3Cnergy

ANNUAL REPORT 2015

"WE MUST ACCEPT FINITE DISAPPOINTMENT, BUT WE MUST NEVER LOSE INFINITE HOPE".

MARTIN LUTHER KING, JR

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CORPORATE PROFILE

3Cnergy Limited is a Singapore-based investment holding company listed on the catalist of SGX-ST.

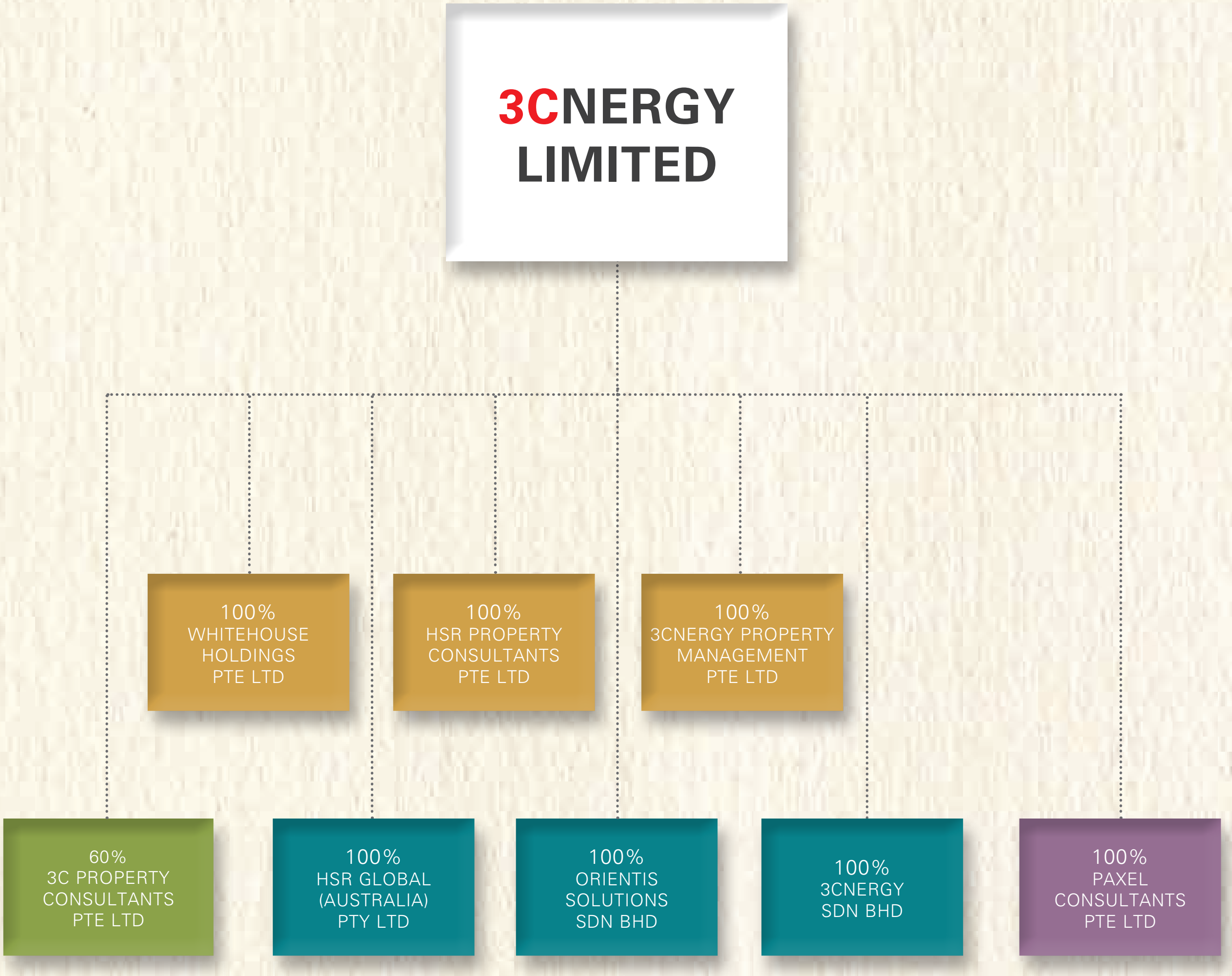
During the year, the Group underwent some restructuring and the Company disposed of its loss-making real estate and housing agency subsidiary, HSR International Realtors Pte Ltd and its training services subsidiary, Hastor Property Services Pte Ltd on 6 July 2015. On 30 September 2015, the Company disposed of its Malaysian real estate and housing agency associate, HSR Realtors (Malaysia) Sdn Bhd.

Orientis Solutions Sdn Bhd ("Orientis"), is the main subsidiary of the Group. Orientis is an integrated property development management firm offering architectural design, project financial feasibility assessment, engineering expertise and construction management services. Its staff comprises multi-disciplinary professionals with experience in the property development industry, including project management and construction implementation. Its clients comprise property developers, land owners, investors and joint-venture companies on the lookout for a one-stop service provider to meet all their property development needs and objectives.

Complementing 3Cnergy Limited's range of services, the Company's joint venture company, 3C Property Consultants Pte Ltd ("3CPC") provides real estate valuation and appraisal services on properties ranging from Housing & Development Board flats, private residential, commercial and industrial properties in Singapore.

The company's team of licensed valuers has extensive valuation experience, and some have been in the real estate valuation industry for more than 35 years. 3CPC's clients include government agencies, financial institutions, corporations and private individuals. The valuation services offered include Mortgage and Financing, Sale and Purchase, Rental Valuation, Land Valuation, Development Appraisal, En-bloc Sale, Fire Insurance, Property Tax, Compulsory Acquisition and Stamp Duty Valuation.

CORPORATE STRUCTURE



LEGEND

Overseas Subsidiary

Became a direct wholly-owned subsidiary on 28 February 2015 involving share transfer from HSR International Realtors Pte Ltd

Became a direct joint venture on 03 February 2015 involving share transfer from HSR International Realtors Pte Ltd.

CHAIRMAN STATEMENT

> We must accept finite disappointment,
> but we must never lose infinite hope.
>
> *Martin Luther King, Jr.*

Ever since we took over management some two and half years ago, we have faced nothing but disappointment. And I am sure you are equally upset and had wished for better outcomes.

There are many reasons why we have performed badly. Many of these causes were beyond our control, like the slow property sales which brought losses to our past core business. More significantly, we were severely impacted by decisions of the past management, some of which we are still unwinding. And we may have made some mistakes of our own too, in strategy and execution.

In 2010, your company undertook the collective sale of Thompson View condominium and decided to intervene in the tussle between the Collective Sale Committee and some of the owners. The Court found against the Collective Sale Committee and awarded costs against your company as the intervener. We lost $2.6 million or 46% of the net tangible asset of your company.

We also lost over $1.1 million in closing down the property business consultancy unit which was started in February 2012, by the past management. This unit has never ever made any money.

The lease on the old school in Toa Payoh, used as the office premises, continues to be a drag. It is too large a premise for our own use and sub-letting is tightly regulated. As an agency business, large physical office premises are redundant, as good agents by definition, are out selling rather than be in the office. The monthly rental for White House, the entire old school building in Toa Payoh rented by HSR, is about $120,000 including utilities and maintenance.

This lease will end in September 2016.

On 6 July 2015, we took the painful decision to sell HSR Realtor, which was the core business of your company. Tried as we did to grow this business, we were not successful. The short term outlook was not promising either.

Between 2013 and 2014, revenue from this business fell from $45.3m to $25.5m. It was worst for the first six months of 2015. We had done everything possible to rationalize cost, and cut staff costs down to bare bones and we have to be fair to pay a decent wage. To stop the bleeding and for the interest of the remaining staff, we sold the business for $1.

Our net current assets went negative by December 2014. We could not afford to continue suffer major losses. The strategy was to find "safe harbour". To preserve what we could while we look for new opportunities.

To ensure we remain a going concern and with sufficient cash to finance ongoing costs and commitments, I had to extend to the Company interest free, unsecured personal loan. As at 31 December 2015, this amounted to $2.85m. I have committed up to $5m in total. I believe this amount will be sufficient to meet all ongoing commitments and hopefully, we will be successful in acquiring an asset or business that will allow your company to operate profitably and sustainably.

Ultimately, I am responsible. The buck stops with me. As the saying goes, success has many fathers but failures are orphans. I am committed to stay with the company and to find a solution. We do not have any substantive assets, cash or otherwise. Our options are limited. But we do have some ideas and hopefully, some will bear fruits. And yes, there is always the risk that we may fail.

To quote Martin Luther King Jr, "We must accept finite disappointment, but we must never lose infinite hope".

Thank you.

Tong Kooi Ong

"To have problems is to know you are still living".

CEO MESSAGE

It is unfortunate that 2015 continued to be a year of disappointment for the Group. The property distribution business has always been a highly competitive and cyclical industry. Coupled with a backdrop of sluggish sales and softening demand in the Singapore property market, our efforts to revive and rebuild HSR realtor, the core business of the Group, have not been successful. As a result, we have been incurring losses for the last two financial years. In view of the challenging market conditions and the high operational costs in sustaining this business, we divested HSR realtor in July 2015.

We felt it was a necessary move to cut further loss and to preserve what we could for more sustainable and value-accretive opportunities ahead.

Since we have no control over the external market environment, we focused our efforts internally to improve productivity, efficiency and minimise costs through several measures. These include realigning duties and responsibilities, streamlining manpower and reducing staff costs.

Following the disposal of HSR realtor, some of the unused spaces within White House, the Toa Payoh premises, were tenanted to professionals from both the education and IT fields in order to defray the monthly rental and utility costs. Marginal income was also derived from the rental of auditoriums and training rooms for ad-hoc events.

With the lease of White House ending in September 2016, we will be relocating to a new office in June 2016 to make way for the reinstatement works and the subsequent handover of the premises to Singapore Land Authority.

Factoring the loss on the sale of HSR realtor, the Group reported a slightly higher loss for the financial year ended 31 December 2015 of $5.5 million, up 3.9% from S$5.3 million for the financial year ended 31 December 2014.

In terms of revenue contribution, there was an increase of income, albeit marginally, from Orientis Solutions Sdn Bhd (OSSB), the main subsidiary of the Group which provides architectural design, project management, engineering expertise and construction management services.

OSSB is presently involved in two mixed-use commercial developments in Johor, Malaysia and they are in the advanced stages of schematic development with sales launches targeted for 2017.

We hope to further enhance the revenue contribution from this business unit moving forward.

The establishment of 3C Property Consultants Pte Ltd (3CPC) which specialises in the valuation of properties in Singapore also serves to enhance the group's ability to provide a one-stop real estate solution. 3CPC is on the valuation panel of the Housing Development Board (HDB).

On 29 March 2016, we announced the proposed acquisition of Liberty Bridge Sdn Bhd, a Malaysian company which owns several parcels of undeveloped lands in Puteri Harbour, Johor Bahru, Malaysia. This is in line with the Group's diversification plan, leveraging on its existing property development management business under OSSB. These parcels of land are intended to be developed into a mixed-use development comprising SOHO, serviced apartments, hotel, condominiums, office lots, hotel and retail facilities.

We believe this acquisition is strategic and timely as we commit our time and resources in discovering and building other potential businesses for the long term sustainability of the Group. We admit it will not be an easy mission in view of the limited assets available but we are hopeful of the future.

Thank you.

Anne Tong

BOARD OF DIRECTORS

TONG KOOI ONG
NON-EXECUTIVE CHAIRMAN

Mr. Tong is the Non-Executive Chairman of 3Cnergy Limited ("3CL" together with its subsidiaries, the "Group") and was appointed to the Board on 15 May 2013. He is a member of the Nominating Committee, the Remuneration Committee and the Audit Committee.

Mr. Tong is a businessman with interests in media, property development and other businesses in Malaysia, Singapore and Canada. He is the Executive Chairman of UPP Holdings Ltd, and is on the board of M+S Pte Ltd, a joint venture between Khazanah Nasional Berhad and Temasek Holdings (Private) Ltd. He is also the Chairman of the Board of Directors of Taiga Building Products Ltd, a distributor of building products, listed on the Toronto Stock Exchange.

His media interests are in The Edge Media Group Pte Ltd, which publishes *The Edge Singapore, The Edge Malaysia, The Edge Financial Daily, The Edge Markets* and other print and digital publications.

Mr. Tong holds a Bachelor of Arts in Business Administration and a Master of Arts in Economics and Finance from Simon Fraser University, Canada. In 2002, he was bestowed his Doctor of Laws (Honoris Causa) from the same university.

ANNE TONG KOOI LIAN
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Ms. Anne Tong is the Managing Director and CEO of 3CL and was appointed to the Board on 17 June 2013. She is a Malaysian with over 20 years of corporate experience in various industries encompassing media, customer service, events management and property development.

Prior to her appointment, she was the Head of Corporate Communications at The Edge Communications Sdn Bhd, publisher of The Edge, Malaysia's premier and best-selling business and investment newspaper.

From 2008 to 2012, she was the General Manager for Branding and Community Development of Sunrise Berhad (now a subsidiary of UEM Sunrise Berhad), a leading property developer in Malaysia famed for its success in developing the Mont'Kiara/Dutamas neighbourhood in Kuala Lumpur, Malaysia. During her tenure with Sunrise Berhad, she was responsible for multiple portfolios including corporate communications, community development, customer relationship management, post-handover defects management and project marketing where she led the marketing and sales team in its project marketing efforts and in expanding Sunrise's customer base. Her active involvement in various stages of the property development process has helped to develop her insights and passion towards the property industry.

Ms. Tong holds a Bachelor of Arts, majoring in Commerce, from the University of Toronto, Canada.

YII HUNG DUE @ BILL YII
LEAD INDEPENDENT DIRECTOR

Mr. Yii is the Lead Independent Director of 3CL and was appointed as independent director of 3CL on 15 May 2013. He also serves as the Chairman of the Audit Committee and Remuneration Committee and is a member of the Nominating Committee.

Mr Yii began his career in finance and in 1991, he co-founded Welcojaya Sdn. Bhd., a real estate development company based in Malaysia. He is actively involved in managing the company and its various projects.

Mr. Yii holds a Bachelor of Business Administration from Simon Fraser University, Canada.

ONG PAI KOO @ SYLVESTER ONG
INDEPENDENT DIRECTOR

Mr Ong is an independent director of 3CL and was appointed to the Board on 15 September 2015. He also serves as the Chairman of the Nominating Committee and is a member of the Remuneration Committee and the Audit Committee.

