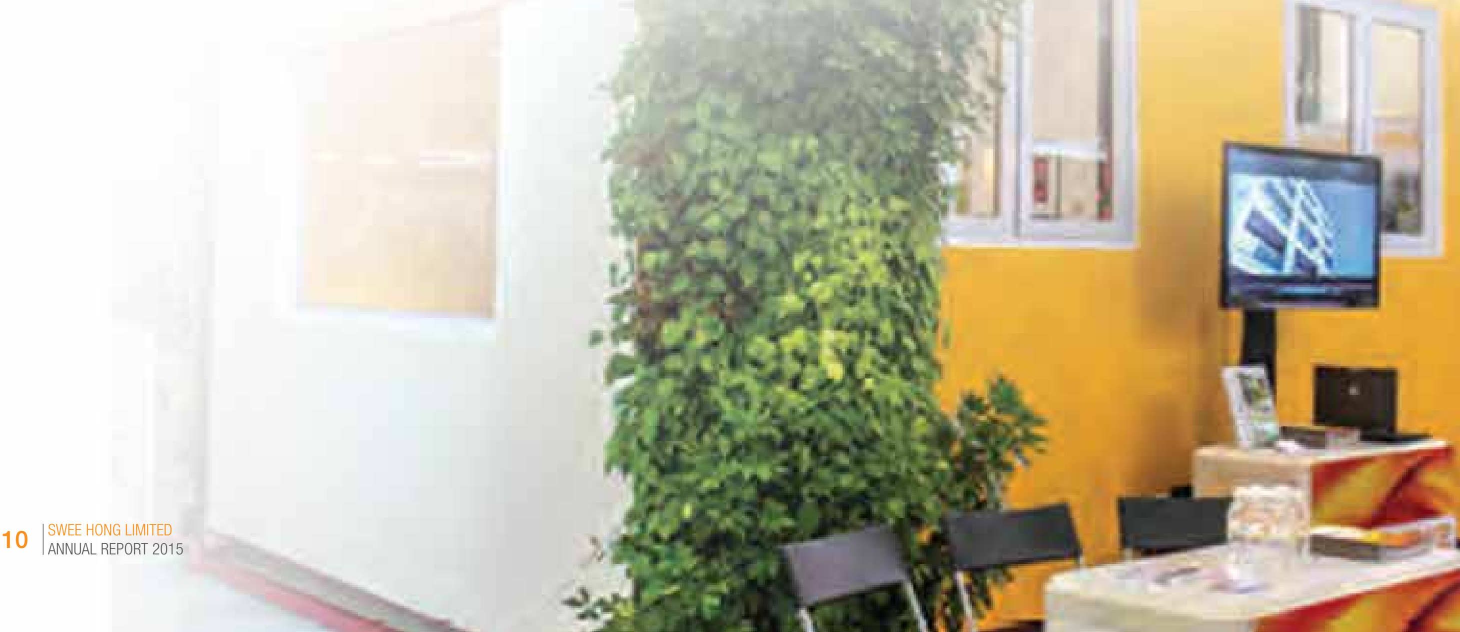
is our Technical Manager. He joined our Group in July 2009. He is in charge of managing projects and assisting in tender submissions. He also performs structural analysis and design, resolves technical issues, performs geotechnical and finite element analysis, and reviews design proposals from consultants and sub-contractors. From July 2009 to March 2010, he was an assistant technical manager with our Company. Prior to joining our Group, he has worked as an assistant project manager at Lifa Engineering Pte Ltd from May 2009 to June 2009, as a senior engineer at Engineering & Marine Services (Pte) Ltd from July 2007 to April 2009, as a structural engineer at Arup Singapore Pte Ltd from November 2005 to June 2007, and a design engineer at FELS Cranes Pte Ltd from January 2005 to October 2005. He graduated from the University of Leeds with Bachelor of Engineering (Honours Class 1) (Civil Engineering) in 1997, from Nanyang Technological University with Master of Engineering in 2000 and from the Imperial College of Science, Technology and Medicine with Doctor of Philosophy and Diploma of Imperial College (Structural Engineering) in 2004 and 2005 respectively. His research works have been published in several international journals and conferences. He was also awarded the UK Overseas Research Scholarship (ORS) from 2002 to 2004.

He has been selected by the BCA to join the Young Leaders Programme, which aims to nurture young professionals to lead in the construction industry by engaging them in policy-making and facilitating their training and upgrading. He has overseen the successful completion of the Company's projects such as the PUB-North Coastal Sewer Extension- Contracts 1 and 3, Jurong East Project, Eng Neo Avenue Project, Seletar Aero Drive Project, LTA-C9081A Sewer Diversion at Kallang Bahru and Desilting of Stamford Canal. He is currently in charge of T2136 Project (Sewer Diversion at Springleaf Station).

MOHAMED AMANULLAH

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

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



The Board of Directors of Swee Hong Limited ("the Company") and together with its subsidiaries (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 2015.

1. BOARD MATTERS

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

1.1 The Role of the Board

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

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

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

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

(c) review Management's performance;

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

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

(f) consider any sustainability issues;

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

(h) establishing a framework of prudent and effective controls which enables risks to be assessed and managed.

1.2 Board Processes

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

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

At the start of the financial year ended 30 June 2015, the AC, NC and RC comprised of the Company's previous Independent Directors, Mr Chee Tet Choy Andy, Mr Sim Chee Siong and Mr Chen Kee Yeong Lawrence. Pursuant to the retirements of Mr Sim Chee Siong and Mr Chen Kee Yeong Lawrence as Directors of the Company at the Company's last annual general meeting on 31 October 2014 and the resignation of Mr Chee Tet Choy Andy on 10 November 2014 (collectively, the "ID Cessations"), the Company, as at the date of this Annual Report, does not have any Independent Directors. Following the ID Cessations, the Company had immediately commenced searches for potential candidates to fill the vacated positions, however, as announced via SGXNET on 20 October 2015, the Company has been unsuccessful to date in part due to such potential candidates' concerns about the financial position and outlook of the Company. As announced via SGXNET on 20 October 2015, the Singapore Exchange Securities Trading Limited (the "SGX-ST") had, inter alia, granted to the Company an extension of time for the appointment of at least two new Independent Directors by 31 December 2015 (the "SGX Grant of EOT").

The Board is still in the process of identifying, recruiting and appointing new Independent Directors who shall also be members of the Board Committees. Once the appropriate candidates have been identified, recruited and appointed, the necessary announcement(s) relating to such appointments will be made. In the interim period before suitable Independent Directors and Board Committee members are appointed, the duties and obligations of the Board Committees will be discharged by the Board and the Chief Financial Officer.

The re-constitution of 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 is prepared in consultation with Mr Ong Hock Leong, the Managing Director who is also the Group CEO (the “MD/CEO”). The advice of Mr Chee Tet Choy Andy, the Chairman, was also sought during his tenure 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.

With the retirement/resignation of the independent directors in October and November 2014, the NC, AC and RC remains vacant as the Company was unable to appoint new independent directors to the Company due to the Company’s financial distress situation.

1.3 Directors’ meeting held

During the financial year ended 30 June 2015, the board held four Board meetings, one AC meeting, one NC meeting and one RC meeting.

The attendance of the Directors at meetings of the Board and Board Committees during the financial year ended 30 June 2015 were as follows:

		Committee		
	Board	**Audit**	**Nominating**	**Remuneration**
Number of Meetings held:	4	1	1	1
Name of Director				
Mr. Ong Hoi Lian(1)	–	–	–	–
Mr. Ong Hock Leong	4	1 (Invited)	1 (Invited)	1 (Invited)
Mr Chee Tet Choy Andy(2)	4	1	1	1
Mr Sim Chee Siong(3)	3	1	1	1
Mr Chen Kee Yeong Lawrence(4)	3	1	1	1

Notes:

(1) Mr Ong Hoi Lian was appointed as a Non-Executive Director of the Company on 5 January 2015. The announcement relating to Mr Ong Hoi Lian’s appointment as a Director of the Company was released via SGXNET on 5 January 2015. Following Mr Ong Hoi Lian’s appointment to the Board, no Board or Board Committee meetings were held.

(2) Mr Chee Tet Choy Andy resigned as a Director of the Company on 10 November 2014. Pursuant to his cessation, Mr Chee Tet Choy Andy also ceased to be the Lead Independent Director of the Company, the Chairman of the Board, the Chairman of the Nominating Committee, and a member of each of the Audit Committee and Remuneration Committee. The announcement relating to Mr Chee Tet Choy’s cessation as a Director of the Company was released via SGXNET on 11 November 2014.

(3) Mr Sim Chee Siong retired as a Director of the Company at the Company’s last annual general meeting on 31 October 2014 pursuant to Article 102 of the Company’s Articles of Association and did not seek re-election. Pursuant to his retirement, Mr Sim Chee Siong also ceased to be an Independent Director of the Company, the Chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nominating Committee. The announcement relating to Mr Sim Chee Siong’s cessation as a Director of the Company was released via SGXNET on 31 October 2014.

(4) Mr Chen Kee Yeong Lawrence retired as a Director of the Company at the Company’s last annual general meeting on 31 October 2014 pursuant to Article 102 of the Company’s Articles of Association and did not seek re-election. Pursuant to his retirement, Mr Chen Kee Yeong Lawrence also ceased to be an Independent Director of the Company, the Chairman of the Audit Committee, and a member of each of the Remuneration Committee and Nominating Committee. The announcement relating to Mr Chen Kee Yeong Lawrence’s retirement was released via SGXNET on 31 October 2014.

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

1.4 Matters Requiring Board Approval

The MD/CEO 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, 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

As at the date of this Annual Report, the Company does not have any Independent Directors. Following the ID Cessations, the AC, NC and RC remain vacant as the Company was unable to appoint new independent directors to the Company due to the Company's financial distress situation.

During the financial year ended 30 June 2015, Mr Ong Hoi Lian was appointed as a Non-Executive, Non-Independent Director. Mr Ong Hoi Lian was previously a Director of the Company from 5 June 1980 to 20 March 2014.

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 Ong Hoi Lian was given a formal letter setting out his duties and obligations upon his appointment setting out his duties and obligations. However, due to Mr Ong Hoi Lian's previous experience with the Company, he did not undergo a comprehensive orientation program tailored for newly-appointed Directors of the Company as he is already familiar with the Group's business and governance practices.

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.

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 two members, both of whom are non-independent Directors.

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

EXECUTIVE DIRECTOR
Mr. Ong Hock Leong (Managing Director/Group CEO)

NON-EXECUTIVE NON-INDEPENDENT DIRECTOR
Mr. Ong Hoi Lian

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

During the financial year ended 30 June 2015, the Company was and continues to face challenging circumstances due to the financial distress suffered. As a result, the Company has not been successful in its endeavours to appoint new Independent Directors to the Board. In connection with this, as announced via SGXNET on 25 August 2015, the Company had on 25 August 2015 submitted an application to the SGX-ST for a waiver from compliance with Listing Rules 704(8) and 720(1) read with Listing Rule 210(5) and an extension of time to 31 December 2015 for the Company to appoint Independent Directors. Thereafter, as announced via SGXNET on 20 October 2015, the SGX-ST granted to the Company the SGX Grant of EOT on 19 October 2015.

The Board is still in the process of identifying, recruiting and appointing new Independent Directors, and once appropriate candidates have been identified, recruited and appointed, the necessary announcement(s) relating to such appointments will be made.