Mr. Ong has over 32 years of finance experience in various industries in both Malaysia and Singapore. He is currently the Senior General Manager of an earthworks, infrastructure and other related construction works company in Malaysia.

Mr.Ong holds a Double Major Bachelor Degree in Economics and Business Administration and a MBA from Simon Fraser University, Canada.

KEY MANAGEMENT PROFILE

CHUNG CHEE KHUEN
GROUP FINANCIAL CONTROLLER

As Group Financial Controller, Chung is responsible for the accounting, finance and reporting functions of the Group.

Chung is a Fellow Chartered Certified Accountant ("FCCA"), registered with the Association of Chartered Certified Accountants in the United Kingdom, and a Chartered Accountant, CA (Malaysia), registered with the Malaysian Institute of Accountants. He has more than 23 years' experience in audit, accounting and finance in the financial services, property development, postal and courier services, media and real estate industries.

IR LUM TUCK MING
MANAGING DIRECTOR, ORIENTIS SOLUTIONS SDN BHD

Lum Tuck Ming is the Managing Director of Orientis Solutions Sdn Bhd. He graduated with a Bachelor of Science (Honours) Degree in Civil Engineering from the University of Leeds, United Kingdom. He is a Professional Engineer registered with the Board of Engineers, Malaysia and a corporate member of the Institute of Engineers, Malaysia. He has worked as an Engineer in the engineering consultancy industry for more than 10 years and in the property development industry for almost 25 years.

He began in property development experience in 1991 when he joined Sunrise Bhd, one of the top property companies in Malaysia as Project Manager and continued his career progress to be the Executive Director and Chief Operating Officer in 2005.

With the merging of Sunrise Bhd and UEM Land Bhd by end 2010, he was designated as the Chief Operating Officer of UEM Sunrise Bhd in 2011.

While in UEM Sunrise Bhd, he was nominated as a Director to more than ten joint-venture companies with other Developers and as a Director of more than ten active wholly-owned subsidiary companies.

He has extensive experience covering a variety of property development from township, high-rise residential, mixed development, industrial, infrastructural and commercial development. He has also been part of the team, winning many international and national property awards during his career in Sunrise Bhd and UEM Sunrise Bhd.

ANGIE TUNG SHAO YIN
EXECUTIVE DIRECTOR, DEVELOPMENT, ORIENTIS SOLUTIONS SDN BHD

Angie Tung is the Executive Director of Orientis Solutions Sdn Bhd ("OSSB"). She spearheads the development division in managing deliverables to the clients from all aspects of development management. This entails project feasibility studies, product research, creation and development, business collaboration ventures and timeliness in delivery.

She also oversees the day-to-day operations of the organization.

Prior to OSSB, she was the Deputy Senior Manager of Development Division in UEM Sunrise Bhd where she was involved in a few award-winning residential and mixed-use developments, namely Mont'Kiara Aman, 10 Mont'Kiara and Angkasa Raya @ KLCC, Jalan Ampang. During her 11 years tenure there, her experience covers procurement and development management.

She holds a Bachelor's Degree in Quantity Surveying from Universiti Teknologi Malaysia (UTM).

FINANCIAL AND OPERATIONS REVIEW

On 11 May 2015, the Company has entered into a conditional sale and purchase agreement with Mr. Liew Siow Gian, Patrick for the Proposed Disposal of HSR International Realtors Pte Ltd and Hastor Property Services Pte Ltd ("HSR Group"). The Proposed Disposal is a strategic decision as the Company has been incurring losses in the last two financial years. The loss on disposal of HSR Group is approximately S$2.3 million and S$0.5 million for financial years ended 31 December 2014 and 31 December 2015 respectively. The disposal of HSR Group was completed on 6 July 2015 and it has ceased to be a subsidiary of the Company.

The Group's loss from continuing operations, net of tax, had increased from approximately S$3.0 million in FY2014 to approximately S$5.4 million in FY2015 mainly due to an increase in general and administrative expenses of approximately S$2.7 million, which was mainly attributable to an impairment of goodwill of S$1.6 million for Orientis Solutions Sdn Bhd, impairment of assets of S$0.2 million and provision for onerous contract of $0.4 million.

Factoring in the loss on disposal of HSR Group as mentioned above, the Group reported a slightly higher loss from S$5.3 million for the financial year ended 31 December 2014("FY2014") to S$5.5 million for the financial year ended 31 December 2015("FY2015").

REVENUE

The Group's total revenue has increased by approximately S$0.9 million or 247.8% from S$0.4 million in FY2014 to S$1.3 million in FY2015. The increase is mainly due to revenue contribution from Orientis Solutions Sdn Bhd ("OSSB") which was acquired in July 2014. OSSB provides architectural design, project financial feasibility assessment, engineering expertise and construction management services.

GROSS PROFIT

With the increase in revenue, the Group's gross profit has increased by approximately S$0.2 million or 312.7% from S$63,000 in FY2014 to S$0.3 million in FY2015. In addition, the gross profit margin has increased from 16.6% to 19.6%.

OTHER OPERATING INCOME

Other income comprised mainly rental income, interest income and other miscellaneous income. Other income has increased by approximately S$0.1 million or 24.3% from S$0.5 million in FY2014 to S$0.6 million in FY2015. The increase was mainly due to the increase in rental income from Whitehouse Holding Pte Ltd from S$0.5 million to S$0.6 million in FY 2014 and FY 2015 respectively.

SALES AND DISTRIBUTION COSTS

Sales and distribution expenses mainly comprised advertisement and promotion expenses, entertainment expenses and allowance for doubtful debts. Sales and distribution expenses decreased by approximately S$4,000 or 36.4% from S$11,000 in FY2014 to S$7,000 in FY2015 mainly due to a decrease in travelling and entertainment expense.

GENERAL AND ADMINISTRATIVE EXPENSES ("G&A EXPENSES")

G&A Expenses comprised mainly salaries and related costs, audit fees, secretarial fees, tax fees, professional fees, rental, and printing and stationeries expenses. The G&A Expenses increased by approximately S$2.7 million or 75.7% from S$3.5 million in FY2014 to S$6.2 million in FY2015 mainly due to the impairment of goodwill of S$1.6 million for Orientis Solutions Sdn Bhd, impairment of assets of S$0.2 million, provision for onerous contract of $0.4 million and depreciation expense of S$72,000.

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment decreased by S$0.7 million from S$1.4 million as at 31 December 2014 to S$0.7 million as at 31 December 2015. The decrease was mainly due to depreciation of assets of the Group and impairment of asset of S$0.2 million.

Goodwill decreased by approximately S$1.9 million from S$3.8 million as at 31 December 2014 to S$1.9 million as at 31 December 2015, mainly due to provision for impairment of $1.6 million and foreign exchange difference of $0.3 million.

Trade receivables decreased by approximately S$3.0 million from S$3.3 million as at 31 December 2014 to S$0.3 million as at 31 December 2015, mainly due to payment by trade receivable of S$1.3 million in Orientis Solutions Sdn Bhd and the disposal of HSR International Realtors Pte Ltd which account for S$1.7 million as at 31 December 2014.

Trade payables decreased by approximately S$2.26 million from S$2.29 million as at 31 December 2014 to S$25,000 as at 31 December 2015, mainly due to the elimination of commission payable to salespersons arising from HSR International Realtors Pte Ltd.

FINANCIAL AND OPERATIONS REVIEW

Other payables decreased by approximately S$1 million from S$1.9 million as at 31 December 2014 to S$0.9 million as at 31 December 2015, mainly due to the disposal of HSR International Realtors Pte Ltd which accounted for S$1.2 million as at 31 December 2014.

Amount due to contract customers decreased by approximately S$0.9 million from S$1.3 million as at 31 December 2014 to S$0.4 million as at 31 December 2015. The decrease is mainly due to the increase in revenue recognized in FY2015 for Orientis Solutions Sdn Bhd which is in line with the increase in revenue.

On 8 January 2015, the Company signed a shareholder loan agreement with Phileo Capital Limited, the major shareholder. The loan is non-interest bearing. As at 31 December 2015, the shareholder loan is $2.85 million.

The Group reported a negative working capital of S$3.7 million as at 31 December 2015 as compared to S$0.7 million as at 31 December 2014. Cash balance outstanding as at 31 December 2015 stood at approximately S$0.3 million.

STATEMENT OF CASH FLOWS

Net cash used in operating activities in FY2015 was approximately S$3.0 million, mainly due to operating cash flow before changes in working capital of approximately S$2.7 million and a decrease in amount due to contract customers of S$0.9 million. This was partially offset by a decrease in receivables of S$1.2 million during the financial year.

Net cash used in investing activities in FY2015 was approximately S$0.6 million, which is mainly due to purchase of property, plant and equipment and cash flows from discontinued operation of HSR Group.

Net cash from financing activities in FY2015 was approximately S$2.7 million, which was mainly due to the increase in shareholder loan of S$2.85 million and partially offset with repayment of finance lease commitments.

The Group recorded a net decrease in cash and cash equivalents of approximately S$0.8 million in FY2015 as compared to S$5.6 million in FY2014.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of 3Cnergy Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining high standards of corporate governance and has adopted the principles set out in the Code of Corporate Governance 2012 (the "**Code**") to promote transparency and to protect the interests of the Company's shareholders.

The Company has established various self-regulating and monitoring mechanisms to ensure that effective corporate governance is practised as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and financial performance of the Group.

This report describes the Company's corporate governance processes and structures that are in place during the financial year ended 31 December 2015 ("**FY2015**"), with specific reference made to the principles and guidelines of the Code. Where there are deviations from the Code, appropriate explanations are provided.

A. BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

Apart from its statutory responsibilities under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), and requirements pursuant to the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**"), the Board sets the overall strategic directions of the Group and approves all major investments.

The main duties of the Board include:

- reviewing corporate strategies and business plans;
- ensuring Company's compliance with laws, regulations, policies, directions, guidelines and internal code of conduct;
- approving half-year and full-year results announcements;
- approving annual report and accounts;
- approving annual budget, material acquisitions and disposal of assets;
- approving interested person transactions;
- ensuring the adequacy of internal controls, risk management and periodic reviews of the Group's financial performance and compliance;
- ensuring accurate, adequate and timely reporting to and communication with shareholders; and
- all matters of strategic importance.

REPORT ON CORPORATE GOVERNANCE

Matters which are specifically reserved to the full Board for decision include, *inter-alia*, those involving a conflict of interest, material acquisitions and disposal of assets, corporate or financial restructuring, share issuance, dividends, financial results and corporate strategies.

To facilitate effective management, certain functions have been delegated by the Board to various committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). These Board Committees function within clearly defined terms of reference, which are reviewed on a regular basis. The Chairman of the respective Board Committees will report to the Board the outcome of the Board Committee meetings.

Board members are provided with regular updates on changes to relevant laws, regulations and accounting standards, particularly on new laws, regulations, from time to time in the discharge of their duties as Directors.

Management would conduct briefing and orientation programme(s) to newly appointed Director to ensure that the Director is familiar with the Group's business, operations and processes, as well as his duties as a director. The Company also encourage directors to attend seminars, trainings such as legal and as well as property related developments which affect the Group. Upon appointment of each Director, the Company will also provide a formal letter to each Director which sets out their duties and obligations.

During the financial year, Mr Ong Pai Koo @ Sylvester joined the Board. Mr. Ong has attended the briefing on the roles and obligations of a SGX listed Company as well as briefing on the Group's business, operations and processes.

During AC meetings, the Company's Internal Auditors', BDO LLP (until 27 October 2015) and Crowe Horwath Governance Sdn Bhd (since 27 October 2015) brief and update the AC members on the developments in the Governance Standards, if any. The external auditors, Deloitte & Touche LLP also updates the AC on the changes in accounting standards and relevant laws.

During Board meetings, the Chairman and the Managing Director & Chief Executive Officer ("**CEO**") provide updates to the other Directors on the development of the real estate and property development industries in Singapore and Malaysia, including regulatory changes and the foreseeable impact on the Group.

The Board meets regularly at least two times in each financial year. Ad-hoc Board meetings are called as and when deemed necessary by the Board to address any specific or significant matters that may arise. The Company's Constitution provide for Directors to convene meetings other than physical meetings, by teleconferencing, videoconferencing or other electronic means of communication.

Attendance at meetings of the Board and Board Committees during FY2015 is disclosed as follows:

Name of Directors	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No of Meetings held	No. of meetings attended Attendance	No of Meetings held	No. of meetings attended Attendance	No of Meetings held	No. of meetings attended Attendance	No of Meetings held	No. of meetings attended Attendance
Tong Kooi Ong	2	2	2	NA	1	NA	1	NA
Tong Kooi Lian	2	2	2	NA	1	NA	1	NA
Yii Hung Due @ Bill Yii	2	2	2	2	1	1	1	1
Ong Pai Koo @ Sylvester[1]	2	NA	2	NA	1	NA	1	NA
Eng Meng Leong[2]	2	2	2	2	1	1	1	1
Tan Kok Hiang[3]	2	2	2	2	1	1	1	1

REPORT ON CORPORATE GOVERNANCE

(1) Mr Ong Pai Koo @ Sylvester appointed as Director of the Company, Chairman of NC, member of AC and RC on 15 September 2015.

(2) Mr Eng Meng Leong resigned as Director of the Company on 15 September 2015.

(3) Mr Tan Kok Hiang resigned as Director of the Company on 15 December 2015.

(4) Mr Tong Kooi Ong appointed as member of AC and NC on 15 December 2015.

(NA) Not Applicable

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.

The Company endeavours to maintain a strong and independent element on the Board. As at the date of this report, two (2) out of the four (4) Board members are Independent Directors, making up half of the Board, thereby has met the Code's recommendation that Independent Directors should make up at least half of the Board (1) where the Chairman and the CEO are immediate family or (2) the Chairman is not an independent director. The Board comprises the following members:

Name of Directors	Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee
Tong Kooi Ong	Non-Executive Chairman	Member	Member	Member
Tong Kooi Lian	Managing Director & CEO	–	–	–
Yii Hung Due @ Bill Yii	Lead Independent Director	Chairman	Member	Chairman
Ong Pai Koo @ Sylvester	Independent Director	Member	Chairman	Member

The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs.

The Independent Directors of the Board have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. As at the date of this Report, none of the independent directors have served beyond nine years from the date of their first appointment:

Independent Director	Date of First Appointment	No. of years since Appointment
Yii Hung Due @ Bill Yii	15 May 2013	2 years and 11 months
Ong Pai Koo @ Sylvester	15 September 2015	7 months

The NC reviews the independence of the Directors, Board structure, size and composition annually.

The NC has reviewed and determined that the said Independent Directors are independent; and further, that no individual or small group of individuals dominate the Board's decision-making process.

REPORT ON CORPORATE GOVERNANCE

The NC is of the view that the current Board size and composition are adequate and appropriate to facilitate effective decision making, after taking into consideration the nature and scope of the Group's operations. The Board, taking into account the views of the NC, and the strong and independent element on the Board, considers that the current board size appropriate to facilitate effective decision making. The NC is also of the view that the current Board and Board Committees comprise persons whose diverse skills and experience provide for an effective Board; and who as a group, collectively possesses core competencies necessary for the effective functioning of the Board and an informed decision-making process.

The Non-Executive Director and the Independent Directors provide, amongst other things, strategic guidance to the Company based on their professional knowledge, in particular, assisting, constructively challenging and developing strategic proposals. The Non-Executive Director and the Independent Directors also help to review the performance of Management in meeting agreed goals and objectives and to exercise oversight over performance reporting and disclosure. To this end and where appropriate, they are encouraged to arrange for meetings without Management being present, on a regular basis and at times deemed necessary. They meet the Internal and External Auditors without the presence of management at least twice a year during the AC meetings.

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 Code stipulates that the roles of Chairman and CEO should, in principle, be separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Mr Tong Kooi Ong is the Non-Executive Chairman of the Board and Ms Tong Kooi Lian is the Managing Director and CEO of the Company and their roles are separate. The Chairman and the Managing Director and CEO are siblings. The Board is of the view that the process of decision making by the Board is independent with the establishment of the various Board Committees which are chaired by Independent Directors. Also, with half the Board consisting of Independent Directors, there are adequate accountability and safeguards to ensure an appropriate balance of power and authority for good corporate governance.

The role of the Chairman includes ensuring that Board meetings are held when necessary and setting the Board meeting agenda in consultation with the Company Secretary and ensuring that the Board is provided with adequate and timely information. As Chairman, Mr Tong Kooi Ong role includes:

- Leading the Board to ensure its effectiveness on all aspects of its role;
- Setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- Promoting a culture of openness and debate at the Board;
- Ensuring that the directors receive complete, adequate and timely information;
- Ensuring effective communication with shareholders;
- Encouraging constructive relations within the Board and between the Board and Management;
- Facilitating the effective contribution of non-executive directors in particular; and
- Promoting high standards of corporate governance.

REPORT ON CORPORATE GOVERNANCE

The Managing Director and CEO's performance is reviewed annually by the NC whilst her remuneration package by the RC annually. The AC will also review appointment to the Board, when required.

Lead Independent Director

Mr Yii Hung Due @ Bill Yii is the Lead Independent Director appointed to lead and co-ordinate the activities of the Independent Directors. The Lead Independent Director assists the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company.

The Lead Independent Director is the principal liaison on Board issues between the Independent Directors and the Chairman.

He will also be available to shareholders who have concerns in the event that normal interactions with the Chairman, CEO or Group Financial Controller have failed to resolve their concerns or where such channel of communication is considered inappropriate.

BOARD MEMBERSHIP

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

The NC is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments.The NC comprises three (3) members, two are Independent Directors:

Mr Ong Pai Koo @ Sylvester	(Chairman)
Mr Yii Hung Due @ Bill Yii	(Member)
Mr Tong Kooi Ong	(Member)

The principal role and functions of the NC include the following:

(a) to make recommendations to the Board on all Board appointments and re-nomination, having regard to contribution and performance of the Directors;

(b) to ensure that Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every 3 years;

(c) to determine annually whether a Director is independent, guided by guidelines in the Code;

(d) to decide if a Director is able and has adequately carried out his duties as a Director where he has multiple board representations; and

(e) to decide how the performance of the Board may be evaluated and propose objective performance criteria.

The NC is also involved in the review of board succession plans for directors, in particular the Chairman and CEO. The NC also makes recommendation to the Board for periodic training to be conducted for directors.

The NC ensures that there is a formal and transparent process for all appointments to the Board. It has adopted written terms of reference defining its membership, administration and duties.

REPORT ON CORPORATE GOVERNANCE

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position.

The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations. The NC will review, assess and meet with the candidates before making recommendation to the Board. In recommending new directors to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities or strategies, the current composition and size of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skills, attributes and ability. The NC makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board.

The Constitution of the Company requires one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to one-third shall retire from office by rotation and shall be eligible for re-election by the shareholders in every Annual General Meeting of the Company ("**AGM**"). Directors appointed by the Board during the financial year, shall only hold office until the next AGM, and thereafter be eligible for re-election at the AGM.

The NC has recommended to the Board that Mr Yii Hung Due @ Bill Yii and Mr Ong Pai Koo @ Sylvester be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the Directors' overall contributions and performance and the Board accepted NC's recommendation.

Mr Yii Hung Due @ Bill Yii, upon re-election as a Director of the Company, will remain as the Lead Independent Director, Chairman of the AC and RC and a member of the NC. He will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Ong Pai Koo @ Sylvester, upon re-election as a Director of the Company, will remain as Chairman of NC and a member of AC and RC. He will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his or her performance or his or her re-nomination as a Director.

Although some of the Board members have multiple board representations, the NC, after discussion with the said Directors, is satisfied that sufficient time and attention has been given by the Directors to the Group. At the moment, based on the number of other board representation of the Directors as disclosed in the table below, the NC has made a recommendation on the maximum number of listed company board representations which any director may hold is 5. The NC will continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

Key information about the Board members, including their principal commitments, is presented in this Annual Report under the heading "Board of Directors".

REPORT ON CORPORATE GOVERNANCE

The details of the Board, including the year of initial appointment and re-election, as well as directorship in other listed companies, are disclosed as follows:

Name of Director	Appointment	Date of Initial Appointment	Date of Last Re-election	Directorship in other Listed Companies (existing and for the preceding three years)
Tong Kooi Ong	Non-Executive	15 May 2013	24 April 2015	Existing: Singapore UPP Holdings Limited Canada Taiga Building Products Limited CT Nominee Ltd I. T. Nominee Ltd Past: Malaysia UEM Sunrise Berhad
Tong Kooi Lian	Executive	17 June 2013	24 April 2014	–
Yii Hung Due @ Bill Yii	Independent	15 May 2013	24 April 2014	–
Ong Pai Koo @ Sylvester	Independent	15 September 2015	–	–

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.

Performance evaluation of the Board is aimed at giving Directors an opportunity to gauge their effectiveness individually and collectively. It also helps to ensure continual improvement in the Board's decision-making process as it provides a benchmark by which future performance can be measured.

The NC evaluates the performance of the Board and Board Committees and that of the individual Directors based on performance criteria set by the Board.

The criteria for assessing the Board's and Board Committees performance include Board composition and size, Board processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance to and communication with Management. The criteria for assessing individual Director's contribution include, *inter alia*, the level of contribution to Board meetings, commitment of time, overall effectiveness.

As part of the evaluation process, the Directors will complete appraisal forms which are then collated by the Company Secretary who will submit to the Chairman of the NC in the form of a summary report. The summary report will be discussed during the NC meeting with a view to implementing recommendations to further enhance the effectiveness of the Board.

REPORT ON CORPORATE GOVERNANCE

The NC has reviewed the overall performance of the Board and Board Committees in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of the Board as a whole has been satisfactory. The NC has also reviewed the individual Director's performance in terms of attendance, areas of expertise, adequacy of preparation for board meetings, participation in board discussion, and participation in own specialist relevant area during the financial year and is of the view that the performance of each individual Director has been satisfactory.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors 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.

Each member of the Board has access to complete, adequate and timely information regarding the Group as may be required for the discharge of his duties and responsibilities.

As a general rule, notices are sent to the Directors one week in advance of Board meetings, followed by the Board papers which include financial results, budgets and all related information, in order for the Directors to be adequately prepared for the meetings. Senior management personnel maybe invited to attend board meetings to address queries from the Directors. The Directors also have unrestricted and independent access to the Company's senior management.

The Directors have separate and independent access to the Company Secretary. The Company Secretary is available whenever required, to respond to queries of any Director and to ensure that Board procedures are followed and applicable rules and regulations are complied with. The Company Secretary or his representative has attended all board meetings conducted during the year. The appointment and removal of the Company Secretary is a matter for the Board's consideration as a whole.

The Board (whether as individual members or as a group) has direct access to independent professional advisers, where so requested by them, at the expense of the Company.

B. REMUNERATION MATTERS

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 RC is established for the purposes of ensuring that there is a formal and transparent process for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. The RC comprises three (3) members, two are Independent Directors:

Mr Yii Hung Due @ Bill Yii	(Chairman)
Mr Ong Pai Koo @ Sylvester	(Member)
Mr Tong Kooi Ong	(Member)

REPORT ON CORPORATE GOVERNANCE

The role of the RC is to review and recommend to the Board, the remuneration packages and terms of employment of the Directors and the key executives of the Company. The RC meets at least once a year with all members of the committee in attendance. In its review and approval of the recommendations on remuneration policies and packages for the Directors and key executives, the RC covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind.

The RC's recommendations are made in consultation with the CEO and submitted for endorsement by the entire Board. The Independent Directors are compensated based on fixed Directors' fees taking into consideration their contributions, responsibilities and time spent. Payments of Directors' fees will be endorsed by the Board before being subject to shareholders' approval at each AGM.

Remuneration of senior management staff will be reviewed by the Company's Board of Directors and recommended by the RC in consultation with the CEO. The review will take into account the value and the extent of contribution of the staff towards the financial health and business needs of the Company.

In addition, in discharging its functions, the RC may obtain independent external professional advice as it deems necessary and the cost of which will be borne by the Company.

Each member of the RC shall abstain from voting on any resolutions in respect of his or her own remuneration package.

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 RC and the Board are of the view that the remuneration of the Directors and key executives is adequate but not excessive in order to attract, retain and motivate them to operate the Company successfully.

The Company has an employment agreement with its Managing Director and CEO. The Managing Director and CEO or the Company may terminate the employment agreement by giving to the other party, *inter alia*, not less than three months' notice in writing or three months' salary in lieu of notice in writing. The Company does not have any termination, retirement, or post-employment benefits granted to Managing Director and CEO, Directors, and key executive officers. The Board is of the opinion that the employment agreement does not contain any onerous removal terms.

DISCLOSURE ON 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.

In recommending the level and mix of remuneration, the RC seeks to establish a framework for attending, retaining and motivating employees. The Group subscribes to linking executive remuneration to corporate and individual performance based on annual appraisal of employees. The level and structure of remuneration of directors and key management executives are aligned with the long term interest and risk policies of the Company.

REPORT ON CORPORATE GOVERNANCE

A breakdown showing the level and mix of each individual Director's remuneration for FY2015 is disclosed in the table below:

NAME OF DIRECTORS	SALARY[#] (%)	BONUS (%)	FEES (%)	BENEFITS (%)	TOTAL (%)	Total (S$'000)
Tong Kooi Ong	–	–	100	–	100	25
Tong Kooi Lian	86	–	–	14	100	348
Yii Hung Due @ Bill Yii	–	–	100	–	100	39
Ong Pai Koo @ Sylvester[1]	–	–	100	–	100	10
Eng Meng Leong[2]	–	–	100	–	100	35
Tan Kok Hiang[3]	–	–	100	–	100	34

(#) Refers to basic salary and CPF contribution by employer
(1) Mr Ong Pai Koo @ Sylvester appointed on 15 September 2015
(2) Mr Eng Meng Leong resigned on 15 September 2015
(3) Mr Tan Kok Hiang resigned on 15 December 2015

A breakdown showing the level and mix of each key management executive's remuneration for the FY2015 is disclosed in the table below:

NAME	DESIGNATION	REMUNERATION BAND (S$)	SALARY[#] (%)	BONUS (%)	ALLOWANCE (%)	TOTAL (%)
Chung Chee Khuen	Group Financial Controller	Below 250,000	100	–	–	100
Ir Lum Tuck Ming	Managing Director Orientis Solutions Sdn Bhd ("OSSB")		77	23	–	100
Angie Tung Shao Yin	Executive Director, OSSB		84	16	–	100

(#) Refers to basic salary, commission income and CPF contribution by employer

The Company has three key management executives for FY2015. In aggregate, the total remuneration paid to them in financial year ended 31 December 2015 was S$380,000.

Tong Kooi Lian, who is the CEO and Managing Director of the Company is the sister of Tong Kooi Ong, Non-Executive Chairman and a controlling shareholder of the Company.

Beside the disclosure above, there was no employee in the Group who is an immediate family member of a Director or a CEO whose remuneration exceeded S$50,000 during the financial year under review.

*Performance Share Plan ("**PSP**")*

The RC also administers the PSP, which was approved at the extraordinary general meeting held on 19 January 2011. The RC would determine the eligibility of persons to participate in the PSP and the number of shares to be awarded to each participant, in accordance with the approved guidelines of the PSP. A member of the RC would not be involved in any deliberations in respect of any shares awarded to him or her. No share award has been granted under the PSP from 19 January 2011 until the date of this report. Details of the PSP were set out in the Company's Circular to shareholders dated 27 December 2010.

REPORT ON CORPORATE GOVERNANCE

C. ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

Half-year and full-year financial results announcements of the Company are released via SGXNET and annual reports are provided to shareholders within the respective periods stipulated in the Catalist Rules. In this regard, the Board, with the assistance of Management, strives to provide a balanced and understandable assessment of the Company's performance, position and prospects. Management provides all members of the Board with management accounts and explanations during the board meetings held to review and approve the half-year and full-year results of the Company. The Board also undertakes such effort in respect of other price sensitive public reports and reports to regulators, where required.

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 recognises its responsibilities over the governance of risks and has set in place management procedures for ensuring a sound system of risk management and internal controls. These procedures include a structured Enterprise Risk Management ("**ERM**"), management reviews of key transactions, and the assistance of the Group's external and internal auditors to review financial statements and internal controls covering key risk areas.