The Board regularly examines its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself, taking into account the scope and nature of the Group's business operations. In the course of the Board identifying suitable candidates to be appointed as new Independent Directors of the Company, the Board will also have due regard to the composition of the Board and ensure that the Board would have the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The composition of the Board will be reviewed on an annual basis by the NC. As the Company currently does not have an NC, the current directors will ensure that new Independent Directors that are capable of exercising objective judgment on the corporate affairs of the Group independently of Management are appointed such that no individual or small group of individuals dominate the Board's decision-making process.

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

1.7 Independent Members of the Board of Directors

Mr. Chee Tet Choy Andy who was appointed as the Lead Independent Director ("LID") on 14 April 2014 resigned on 10 November 2014. Accordingly, as at the date of this Annual Report, the Company does not have an LID. Pursuant to Guideline 3.3 of the Code, a company should appoint an 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. In the event that the foregoing circumstances are met, the Board will appoint an LID in compliance with Guideline 3.3 of the Code.

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 such 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 no Independent Directors on the Board. However, pursuant to the SGX Grant of EOT on 19 October 2015, the Company is using its best endeavours to appoint at least two new Independent Directors as soon as possible. Once such new Independent Directors are appointed, the necessary announcement(s) relating to such appointments will be made.

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

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

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

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

d) a director, or a director 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 organisation to which the company or any of its subsidiaries made, or from which the company or any of its subsidiaries received, significant payments or material services 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.

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 MD/CEO by keeping these positions separate so as to ensure a proper balance of power and authority in the Group. The position of Non-Executive Chairman was previously held by Mr Chee Tet Choy Andy who was also the LID of the Company. Pursuant to Mr Chee Tey Choy's resignation as a Director of the Company, the Company, as at the date of this Annual Report, does not have a Chairman of the Board. It is the Company's intention that the new Chairman of the Board will be appointed amongst the new Independent Directors to be appointed by the Company.

During his tenure as the Non-Executive Chairman, Mr. Chee Tet Choy Andy, led the Board to ensure its effectiveness and approved the agenda of each Board meeting in consultation with the MD/CEO. The Non-Executive Chairman monitored communications and relations between the Company and its shareholders, within the Board and between the Board and the Management, with a view to encouraging constructive relations and dialogue amongst them.

Mr. Ong Hock Leong, the MD/CEO, 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 MD/CEO 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. Going forward, it is the Company's intention to keep the roles of the Chairman and MD/CEO 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.

Following the ID Cessations, the Company does not have an NC as at the date of this Annual Report. Pursuant to the SGX Grant of EOT on 19 October 2015, the Company is using its best endeavours to appoint at least two new Independent Directors and to appoint new members of the NC as soon as possible.

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.

CORPORATE GOVERNANCE

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.

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

In the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC would also review the change to be implemented and make recommendations to the Board accordingly. For the appointment of new Directors, the NC would, in consultation with the Board, examine the existing Board's strengths, capabilities and the existing Directors' contribution of skills, knowledge and experience to the Group and the Board. Further to the above, the NC will take into account the future needs of the Group and, together with the Board, it will seek candidates who are able to contribute to the Group.

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

The Articles of Association of the Company require one-third of the Directors to retire from office at each AGM. Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals. As the Company currently does not have an NC, the Board has recommended the re-election of Mr Ong Hock Leong in accordance with Article 98 of the Company's Articles of Association, at the forthcoming AGM. In addition, as Mr Ong Hoi Lian was appointed during the financial year ended 30 June 2015, he shall be required pursuant to Article 102 of the Company's Articles of Association to retire at the forthcoming AGM.

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

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

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in other Listed Companies
Mr Ong Hock Leong	44	31 March 2008	31 October 2014	**Present Directorships** – **Past Directorships** –
Mr Ong Hoi Lian	66	5 January 2015	–	**Present Directorships** – **Past Directorships** –

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. This assessment was not carried out for the financial year ended 30 June 2015 as the Company currently does not have an NC.

(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 include 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 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.

The NC has not 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 2015 as the Company currently does not have an NC. However, once the new NC members are appointed, the Company will ensure that this is done going forward to ensure that 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 relating to the matters that were discussed at the Board meetings. Detailed board papers are sent out to all Directors before each of the scheduled meetings so that the Directors may better understand the issues beforehand, allowing for more time at such meetings for questions which any of the Directors may have.

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

All Directors also have separate and independent access to the Company Secretary. The role of the Company Secretary includes responsibility for ensuring that the Board's procedures are followed and that applicable rules and regulations are complied with. The Company Secretary and/or representative of the Company Secretary administers, attends and prepares minutes of all Board and Board Committee Meetings and assists the Board and Board Committees in ensuring that the Group complies with the relevant requirements of the Companies Act, Cap. 50 (the "Companies Act") 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. 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.

Following the ID Cessations, the Company does not have an RC as at the date of this Annual Report. Pursuant to the SGX Grant of EOT on 19 October 2015, the Company is using its best endeavours to appoint at least two new Independent Directors and to appoint new members of the RC as soon as possible.

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

The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind shall be covered by the RC. In addition, the RC typically performs an annual review of the remuneration of employees related to the Directors to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him. This exercise was not carried out for the financial year ended 30 June 2015 as the Company currently does not have an RC.

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 2015.

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 plus 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 MD/CEO and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The remuneration package is designed to enable the Company to stay competitive and allows the Company to better align executive compensation with shareholders' value creation.

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

2.3 Disclosure of Remuneration

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

The breakdown of the remuneration (rounded off to the nearest thousand dollars) of the Directors for the financial year ended 30 June 2015 is set out below:

Remuneration Band & Name of Director	Salary(1)	Variable or performance related income/bonuses	Director's fees	Consultancy Fees(2)	Benefits-in-kind(3)	Total
	%	%	%	%	%	$
Ong Hock Leong	85%	–	–	–	15%	322,000
Ong Hoi Lian(4)	–	–	–	100%	–	30,000
Chee Tet Choy Andy(5)	–	–	100%	–	–	25,000
Sim Chee Siong(6)	–	–	100%	–	–	20,000
Chen Kee Yeong Lawrence(7)	–	–	100%	–	–	20,000

Notes:

(1) Salary includes Employer CPF.

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

(3) Benefits in kind consist of transport allowances.

(4) Mr Ong Hoi Lian was appointed as a Director of the Company with effect from 5 January 2015.

(5) Mr Chee Tet Choy Andy resigned as a Director of the Company with effect from 10 November 2014.

(6) Mr Sim Chee Siong retired as a Director of the Company with effect from 31 October 2014.

(7) Mr Chen Kee Yeong Lawrence retired as a Director of the Company with effect from 31 October 2014.

2.4 Remuneration of Employees Related to Directors

Save for disclosed below, there were no employees who are related to a Director or the Chief Executive Officer whose remuneration exceeded $50,000 for the financial year ended 30 June 2015.

Remuneration Band & Name of Employee	Age	Family relationship with any director, CEO	Current position and duties, and the year the position was first held
Between S$50,001 and S$100,000			
Ong Eng Hwoon	39	Son of Ong Hoi Lian, Non-Executive and Non-Independent Director	Project manager since 2008

2.5 Remuneration of Top Key Management Personnel

The annual aggregate remuneration paid to the top key management personnel of the Company for the financial year ended 30 June 2015 is $344,856. Details of the remuneration paid to such key management personnel for the financial year ended 30 June 2015 are set out below:

Remuneration Band & Name of Key Executive	Salary(1)	Benefits-in-kind(2)	Total
	%	%	%
Below $250,000			
Ong Kah Lam(3)	85%	15%	100%
Kenneth Loh Peng Kiam(4)	89%	11%	100%
Dr. Wong Siew Moh	86%	14%	100%
Mohamed Saleem Mohamed Amanullah(5)	100%	0%	100%

Notes:

(1) Salary includes Employer CPF.

(2) Benefits in kind consist of transport allowances.

(3) Mr Ong Kah Lam, the previous senior project Director of the Company, resigned from the Company with effect from 23 January 2015.

(4) Mr Kenneth Low Peng Kiam, the previous contracts manager of the Company, resigned from the Company with effect from 31 October 2014.

(5) Mr Mohamed Saleem Mohamed Amanullah joined the Company with effect from 18 May 2015.

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

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 monthly basis.

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company'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 Company's financial results. The Company'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 achievements 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 achievements of the goals and objectives determined and set by the Board.

Risk Management and Internal Controls

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

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that all internal control systems contain inherent limitations and that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The AC is usually in charge of conducting regular reviews of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management. As the Company currently does not have an AC, in the interim period before suitable Independent Directors and AC members are appointed, the duties and obligations of the AC have been and will be discharged by the Board and the Chief Financial Officer.

In the absence of the AC, the Board 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 Company to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets.

The Group has in place a system of internal control and risk management for ensuring proper accounting records and reliable financial information as well as management of business risks with a view to safeguarding shareholders' investments and the 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. In the absence of the AC during the financial year ended 30 June 2015, any such matters were highlighted to the Board.

The Board has also received assurance from the MD/CEO and the Chief Financial Officer on the integrity of the financial statements of the Group, in particular that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and the effectiveness of the Company'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, in the absence of the AC, the Board 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 2015 in its current business environment.

For purpose 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.

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, 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. In the absence of the AC during the financial year ended 30 June 2015, whistle-blowing matters and arrangements were dealt with by the Board.

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.

Following the ID Cessations, the Company does not have an AC as at the date of this Annual Report. Pursuant to the SGX Grant of EOT on 19 October 2015, the Company is using its best endeavours to appoint at least two new Independent Directors and to appoint new members of the AC as soon as possible. In the interim period before suitable Independent Directors and AC members are appointed, the duties and obligations of the AC will be discharged by the Board and the Chief Financial Officer.

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.

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. In the absence of the AC, the Board has undertaken such quarterly review of the accounting, auditing and financial reporting matters of the Group.

The AC also typically reviews interested person transactions of the Group on a quarterly basis to ensure that these transactions are carried out on normal commercial terms and are not prejudicial to the interest of the Group and to its minority shareholders. In the absence of the AC, the Board together with the Chief Financial Officer reviews all interested person transactions of the Group to ensure that these transactions are carried out on normal commercial terms and are not prejudicial to the interest of the Group and to its minority shareholders.

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

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

Auditor Independence

The AC reviews the independence of the Independent Auditors annually. In the absence of the AC, the Board has undertaken the review of the independence of the Independent Auditor. The Board 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 2015, as the AC was vacant, the Board 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.

In the absence of the AC, the Board 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 2015, 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 were NIL.

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.

In the absence of the AC, the Board has also reviewed and is satisfied that the Group had complied with Rules 712 and 716 of the Listing Manual. As disclosed in page 55 of this Annual Report, the Company's Hong Kong subsidiary, Swee Hong HK Pte Limited, is audited by Alfred K. Wong & Company, for local statutory purposes. The Board have reviewed the appointment of Alfred K. Wong & Company as the audit firm of its Hong Kong subsidiary, Swee Hong HK Pte Limited, which is dormant, and are of the view that the appointment does not compromise the standard and effectiveness of the audit of the Company.

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 2015, 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 MD/CEO 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 Group's organisational structure and its current business environment and financial position, the Board is satisfied that the internal audit function is adequately resourced and have appropriate standing in the Group and will continue to assess the same regularly.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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.