Risk Management

With effect from FY2013, the Group has in place an ERM programme which covers the following areas:

- ***ERM policies and procedures***

An overall framework for risk management has been documented in a manual disseminated to personnel responsible for oversight of risks and operations of risk countermeasures. This ERM manual includes the terms of reference of the various personnel and committee responsible for monitoring and managing risks in the Group. The ERM process also require ongoing identification of key risks to the Company and reporting these risks to the Board to better determine whether appropriate measures have been taken to address relevant risks. Risk workshops attended by key management personnel were conducted in FY2014 to provide a structured approach of identification and assessment of risks.

- ***Risk Appetite of the Company***

Generally, the Group will rely on Management to monitor day to day operations while subjecting key corporate decisions, such as investments or acquisitions of businesses for Board approval. The Company's performance is monitored closely by the Board periodically and any significant matters that might have an impact on the operating results are required to be brought to the immediate attention of the Board.

REPORT ON CORPORATE GOVERNANCE

The Company has also taken a strict stance towards avoiding any risks that might result in breaching relevant laws and regulations and risks that could adversely affect the reputation of the Group. Active efforts are also in place to manage risks within impact such as transferring them to third party insurers or having internal control procedures to better mitigate the likelihood of their occurrence. Internal audits will be regularly conducted to assess the ongoing compliance with the established controls to address key risk areas where applicable.

- ***Risk assessment and monitoring***

Based on the ERM framework, the nature and extent of risks to the Company will be assessed regularly and risk reports covering top risks to the Group will be submitted to the Board at least on a half yearly basis. The risk report of the Company has been submitted and discussed by the Board in FY2015. A set of risk registers to document risks arising from this ERM exercise has also been established to document all key risks and the corresponding countermeasures and will be updated whenever new risks emerge.

Internal Controls

The Board recognises the importance of sound internal controls, risk management practices and corporate governance. It is committed to maintaining a robust and effective system of internal controls. This is to safeguard shareholders' interests and the Group's assets. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management and for reviewing the adequacy and integrity of those systems on an annual basis.

The Group has been establishing a system of internal controls to promote effectiveness and efficiency of operations, reliability of financial reports and compliance with relevant laws and regulations. The internal controls include detailed policies and procedures to guide key operations, documented delegation of authority over key business transactions and specific control activities within the business workflow processes. The system of internal controls is also reviewed independently on an on-going basis, as a part of both the annual internal and external audit plans.

During the financial year, the Group's internal auditors had conducted two review exercises of the effectiveness of the Group's internal controls and operating procedures. The Group's external auditors had also reviewed the internal accounting controls that are relevant to their audit. Any non-compliance and recommendation for improvement were reported to the AC.

The Company has also implemented a Control Self-Assessment ("**CSA**") exercise covering key operating areas in the Group. This exercise comprises internal control questionnaires to be completed by staff to assess level of effectiveness of internal controls and risk countermeasures. This CSA covers all the key business processes of the Group and results of the CSA exercise is included in the periodic risk report to the Board and AC.

Other than the above risk report from the ERM exercise, the Board has also received assurance from the CEO and the Group Financial Controller that:

a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

b) the Company's risk management and internal control systems are effective.

REPORT ON CORPORATE GOVERNANCE

The Board, with the concurrence of AC, is of the opinion that, the system of internal controls maintained by the Group's management throughout the financial year ended 31 December 2015 is adequate and effective to address the financial, operational, compliance and information technology risks as at 31 December 2015.

The Board and AC are of the opinion that, the Company's internal controls were adequate based on:

- The internal controls established and maintained by the Group;
- Reports issued by the internal auditors and external auditors;
- Risk report arising from the ERM exercise
- Regular reviews performed by the Management, and annual review undertaken by AC and the Board; and
- Assurance from CEO and Group Financial Controller.

The Board acknowledges that it is responsible for maintaining a sound system of internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. Internal control can provide only reasonable and not absolute assurance against material misstatement, losses, human errors, fraud or other irregularities.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing framework whereby employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and for appropriate follow up actions. The details of the whistle-blowing policies and arrangements have been made available to all employees.

The AC exercises the overseeing function over the administration of the whistle-blowing policy. Half yearly reports will be submitted to the AC stating, if any, the number and nature of complaints received, the results of investigation, follow up actions and unresolved complaints.

Interested Person Transactions ("IPT")

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC for review and the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Group and its minority shareholders.

AUDIT COMMITTEE

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

The AC comprises three (3) members, two are Independent Directors:

Mr Yii Hung Due @ Bill Yii	(Chairman)
Mr Ong Pai Koo @ Sylvester	(Member)
Mr Tong Kooi Ong	(Member)

The Board is of the view that the members of the AC are appropriately qualified, having accounting or related financial management expertise or experience as the Board interprets such qualification, to discharge their responsibilities.

REPORT ON CORPORATE GOVERNANCE

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain an effective system of internal controls. The responsibilities of the AC include the following:

(a) to review with the external auditors the audit plan, their evaluation of the system of internal accounting controls to the extent that such controls are relevant to their audit of the financial statements, their audit report, their management letter and the Management's response;

(b) to review half-yearly and annual financial statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas (including the need for product liability insurance), significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(c) to review the internal control and procedures and ensure co-ordination between the external auditors and Management, review the assistance given by Management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

(d) to review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;

(e) to consider the appointment or re-appointment of the external auditors, the audit fees, and matters relating to the resignation or dismissal of the auditors;

(f) to review transactions falling within the scope of interested person transactions and the Catalist Rules, and in particular matters pertaining to acquisitions and realisations;

(g) to review and assess the Company's foreign exchange and hedging policies including whether the Company has in place adequate and appropriate hedging policies and used appropriate instruments for hedging, if applicable;

(h) to review the adequacy and structure of the finance function on an on-going basis and take appropriate remedial actions as may be necessary;

(i) to conduct annual internal control audits to review the Group's internal controls and procedures so as to review its adequacy and effectiveness;

(j) to undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(k) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the operating results or financial position of the Company. Each member of AC will abstain from voting in respect of matters in which he is interested.

REPORT ON CORPORATE GOVERNANCE

The AC meets with the external auditors without the presence of Management at least once in every financial year. The AC has met with the external auditors without the presence of Management during the financial year. The AC has reasonable resources to enable it to discharge its functions properly.

The AC has conducted an annual review of the volume of non-audit services, i.e. tax advisory services provided by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the auditors. As such, the AC has recommended to the Board that Deloitte & Touche LLP be nominated for re-appointment as the Company's auditors at the forthcoming AGM. The AC is also satisfied with the level of cooperation rendered by Management to the external auditors and the adequacy of the scope and quality of their audits.

In performing its functions, the AC has explicit authority to investigate any matter within its terms of reference, having full access to and co-operation by Management and full discretion to invite any Director or Executive Officer to attend its meetings.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

The AC met two times during the financial year under review. During the AC meetings, the external auditors, Deloitte & Touche LLP updated the AC on the changes in accounting standards which may have a direct impact on financial statements.

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 AC is aware that an internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the Group's system of internal controls. Accordingly, the internal audit function is outsourced to BDO LLP (until 27 October 2015) and Crowe Horwath Governance Sdn Bhd (since 27 October 2015) who report primarily to the AC. BDO LLP and Crowe Horwath Governance Sdn Bhd are international auditing firms and they perform their work based on their Internal Audit Methodologies which are consistent with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

The internal auditors report directly to the Chairman of the AC although they also report administratively to the Managing Director and CEO. The main function of the internal auditors is to review the effectiveness and quality of the systems of control of the Company and this review is performed with impartiality, proficiency and due professional care. The internal audit function is independent of the activities or operations of the Company. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC reviews and approves the internal audit plan submitted by the internal audit function. On an ongoing basis, the internal auditors reports to the AC any significant weaknesses and risks identified in the course of internal audits conducted. Recommendations to address control weaknesses are further reviewed by the internal auditors based on implementation timeline agreed with the Management.

Since the implementation of the internal audit function and subsequent to its review of the scope and results of the internal audit, the AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group. The AC will continue to assess the adequacy and effectiveness of internal audit function annually. The AC has met with the internal auditors without the presence of Management during the financial year.

REPORT ON CORPORATE GOVERNANCE

D. 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 Group's corporate governance culture and awareness promotes fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Companies Act, and Constitution of the Company. All shareholders are treated fairly and equitably.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure.

The Constitution of the Company allows members of the Company to appoint not more than two (2) proxies to attend and vote on their behalf at the general meetings.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated.

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 Board is mindful of its obligations to provide timely and full disclosure of material information to shareholders of the Company and does so through:

– annual reports issued to all shareholders. Non-shareholders may access the SGXNET for static copies of the Company's annual reports;

– half and full-year results announcements on the SGXNET;

– other announcements on the SGXNET; and

– press releases on major developments regarding the Company.

The Company held an AGM in April 2015 and an Extraordinary General Meeting in June 2015 where shareholders attended and shared their views and raised queries which was addressed by the Board. The Company may organise media/analyst briefing to solicit and understand shareholders' view when such need arises.

The Company does not have a policy on payment of dividends. The Company did not declare dividend for the financial year due to the losses incurred during the financial year.

REPORT ON CORPORATE GOVERNANCE

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.

At the general meetings of the Company, shareholders are given the opportunity to air their views and ask Directors questions regarding the Group. Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The general meetings are the principal forum for dialogue with shareholders.

The Constitution of the Company allows members of the Company to appoint not more than two (2) proxies to attend and vote on their behalf at the general meetings.

The Directors, including chairpersons of each of the Board Committees are present at the general meetings to answer questions from the shareholders. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions. The Company prepares minutes of general meetings which is made available to shareholders upon their request. Effective this Annual General Meeting, the Company will put all resolutions to vote by poll at general meetings in the presence of independent scrutineer(s).

E. DEALING IN SECURITIES

In accordance with Rule 1204(19) of the Catalist Rules, the Group has adopted an internal code of conduct to provide guidance to the Directors and all officers of the Company not to deal in the Company's shares during the period commencing one (1) month prior to the announcement of the Company's half-year and full-year financial results and ending on the date of the announcement of the financial results.

The Group has reminded its Directors and officers that it is an offence under the Securities and Futures Act, Chapter 289, for a listed issuer or its officers to deal in the Company's shares when the officers are in possession of unpublished material price-sensitive information in relation to those securities. Directors and officers are expected to observe insider-trading laws at all times even when dealing in the Company's Shares within permitted trading periods. The Directors and officers should not deal in the Company's securities on short-term considerations.

The Company has complied with the internal code of conduct for the financial year ended 31 December 2015.

F. MATERIAL CONTRACTS

The Company acquired Orientis Solutions Sdn Berhad in July 2014. Prior to the acquisition, Orientis Solutions Sdn Berhad had entered into two contracts involving the interests of the Non-Executive Chairman and controlling shareholder. Shareholders' approval was obtained on 30 June 2014 for the two contracts which is still subsisting at the end of the financial year under review:

REPORT ON CORPORATE GOVERNANCE

Interested Party	Nature of Contract	Contract Value
Liberty Bridge Sdn Bhd ("Liberty Bridge")	Project Management Services	RM 47 Million (equivalent to S$16.59 million)
Publiq Development Group Sdn Bhd (f.k.a Rainbow Crest Sdn Bhd)	Project Consultancy Services	RM 9.8 million (equivalent to S$3.46 million based on exchange rate)

On 29 March 2016, the Company has entered into a conditional sale and purchase agreement with the Vendors of Liberty Bridge for the acquisition of all the issued shares in Liberty Bridge at the consideration of S$64 million to be satisfied by the allotment and issuance of new ordinary shares.

G. INTERESTED PERSON TRANSACTIONS

The Company has adopted internal guidelines in respect of any transactions with interested persons and has set out the procedures for the review and approval of the Company's interested person transactions ("**IPT**"). The main objective is to ensure that all IPTs are conducted on arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority shareholders.

The Board had reviewed all IPTs for the financial year under review. The aggregate value of IPT entered into for the financial year under review is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
	S$'000	**S$'000**
Publiq Development Group Sdn Bhd Project Consultancy Services & recovery of incidentals	–	444
Phileo Capital Limited Shareholder loan	2,850	–

The Group has a general mandate from shareholders to enter into the following types of IPT:

1. Real Estate Agency Services
2. Facilities Management Services
3. Project Management Services
4. Purchase of advertising-related services from The Edge Media Group
5. Financial Assistance and Services
6. Lease of Properties or Spaces
7. Secondment of Staff
8. Corporate-Related Services

with Mr Tong Kooi Ong and/or his Associates (including future associates).

REPORT ON CORPORATE GOVERNANCE

H. NON-SPONSOR FEES

CIMB Bank Berhad, Singapore Branch ("**CIMB**") was appointed Sponsor of the Company with effect from 6 February 2015. No non-Sponsor fees were paid to CIMB during 2015.

I. AUDIT AND NON-AUDIT FEES

In FY2015, approximately S$108,000 of audit fee and S$25,000 of non-audit fee were paid to Ernst and Young LLP in the financial year under review, who was the auditor of the Company until 26 June 2015.

Deloitte and Touche LLP was appointed auditor of the Company with effect from 26 June 2015. No fees were paid to Deloitte and Touche LLP in FY2015.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of 3Cnergy Limited. (the "Company") and its subsidiaries (collectively the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2015.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 33 to 101 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. DIRECTORS

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

Mr Tong Kooi Ong
Ms Anne Tong Kooi Lian
Mr Ong Pai Koo @ Sylvester (Appointed on September 15, 2015)
Mr Yii Hung Due @ Bill Yii

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraph 3 of the Directors' statement.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company except as follows:

	Direct interest		Deemed interest	
Name of directors and companies in which interests are held	**At the beginning of financial year**	**At end of financial year**	**At the beginning of financial year**	**At end of financial year**
The Company (Ordinary Shares) – 3Cnergy Limited				
Tong Kooi Ong[1]	–	–	65,368,500	65,368,500
Yii Hung Due @ Bill Yii[2]	10,000	10,000	–	–
Immediate Holding Company (Ordinary Shares) – Phileo Capital Limited				
Tong Kooi Ong[3]	–	–	1	1

1 The deemed interest of the director comprises the shareholding of Phileo Capital Limited in the Company. By virtue of section 7 of the Singapore Companies Act, Mr Tong Kooi Ong is deemed to have an interest in all the related corporations of the Company.

2 The entire 10,000 shares are held in the name of RHB Securities Singapore Pte Ltd.

3 Mr Tong Kooi Ong is the sole ultimate beneficial shareholder of Phileo Capital Limited through Escan Trust reg., the trustee of a family trust of which Mr Tong Kooi Ong is the sole beneficiary.