Any notice of a general meeting of Shareholders is issued at least 14 days before the scheduled date of such meeting.

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

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

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

The Chairmen of the AC, RC and NC are normally available at the AGM as well to answer questions relating to the work of the Board Committees. In the absence of these Board committees, the MD/CEO and the Non-Executive, Non-Independent Director of the Company as well as the Chief Financial Officer will be available to answer questions from the Shareholders at the forthcoming Annual General Meeting of the Company. The results of the Annual General Meeting will be released as an announcement via SGXNET.

The Company does not have a fixed 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.

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 are normally available at the meetings to answer any question relating to the work of these committees up to the date of their cessation of appointment, and in the absence of these Board Committees, the Board and relevant Management personnel such as the Chief Financial Officer would be available at the AGMs to answer such questions.

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

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

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 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 meets on a quarterly basis to review whether the Company or the 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 entered into during the financial year ended 30 June 2015.

7. MATERIAL CONTRACTS

Save as disclosed in the audited financial statements of this Annual Report and via SGXNET, there are no material contracts of the Company or its subsidiaries involving the interest of the Managing Director, CEO, directors or controlling shareholder subsisting at the end of the financial year ended 30 June 2015 or have been entered into since the end of the previous financial year.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2015 and the balance sheet of the Company as at 30 June 2015.

Directors

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

Ong Hock Leong
Ong Hoi Lian (Appointed on 05 January 2015)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

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

	Holdings registered in name of the director		Holdings in which director is deemed to have an interest	
	At 30.06.2015	At 01.07.2014 or date of appointment, if later	At 30.06.2015	At 01.07.2014 or date of appointment, if later
Company				
(No. of ordinary shares)				
Ong Hock Leong(1)(2)	4,854,070	4,854,070	147,853,460	147,853,460
Ong Hoi Lian(3)	23,054,070	23,054,070	147,329,650	147,329,650

The directors' interests in the ordinary shares of the Company as at 21 July 2015 were the same as those as at 30 June 2015.

Notes:

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

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

(3) Appointed on 05 January 2015

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a Company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements.

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.

Audit Committee

At the start of the financial year ended 30 June 2015, the Audit Committee comprised of the Company's previous Independent Directors, Mr Chee Tet Choy Andy, Mr Sim Chee Siong and Mr Chen Kee Yeong Lawrence. Pursuant to the retirements of Mr Sim Chee Siong and Mr Chen Kee Yeong Lawrence as Directors of the Company at the Company's last annual general meeting on 31 October 2014 and the resignation of Mr Chee Tet Choy Andy on 10 November 2014 (collectively, the "ID Cessations"), the Company, as at the date of this Annual Report, does not have any Independent Directors. Following the ID Cessations, the Company had immediately commenced searches for potential candidates to fill the vacated positions, however, as announced via SGXNET on 20 October 2015, the Company has been unsuccessful to date in part due to such potential candidates' concerns about the financial position and outlook of the Company. As announced via SGXNET on 20 October 2015, the Singapore Exchange Securities Trading Limited (the "SGX-ST") had, inter alia, granted to the Company an extension of time for the appointment of at least two new Independent Directors by 31 December 2015.

The Company does not have independent directors at the end of the financial year.

Prior to ID Cessation, the Audit Committee carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, SGX-ST Listing Manual and the Code of Corporate Governance which include the following:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2014 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

As at 30 June 2015, the Board comprised the executive director, Mr. Ong Hock Leong (Managing Director/Group CEO) and non-executive director, Mr. Ong Hoi Lian.

Independent Auditor

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

Ong Hock Leong
Director

Ong Hoi Lian
Director

7 December 2015

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 31 to 80 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 2015 and of the results of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; 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.

Ong Hock Leong
Director

Ong Hoi Lian
Director

7 December 2015

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Swee Hong Limited (the "Company") and its subsidiary corporations (collectively referred to as the "Group") set out on pages 31 to 80, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2015 and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The following circumstances give rise to uncertainties as to the appropriateness of the use of going concern in the preparation of the financial statements of the Group for the current year:

(a) As disclosed in Note 4 to the financial statements, the Group reported a gross loss of $5,014,178 (2014: $7,627,589) and total comprehensive loss of $51,336,116 (2014: $19,966,274) for the financial year ended 30 June 2015. Furthermore, as at 30 June 2015, the Group's and Company's current liabilities exceeded their current assets by $46,973,165 (2014: $15,414,546) and $47,766,403 (2014: $16,218,994), respectively and the Group and Company have net liabilities of $34,716,966 (2014: net assets of $16,619,150) and $34,908,198 (2014: net assets of $16,483,514), respectively.

(b) As at 30 June 2015, the Group has balances of trade and other payables and borrowings amounting to $25,352,461 and $43,037,876, respectively which are overdue. As the Company failed to meet their financial obligations on their respective due dates, certain creditors filed legal actions/proceedings to the High Court of the Republic of Singapore (the "Court") against the Company to demand payments. As disclosed in Note 4 to the financial statements, during the financial year, the Company filed an application to the Court ("Application") to propose a scheme of arrangement between the Company and certain of its creditors ("Scheme") for the purposes of implementing and facilitating the Company's debt restructuring plan. On 25 November 2015, the Court approved the Scheme and granted the orders in the Application (the "Order of Court"). The Company extracted the Order of Court on 30 November 2015 and lodged a copy of the Order of Court with the Registrar of Companies on 2 December 2015. As such, the Scheme takes effect and is binding on all parties on and from 2 December 2015.

These conditions above indicate that there is an existence of material uncertainties which may cast significant doubt on the Group's and Company's abilities to continue as going concerns. Nevertheless, the financial statements are prepared on a going concern basis because of the following assumptions and measures undertaken by management and the Board of Directors:

i) As disclosed in Note 31(a), the successful implementation of the Scheme of Arrangement.

ii) As disclosed in Note 31(c), the disposal of leasehold land and leasehold building under construction for a sales price amounting to $3,550,000.

iii) As disclosed in Note 31(d), the proposed share placement for an aggregate issue price of $8,025,000.

iv) The Company is currently marketing for sale its office building located at 190A/190C Choa Chu Kang Avenue 1, Singapore 689466 to generate funds for the Scheme.

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

Basis for Disclaimer of Opinion (Cont'd)

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

The ability of the Group and the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due depends on the favourable outcome of the assumptions and measures undertaken as disclosed above which we were unable to obtain sufficient appropriate audit evidence regarding the likely outcome of these assumptions and measures. Therefore, we are not able to form an opinion as to whether the going concern basis of preparation of the accompanying financial statements of the Group and the Company is appropriate.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Other Matters

As at the financial year ended 30 June 2015, the Board comprised the executive director, Mr. Ong Hock Leong (Managing Director/Group CEO) and non-executive director, Mr. Ong Hoi Lian and no independent non-executive directors. In accordance with Singapore Exchange Securities Trading Limited (the "SGX-ST") Mainboard Listing Manual Rule 720, the issuer must comply with Rule 210(5) on a continuing basis. Rule 210(5)(c) indicates that "The issuer's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the issuer.".

The Company also failed to comply in relation to the Rule 705(1) for the announcement of the Company's financial statements for the financial year ended 30 June 2015 and Rule 707(1) for the convening of the Annual General Meeting for the financial year ended 30 June 2015.

On 25 August 2015, the Company had submitted an application to SGX-ST for waiver from compliance of the above mentioned rules of the Listing Manual and extension of time to 31 December 2015 for the Company to comply with the above mentioned Rules. On 19 October 2015, the Company received an approval from SGX- ST subject to certain conditions, which the Company has complied with.

Report on other Legal and Regulatory Requirements

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

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

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

Singapore

7 December 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $ (Restated)
Continuing operations			
Revenue	5	**22,121,189**	31,369,123
Cost of works		**(27,135,367)**	(38,996,712)
Gross loss		**(5,014,178)**	(7,627,589)
Other gains – net	6	**361,192**	210,015
Expenses			
- Distribution and marketing		**(39,187)**	(448,334)
- Administrative		**(14,563,597)**	(11,973,426)
- Finance	9	**(72,692)**	(169,238)
		(19,328,462)	(20,008,572)
Share of loss of associated company		**(133,194)**	(66,806)
Loss before income tax		**(19,461,656)**	(20,075,378)
Income tax credit	10	**17,000**	93,682
Net loss from continuing operations		**(19,444,656)**	(19,981,696)
Discontinued operations			
Loss from discontinued operations, net of tax	11	**(31,861,567)**	–
Total loss		**(51,306,223)**	(19,981,696)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gains		**24,829**	15,470
- Reclassification		**(53,442)**	–
Currency translation differences arising from consolidation			
- Losses		**(1,280)**	(48)
Other comprehensive (loss)/income, net of tax		**(29,893)**	15,422
Total comprehensive loss		**(51,336,116)**	(19,966,274)
Net loss attributable to:			
Equity holders of the Company		**(51,306,223)**	(19,981,696)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(51,336,116)**	(19,966,274)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted loss per share			
- For continuing operations	12	**(5.28)**	(5.42)
- For discontinued operations	12	**(8.64)**	–

The accompanying notes form an integral part of these financial statements

BALANCE SHEETS

AS AT 30 JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	13	**3,193,507**	735,501	**3,154,894**	696,858
Trade and other receivables	14	**15,146,907**	21,410,776	**15,153,674**	21,416,843
Construction contract work-in-progress	15	**168,557**	379,833	**168,557**	379,833
		18,508,971	22,526,110	**18,477,125**	22,493,534
Discontinued operations and assets classified as held-for-sale	11	**32,906,863**	–	**32,906,863**	–
		51,415,834	22,526,110	**51,383,988**	22,493,534
Non-current assets					
Available-for-sale financial assets	16	**288,447**	366,234	**288,447**	366,234
Investment in subsidiary corporations	17	**–**	–	**602,006**	602,006
Investment in associated company	18	**–**	133,194	**–**	200,000
Property, plant and equipment	19	**12,005,272**	21,034,151	**12,005,272**	21,034,151
Investment property under construction	20	**–**	19,037,458	**–**	19,037,458
		12,293,719	40,571,037	**12,895,725**	41,239,849
Total assets		**63,709,553**	63,097,147	**64,279,713**	63,733,383
LIABILITIES					
Current liabilities					
Trade and other payables	21	**53,008,795**	30,542,491	**53,770,187**	31,314,363
Borrowings	22	**43,066,316**	7,398,165	**43,066,316**	7,398,165
		96,075,111	37,940,656	**96,836,503**	38,712,528
Liabilities directly associated with assets classified as held-for-sale	11	**2,313,888**	–	**2,313,888**	–
		98,388,999	37,940,656	**99,150,391**	38,712,528
Non-current liabilities					
Borrowings	22	**37,520**	8,537,341	**37,520**	8,537,341
Total liabilities		**98,426,519**	46,477,997	**99,187,911**	47,249,869
NET (LIABILITIES)/ASSETS		**(34,716,966)**	16,619,150	**(34,908,198)**	16,483,514
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	**28,579,529**	28,579,529	**28,579,529**	28,579,529
Other reserves	25	**132,226**	162,119	**133,689**	162,302
Accumulated losses	26	**(63,428,721)**	(12,122,498)	**(63,621,416)**	(12,258,317)
TOTAL EQUITY		**(34,716,966)**	16,619,150	**(34,908,198)**	16,483,514