There was no change in any of the above-mentioned interests between end of financial year end and January 21, 2016.

DIRECTORS' STATEMENT

4. SHARE OPTIONS AND PERFORMANCE SHARES

There is presently a Performance Share Plan ("PSP") which was approved at the extraordinary general meeting held on January 19, 2011 on unissued shares of the Company. However, no share award has been granted under the PSP from January 19, 2011 until date of this report.

5. AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Mr Yii Hung Due @ Bill Yii, an independent director, and includes Mr Ong Pai Koo @ Sylvester, an independent director and Mr Tong Kooi Ong, a non-independent director. The Audit Committee has met two times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) The audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) The Group's financial and operating results and accounting policies;

(c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) The half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) The co-operation and assistance given by the management to the Group's external auditors; and

(f) The re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

DIRECTORS' STATEMENT

6. AUDITOR

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

____

Anne Tong Kooi Lian
Chief Executive Officer

____

Tong Kooi Ong
Director

Singapore
April 6, 2016

INDEPENDENT AUDITORS' REPORT

To the Members of 3Cnergy Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of 3Cnergy Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2015, and the consolidated statement of profit and loss and other comprehensive income, statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 101.

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 (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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

To the Members of 3Cnergy Limited

Emphasis of Matter

We draw attention to Note 1 to the financial statements which describes material uncertainties related to the use of the going concern assumption in the preparation of these financial statements.

The Group incurred a net loss of $5,514,000 (2014: $5,305,000) during the financial year ended December 31, 2015 and as at that date, the Group and the Company's current liabilities exceeded its current assets by S$3,719,000 (2014: $747,000) and $4,536,000 (2014: $874,000) respectively. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group's and Company's abilities to continue as going concerns.

As stated in Note 1, the Group's and Company's abilities to continue as going concerns are dependent on the successful implementation of the business plan, ability to drawdown on the shareholder's loan and the sufficiency of the loan to pay their debts as and when they fall due. Our opinion is not qualified in respect of this matter.

Other Matter

The financial statements of the Group and Company for the year ended December 31, 2014, were audited by another auditor who expressed an unmodified opinion with an emphasis of matter on the going concern assumption on those financial statements in their report dated April 2, 2015.

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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 6, 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2015

	Note	2015 $'000	2014 $'000 (restated)
Continuing operations			
Revenue	8a	**1,325**	381
Cost of services rendered and goods sold		**(1,065)**	(318)
Gross profit		**260**	63
Other operating income	8b	**625**	503
Sales and distribution costs		**(7)**	(11)
General and administrative expenses		**(6,221)**	(3,540)
Finance costs		**(47)**	(38)
Share of gain in a joint venture		**3**	–
Loss for the year before tax from continuing operations	9	**(5,387)**	(3,023)
Income tax (expense) credit	10	**(49)**	1
Loss for the year from continuing operations, net of tax		**(5,436)**	(3,022)
Discontinued operation			
Loss for the year from discontinued operation	31	**(78)**	(2,283)
Loss for the year		**(5,514)**	(5,305)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
– Exchange differences on translation of financial statements of foreign subsidiaries		**(356)**	(43)
Other comprehensive income for the year, net of tax		**(356)**	(43)
Total comprehensive loss for the year		**(5,870)**	(5,348)
Loss attributable to owners of the Company:			
Loss from continuing operations, net of tax		**(5,436)**	(3,022)
Loss from discontinued operation, net of tax		**(78)**	(2,283)
Loss for the year attributable to the owners of the Company		**(5,514)**	(5,305)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

	Note	2015 $'000	2014 $'000 (restated)
Total comprehensive loss attributable to owners of the Company:			
Total comprehensive loss from continuing operations, net of tax		**(5,792)**	(3,065)
Total comprehensive loss from discontinued operation, net of tax		**(78)**	(2,283)
		(5,870)	(5,348)
Loss per share from continuing operations (cents per share)			
Basic	28	**(4.53)**	(2.77)
Diluted		**(4.53)**	(2.77)
Loss per share from continuing and discontinued operations (cents per share)			
Basic	28	**(4.60)**	(4.87)
Diluted		**(4.60)**	(4.87)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	Note	Group			Company	
		December 31, 2015 $'000	December 31, 2014 $'000 (restated)	January 1, 2014 $'000	December 31, 2015 $'000	December 31, 2014 $'000
ASSETS						
Non-current assets						
Property, plant and equipment	11	**726**	1,370	2,856	**184**	–
Goodwill	12	**1,839**	3,768	–	**–**	–
Other intangible assets	12	**2,537**	2,846	–	**–**	–
Investment in subsidiaries	13	**–**	–	–	**6,193**	8,757
Investment in joint venture	14	**143**	140	–	**150**	–
Deposits	17	**–**	265	410	**–**	–
		5,245	8,389	3,266	**6,527**	8,757
Current assets						
Inventories	15	**–**	70	93	**–**	–
Trade receivables	16	**341**	3,345	4,835	**–**	–
Other receivables and deposits	17	**347**	171	119	**–**	–
Prepayments		**26**	315	435	**20**	3
Amount due from subsidiaries	18	**–**	–	–	**13**	586
Amount due from joint venture	19	**–**	12	–	**–**	–
Amount due from associate		**–**	1	–	**–**	–
Tax recoverable		**12**	–	–	**–**	–
Cash and cash equivalents	20	**330**	1,166	6,775	**113**	341
		1,056	5,080	12,257	**146**	930
Total assets		**6,301**	13,469	15,523	**6,673**	9,687

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

		Group			Company	
	Note	December 31, 2015 $'000	December 31, 2014 $'000 (restated)	January 1, 2014 $'000	December 31, 2015 $'000	December 31, 2014 $'000
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	21	**25**	2,289	4,916	**–**	–
Accruals and other payables	22	**833**	1,883	4,528	**328**	191
Provision for onerous contract	22	**357**	–	–	**–**	–
Amount due to customers for project management contracts	23	**393**	1,349	–	**–**	–
Amount due to subsidiaries	18	**–**	–	–	**1,291**	1,613
Amount due to joint venture	19	**161**	173	–	**161**	–
Finance lease liability	24	**85**	86	70	**52**	–
Shareholder loan	6	**2,850**	–	–	**2,850**	–
Income tax payable		**71**	47	4	**–**	–
		4,775	5,827	9,518	**4,682**	1,804
Net current (liabilities) assets		**(3,719)**	(747)	2,739	**(4,536)**	(874)
Non-current liabilities						
Accruals and other payables	22	**–**	75	96	**–**	–
Finance lease liability	24	**210**	313	262	**122**	–
Deferred tax liabilities	25	**729**	797	56	**–**	–
Total liabilities		**5,714**	7,012	9,932	**4,804**	1,804
Net assets		**587**	6,457	5,591	**1,869**	7,883
Equity attributable to owners of the Company						
Share capital	26	**12,886**	12,886	6,672	**47,416**	47,416
Accumulated losses and other reserves		**(12,299)**	(6,429)	(1,081)	**(45,547)**	(39,533)
		587	6,457	5,591	**1,869**	7,883

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

	Attributable to owners of the Company			
	Share capital $'000	Translation reserve[1] $'000	Retained earnings (Accumulated losses) $'000	Total equity $'000
Group				
Balance at January 1, 2015 (as previously reported)	**12,886**	**(45)**	**(6,282)**	**6,559**
Adjustment (Note 32)	**–**	**–**	**(102)**	**(102)**
Balance at 1 January 2015 (restated)	**12,886**	**(45)**	**(6,384)**	**6,457**
Loss for the year	**–**	**–**	**(5,514)**	**(5,514)**
Other comprehensive loss for the year, net of tax	**–**	**(356)**	**–**	**(356)**
Total comprehensive loss for the year	**–**	**(356)**	**(5,514)**	**(5,870)**
Balance at December 31, 2015	**12,886**	**(401)**	**(11,898)**	**587**
Balance at January 1, 2014	6,672	(2)	(1,079)	5,591
Issuance of shares	6,214	–	–	6,214
Loss for the year	–	–	(5,203)	(5,203)
Other comprehensive income	–	(43)	–	(43)
Adjustment (Note 32)	–	–	(102)	(102)
Total comprehensive loss for the year	–	(43)	(5,305)	(5,348)
Balance at December 31, 2014 (restated)	12,886	(45)	(6,384)	6,457

(1) Translation reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

	Share capital $'000	Accumulated losses $'000	Total equity $'000
Company			
Balance at January 1, 2015	**47,416**	**(39,533)**	**7,883**
Loss for the year representing total comprehensive loss for the year	**–**	**(6,014)**	**(6,014)**
Balance at December 31, 2015	**47,416**	**(45,547)**	**1,869**
Balance at January 1, 2014	41,202	(35,172)	6,030
Issuance of shares	6,214	–	6,214
Loss for the year representing total comprehensive loss for the year	–	(4,361)	(4,361)
Balance at December 31, 2014	47,416	(39,533)	7,883

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

	Note	2015 $'000	2014 $'000 (restated)
Cash flows from operating activities			
Loss before tax (Note 1)		**(5,465)**	(5,306)
Adjustments for:			
Depreciation of property, plant and equipment		**713**	1,114
(Write back) Allowance for doubtful debts		**–**	871
Gain on disposal of property, plant and equipment		**–**	(50)
Amortisation of other intangible assets		**309**	153
Loss on deemed disposal of subsidiary		**–**	42
Share of profit in investment in joint venture		**(3)**	–
Gain on disposal of subsidiary	13	**(430)**	–
Bad debts written off		**55**	–
Impairment of goodwill		**1,600**	–
Impairment of property, plant and equipment		**158**	973
Provision for onerous contract		**357**	–
Inventories obsolescence		**–**	70
Interest income		**(33)**	(35)
Interest expense		**47**	38
Unrealised exchange differences		**9**	(176)
Operating cash flows before changes in working capital		**(2,683)**	(2,306)
Decrease in receivables		**1,220**	896
Decrease (Increase) in inventories		**12**	(48)
(Decrease) Increase in amount due to customers for project management contracts		**(956)**	1,540
Decrease in payables		**(493)**	(5,547)
Cash used in operations		**(2,900)**	(5,465)
Interest received		**33**	35
Interest paid		**(47)**	(38)
Income tax (paid) recovered		**(98)**	1
Net cash used in operating activities		**(3,012)**	(5,467)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(68)**	(261)
Disposal of subsidiary	13	**(503)**	–
Proceed from disposal of property, plant and equipment		**–**	138
Cash inflow from acquisition of a subsidiary	32	**–**	114
Cash outflow from loss of control in subsidiary		**–**	(193)
Decrease (Increase) in amount due from associate		**1**	(1)
Net cash used in investing activities		**(570)**	(203)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

	Note	2015 $'000	2014 $'000 (restated)
Cash flows from financing activities			
Increase in shareholders loan		**2,850**	–
Increase in amount due to joint venture		**–**	173
Repayment of obligations under finance leases		**(104)**	(112)
Net cash from financing activities		**2,746**	61
Net decrease in cash and cash equivalents		**(836)**	(5,609)
Cash and cash equivalents at beginning of the year		**1,166**	6,775
Cash and cash equivalents at end of the year	20	**330**	1,166

Note 1:

Loss before tax:			
From continuing operations		**(5,387)**	(3,023)
From discontinued operations		**(78)**	(2,283)
		(5,465)	(5,306)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

1. GENERAL

The Company (Registration No. 197300314D) is a limited liability company which is incorporated and domiciled in the Republic of Singapore and is listed on Catalist under Singapore Exchange Securities Trading Limited (SGX-ST). The financial statements are expressed in Singapore dollar and rounded to the nearest thousand ($'000) except as otherwise indicated.

The registered office and principal place of business of the Company is located at 3 Lorong 6 Toa Payoh #01-01 Singapore 319378.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 13.

The Group incurred a net loss of $5,514,000 (2014: $5,305,000) during the financial year ended December 31, 2015 and as at that date, the Group and the Company's current liabilities exceeded its current assets by $3,719,000 (2014: $747,000) and $4,536,000 (2014: $874,000) respectively. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group's and Company's abilities to continue as going concerns.

Management has prepared cash flows forecasts of the Group and of the Company for the financial year ending December 31, 2016 ("Cash Flow Forecast") using interim financial information and prepared the business plans and Cash Flow Forecast based on (i) a planned acquisition of a property development company as further elaborated in Note 33, (ii) a proposed issue of new shares pursuant to Rules 723 of the Catalist Rules for the purpose of maintaining a float of 10% of the issued shares held by public ("Proposed Compliance Placement"), and (iii) continuing financial support from Phileo Capital, the holding company.

On March 29, 2016, Phileo Capital Limited has agreed to extend the committed loan of $5 million for another 12 months from the date of the approval of the 2015 financial statements of the Group at the Annual General Meeting until such time when the Company is able to raise funds necessary for the Group to meet its financial obligation when they fall due so that the Group can continue to operate as a going concern. As at December 31, 2015, an amount of $2,850,000 has been drawn down by the Group and a balance of $2,150,000 is available to the Group.

As at the date of the approval of these financial statements, subject to the fulfilment of conditions as further elaborated in Note 33, the Directors are not aware of any circumstances or reasons which would likely affect the implementation of the business plans and on the basis of available financial support from the holding company. In light of the foregoing, the Directors opined that it is appropriate to prepare the financial statements on a going concern basis.

If the Group and the Company are unable to continue in operational existence for 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 statement of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2015 were authorised for issue by the Board of Directors on April 6, 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2015, the Group has adopted all the new and revised FRSs that are effective from that date and relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Company were issued but not effective:

- FRS 109 *Financial Instruments*(2)
- FRS 115 *Revenue from Contracts with Customers*(2)
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*(1)
- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*(1)
- Amendments to FRS 110 *Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*(3)
- Improvements to Financial Reporting Standards (November 2014)(1)

(1) Applies to annual periods beginning on or after January 1, 2016, with early application permitted.
(2) Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
(3) Application has been deferred indefinitely, however, early application is still permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements in the period of their initial adoption except for the following:

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FRS 115 Revenue from Contracts with Customers (Continued)

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Management is currently evaluating the potential impact of the application of these amendments to FRS 115 on the financial statements of the Group and Company in the period of initial application.

Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments have been made to the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Management is currently evaluating the potential impact of the application of these amendments to FRS 1 on the financial statements of the Group and Company in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in joint ventures and associates.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In the Company's financial statements, investments in subsidiaries and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer are measured in accordance with FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and fixed deposits that are subject to an insignificant risk of changes in value.

Loans and receivables

Trade receivables, loans and other receivables (excluding prepayments) that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables where the recognition of interest would be immaterial.

Interest-bearing bank loans are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at fair value through profit or loss, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Project management contracts

Certain entities of the Group enter into fixed price long-term contracts with customers for the provision of services. 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 end of the reporting period (the percentage of completion method), when the outcome of a project management contract can be estimated reliably.

When the outcome of a project management contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An expected loss on the project management contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue. In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated costs to complete.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for project management contracts. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as amounts due to customers for project management contracts. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade and other receivables.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating leases are added to the carrying amount of the leased asset and recognised as an expenses over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals arising under finance leases are recognised as expenses in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES – Inventories are stated at the lower of cost (first-in, first-out method) and net realisable value. Cost includes all costs of purchase and other costs incurred to bring the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

INTERESTS IN JOINT VENTURE – A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Air-conditioners	–	10 years
Computers	–	3 years
Electrical installation	–	7 to 8 years
Renovation	–	3 to 8 years
Kitchen equipment	–	8 years
Furniture and fixture	–	7 to 10 years
Office equipment	–	5 to 10 years
Motor vehicles	–	5 years

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an asset which is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in profit or loss for the period in which they arise.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL – At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION – Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Commission revenue and related services

Revenue from commission is recognised when these services are rendered and are contractually billable. Revenue from related services such as course fee, bank referral fee, resale-net, valuation and e-stamping fee and refreshments are recognised when these services are rendered. Revenue from merchandising is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers.

(b) Rendering of services

Revenue from the management of long-term project management contracts is recognised by reference to the stage of completion at the end of the reporting period. Stage of completion is determined by reference to labour costs incurred to date as a percentage of total estimated labour costs for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(c) Rental income

Rental income from workstations and office premises is accounted for based on a straight-line basis over the lease terms stipulated in the contracts.

(d) Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BORROWING COSTS – Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the reporting period.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment property will be recovered entirely through sale.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity within the Group operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the initial transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (foreign currency translation reserve).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences relating to that foreign operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have been previously attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. jointly controlled entities that do not result in the Group losing joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity (foreign currency translation reserve).

SEGMENT REPORTING – Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision makers who are responsible for allocation of resources and assessing performance of the operating segments.

GOVERNMENT GRANTS – Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Classification of joint arrangements

The Group's joint arrangements are incorporated as private companies whose legal form confers separation between the parties to the joint arrangements and the company itself. There is no contractual arrangement or no facts and circumstances that indicate that the parties to the joint arrangements have rights to the assets and obligations for the liabilities of the joint arrangements. Accordingly, all the joint arrangements are classified as joint ventures of the Group.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Deferred tax

Significant assumptions are involved in determining the provision for deferred tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's deferred tax is disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Allowance for doubtful trade and other receivables

Management assesses at the end of each reporting period whether there is any objective evidence that receivables are impaired. Impairment loss is calculated based on a review of the current aging of existing receivables and historical collections experience. Such allowances are adjusted periodically to reflect the actual and anticipated payment default experience. As at December 31, 2015, allowance for doubtful trade and other receivables amounts to $45,000 (2014: $2,108,000). The carrying amount of the trade and other receivables is disclosed in Notes 16 and 17 respectively.

Impairment assessment of property, plant and equipment and intangible assets

The Group performs an assessment annually based on the principle of FRS 36 whether property, plant and equipment and intangible assets have any indication of impairment. Where there are indicators, management would estimate the value in use of the property, plant and equipment and intangible assets. The value in use calculation requires the Group to estimate the future cash flows expected from the CGU and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the carrying amount of those assets based on such estimates and is confident that the allowance for impairment, where necessary, is adequate.

The carrying amounts of the Group's property, plant and equipment and intangible assets are disclosed in Notes 11 and 12 respectively.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

Real estate and property development consultancy CGU

The Group has prepared a cashflow forecast and as further disclosed in Note 12 has recorded an impairment loss against goodwill of $1.6 million during the year. The sensitivity analysis below has been determined based on the key variables used in the value in use calculation:

If the discount rate used to derive the value in use calculation had been 100 basis point higher and all other variables were held constant, the Group's loss for the year ended December 31, 2015 would increase by $0.6 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Project management contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a project management contract can be estimated reliably. The stage of completion is measured by reference to the proportion that labour costs incurred for work performed to date to the estimated total contract costs. Significant assumptions are required to estimate the total labour costs and the recoverable variation works that affect the stage of completion. In making these estimates, management has relied on past experience and knowledge of the project management team. The carrying amounts of assets and liabilities arising from project management contracts at the end of each reporting period are disclosed in Note 23.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. There are no financial instruments carried at fair value.

(a) ***Fair value of financial instruments by class that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Determination of fair value

Management has determined that the carrying amounts of cash and cash equivalents, trade receivables, other receivables and deposits, amount due from subsidiaries and trade and other payables and accruals reasonably approximate their fair values because these are mostly short term in nature.

(b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair values of finance lease obligations have been determined using discounted cash flows. The discount rates used are the current market incremental lending rates for similar types of lending and leasing arrangements. The fair value of finance lease obligations is as follows:

	2015		**2014**	
	Carrying amount $'000	**Fair value $'000**	**Carrying amount $'000**	**Fair value $'000**
Finance lease obligations	**295**	**320**	399	442

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

5. FINANCIAL RISKS, MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The board of directors reviews and approves policies and procedures for the management of these risks which are also executed by the active directors. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) ***Categories of financial instruments***

The following table sets out the financial instruments as at the end of reporting period:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Financial assets				
Loans and receivables:				
Trade receivables	**341**	3,345	**–**	–
Other receivables	**347**	436	**–**	–
Amount due from subsidiaries	**–**	–	**13**	586
Amount due from joint venture	**–**	12	**–**	–
Amount due from associate	**–**	1	**–**	–
Cash and cash equivalents	**330**	1,166	**113**	341
	1,018	4,960	**126**	927
Financial liabilities				
Amortised cost:				
Trade and other payables	**858**	3,971	**328**	191
Amount due to subsidiaries	**–**	–	**1,291**	1,613
Amount due to joint venture	**161**	173	**161**	–
Shareholder loan	**2,850**	–	**2,850**	–
Finance lease liability	**295**	399	**174**	–
	4,164	4,543	**4,804**	1,804

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

5. FINANCIAL RISKS, MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increase in credit risk exposure. The Group trades with all third parties but will only provide credit terms upon approval of the Chief Executive Officer. The receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

Included within the Group's financial assets are commission receivables for which corresponding commissions payable to salespersons will be paid upon receipt of the amounts due, thus reducing the credit risk exposure of the Group. Therefore, at the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying value of each class of financial assets recognised in the statements of financial position less commissions payable. The Group's and the Company's maximum exposure to credit risk at the end of the reporting period is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Total financial assets	**1,018**	4,960	**126**	927
Less: Commissions payable	**–**	(1,898)	**–**	–
Net exposure	**1,018**	3,062	**126**	927

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

5. FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) ***Credit risk*** (Continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2015		**2014**	
	$'000	**% of total**	**$'000**	**% of total**
By country				
Singapore	**25**	**7%**	1,739	52%
Malaysia	**316**	**93%**	1,602	47%
Others	**–**	**–**	4	1%
	341	**100%**	3,345	100%

At the end of the reporting period, approximately 93% (2014: 49%) of the Group's trade receivables were due from 2 major customers (2014: 4) who are located in Malaysia (2014: Singapore and Malaysia).

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (trade receivables).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

5. FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of collections and payments timing. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets to pay for liabilities that are due in the next six months.

Analysis of financial instruments by remaining contractual maturities

The table below summarizes the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments obligations.

	2015				2014			
	One year or less $'000	Two to five years $'000	More than five years $'000	Total $'000	One year or less $'000	Two to five years $'000	More than five years $'000	Total $'000
Financial Assets								
Group								
Trade receivables	**341**	**–**	**–**	**341**	3,345	–	–	3,345
Other receivables	**347**	**–**	**–**	**347**	171	265	–	436
Amount due from joint venture	**–**	**–**	**–**	**–**	12	–	–	12
Amount due from associate	**–**	**–**	**–**	**–**	1	–	–	1
Cash and cash equivalents	**330**	**–**	**–**	**330**	1,166	–	–	1,166
Total undiscounted financial assets	**1,018**	**–**	**–**	**1,018**	4,695	265	–	4,960

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

5. FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) ***Liquidity risk*** (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	2015					2014				
	One year or less $'000	Two to five years $'000	More than five years $'000	Adjustment $'000	Total $'000	One year or less $'000	Two to five years $'000	More than five years $'000	Adjustment $'000	Total $'000
Financial Liabilities										
Group										
Trade and other payables	**858**	**–**	**–**	**–**	**858**	3,896	75	–	–	3,971
Amount due to joint venture	**161**	**–**	**–**	**–**	**161**	173	–	–	–	173
Shareholder loan	**2,850**	**–**	**–**	**–**	**2,850**	–	–	–	–	–
Finance lease liability	**97**	**217**	**6**	**(25)**	**295**	102	314	26	(43)	399
Total undiscounted financial liabilities	**3,966**	**217**	**6**	**(25)**	**4,164**	4,171	389	26	(43)	4,543
Total net undiscounted financial assets (liabilities)	**(2,948)**	**(217)**	**(6)**	**25**	**(3,146)**	524	(124)	(26)	43	417

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

5. FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) *Liquidity risk* (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	2015					2014			
	One year or less $'000	Two to five years $'000	More than five years $'000	Adjustment $'000	Total $'000	One year or less $'000	Two to five years $'000	More than five years $'000	Total $'000
Financial Assets									
Company									
Amount due from subsidiaries	13	–	–	–	13	586	–	–	586
Cash and cash equivalents	113	–	–	–	113	341	–	–	341
Total undiscounted financial assets	126	–	–	–	126	927	–	–	927
Financial Liabilities									
Company									
Trade and other payables	328	–	–	–	328	191	–	–	191
Amount due to subsidiaries	1,291	–	–	–	1,291	1,613	–	–	1,613
Amount due to joint venture	161	–	–	–	161	–	–	–	–
Finance lease liability	59	128	–	(13)	174	–	–	–	–
Shareholder loan	2,850	–	–	–	2,850	–	–	–	–
Total undiscounted financial liabilities	4,689	128	–	(13)	4,804	1,804	–	–	1,804
Total net undiscounted financial assets (liabilities)	(4,563)	(128)	–	13	(4,678)	(877)	–	–	(877)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

5. FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) ***Foreign currency risk***

The Group has transactional currency exposures arising from sales that are denominated in currency other than the functional currency of the Group entities. The Group's policy is to manage its exposure to foreign currency risk by matching its sales denominated in SGD and MYR with its purchases in the same currencies. Approximately NIL% (2014: 3%) of the Group's sales are denominated in foreign currencies. The Group's trade receivables balances at the reporting date are in its functional currency, hence do not have foreign currency exposure.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss after tax to a reasonably possible change in MYR exchange rate against SGD, with all other variables held constant.

	Group	
	2015	**2014**
	$'000	**$'000**
	Decrease/ (increase) in loss after tax	**Decrease/ (increase) in loss after tax**
MYR/SGD – strengthened NIL% (2014: 3%)	–	11
– weakened NIL% (2014: 3%)	–	(11)

The Company has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designates its foreign currency denominated debts as a hedging instruments for the purpose of hedging the exposure of its foreign operations.

(e) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. As the Group's and Company's loans are all non-interest bearing, hence the Group's and Company's exposure to interest rate risk is immaterial.

(f) ***Capital management***

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure consisting of equity attributable to owners of the Company, comprising share capital net of accumulated losses and makes adjustments to it in accordance to its capital requirements. Currently, the Group's capital requirements are limited to investment in fixed operating assets. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014. The Group monitors the level of capital, which is the equity attributable to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

6. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Phileo Capital Limited, a company incorporated in the Cayman Islands. The entire issued and paid-up share capital of Phileo Capital Limited is held by ESCAN Trust reg, the trustee of a family trust of which Mr Tong Kooi Ong is the sole beneficiary.

Related companies in these financial statements refer to members of the Company's group of companies.

Some of the Group's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with related companies are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions with holding company during the financial year, other than those disclosed elsewhere in the financial statements, include the following:

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Shareholder loan	**2,850**	–

On January 8, 2015, the Company signed a shareholder loan agreement with Phileo Capital Limited, the major shareholder. The loan committed of $5 million is non- interest bearing, and Phileo Capital Limited has agreed not to demand payment of the loan before June 30, 2016. As at December 31, 2015, the shareholder loan outstanding is $2.85 million.

On March 29, 2016, Phileo Capital Limited has agreed to extend the committed loan for another 12 months until June 30, 2017.

7. RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant transactions with related parties during the financial year, other than those disclosed elsewhere in the financial statements, include the following:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Income				
Project management service received from a company in which a director of the Company has substantial interest	**1,248**	381	**–**	–
Management fees charged to subsidiary	**–**	–	**159**	1,110
Interest income on loan to a subsidiary	**–**	–	**12**	48

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

7. RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Expenses				
Advertising fees paid to a company in which a director of the Company has a substantial interest	–	59	–	–

Transactions with companies related to non-executive chairman

Orientis has project management contracts with Liberty Bridge Sdn. Bhd. and Publiq Development Group Sdn Bhd (formerly known as Rainbow Crest Sdn. Bhd.), in which a director/non-executive director has substantial interest. The total fees for these contracts amount to RM 47 million (S$16,591,000) and RM 9.8 million (S$3,459,000), respectively. The progress billings for the project management service in 2015 is $487,000 ($1,939,000 for the period from 7 July 2014 (acquisition date of Orientis) to 31 December 2014), while the revenue recognised under percentage of completion is $1,248,000 (2014: S$381,000). S$295,000 (2014: S$1,546,000) was outstanding from Liberty Bridge as at 31 December 2015.