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Share capital	(Accumulated losses)/ retained profits	Other reserves	Total equity
	$	$	$	$
Group				
2015				
Beginning of financial year	**28,579,529**	**(12,122,498)**	**162,119**	**16,619,150**
Total comprehensive loss for the year	**–**	**(51,306,223)**	**(29,893)**	**(51,336,116)**
End of financial year	**28,579,529**	**(63,428,721)**	**132,226**	**(34,716,966)**
2014				
Beginning of financial year	28,579,529	7,859,198	146,697	36,585,424
Total comprehensive (loss)/income for the year	–	(19,981,696)	15,422	(19,966,274)
End of financial year	28,579,529	(12,122,498)	162,119	16,619,150

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	2015 $	2014 $
Cash flows from operating activities		
Net loss	**(51,306,223)**	(19,981,696)
Adjustments for:		
- Income tax credit	**(17,000)**	(93,682)
- Depreciation and impairment of property, plant and equipment	**10,591,918**	2,561,231
- Gain on disposal of property, plant and equipment	**(30,000)**	(9,586)
- Gain on disposal of associated company	**(4)**	–
- Amortisation of investment property under construction	**3,590,160**	–
- Re-measurement of assets classified as held-for-sale to fair value less cost to sell	**22,993,112**	–
- Gain on disposal of available-for-sale financial assets - net	**(51,639)**	–
- Interest income	**(218)**	(48,051)
- Dividend income	**(4,824)**	(7,824)
- Finance expenses	**72,692**	169,238
- Share of loss of associated company	**133,194**	66,806
- Unrealised currency translation gains - net	**(1,280)**	(48)
	(14,030,112)	(17,343,612)
Change in working capital:		
- Construction contract work-in-progress	**211,276**	(140,795)
- Trade and other receivables	**2,770,047**	6,949,645
- Trade and other payables	**24,780,191**	14,903,945
Cash flows generated from operations	**13,731,402**	4,369,183
Interest received	**218**	48,051
Interest paid	**(692)**	(106,687)
Income tax refund	**17,000**	418,061
Net cash provided by operating activities	**13,747,928**	4,728,608
Cash flows from investing activities		
Additions to property, plant and equipment	**(1,911,876)**	(6,706,986)
Additions to investment property under construction	**(36,610,018)**	(19,037,458)
Purchase of available-for-sale financial assets	**(4,061)**	–
Disposal/ (acquisition) of associated company	**4**	(200,000)
Disposal of property, plant and equipment	**30,000**	57,336
Disposal of available-for-sale financial assets	**104,874**	–
Dividends received	**4,824**	7,824
Net cash used in investing activities	**(38,386,253)**	(25,879,284)
Cash flows from financing activities		
Bank deposits released	**303,500**	–
Repayment of finance lease liabilities	**(1,479,513)**	(2,137,723)
Proceeds from borrowings	**32,673,896**	21,225,819
Repayment of borrowings	**(3,190,508)**	(12,004,387)
Interest paid	**(85,273)**	(62,551)
Net cash provided by financing activities	**28,222,102**	7,021,158
Net increase/ (decrease) in cash and cash equivalents	**3,583,777**	(14,129,518)
Cash and cash equivalents		
Beginning of financial year	**(418,710)**	13,710,808
End of financial year (Note 13)	**3,165,067**	(418,710)

The accompanying notes form an integral part of these financial statements

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

The financial statements of the Group and the Company for the financial year ended 30 June 2015 were authorised for issue in accordance with resolution of the directors on 7 December 2015.

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 190A Choa Chu Kang Avenue 1, Comfort Garden, Singapore 689466.

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

2 Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2015

On 1 July 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2.2 Revenue recognition

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

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 Significant accounting policies (Cont'd)

2.3 Government grants

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

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

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

2.4 Group accounting

(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 corporations, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(a) Subsidiary corporations (Cont'd)

(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 corporation 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%.

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

(i) Acquisitions

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

(ii) Equity method of accounting

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

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

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(b) Associated companies (Cont'd)

(iii) Disposals

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

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

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) Components of costs

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

(b) Depreciation

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

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

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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. 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.

2 Significant accounting policies (Cont'd)

2.5 Property, plant and equipment (Cont'd)

(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 profit directly.

2.6 Borrowing costs

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

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

2.7 Construction contracts

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

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

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

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

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

2 Significant accounting policies (Cont'd)

2.8 Investment properties

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

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

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

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

2.9 Investments in subsidiary corporations and associated company

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

2.10 Impairment of non-financial assets

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

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

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

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

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

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

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

2 Significant accounting policies (Cont'd)

2.11 Financial assets

(a) Classification

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

(b) Recognition and derecognition

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

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

(c) Initial measurement

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

(d) Subsequent measurement

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

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

(e) Impairment

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

(i) Loans and receivables

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

2 Significant accounting policies (Cont'd)

2.11 Financial assets (Cont'd)

(e) Impairment (Cont'd)

(i) Loans and receivables (Cont'd)

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.

(ii) Available-for-sale financial assets

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

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

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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 balance sheet 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 balance sheet 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.

2.17 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 balance sheet date.

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

2 Significant accounting policies (Cont'd)

2.17 Income taxes (Cont'd)

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

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

Deferred income tax is measured:

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

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

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

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

2.18 Provisions for other liabilities and charges

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

2.19 Employee compensation

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

Defined contribution plans

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

2.20 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet 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.

2 Significant accounting policies (Cont'd)

2.20 Currency translation (Cont'd)

(b) Transactions and balances (Cont'd)

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

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

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

(c) Translation of Group entities' financial statements

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

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

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

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

2.21 Segment Reporting

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

2.22 Cash and cash equivalents

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

2.23 Share capital

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

2.24 Dividends to Company's shareholders

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

2 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 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 revenue 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 $9,298,022 (2014: $1,094,887).

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 $9,364,417 (2014: $1,196,999).

(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 $8,338,988 (2014: $215,955) was recognised in the current financial year ended 30 June 2015 as the fair values less cost to sell valued by independent third party valuer are lower than their carrying amounts.

If the market value of the property, plant and equipment increase/decrease by 12% (2014: 12%) from management's estimates, the Group's and Company's impairment loss will decreased/increased by $19,386/$253,909 (2014: $33,268/$39,051) correspondingly to profit or loss.

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

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

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

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

If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for all past due receivables and construction contracts amount due from customers, the Group's and Company's allowance for impairment will decrease/increase by $127,909/$21,497 and $668,509/$55,584 (2014: $56,910/$15,892 and $734,849/$354,766) for trade receivables and construction contracts amount due from customers respectively.

4 Going concern assumption

The Group reported a gross loss of $5,014,178 (2014: $7,627,589) and total comprehensive loss of $51,336,116 (2014: $19,966,274) for the financial year ended 30 June 2015. Furthermore, as at 30 June 2015, the Group's and Company's current liabilities exceeded their current assets by $46,973,165 (2014: $15,414,546) and $47,766,403 (2014: $16,218,994), respectively and the Group and Company have net liabilities of $34,716,966 (2014: net assets of $16,619,150) and $34,908,198 (2014: net assets of $16,483,514), respectively.

As at 30 June 2015, the Group has balances of trade and other payables and borrowings amounting to $25,352,461 and $43,037,876, respectively which are overdue. As the Company failed to meet their financial obligations on their respective due dates, certain creditors filed legal actions/proceedings to the High Court of the Republic of Singapore (the "Court") against the Company to demand payments. During the financial year, the Company filed an application to the Court ("Application") to propose a scheme of arrangement between the Company and certain of its creditors ("Scheme") for the purposes of implementing and facilitating the Company's debt restructuring plan. On 25 November 2015, the Court approved the Scheme and granted the orders in the Application (the "Order of Court"). The Company extracted the Order of Court on 30 November 2015 and lodged a copy of the Order of Court with the Registrar of Companies on 2 December 2015. As such, the Scheme takes effect and is binding on all parties on and from 2 December 2015.

These conditions above indicate that there is an existence of material uncertainties which may cast significant doubt on the Group's and Company's abilities to continue as going concerns. Nevertheless, there financial statements are prepared on a going concern basis because of the following assumptions and measures undertaken by management and the Board of Directors:

i) As disclosed in Note 31(a), the successful implementation of the Scheme of Arrangement.

ii) As disclosed in Note 31(c), the disposal of leasehold land and leasehold building under construction for a sales price amounting to $3,550,000.

iii) As disclosed in Note 31(d), the proposed share placement for an aggregate issue price of $8,025,000.

iv) The Company is currently marketing for sale its office building located at 190A/190C Choa Chu Kang Avenue 1, Singapore 689466 to generate funds for the Scheme.

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

4 Going concern assumption (Cont'd)

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

The ability of the Group and the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due depends on the favourable outcome of the assumptions and measures undertaken as disclosed above.

5 Revenue

	Group	
	2015	2014
	$	$
Revenue from civil engineering	**15,793,855**	19,938,469
Revenue from tunnelling	**6,327,334**	11,430,654
	22,121,189	31,369,123

6 Other gains – net

	Group	
	2015	2014
	$	$
Currency translation gains/ (losses) - net	**7,857**	(11,075)
Dividend income	**4,824**	7,824
Gain on disposal of associated company	**4**	–
Gain on disposal of property, plant and equipment	**30,000**	9,586
Available-for-sale financial assets		
- Gain on disposal	**105,081**	–
- Reclassification from other comprehensive income on disposal (Note 25(b)(i))	**(53,442)**	–
	51,639	–
Bank interest income	**218**	48,051
Government grant:		
- CEB Builder	**–**	77,500
- MEC Scheme Disbursement	**77,429**	–
- Special Employment Credit	**14,870**	–
- Productivity and Innovation Scheme	**–**	15,000
- Wages Credit Scheme	**95,980**	47,379
Other income	**78,371**	15,750
	361,192	210,015

7 Expenses by nature

	Group	
	2015	**2014**
	$	**$**
		(Restated)
Purchase of materials	**4,484,564**	6,447,338
Audit fees paid/payable to:		
- Auditor of the Company	**85,000**	90,000
- Other auditor	**–**	30,000
Total audit fees	**85,000**	120,000
Fees paid/payable to auditor of the Company for non-audit services	**11,800**	6,900
Depreciation of property, plant and equipment (Note 19)	**2,252,930**	2,345,276
Impairment loss on property, plant and equipment (Note 19)	**8,338,988**	215,955
Employee compensation (Note 8)	**8,609,400**	10,959,524
Worksite expenses	**4,577,545**	7,706,267
(Write back)/ allowance for impairment of construction contracts amount due from customers (Note 29(b)(ii))	**(555,840)**	3,547,659
Allowance for impairment of trade receivables (Note 29(b)(ii))	**56,045**	158,921
Sub-contractors charges	**9,919,061**	16,643,074
Professional fees	**1,602,000**	167,650
Upkeep and maintenance for motor vehicles and offices	**92,547**	158,718
Other expenses	**2,264,111**	2,941,190
Total cost of works, distribution and marketing costs and administrative expenses	**41,738,151**	51,418,472

8 Employee compensation

	Group	
	2015	**2014**
	$	**$**
Wages and salaries	**7,671,005**	9,896,816
Employer's contribution to defined contribution plans including Central Provident Fund	**543,457**	608,385
Other benefits	**394,938**	454,323
	8,609,400	10,959,524

9 Finance expenses

	Group	
	2015	**2014**
	$	**$**
Interest expense:		
- Finance lease liabilities	**12,581**	35,209
- Bank borrowings	**60,111**	134,029
	72,692	169,238

Borrowing costs of $461,838 (2014: $Nil) were capitalised as cost of the investment property under construction.

10 Income tax credit

	Group	
	2015	2014
	$	$
Tax credit attributable to loss is made up of:		
- Overprovision in prior years		
From continuing operations		
Current income tax	**(17,000)**	(93,682)

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

	Group	
	2015	2014
	$	$
Loss before income tax		
- continuing operations	**(19,461,656)**	(20,075,378)
- discontinued operations	**(31,861,567)**	–
Loss before income tax	**(51,323,223)**	(20,075,378)
Share of loss of associated company, net of tax	**133,194**	66,806
	(51,190,029)	(20,008,572)
Tax calculated at tax rate of 17% (2014: 17%)	**(8,702,305)**	(3,401,457)
Effects of:		
- Expenses not deductible for tax purposes	**6,067,048**	289,456
- Income not subject for tax purposes	**(1,733)**	(25,410)
- Deferred tax assets not recognised	**2,636,990**	3,137,411
	–	–

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 $42,800,000 (2014: $27,300,000) at the balance sheet 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 asset recognised as it is not probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

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

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

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

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

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

On 11 June 2015, the Company has entered into a sale and purchase agreement with a third party for the sale of the investment property under construction ("dormitory"). The transaction was completed on 16 July 2015.

The results for the financial year ended 30 June 2015 from the dormitory are presented on the statement of comprehensive income as "Discontinued operations". The carrying amount of the investment property under construction and other receivables are presented on the balance sheet as "Discontinued operations and assets classified as held-for-sale".

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

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

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

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

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

(iii) Details of the assets of disposal group classified as held-for-sale are as follows:

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

(iv) Details of the liabilities directly associated with assets of disposal group classified as held-for-sale are as follows:

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

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

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

(b) Asset classified as held-for-sale

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

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

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

12 Loss per share

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

	Group	
	2015	2014
	$	$
Net loss attributable to equity holders of the Company ($)		
- Loss from continuing operations	**(19,444,656)**	(19,981,696)
- Loss from discontinued operations	**(31,861,567)**	–
	(51,306,223)	(19,981,696)
Weighted average number of ordinary shares outstanding for basic loss per share	**368,500,000**	368,500,000
Basic and diluted loss per share (cents per share)		
- For continuing operations	**(5.28)**	(5.42)
- For discontinued operations	**(8.64)**	–

There were no dilutive potential ordinary shares during the financial year.

13 Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Cash at bank and on hand	**3,193,507**	430,404	**3,154,894**	391,761
Short-term bank deposits	**–**	305,097	**–**	305,097
	3,193,507	735,501	**3,154,894**	696,858

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	
	2015	2014
	$	$
Cash and bank balances (as above)	**3,193,507**	735,501
Less: Bank deposit pledged	**–**	(303,500)
Less: Bank overdraft (Note 22)	**(28,440)**	(850,711)
Cash and cash equivalents per consolidated statement of cash flows	**3,165,067**	(418,710)

Short-term bank deposit amounting to $Nil (2014: $303,500) have been pledged to financial institution as security for financial facilities.

14 Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Trade receivables	**1,494,054**	2,428,512	**1,494,054**	2,428,512
Less: Allowance for impairment (Note 29(b)(ii))	**(214,966)**	(158,921)	**(214,966)**	(158,921)
Trade receivables - net	**1,279,088**	2,269,591	**1,279,088**	2,269,591
Construction contracts:				
- Due from customers (Note 15)	**11,197,970**	20,958,218	**11,197,970**	20,958,218
- Less: Allowance for impairment (Note 29(b)(ii))	**(5,332,925)**	(5,888,765)	**(5,332,925)**	(5,888,765)
- Due from customers - net	**5,865,045**	15,069,453	**5,865,045**	15,069,453
- Retention sum (Note 15)	**820,054**	460,999	**820,054**	460,999
	6,685,099	15,530,452	**6,685,099**	15,530,452
Non-trade receivables				
- Subsidiary corporation	**–**	–	**6,767**	6,767
- Non-related parties	**262,868**	653,736	**262,868**	653,736
	262,868	653,736	**269,635**	660,503
Advances to suppliers	**6,548,300**	1,280,752	**6,548,300**	1,280,752
Deposits	**354,362**	206,616	**354,362**	206,616
Prepayments	**17,190**	1,469,629	**17,190**	1,468,929
	15,146,907	21,410,776	**15,153,674**	21,416,843

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

15 Construction contracts work-in-progress

	Group and Company	
	2015	**2014**
	$	**$**
Construction contract work-in-progress:		
Beginning of financial year	**379,833**	239,038
Contract costs incurred	**26,924,091**	39,107,507
Contract expenses recognised in profit or loss	**(27,135,367)**	(38,966,712)
End of financial year	**168,557**	379,833
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**343,448,987**	321,687,008
Less: Progress billings	**(337,800,548)**	(305,466,514)
	5,648,439	16,220,494
Presented as:		
Due from customers on construction contracts (Note 14)	**11,197,970**	20,958,218
Due to customers on construction contracts (Note 21)	**(5,549,531)**	(4,737,724)
	5,648,439	16,220,494
Retentions on construction contracts (Note 14)	**820,054**	460,999

16 Available-for-sale financial assets

	Group and Company	
	2015	2014
	$	$
Beginning of financial year	**366,234**	350,764
Additions	**4,061**	–
Fair value gains recognised in other comprehensive income (Note 25)	**24,829**	15,470
Disposals	**(106,677)**	–
End of financial year	**288,447**	366,234
Available-for-sale financial assets are analysed as follows:		
Listed securities		
- Equity securities - Singapore	**288,447**	366,234

17 Investment in subsidiary corporations

	Company	
	2015	**2014**
	$	**$**
Equity investment at cost		
Beginning of financial year	602,006	600,006
Additions	–	2,000
End of financial year	602,006	602,006

The Group had the following subsidiary corporations as at 30 June 2015 and 2014:

Name of Subsidiary Corporations	Principal Activities	Country of Business/ Incorporation	Proportion of ordinary shares held directly by parent 2015 %	2014 %
Sun Hup Development Pte Ltd(1)	Property developer and provider of general services (dormant)	Singapore	**100**	100
Swee Hong HK Pte Limited(2)	Civil engineering and trenchless tunnelling (dormant)	Hong Kong	**100**	100
Swee Hong Dormitories Pte Ltd(1)	Development and operation of dormitories (dormant)	Singapore	**100**	100
Swee Hong Construction Pte Limited (1)	Building construction (dormant)	Singapore	**100**	100

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

(2) Audited by Alfred K. Wong & Company for local statutory purposes.

18 Investment in associated company

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Equity investment at cost				
Beginning of financial year			**200,000**	–
Additions			**–**	200,000
Disposals			**(200,000)**	–
End of financial year			**–**	200,000
Beginning of financial year	**133,194**	–		
Additions	**–**	200,000		
Share of losses	**(133,194)**	(66,806)		
End of financial year	**–**	133,194		

The Group has disposed its interest in the associated company on 3 June 2015.

Set out below was the associated company of the Group as at 30 June 2014, which, in the opinion of the directors was material to the Group as at 30 June 2014. The associated company as listed below had share capital consisting solely of ordinary shares, which were held directly by the Group; the country of incorporation was also their principal place of business.

Name of Associated Company	Principal Activities	Country of Business/ Incorporation	% of ownership interest 2015 %	2014 %
United Singapore Builders Pte Ltd[1]	Construction	Singapore	–	20

(1) Audited by Nexia TS Public Accounting Corporation.

In 2014, there were no contingent liabilities relating to the Group's interest in the associated company.

Summarised financial information for associated company

Set out below is the summarised financial information of United Singapore Builders Pte Ltd.

Summarised balance sheet

	United Singapore Builders Pte Ltd As at 30 June	
	2015	**2014**
	$	**$**
Current assets	–	457,015
Includes:		
- Cash and cash equivalents	–	457,015
Current liabilities	–	(36,343)
Includes:		
- Financial liabilities (excluding trade payables)	–	(36,343)
Net assets	–	420,672

18 Investment in associated company (Cont'd)

Summarised statement of comprehensive income

	United Singapore Builders Pte Ltd For the year ended 30 June	
	2015	**2014**
	$	**$**
Revenue	–	–
Loss from operations	(748,745)	(334,032)
Total comprehensive loss	(748,745)	(334,032)

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

Reconciliation of summarised financial information

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

	United Singapore Builders Pte Ltd As at 30 June	
	2015	**2014**
	$	**$**
Net assets at 1 July	420,672	754,704
Loss for the year	(748,745)	(334,032)
At 30 June	(328,073)	420,672
Interest in associated company (20%)	(65,615)	84,134
Other adjustments	65,615	49,060
	–	133,194

The Group has not recognised its share of losses of an associated company amounting to $16,555 (2014: $Nil) because the cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses.

19 Property, plant and equipment

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

19 Property, plant and equipment (Cont'd)

	Building under construction $	Leasehold building $	Leasehold land $	Plant and machinery $	Office equipment $	Motor vehicles $	Renovation $	Total $
Group and Company								
2014								
Cost								
Beginning of financial year	3,072,301	750,000	2,076,000	16,115,089	1,532,232	3,367,743	312,616	27,225,981
Additions	5,669,918	–	–	1,474,981	45,980	143,787	15,820	7,350,486
Disposals	–	–	–	(115,500)	–	(10,000)	–	(125,500)
End of financial year	8,742,219	750,000	2,076,000	17,474,570	1,578,212	3,501,530	328,436	34,450,967
Accumulated depreciation and impairment losses								
Beginning of financial year	–	366,279	517,875	6,332,252	1,143,943	2,291,072	281,914	10,933,335
Depreciation charge	–	17,442	129,844	1,629,862	119,786	430,420	17,922	2,345,276
Disposals	–	–	–	(67,750)	–	(10,000)	–	(77,750)
Impairment charge	–	–	–	215,955	–	–	–	215,955
End of financial year	–	383,721	647,719	8,110,319	1,263,729	2,711,492	299,836	13,416,816
Net book value								
End of financial year	8,742,219	366,279	1,428,281	9,364,251	314,483	790,038	28,600	21,034,151

(a) On 11 November 2011, the Company entered into a Building Agreement with a government authority for a plot of leasehold land (the "Lease") with carrying amount of $390,557 (2014: $1,428,281). One of the terms and conditions of Lease is to complete the construction of factory facilities stipulated in the agreement by 31 August 2014. As the construction works are unable to complete by targeted completion date, the Company has applied for extension on construction period and subject to the approval of government authority. The carrying amount of the building under construction as at 30 June 2015 amounting to $3,159,443 (2014: $8,742,219). Leasehold land and building under construction of the Group was provided as security for bank borrowings (Note 22). On 6 October 2015, the Company was notified by the solicitors acting for a certain financial institution that an option to purchase the Lease over all the piece of land and the building under construction granted by the financial institution to a certain buyer, had been exercised by the buyer. The option price was $3,550,000 (Note 31(c)).

(b) The total impairment loss of $8,338,200 (2014: $Nil) of the building under construction and leasehold land representing the write-down of carrying amount to the recoverable amount as an external party has exercised the option for the purchase of the assets (Note 31(c)). The impairment loss of $788 (2014: $215,955) of the plant and machinery arise due to the assets of the Group and Company were valued by an independent professional valuer based on the Depreciated Replacement Cost ("DRC") and Market Comparison Methods approach at the balance sheet date.