Compensation of directors and key management personnel

The remuneration of directors and other key management during the financial year was as follows:

	Group	
	2015	2014
	$'000	$'000
Short-term employee benefits	**709**	938
Central Provident Fund contributions	**33**	23
	742	961
Comprises amounts paid to:		
Directors of the Company	**362**	359
Other key management personnel	**380**	602
	742	961

The remuneration of directors and other key management is determined by the Compensation and Remuneration Committee having regards to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

8A. REVENUE

	Group	
	2015	**2014**
	$'000	**$'000**
Continuing operations		
Project management fees	**1,325**	381
Discontinued operation (Note 31)		
Commission	**12,267**	23,990
Course fees	**50**	152
Related services and merchandise	**356**	933
	12,673	25,075

8B. OTHER OPERATING INCOME

	Group	
	2015	**2014**
	$'000	**$'000**
Continuing operations		
Rental income	**581**	461
Government grants*	**–**	11
Others	**44**	31
	625	503
Discontinued operation (Note 31)		
Rental income	**248**	690
Government grants*	**100**	148
Others	**424**	54
Reversal of provision for legal costs	**–**	1,619
	772	2,511

* Government grants mainly relate to training grants from Inland Revenue Authority of Singapore and Singapore Workforce Development Agency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

9. LOSS BEFORE TAX

The following items have been included in arriving at loss before tax.

Cost of services rendered and goods sold comprises:

	Group	
	2015	**2014**
	$'000	**$'000**
Continuing operations		
Project management costs	**1,065**	318
	1,065	318
Discontinued operation (Note 31)		
Commission expenses	**12,041**	22,606
Cost of inventories	**38**	156
	12,079	22,762

The following items have been included in arriving at general and administrative expenses:

	Group	
	2015	**2014**
	$'000	**$'000**
		(restated)
Continuing operations		
Audit fees paid/payable to:		
– Auditor of the Company	**31**	–
– Former auditor of the Company	**–**	28
– Other auditors	**–**	4
Non-audit fees paid/payable to:		
– Auditors of the Company	**8**	–
– Former auditor of the Company	**–**	15
– Other auditors	**31**	28
Net foreign exchange gain	**(1)**	(8)
Bad debts written off	**55**	–
Depreciation of property, plant and equipment (Note 11)	**713**	642
Amortisation of other intangible assets	**309**	153
Non-executive directors' fees	**144**	170
Impairment on goodwill	**1,600**	–
Impairment of property, plant and equipment (Note 11)	**158**	–
Provision for onerous contract (Note 23)	**357**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

9. LOSS BEFORE TAX (CONTINUED)

	Group	
	2015	**2014**
	$'000	**$'000 (restated)**
Discontinued operation		
Audit fees paid/payable to:		
– Auditor of the Company	**25**	–
– Former auditor of the Company	**–**	52
Non-audit fees paid to former auditor of the Company	**–**	13
Inventories obsolescence	**–**	70
Depreciation of property, plant and equipment	**–**	472
(Write back) Allowance for doubtful debts	**(458)**	422
Impairment of property, plant and equipment	**–**	973

10. INCOME TAX EXPENSE (CREDIT)

Major components of income tax expense (credit) for the years ended December 31, 2015 and 2014 are:

	Group	
	2015	**2014**
	$'000	**$'000**
Tax credit in respect of loss for the year		
Current income tax:		
– Current year	**103**	–
– Underprovision in respect of previous years	**7**	–
	110	–
Deferred income tax		
– Current year	**(61)**	–
– Overprovision in respect of previous years	**–**	(1)
Income tax expense (credit) for the year	**49**	(1)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

10. INCOME TAX EXPENSE (CREDIT) (CONTINUED)

Relationship between tax expense (credit) and accounting loss

The reconciliation between tax expense (credit) and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended December 31, 2015 and 2014 is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Accounting loss before tax		
Continuing operations	**(5,387)**	(3,023)
Discontinued operation	**(78)**	(2,283)
	(5,465)	(5,306)
Tax at Singapore statutory tax rate of 17%	**(929)**	(902)
Income not subject to taxation	**(9)**	(6)
Expenses not deductible for tax purposes	**293**	220
Deferred tax assets not recognised	**695**	712
Under (Over)provision of tax	**7**	(1)
Effect of difference in tax rate	**(8)**	(24)
	49	(1)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

11. PROPERTY, PLANT AND EQUIPMENT

Group	Air-conditioners $'000	Computers $'000	Electrical installation $'000	Renovation $'000	Kitchen equipment $'000	Furniture and fixture $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
	At cost								
Cost:									
At January 1, 2014	119	142	51	3,097	27	364	392	235	4,427
Additions	–	228	4	9	–	9	273	57	580
Acquisition of a subsidiary	–	32	6	47	–	25	4	–	114
Disposals	–	–	–	–	–	–	(304)	–	(304)
Exchange difference	–	–	(1)	(2)	–	(1)	(1)	–	(5)
At December 31, 2014	**119**	**402**	**60**	**3,151**	**27**	**397**	**364**	**292**	**4,812**
Additions	**–**	**18**	**–**	**48**	**–**	**–**	**201**	**–**	**267**
Exchange difference	**–**	**(10)**	**(1)**	**(6)**	**–**	**(4)**	**–**	**(39)**	**(60)**
At December 31, 2015	**119**	**410**	**59**	**3,193**	**27**	**393**	**565**	**253**	**5,019**
Accumulated depreciation									
At January 1, 2014	72	65	6	974	17	212	217	8	1,571
Depreciation charge for the year	12	83	13	809	3	37	105	52	1,114
Disposals	–	–	–	–	–	–	(216)	–	(216)
Impairment loss	35	209	31	319	7	116	256	–	973
At December 31, 2014	**119**	**357**	**50**	**2,102**	**27**	**365**	**362**	**60**	**3,442**
Depreciation charge for the year	**–**	**22**	**3**	**605**	**–**	**5**	**24**	**54**	**713**
Impairment loss	**–**	**–**	**–**	**158**	**–**	**–**	**–**	**–**	**158**
Exchange difference	**–**	**(4)**	**–**	**(1)**	**–**	**–**	**(1)**	**(14)**	**(20)**
At December 31, 2015	**119**	**375**	**53**	**2,864**	**27**	**370**	**385**	**100**	**4,293**
Carrying amount:									
At December 31, 2015	**–**	**35**	**6**	**329**	**–**	**23**	**180**	**153**	**726**
At December 31, 2014	–	45	10	1,049	–	32	2	232	1,370

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets held under finance lease

During the financial year, the Group acquired plant and equipment with an aggregate cost of $199,000 (2014: $319,000) by means of finance lease. The cash outflow of acquisition of plant and equipment amounted to $68,000 (2014: $261,000).

The carrying amount of property, plant and equipment under finance lease at the end of the reporting period was $329,000 (2014: $232,000).

Impairment of property, plant and equipment

During the financial year, a subsidiary, Whitehouse Holdings Pte Ltd, carried out a review of the recoverable amount of its property, plant and equipment based on the unused space as the company incurred losses in 2015 and will continue making loss in the foreseeable future till the end of the lease at 3 Lorong 6 Toa Payoh on September 30, 2016. Impairment losses of $158,000 (2014: $973,000) was recognised in “General and other administrative expenses” (Note 9) line item of profit or loss for the financial year ended December 31, 2015.

	At cost		
Company	**Computer $’000**	**Office equipment $’000**	**Total $’000**
Cost:			
At January 1, 2013 and December 31, 2014	–	–	–
Additions	10	199	209
At December 31, 2015	10	199	209
Accumulated depreciation:			
At January 1, 2013 and December 31, 2014	–	–	–
Depreciation charge for the year	2	23	25
At December 31, 2015	2	23	25
Carrying amount:			
At December 31, 2015	8	176	184
At December 31, 2014	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

12. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets arising from acquisition of subsidiaries are as follows:

	Goodwill Restated* $'000	Other intangible assets Restated* $'000	Total Restated* $'000
Cost:			
At January 1, 2014	–	–	–
Acquisition of a subsidiary	3,768	3,000	6,768
At December 31, 2014	**3,768**	**3,000**	**6,768**
Impairment	**(1,600)**	**–**	**(1,600)**
Exchange differences	**(329)**	**–**	**(329)**
At December 31, 2015	**1,839**	**3,000**	**4,839**
Accumulated amortisation:			
At January 1, 2014	–	–	–
Exchange differences	–	(1)	(1)
Amortisation	–	(153)	(153)
At December 31, 2014	**–**	**(154)**	**(154)**
Amortisation	**–**	**(309)**	**(309)**
At December 31, 2015	**–**	**(463)**	**(463)**
Carrying amount:			
At December 31, 2015	**1,839**	**2,537**	**4,376**
At December 31, 2014	3,768	2,846	6,614

* Restated to incorporate finalisation of Purchase Price Allocation relating to the acquisition of Orientis Solutions Sdn Bhd.

Other intangible assets

Other intangible assets relate to contractual rights on project management contracts acquired in business combination and have average remaining amortisation period of 11 years.

Amortisation expense

Amortisation of other intangible assets is included in "General and administrative expenses" line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

12. GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Goodwill of $3.768 million was allocated to the real estate and property development consultancy CGU. Due to the slow economy in Malaysia, the Group has revised its cash flow forecast for this CGU. The Group prepares cash flow forecast derived from the most recent financial budget approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 3.5% and discount rate of 16.8%. The real estate and property development consultancy CGU has therefore been reduced to its recoverable amount of $1.839 million through recognition of an impairment loss against goodwill of $1.6 million and an exchange translation loss of $0.329 million.

In 2014, goodwill acquired through business combination of $3,734,000 has been determined on a provisional basis and management has not completed the allocation of goodwill to cash-generating units at the reporting date. No impairment was recorded in 2014. The goodwill amount was revised to $3,768,000 in 2015 (Note 32).

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	**2014**
	$'000	**$'000**
Unquoted shares, at cost	**9,036**	30,821
Issuance of shares for acquisition of subsidiary	**–**	6,214
Allowance for impairment loss	**(2,843)**	(28,278)
	6,193	8,757
Movement in the above allowance:		
At January 1	**28,278**	26,778
Charge to profit or loss during the year	**2,565**	1,500
Disposal of subsidiary	**(28,000)**	–
At December 31	**2,843**	28,278

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FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Impairment testing of investment in subsidiaries

Assessment of impairment in investment in subsidiaries is carried out every year end by comparing against the net tangible assets which approximates the recoverable amount and the necessary allowances are accordingly made. During the financial year, an impairment loss of $2,565,000 (2014: $1,500,000) was recognised mainly for the investment in Whitehouse Holdings Pte Ltd and Orientis Solutions Sdn Bhd for amount of $965,000 and $1,600,000 respectively due to the losses incurred. In 2014, an impairment loss of $1,500,000 was recognised for the investment in HSR International Realtors Pte Ltd ("HSR") to fully write down this subsidiary due to the losses incurred.

Investments in subsidiaries are as follows:

Name	**Principal activities**	**Country of incorporation**	**Effective interest**	
			2015	**2014**
			%	**%**
Held by the Company:				
HSR International Realtors Pte Ltd[i] (Note a)	Real estate and housing agency	Singapore	–	100
HSR Property Consultants Pte Ltd[iii]	Dormant	Singapore	**100**	100
Whitehouse Holdings Pte Ltd[i]	Property management	Singapore	**100**	100
HSR Global (Australia) Pty Ltd[ii]	Dormant	Australia	**100**	100
3Cnergy Property Management Pte Ltd (formerly known as Optimax Consultancy Pte. Ltd.)[iii]	Dormant	Singapore	**100**	100
3Cnergy Sdn. Bhd.[iv]	Management and research on real estate	Malaysia	**100**	100
Orientis Solutions Sdn Bhd[iv] (Note 32)	Providing architectural design, project financial feasibility assessment, engineering expertise and construction management services.	Malaysia	**100**	100
Paxel Consultants Pte Ltd[iii]	Dormant	Singapore	**100**	100
Held indirectly through HSR International Realtors Pte Ltd:				
Hastor Property Services Pte Ltd[i] (Note a)	Providing training services	Singapore	–	100

i Audited by Deloitte & Touche LLP, Singapore
ii Not required to be audited under the laws of the country of incorporation
iii Unaudited as the Company is dormant
iv Audited by Deloitte (AF0080) Chartered Accountants, Malaysia

<u>Disposal of subsidiary – HSR International Realtors Pte Ltd and Hastor Property Services Pte Ltd</u>

As referred to in Note 31, on July 6, 2015, the Group discontinued its real estate and housing agency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiary- HSR International Realtors Pte Ltd and Hastor Property Services Pte Ltd (Continued)

Details of the disposal are as follows:

	2015 $'000
Non-current assets	
Property, plant and equipment	2
Deposits	35
	37
Current assets	
Inventories	58
Trade receivables	1,664
Other receivables, deposits	156
Prepayments	252
Cash and bank balances	503
	2,633
Non-current liabilities	
Deferred tax liabilities	(5)
Hire purchase	(148)
	(153)
Current liabilities	
Trade payables	(2,385)
Other payables and accruals	(511)
Hire purchase	(51)
	(2,947)
Net liabilities derecognised	(430)

	Group	
	2015 $'000	2014 $'000
Gain on disposal:		
Consideration received	*	–
Net liabilities derecognised	430	–
Gain on disposal	430	–

Note: * As the cash consideration is $1, the amount is immaterial as presentation is in $'000s.

The gain on disposal of the subsidiary is recorded as part of loss for the year from discontinued operations in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

	Group	
	2015	2014
	$'000	$'000
Net cash flow arising on disposal:		
Consideration received	*	–
Cash and cash equivalents disposed of	(503)	–
	(503)	–

Note: * As the cash consideration is $1, the amount is immaterial as presentation is in $'000s.

14. INVESTMENT IN JOINT VENTURE

The Group has 60% (2014: 60%) interest in the ownership and voting rights in a joint venture, 3C Property Consultants Pte Ltd that was held through a subsidiary. The joint venture is incorporated in Singapore and is in the business of property valuation. The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

Summarised financial information in respect of 3C Property Consultants Pte Ltd based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

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FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

14. INVESTMENT IN JOINT VENTURE (CONTINUED)

Summarised balance sheet

	2015 $'000	2014 $'000
Cash and cash equivalents	**41**	33
Unbilled receivables	**5**	–
Other receivables	**202**	217
Total assets	**248**	250
Total liabilities	**9**	17
Net assets	**239**	233
Proportion of the Group's ownership	**60%**	60%
Group's share of net assets/carrying amount of the investment	**143**	140

Summarised statement of comprehensive income

	2015 $'000	2014 $'000
Revenue	**95**	–
Cost of service	**(15)**	–
Gross profit	**80**	–
Operating expenses	**(75)**	(2)
Gain (Loss) before tax	**5**	(2)
Income tax expense	**–**	–
Gain (Loss) after tax	**5**	(2)
Total comprehensive income	**5**	(2)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

15. INVENTORIES

	Group	
	2015	**2014**
	$'000	**$'000**
Consumable items	–	1
Marketing and food supplies	–	69
	–	70
Inventories recognised as an expense in cost of sales	–	136
Inclusive of following charge:		
– Inventories written-down	–	70

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts during the financial year.