(c) The carrying amounts of plant and machinery and motor vehicles held under finance leases are $1,781,459 (2014: $4,620,743) and $Nil (2014: $60,878) respectively at the balance sheet date (Note 23). For the purpose of the consolidated statements of cash flows, the Group and Company acquired motor vehicles and plant and machinery with an aggregate cost of $Nil (2014: $643,500) under finance leases and cash payments of $Nil (2014: $975,268).

20 Investment property under construction

	Group and Company	
	2015	**2014**
	$	**$**
Beginning of financial year	**19,037,458**	–
Additions	**36,610,018**	19,037,458
Amortisation	**(3,590,160)**	–
Re-measurement of assets of disposal group classified as held-for-sale to fair value less cost to sell	**(22,993,112)**	–
	29,064,204	19,037,458
Less: Reclassified to assets of disposal group classified as held-for-sale (Note 11)	**(29,064,204)**	–
End of financial year	**–**	19,037,458

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

On 11 June 2015, the Company has entered into a sale and purchase agreement with a third party relating to, inter alia, the sale and purchase of the rights, benefits, obligations and liabilities of the Company under a contract with respect to the investment property under construction. The completion of the sale and purchase took place on 16 July 2015 (Note 31(b)). Hence, the investment property under construction was reclassified to assets of disposal group classified as held-for-sale (Note 11).

As at 30 June 2014, the management was of the view that the fair value of the investment property under construction was not reliably measurable but expected the fair value of the property to be reliably measurable when construction is complete. The carrying value of investment property under construction was carried at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

Investment property under construction is pledged as security for bank borrowings (Note 22).

At the balance sheet date, the details of the Group's and Company's investment property under construction are as follows:

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

21 Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Trade payables	**25,566,226**	21,376,048	**25,566,226**	21,376,048
Construction contracts:				
- Due to customers (Note 15)	**5,549,531**	4,737,724	**5,549,531**	4,737,724
Non-trade payables				
- Subsidiary corporations	**–**	–	**774,343**	775,622
- Related party	**1,354,888**	–	**1,354,888**	–
- Non-related parties [(1)]	**15,970,760**	472,110	**15,970,760**	472,111
	17,325,648	472,110	**18,099,991**	1,247,733
Accrued operating expenses	**4,567,390**	3,956,609	**4,554,439**	3,952,858
	53,008,795	30,542,491	**53,770,187**	31,314,363

(1) Includes an amount approximately $12.8 million representing land rental and administrative charges payable to a government authority and approximately $1 million representing professional fees.

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

22 Borrowings

	Group and Company	
	2015	**2014**
	$	**$**
Current		
Bank overdraft (Note 13)	**28,440**	850,711
Bank borrowings	**31,508,724**	4,969,312
Finance lease liabilities (Note 23)	**438,718**	1,578,142
Loan from a non-related party	**1,216,000**	–
Loan from a director	**9,874,434**	–
	43,066,316	7,398,165
Non-current		
Loan from directors	**–**	909,155
Bank borrowings	**–**	7,237,996
Finance lease liabilities (Note 23)	**37,520**	390,190
	37,520	8,537,341
Total borrowings	**43,103,836**	15,935,506

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

	Group and Company	
	2015	**2014**
	$	**$**
Less than 1 year	**43,066,316**	7,398,165
1 to 5 years	**37,520**	5,822,061
Over 5 years	**–**	2,715,280
	43,103,836	15,935,506

(a) Security granted

<u>Bank borrowings</u>

The bank borrowings are bearing floating interest rate. The bank borrowings are secured over certain bank deposits (Note 13), discontinued operations and assets classified as held-for-sale (Note 11) and leasehold land and building under construction (Note 19).

In 2014, the bank borrowings are secured over certain bank deposits (Note 13), investment property under construction (Note 20) and leasehold land and building under construction (Note 19).

<u>Finance leases</u>

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

<u>Loan from directors</u>

Loan from a director is unsecured, interest free and repayable upon demand. As part of the Company's on-going debt restructuring exercise, the director's loan will be fully converted to equity. In 2014, loan from directors were unsecured, interest free and repayable after 18 months from the end of the reporting period.

<u>Loan from a non-related party</u>

Loan from non-related party is unsecured, interest free and repayable upon demand.

22 Borrowings (Cont'd)

(b) Fair value of non-current borrowings

	Group and Company	
	2015	**2014**
	$	**$**
Loan from directors	**–**	838,413
Bank borrowings	**–**	6,131,560
Finance lease liabilities (Note 23)	**37,520**	390,190

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

	Group and Company	
	2015	**2014**
Loan from directors	**–**	5.35%
Bank borrowings	**–**	2.66%
Finance lease liabilities (Note 23)	**3.81%**	0.22% – 2.99%

(c) Breach of bank covenants

During the financial year ended 30 June 2015, the Group failed to comply with the following covenant clause in one of its bank borrowings:

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

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

The bank has not requested for early repayment of the loan as of the date of these financial statements.

23 Finance lease liabilities

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

	Group and Company	
	2015	**2014**
	$	**$**
Minimum lease payments due		
- Not later than one year	**440,765**	1,588,398
- Between one and five years	**37,590**	392,308
	478,355	1,980,706
Less: Future finance charges	**(2,117)**	(12,374)
Present value of finance lease liabilities	**476,238**	1,968,332
Not later than one year (Note 22)	**438,718**	1,578,142
Between one and five years (Note 22)	**37,520**	390,190
Total	**476,238**	1,968,332

24 Share capital

	Number of shares	Amount
		$
Group and Company		
2015 and 2014		
Beginning and end of financial year	368,500,000	28,579,529

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

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

25 Other reserves

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
(a) Composition:				
Fair value reserve	**133,689**	162,302	**133,689**	162,302
Currency translation reserve	**(1,463)**	(183)	**–**	–
	132,226	162,119	**133,689**	162,302

	Group and Company	
	2015	**2014**
	$	**$**
(b) Movements:		
(i) Fair value reserve		
Beginning of financial year	**162,302**	146,832
Fair value gains (Note 16)	**24,829**	15,470
Reclassification to profit or loss	**(53,442)**	–
End of financial year	**133,689**	162,302

	Group	
	2015	**2014**
	$	**$**
(ii) Currency translation reserve		
Beginning of financial year	**(183)**	(135)
Net currency translation differences of financial statements of foreign subsidiary corporation	**(1,280)**	(48)
End of financial year	**(1,463)**	(183)

Other reserves are non-distributable.

26 (Accumulated losses)/ retained profits

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

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

	Company	
	2015	**2014**
	$	**$**
Beginning of financial year	**(12,258,317)**	7,650,249
Net loss	**(51,363,099)**	(19,908,566)
End of financial year	**(63,621,416)**	(12,258,317)

27 Related party transactions

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

(a) Sales and purchases of goods and services

	Group and Company	
	2015	**2014**
	$	**$**
Consultation fee paid to director	**30,000**	54,000
Expenses paid on behalf of the Group by a related party	**1,354,888**	–

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 and Company	
	2015	**2014**
	$	**$**
Wages and salaries	**574,369**	1,163,681
Employer's contribution to defined contribution plans including Central Provident Fund	**28,723**	69,673
Directors' fees	**65,000**	160,833
Other benefits	**93,704**	174,000
	761,796	1,568,187

Included in the above is total compensation to directors of the Group amounting to $321,940 (2014: $1,062,333).

28 Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group and Company	
	2015	**2014**
	$	**$**
Property, plant and equipment	**–**	2,945,656
Investment property under construction	**–**	36,374,979
	–	39,320,635

(b) Operating lease commitments

The Group leases dormitory for workers 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 balance sheet date but not recognised as liabilities, are analysed as follows:

	Group and Company	
	2015	**2014**
	$	**$**
Not later than one year	**4,440**	17,573,240
Between one and five years	**12,025**	20,410,425
	16,465	37,983,665

29 Financial risk management

Financial risk factors

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

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

(a) Market risk

(i) *Currency risk*

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

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

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

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

The Group's currency exposures were as follows:

	SGD $	USD $	HKD $	Total $
30 June 2015				
Financial Assets				
Cash and cash equivalents and available-for-sale financial assets	3,314,986	96,417	70,551	3,481,954
Trade and other receivables	18,623,539	–	–	18,623,539
Receivable from inter-companies	782,389	–	–	782,389
	22,720,914	96,417	70,551	22,887,882
Financial Liabilities				
Trade and other payables	49,772,302	–	850	49,773,152
Borrowings	43,103,836	–	–	43,103,836
Payables to inter-companies	782,389	–	–	782,389
	93,658,527	–	850	93,659,377
Net financial (liabilities)/assets	(70,937,613)	96,417	69,701	(70,771,495)
Add: Net non-financial assets	36,054,529	–	–	36,054,529
Net (liabilities)/assets	(34,883,084)	96,417	69,701	(34,716,966)
Currency profile including non-financial liabilities	(34,883,084)	–	(850)	(34,883,934)
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	–	96,417	70,551	166,968

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

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

	SGD $	USD $	HKD $	EUR $	Total $
30 June 2014					
Financial Assets					
Cash and cash equivalents and available-for-sale financial assets	932,174	89,234	80,327	–	1,101,735
Trade and other receivables	19,941,147	–	–	–	19,941,147
Receivable from inter-companies	782,389	–	–	–	782,389
	21,655,710	89,234	80,327	–	21,825,271
Financial Liabilities					
Trade and other payables	25,783,894	–	850	20,023	25,804,767
Borrowings	15,935,506	–	–	–	15,935,506
Payables to inter-companies	782,389	–	–	–	782,389
	42,501,789	–	850	20,023	42,522,662
Net financial (liabilities)/assets	(20,846,079)	89,234	79,477	(20,023)	(20,697,391)
Add: Net non-financial assets	37,316,541	–	–	–	37,316,541
Net assets/(liabilities)	16,470,462	89,234	79,477	(20,023)	16,619,150
Currency profile including non-financial assets and liabilities	16,470,462	–	(850)	–	16,469,612
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies	–	89,234	80,327	(20,023)	149,538

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

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

The Company's currency exposures are as follows:

	SGD $	USD $	HKD $	Total $
30 June 2015				
Financial Assets				
Cash and cash equivalents and available-for-sale financial assets	3,276,373	96,417	70,551	3,443,341
Trade and other receivables	18,630,306	–	–	18,630,306
	21,906,679	96,417	70,551	22,073,647
Financial Liabilities				
Trade and other payables	50,534,544	–	–	50,534,544
Borrowings	43,103,836	–	–	43,103,836
	93,638,380	–	–	93,638,380
Net financial (liabilities)/assets	(71,731,701)	96,417	70,551	(71,564,733)
Add: Net non-financial assets	36,656,535	–	–	36,656,535
Net (liabilities)/assets	(35,075,166)	96,417	70,551	(34,908,198)
Currency profile including non-financial liabilities	(35,075,166)	–	–	(35,075,166)
Currency exposure of financial assets net of those denominated in the Company's functional currencies	–	96,417	70,551	166,968

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

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

	SGD	USD	HKD	EUR	Total
	$	**$**	**$**	**$**	**$**
30 June 2014					
Financial Assets					
Cash and cash equivalents and financial assets available-for-sale	893,531	89,234	80,327	–	1,063,092
Trade and other receivables	19,947,914	–	–	–	19,947,914
	20,841,445	89,234	80,327	–	21,011,006
Financial Liabilities					
Trade and other payables	26,556,616	–	–	20,023	26,576,639
Borrowings	15,935,506	–	–	–	15,935,506
	42,492,122	–	–	20,023	42,512,145
Net financial (liabilities)/assets	(21,650,677)	89,234	80,327	(20,023)	(21,501,139)
Add: Net non financial assets	37,984,653	–	–	–	37,984,653
Net assets/(liabilities)	16,333,976	89,234	80,327	(20,023)	16,483,514
Currency profile including non-financial assets	16,333,976	–	–	–	16,333,976
Currency exposure of financial assets/(liabilities) net of those denominated in the Company's functional currencies	–	89,234	80,327	(20,023)	149,538

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

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

If the USD change against the SGD by 5% (2014: 1%), HKD change against the SGD by 4% (2014: 1%), and EUR change against the SGD by Nil% (2014: 6%) 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)	
	2015	**2014**
	Loss after tax	**Loss after tax**
	$	**$**
Group and Company		
USD against SGD		
- Strengthened	**4,001**	741
- Weakened	**(4,001)**	(741)
HKD against SGD		
- Strengthened	**2,342**	667
- Weakened	**(2,342)**	(667)
EUR against SGD		
- Strengthened	**–**	997
- Weakened	**–**	(997)

(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 of a financial instrument will fluctuate due to changes in market interest rates.

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

The Group's and Company's bank borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates had increased/decreased by 1% (2014: 1%) with all other variables including tax rates being held constant, the loss after tax for the year would have been higher/lower by $261,522 (2014: $101,321).

(iii) *Price risks*

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

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

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 2015 would increase/decrease by $23,941 (2014: $30,397).

29 Financial risk management (Cont'd)

(b) Credit risk

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

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

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

The trade receivables of the Group comprise of a debtor (2014: 2 debtors) that individually represented more than 20% of trade receivables.

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

	Group and Company	
	2015	**2014**
	$	**$**
By geographical areas		
Singapore	**1,279,088**	2,269,591
By types of customers		
Government bodies	**1,266,438**	2,034,627
Other companies	**12,650**	234,964
	1,279,088	2,269,591

(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 receivables and construction contracts amount due from customers.

Trade receivables

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

	Group and Company	
	2015	**2014**
	$	**$**
Past due < 3 months	**1,262,158**	548,015
Past due more than 3 months	**16,930**	21,087
	1,279,088	569,102

29 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

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

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

	Group and Company	
	2015	**2014**
	$	**$**
Past due more than 3 months	**241,966**	158,921
Less: Allowance for impairment	**(241,966)**	(158,921)
	–	–
Beginning of financial year	**158,921**	–
Allowance made (Note 7)	**56,045**	158,921
End of financial year (Note 14)	**214,966**	158,921

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

Construction contracts due from customers

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

	Group and Company	
	2015	**2014**
	$	**$**
Gross amount:		
Construction contracts amount due from customers	**5,408,677**	13,237,252
Less: Allowance for impairment (Note 14)	**(5,332,925)**	(5,888,765)
	75,752	7,348,487
Beginning of financial year	**5,888,765**	2,341,106
Less: (Write back)/ allowance made (Note 7)	**(555,840)**	3,547,659
End of financial year	**5,332,925**	5,888,765

The impaired amount due from customers on construction contracts arise mainly from contracts completed in financial year ended 30 June 2015 and 2014, in which the Group anticipates the customer disputing the amount of variation works.

(c) Liquidity risk

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

29 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 balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
Group				
At 30 June 2015				
Trade and other payables	47,459,264	–	–	–
Borrowings	43,068,363	37,590	–	–
At 30 June 2014				
Trade and other payables	25,804,767	–	–	–
Borrowings	7,490,194	3,451,443	3,870,759	1,687,180
Company				
At 30 June 2015				
Trade and other payables	48,220,656	–	–	–
Borrowings	43,068,363	37,590	–	–
At 30 June 2014				
Trade and other payables	26,576,639	–	–	–
Borrowings	7,490,194	3,451,443	3,870,759	1,687,180

(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 may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2015 and 2014 except for as disclosed in Note 22(c).

29 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				
2015				
Available-for-sale financial assets	288,447	–	–	288,447
2014				
Available-for-sale financial assets	366,234	–	–	366,234

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

The carrying amount less impairment provision of receivables and 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 fair value of current borrowings approximates their carrying amount.

(f) Financial Instruments by category

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

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
Loans and receivables	**21,817,046**	20,676,648	**21,785,200**	20,644,772
Financial liabilities at amortised cost	**92,876,988**	41,740,273	**93,638,380**	42,512,145

30 Segment information

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

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

30 Segment information (Cont'd)

The Group's activities comprise the following reportable segments:

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

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

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

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

Primary reporting format – business segments:

	Civil Engineering $	Tunnelling $	Dormitory (Discontinued operations) $	Common and all other segments $	Total $
30 June 2015					
Sales	15,793,855	6,327,334	–	–	22,121,189
Gross loss	(2,148,860)	(2,865,318)	–	–	(5,014,178)
Other income	30,000	–	–	331,192	361,192
Distribution and marketing expenses	–	–	–	(39,187)	(39,187)
Administrative expenses	(486,722)	(12,285)	–	(14,064,590)	(14,563,597)
Finance expenses	–	–	–	(72,692)	(72,692)
Loss from operation	(2,605,582)	(2,877,603)	–	(13,845,277)	(19,328,462)
Share of loss of associated company	–	–	–	(133,194)	(133,194)
Loss before income tax	(2,605,582)	(2,877,603)	–	(13,978,471)	(19,461,656)
Income tax credit	–	–	–	17,000	17,000
Net loss	(2,605,582)	(2,877,603)	–	(13,961,471)	(19,444,656)
Loss from discontinued operations	–	–	(31,861,567)	–	(31,861,567)
Net loss and loss from discontinued operations includes:					
- Depreciation of property, plant and equipment	695,913	931,365	–	625,652	2,252,930
- Impairment of property, plant and equipment	(204,455)	205,243	–	8,338,200	8,338,988
- Amortisation of investment property	–	–	3,590,160	–	3,590,160
- Write-back for impairment of construction contracts amount due from customers	(299,739)	(256,101)	–	–	(555,840)
- Allowance for impairment of trade receivables	17,472	38,573	–	–	56,045
- Re-measurement of assets of disposal group classified as held-for-sale to fair value less cost to sell	–	–	22,993,112	–	22,993,112
Segment assets	7,764,989	9,886,416	37,149,708	8,908,440	63,709,553
Total assets includes:					
Additions to:					
- Property, plant and equipment	19,900	–	–	1,891,976	1,911,876
- Investment property under construction	–	–	36,610,018	–	36,610,018
Segment liabilities	14,628,820	7,878,789	51,121,401	24,797,509	98,426,519

30 Segment information (Cont'd)

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

	Civil Engineering	Tunnelling	Dormitory	Common and all other segments	Total
	$	$	$	$	$
30 June 2014					
Sales	19,938,469	11,430,654	–	–	31,369,123
Gross loss	(2,061,467)	(5,566,122)	–	–	(7,627,589)
Other income	9,586	–	–	200,429	210,015
Distribution and marketing expenses	–	–	–	(448,334)	(448,334)
Administrative expenses	(2,612,706)	(934,953)	–	(8,425,767)	(11,973,426)
Finance expenses	–	–	–	(169,238)	(169,238)
Loss from operation	(4,664,587)	(6,501,075)	–	(8,842,910)	(20,008,572)
Share of loss of associated company	–	–	–	(66,806)	(66,806)
Loss before income tax	(4,664,587)	(6,501,075)	–	(8,909,716)	(20,075,378)
Income tax credit	–	–	–	93,682	93,682
Net loss	(4,664,587)	(6,501,075)	–	(8,816,034)	(19,981,696)
Net loss includes:					
- Depreciation of property, plant and equipment	698,497	931,365	–	715,414	2,345,276
- Impairment of property, plant and equipment	–	215,955	–	–	215,955
- Allowance for impairment of construction contracts amount due from customers	2,612,706	934,953	–	–	3,547,659
- Allowance for impairment of trade receivables	43,776	115,145	–	–	158,921
Segment assets	10,358,766	13,244,638	20,494,258	18,999,485	63,097,147
Total assets includes:					
Additions to:					
- Property, plant and equipment	–	–	–	7,350,486	7,350,486
- Investment property under construction	–	–	19,037,457	–	19,037,457
Segment liabilities	(16,931,382)	(6,466,414)	(14,126,451)	(8,953,750)	(46,477,997)

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.

30 Segment information (Cont'd)

(a) Reconciliations

(i) Segment assets

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

	2015 $	2014 $
Segment assets for reportable segments	**54,801,113**	44,097,662
Unallocated:		
- Cash and cash equivalents	**2,014,003**	735,501
- Other receivables	**2,019,466**	2,153,933
- Available-for-sale financial assets	**288,447**	366,234
- Investment in associated company	**–**	133,194
- Property, plant and equipment	**4,586,524**	15,610,623
	63,709,553	63,097,147

(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.

	2015 $	2014 $
Segment liabilities for reportable segments	**73,629,010**	37,524,247
Unallocated:		
- Other payables	**12,778,220**	4,165,727
- Borrowings	**12,019,289**	4,788,023
	98,426,519	46,477,997

(b) Information about major customers

Revenue from a major customer amounted to $20,260,635 (2014: $23,993,791), arising from sales of civil engineering and tunnelling segment.

	2015 $	2014 $
Civil engineering	**15,431,340**	13,612,210
Tunnelling	**4,829,295**	10,381,581
	20,260,635	23,933,791

30 Segment information (Cont'd)

(c) Geographical information

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

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

31 Significant events

(a) Litigations and scheme of arrangement

On 10 February 2015, the Company filed an application to the High Court of the Republic of Singapore ("Court") to propose a scheme of arrangement between the Company and the certain creditors ("Scheme") for the purpose of implementing and facilitating the Company's restructuring plan (the "Application"). The Company has been in discussion with its creditors on such restructuring plan, and will continue to engage its creditors going forward in implementing such plan. The number of demands made on the Company has been increasing. Through the filing of the Application, the Company is seeking to effect a consensual restructuring of its debt and liabilities in a manner which would maximise the value of the Company and its assets for its creditors and shareholders.

On 25 February 2015, the Company had successfully obtained an order from the Court under section 210(10) of the Companies Act (Cap. 50) that restrains, for a period of 6 months, further proceedings in any action or proceeding against the Company ("Order"). The Company believes that with the Order in place, notwithstanding certain cash flow difficulties at this time, there remains a reasonable prospect of rehabilitating the Company and obtaining greater value from its business and assets. The Company had obtained further extensions of the Order from the Court on 20 July 2015, 7 September 2015 and 21 September 2015.

On 20 October 2015, the Company announced that at the Creditors Meeting held on 19 October 2015, the requisite majority of creditors resolved to adjourn the Court Meeting to 6 November 2015, in accordance with section 210(2) of the Act. On 6 November 2015, the creditors will vote in respect of the Scheme of Arrangements proposed by the Company.

On 6 November 2015, the Company announced that, at the Court Meeting of the Company's Creditors (as defined in the Scheme), the requisite majority of each of the two classes of the Company's Creditors approved the Scheme proposed by the Company in accordance with section 210(1) of the Act. The Scheme obtained the approval of (i) a majority of 100% in number and 100% in value from Ong Hock Leong (being the first class of the Company's Creditors), and (ii) a majority of 90% in number and 93.02% in value from the rest of the Company's Creditors (being the second class of the Company's Creditors) present and voting at the Court Meeting. Pursuant to the approval of the Scheme by the Company's Creditors, the Company filed an application to the Court pursuant to Section 210(3) of the Act for a Court order to approve the Scheme.

On 25 November 2015, the Court approved the Scheme and granted the orders in the Application (the "Order of Court"). The Company extracted the Order of Court on 30 November 2015 and lodged a copy of the Order of Court with the Registrar of Companies on 2 December 2015. As such, the Scheme takes effect and is binding on all parties on and from 2 December 2015.

(b) Disposal of investment property under construction

On 11 June 2015, the Company announced its entry into a sale and purchase agreement with Crest Industrial Holdings II Pte. Ltd. relating to, inter alia, the sale and purchase of the rights, benefits, obligations and liabilities of the Company under a contract made with the Building and Construction Authority of Singapore in respect of constructing, managing and operating the foreign workers' dormitory known as "North Coast Lodge" situated at 300 Admiralty Road West, Singapore 757027 (the "property").

On 16 July 2015, the Company announced that the disposal of the property has been completed.

31 Significant events (Cont'd)

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

On 6 October 2015, the Company was notified by the solicitors acting for United Overseas Bank Limited ("UOB") that an option to purchase the lease granted on 11 November 2011 by Jurong Town Corporation to the Company over all that piece of land and building under construction known as Lot 3570L of Mukim 11 and marked as Private Lot A0020500 at Plot KR0309 Kranji Link Singapore (the "Lease") (the "Option"), granted by UOB to an entity (the "Buyer") on 30 September 2015, had been exercised by the Buyer.

The Company had on 13 January 2014 executed a Deed of Assignment and Mortgage-in-escrow ("Deed") between the Company and UOB over the Lease pursuant to a loan facility obtained by the Company from UOB on 3 September 2013. On 30 June 2015, UOB gave 14 days' notice to the Company of its intention to exercise its power of sale under the Deed, and on 1 October 2015, UOB notified the Company that UOB had granted the Option to the Buyer. The option price was $3,550,000.

(d) Proposed share placement

On 23 November 2015, the Group has entered into a conditional subscription agreement (the "Subscription Agreement") with Singapore Infrastructure (Asia Pacific) Pte. Ltd. pursuant to which the Company has agreed to allot and issue to the Subscriber initial new ordinary shares of 535,000,000 ("Initial New Shares") and the Subscriber has agreed to subscribe and pay for, Initial New Shares in the capital of the Company for an aggregate issue price of $8,025,000, on the terms and subject to the conditions of the Subscription Agreement.

The completion of the Proposed Issue is subject to certain conditions set out in the Subscription Agreement, including, without limitation:

(i) there being no objection to the Proposed Issue by the Scheme Managers;
(ii) the approval of the Scheme (without any material amendments, additions or variations thereto) by the Singapore court;
(iii) the approval of the Shareholders for the Proposed Issue having been obtained;
(iv) the approval in-principle of the SGX-ST for the listing and quotation of the New Shares on the official list of the mainboard of the SGX-ST having been obtained;
(v) the conversion of certain debts into new Shares in accordance with the terms of the Scheme;
(vi) the Shares having been lifted from trading suspension as at the Completion Date;
(vii) the net asset value of the Company, after taking into account certain events, being not less than S$3,600,000; and
(viii) the aggregate amount of the debts of all the Eligible Creditors, after taking into account certain events, being not more than $25,300,000 at any time prior to the Completion Date.

32 Reclassification of comparatives

The Group has made certain reclassification to the expenses of the statement of comprehensive income to better reflect the specific nature of the balances. There is no impact on the balance sheet at the beginning of the preceding period, the consolidated statement of changes in equity and loss per share of the Group. Effect on the consolidated statement of comprehensive income for the financial year ended 30 June 2014 are as follows:

	Balances as previously reported	Reclassification	Balance as restated
	$	$	$
Consolidated statement comprehensive income			
Cost of works	37,366,850	1,629,862	38,996,712
Administrative expenses	13,603,288	(1,629,862)	11,973,426

33 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group and the Company's accounting periods beginning on or after 1 July 2015 or later periods and which the Group and the Company has not early adopted:

Effective for annual periods beginning on or after 1 January 2015

- Improvements to FRSs (January 2014)
  - Amendment to FRS 102 Share-based payment
  - FRS 103 Business Combinations – FRS 108 Operating Segments
  - FRS 16 Property, Plant and Equipment
  - FRS 24 Related Party Disclosures
  - FRS 38 Intangible Assets
- Improvements to FRSs (February 2014)
  - FRS 103 Business Combinations
  - FRS 113 Fair Value Measurement
  - Amendment to FRS 40 Investment Property
- Effective for annual periods beginning on or after 1 January 2016
  - Amendments to FRS 1: Disclosure Initiative
  - Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
  - FRS 114 Regulatory Deferral Accounts
  - Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception
  - Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants
  - Amendments to FRS 27: Equity Method in Separate Financial Statements
  - Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  - Improvements to FRSs (November 2014)
  - FRS 105 Non-current Assets Held for Sale and Discontinued Operations
  - FRS 107 Financial Instruments: Disclosures – FRS 19 Employee Benefits – FRS 34 Interim Financial Reporting
- Effective for annual period beginning on or after 1 January 2017
  - FRS 115 Revenue from Contracts with Customers
- Effective for annual period beginning on or after 1 January 2018
  - FRS 109 Financial Instruments

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

STATISTICS OF SHAREHOLDINGS

AS AT 30 NOVEMBER 2015

Number of shares	:	368,500,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	48	17.20	45,500	0.01
1,001 - 10,000	81	29.03	567,400	0.16
10,001 - 1,000,000	122	43.73	20,273,800	5.50
1,000,001 AND ABOVE	28	10.04	347,613,300	94.33
TOTAL	**279**	**100.00**	**368,500,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SHEC HOLDINGS PTE LTD	147,329,650	39.98
2	ONG HOI LIAN	23,054,070	6.26
3	ONG KAH LAM	14,854,070	4.03
4	EDWARD LEE EWE MING	14,723,000	4.00
5	ENGINEERING MANUFACTURING SERVICES (S) PTE LTD	14,000,000	3.80
6	ONG HUR SENG	12,954,070	3.52
7	ESTATE OF ANG SIEW KEE, DECEASED	12,766,660	3.46
8	ONG ENG HOE	12,127,035	3.29
9	ONG SIEW CHING (WANG XIUZHEN)	12,127,035	3.29
10	ONG KENG HUAT	12,000,000	3.26
11	CITIBANK NOMINEES SINGAPORE PTE LTD	11,722,300	3.18
12	OCBC SECURITIES PRIVATE LIMITED	8,940,500	2.43
13	NEO SOCK KIM	8,019,800	2.18
14	ESTATE OF ONG WHAY YEOW, DECEASED	7,333,340	1.99
15	RHB SECURITIES SINGAPORE PTE. LTD.	5,651,070	1.53
16	PECK SAN HAI	5,357,000	1.45
17	ONG SIOW FONG	3,957,000	1.07
18	SOEN CHIN CHUN	2,538,000	0.69
19	TEOW LAN KHENG	2,500,000	0.68
20	RONALD MENON A/L R.K.MENON	2,400,000	0.65
	TOTAL	**334,354,600**	**90.74**

STATISTICS OF SHAREHOLDINGS

AS AT 30 NOVEMBER 2015

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Shareholders as at 30 November 2015)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**Number of Shares**	**%**	**Number of Shares**	**%**
SHEC Holdings Pte. Ltd.[1]	147,329,650	39.98	–	–
Ong Hock Leong[1] [2]	4,854,070	1.32	147,853,460	40.12
Ong Hur Seng[1]	12,954,070	3.52	147,329,650	39.98
Ong Kah Lam[1]	14,854,070	4.03	147,329,650	39.98
Ong Hoi Lian[1]	23,054,070	6.26	147,329,650	39.98
Edward Lee Ewe Ming[3]	1,000	0.00	18,914,000	5.19

Note:

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

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

(3) Edward Lee Ewe Ming deemed interest arises through shares held by financial institutions.

Percentage of shareholding held in the hands of the public

As at 30 November 2015, as far as the Company is aware, the percentage of shareholding in the Company held in the hands of the public is approximately 31.1%. At least 10% of the Company's equity securities are held by the public at all times and the Company is in compliance with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at **Warren Golf and Country Club Conference Room 1 & 2 (Level 2), 81 Choa Chu Kang Way, Singapore 688623 on 28 December 2015 (Monday) at 10.00 a.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 2015 together with the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr Ong Hock Leong retiring pursuant to Article 98 of the Company's Articles of Association. **Resolution 2**
[See Explanatory Note (i)]

3. To re-elect Mr Ong Hoi Lian retiring pursuant to Article 102 of the Company's Articles of Association. **Resolution 3**
[See Explanatory Note (ii)]

4. To approve the payment of consultancy fees of S$30,000 to Mr Ong Hoi Lian pursuant to Article 86(2) of the Company's Articles of Association for the financial year ended 30 June 2015. **Resolution 4**
[See Explanatory Note (iii)]

5. To approve the payment of Directors' fees of up to S$180,000 for the financial year ending 30 June 2016, to be paid quarterly in arrears. **Resolution 5**

6. To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

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

SPECIAL BUSINESSES

8. 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 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 Articles of Association 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 7**

[See Explanatory Note (iv)]

By Order of the Board

Ong Hock Leong
Managing Director
11 December 2015

Explanatory Notes:

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

Mr Ong Hock Leong will, upon re-election as a Director of the Company, remain as Managing Director of the Company.

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

Mr Ong Hoi Lian will, upon re-election as a Director of the Company, remain as a Non-Executive, Non-Independent Director of the Company.

(iii) The S$30,000 shall be paid to Mr Ong Hoi Lian as fees for consultancy services rendered to the Board.

(iv) The Ordinary Resolution 7 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.

Notes

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at least not less than forty-eight (48) hours before the time appointed for 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.

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

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.

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

I/We, ______________________________

of ______________________________

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Warren Golf and Country Club Conference Room 1 & 2 (Level 2), 81 Choa Chu Kang Way, Singapore 688623 on 28 December 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the financial year ended 30 June 2015		
2	Re-election of Mr Ong Hock Leong		
3	Re-election of Mr Ong Hoi Lian		
4	Approval of consultancy fees of S$30,000 to Mr Ong Hoi Lian		
5	Approval of Directors' fees of up to S$180,000 for the financial year ending 30 June 2016, to be paid quarterly in arrears		
6	Re-appointment of Nexia TS Public Accounting Corporation as Auditors		
7	Authority to issue shares and convertible securities pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this ________ day of ______________ 2015

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

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 130A of the Companies Act, Chapter 50 of Singapore), 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 entered against 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. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

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. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 190A Choa Chu Kang Avenue 1, Comfort Garden, Singapore 689466 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or 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.

7. 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 48 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.

SWEE HONG

FIRST WORLD CITY BUILDERS

Company Reg. No.198001852R

Swee Hong Limited

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Singapore 689466

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