16. TRADE RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	**386**	5,453	–	–
Less: Allowance for doubtful debts	**(45)**	(2,108)	–	–
Trade receivables, net	**341**	3,345	–	–

The average credit period on sales of goods is 14 to 60 days (2014: 14 to 60 days). Trade receivables are non-interest bearing and are generally due upon billing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables are balances totalling $295,000 (2014: $1,546,000) which is due from companies related to the non-executive chairman.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

16. TRADE RECEIVABLES (CONTINUED)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $334,000 (2014: $3,077,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Past due:		
1 – 30 days	**35**	289
31 – 60 days	**1**	522
61 – 90 days	**1**	717
91 – 180 days	**5**	1,549
More than 180 days	**292**	–
	334	3,077

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Trade receivables – nominal amounts	**45**	2,108
Less: Allowance for doubtful debts	**(45)**	(2,108)
	–	–
Movement in allowance accounts:		
At January 1	**2,108**	1,250
Charge for the year	**–**	871
Written off	**(2,063)**	(13)
At December 31	**45**	2,108

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

17. OTHER RECEIVABLES AND DEPOSITS

	Group	
	2015	**2014**
	$'000	**$'000**
Financial assets:		
Current		
Other receivables	**9**	69
Deposits	**338**	92
Loan to staff	**–**	10
	347	171
Non-current		
Deposits	**–**	265

The Group has deposits that are refundable upon expiry of lease agreements. Loan to staff is unsecured, interest free and repayable on demand.

18. AMOUNT DUE FROM (TO) SUBSIDIARIES

	Company	
	2015	**2014**
	$'000	**$'000**
Amount due from subsidiaries	**2,227**	4,359
Less: Allowance for doubtful debts	**(2,214)**	(3,773)
Amount due from subsidiaries, net	**13**	586
Movement in allowance accounts:		
At January 1	**3,773**	813
Charge for the year	**1,390**	2,960
Written off due to discontinued operation	**(2,949)**	–
At December 31	**2,214**	3,773
Amount due to subsidiaries	**1,291**	1,613

The amount due from (to) subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand in cash. The write off is due to the disposal of HSR International Realtors Pte Ltd (Note 31).

Amount that is impaired

At the end of the reporting period, the Company provided an allowance of $1,390,000 (2014: $2,960,000) for amounts due from subsidiaries of $2,227,000 (2014: $2,960,000) as the subsidiaries have been suffering significant financial losses for the current and past financial years.

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FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

19. AMOUNT DUE FROM (TO) JOINT VENTURE

The amount due from joint venture is unsecured, interest-free and repayable on demand and to be settled in cash. The amount due to joint venture is a loan which is unsecured, interest-free and repayable on demand in cash.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks	**330**	1,164	**113**	341
Cash on hand	**–**	2	**–**	–
	330	1,166	**113**	341

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.05% to 0.09% (2014: 0.05% to 0.09%) per annum.

21. TRADE PAYABLES

	Group	
	2015	**2014**
	$'000	**$'000**
Trade payables	**25**	3,430
Less: Reduction in commission payables	**–**	(1,141)
Trade payables, net	**25**	2,289

Trade payables are non-interest bearing and are mainly commissions payable to salespersons that will be paid upon receipt of commission due from customers. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

21. TRADE PAYABLES (CONTINUED)

Payables that are related to impaired receivables

In 2014, the Group's commissions payable are presented net of reduction of $1,141,000 of commissions payable relating to receivables that are impaired at the end of the reporting period.

	Group	
	2015	2014
	$'000	$'000
Commission payable – nominal amounts	–	1,141
Less: Reduction in commissions payable	–	(1,141)
	–	–

Movement in reduction in commissions payable:

	Group	
	2015	2014
	$'000	$'000
At January 1	**1,141**	692
Charge to profit or loss	–	449
Eliminated on disposal of subsidiary	**(1,141)**	–
At December 31	–	1,141

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables	**25**	2,289	–	–

These amounts are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

22. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Accruals and other payables				
Current:				
Advance receipts	**–**	276	**–**	–
Other payables	**397**	658	**167**	36
Accrued expenses	**323**	836	**161**	155
Deposits collected	**113**	113	**–**	–
	833	1,883	**328**	191
Provision for onerous contract	**357**	–	**–**	–
Non-current:				
Deposits collected	**–**	75	**–**	–

Provision for onerous contract during the year of $357,000 relates to the rental cost and incidental expenses of the unused rented space at 3 Lorong 6 Toa Payoh.

23. AMOUNT DUE TO CUSTOMERS FOR PROJECT MANAGEMENT CONTRACTS

	Group	
	2015	**2014**
	$'000	**$'000**
Gross amount due to customers for project management contracts		
Aggregate amount of costs incurred	**2,098**	1,381
Recognised profits to date for project management contracts	**769**	500
Less: Progress billings and advances	**(3,260)**	(3,230)
	(393)	(1,349)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

24. FINANCE LEASE LIABILITY

The Group has finance leases for certain items of office equipment and motor vehicles. The leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2015		2014	
	Minimum lease payments $'000	**Present value of payments $'000**	**Minimum lease payments $'000**	**Present value of payments $'000**
Group				
Within one year	**97**	**85**	102	86
Between two to five years	**217**	**204**	314	297
More than five years	**6**	**6**	26	16
Total minimum lease payments	**320**	**295**	442	399
Finance charges allocated to future years	**(25)**	**–**	(43)	–
Present value of minimum lease payments	**295**	**295**	399	399
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(85)**	**(85)**	(86)	(86)
Amount due for settlement after 12 months	**210**	**210**	313	313

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

24. FINANCE LEASE LIABILITY (CONTINUED)

	2015		2014	
	Minimum lease payments $'000	**Present value of payments $'000**	**Minimum lease payments $'000**	**Present value of payments $'000**
Company				
Within one year	**59**	**52**	–	–
Between two to five years	**128**	**122**	–	–
Total minimum lease payments	**187**	**174**	–	–
Finance charges allocated to future years	**(13)**	**–**	–	–
Present value of minimum lease payments	**174**	**174**	–	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(52)**	**(52)**	–	–
Amount due for settlement after 12 months	**122**	**122**	–	–

Effective interest rate is 5 % (2014: 5%) per annum. These obligations are secured by a charge over the leased assets (Note 11).

25. DEFERRED TAX LIABILITIES

Deferred tax as at December 31 relates to the following:

	Group	
	2015 $'000	**2014 $'000**
Deferred tax liabilities:		
Differences in depreciation for tax purposes	**9**	77
Revaluations to fair value for intangible assets	**720**	720
	729	797

At the end of the reporting date, the Group has tax losses of approximately $NIL (2014: $6,514,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the Singapore tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

26. SHARE CAPITAL

	Group			
	2015	**2014**	**2015**	**2014**
	Number of ordinary shares		**$'000**	**$'000**
Issued and paid up				
At the beginning of year	**119,921,362**	98,492,791	**12,886**	6,672
Issued during the year	**–**	21,428,571	**–**	6,214
At end of year	**119,921,362**	119,921,362	**12,886**	12,886

	Company			
	2015	**2014**	**2015**	**2014**
	Number of ordinary shares		**$'000**	**$'000**
Issued and paid up				
At the beginning of year	**119,921,362**	98,492,791	**47,416**	41,202
Issued during the year	**–**	21,428,571	**–**	6,214
At end of year	**119,921,362**	119,921,362	**47,416**	47,416

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

27. OPERATING LEASE COMMITMENTS

(a) ***Operating lease commitments – as lessee***

	Group	
	2015	**2014**
	$'000	**$'000**
Payment recognised as an expenses during the year		
Minimum lease payments under operating leases	**1,353**	1,276

The Group lease certain properties with an average tenure of 1 to 5 years with no option or escalation clause included in the contracts. At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Within 1 year	**908**	1,325
Within 2 to 5 years	**–**	867
	908	2,192

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

27. OPERATING LEASE COMMITMENTS (CONTINUED)

(b) ***Operating lease commitments – as lessor***

The Group has entered into commercial property leases. The rental income earned during the financial year is $564,000 (2014: $453,000). The future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Within 1 year	**437**	697
Within 2 to 5 years	**–**	385
	437	1,082

28. LOSS PER SHARE

Basic loss per ordinary share is computed by dividing the earnings attributable to the equity holders from continuing operations of the Group in each financial period by the weighted average number of ordinary shares in issue during the respective financial period.

There were no dilutive ordinary shares in existence during the current financial period reported on and the previous corresponding period. Accordingly, the basic and fully diluted earnings per share for the respective financial period were the same.

The following tables reflect the loss and share data used in the computation of basic and diluted loss per share for the years ended December 31:

	Group	
	2015	**2014**
	$'000	**$'000**
Loss for the year attributable to owners of the Company	**(5,514)**	(5,305)
Less: Loss from discontinuing operations, net of tax, attributable to owners of the Company	**78**	2,283
Loss for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share from continuing operations	**(5,436)**	(3,022)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

28. LOSS PER SHARE (CONTINUED)

	2015	2014
	No of shares	
	'000	'000
Weighted average number of ordinary shares for basic and diluted loss per share computation	**119,921**	108,943

The basic and diluted loss per share are calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic loss per share computation and weighted average number of ordinary shares for diluted loss per share computation respectively.

29. SEGMENT INFORMATION

Management views the Group as two reportable operating segments: (i) real estate and housing agents, and (ii) real estate and property development consultancy.

Real estate and housing agency segment relates mainly to agency services for the resale residential market, new development projects in Singapore and new development projects in overseas markets and real estate project management. Agency services for the resale residential market includes sale and lease of public and private residential properties and commercial/industrial properties including HDB flats, landed property and commercial property spaces. The segment also includes related services which relate mainly to bank referral services, resale net transaction services, e-stamping services, training services, classified advertisement booking services and sale of marketing materials and merchandise to salespersons. Real estate project management services include architectural design, project financial feasibility assessment, engineering expertise and construction management services.

Management monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured similarly to operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

29. SEGMENT INFORMATION (CONTINUED)

(a) ***Business segments***

	Real estate and housing agents (Discontinued Operation) (Note 31)		Real estate and property development consultancy		
	2015	**2014**	**2015**	**2014**	
	$'000	**$'000**	**$'000**	**$'000**	
Segment revenue					
Sales to external customers	**12,673**	25,075	**1,325**	381	
Segment results	**(78)**	(2,283)	**(5,387)**	(3,022)	
Assets:					
Additions to non-current assets	**–**	487	**267**	93	(A)
Segment assets	**–**	3,156	**6,301**	10,313	
Segment liabilities	**–**	5,186	**5,714**	1,826	

(A) Additions to non-current assets relate to additions of property, plant and equipment.

(b) ***Geographical segments***

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**12,673**	25,075	**629**	1,418
Malaysia	**1,325**	381	**4,616**	6,971
	13,998	25,456	**5,245**	8,389

Non-current assets information presented above consist of property, plant and equipment, goodwill, intangible assets, investment in joint venture and deposits as presented in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

30. EMPLOYEE BENEFITS

	Group	
	2015	**2014**
	$'000	**$'000**
Continuing operations		
Employee benefits expense (including directors):		
Salaries and bonuses	**532**	604
Central Provident Fund contributions	**21**	10
Other short-term benefits	**59**	80
	612	694
Discontinued operation		
Employee benefits expense (including directors):		
Salaries and bonuses	**1,312**	3,204
Central Provident Fund contributions	**133**	298
Other short-term benefits	**48**	43
	1,493	3,545

31. DISCONTINUED OPERATION

On May 11, 2015, the Company has entered into a conditional sale and purchase agreement with Mr. Liew Siow Gian, Patrick for the proposed disposal of HSR International Realtors Pte Ltd and Hastor Property Services Pte Ltd ("HSR Group"). The proposed disposal is a strategic decision as HSR Group has been incurring losses. The disposal of HSR Group was completed on July 6, 2015 and it has ceased to be a subsidiary of the Company.

The loss for the year from the discontinued operation is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Real estate and housing agency	**(508)**	(2,283)
Gain on disposal of real estate and housing agency (Note 13)	**430**	–
	(78)	(2,283)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

31. DISCONTINUED OPERATION (CONTINUED)

The result of the real estate and housing agency for the period from January 1, 2015 to July 6, 2015 for financial year 2015 are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Revenue (Note 8a)	**12,673**	25,075
Cost of services rendered (Note 9)	**(12,079)**	(22,762)
Other operating income (Note 8b)	**772**	2,511
Sales and distribution costs	**264**	(846)
General & administrative expenses	**(1,694)**	(6,245)
Finance costs	**(14)**	(16)
Loss before tax	**(78)**	(2,283)
Income tax expenses	**–**	–
Loss for the year (attributable to owners of the company)	**(78)**	(2,283)

The cash flows of the discontinued operations for the previous year and for the current year, which have been included in the consolidated financial statements, were as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Operating activities	**(359)**	(6,229)
Investing activities	**(3)**	(222)
Financing activities	**(25)**	(82)
Total Cash flows	**(387)**	(6,533)

The carrying amounts of the assets and liabilities of HSR Group at the date of disposal are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

32. REINSTATEMENT OF PRIOR YEAR COMPARATIVES

Prior year adjustments have been made to the consolidated statement of financial position, statement of comprehensive income and statement of changes in equity of the Group for the financial year ended December 31, 2014.

On May 9, 2014, the Company had entered into a sale and purchase agreement with Medeva Venture Limited (the "Vendor") to acquire the entire issued and paid-up share capital of Orientis Solutions Sdn. Bhd. ("Orientis"), a wholly-owned subsidiary of the Vendor. On July 7, 2014, the acquisition was completed and 21,428,571 consideration shares had been allotted and issued to the Vendor. Orientis is an integrated property development management firm offering architectural design, project financial feasibility assessment, engineering expertise and construction management services.

Under FRS 103, the Group has a one year period from acquisition date to complete its accounting for this business combination. As at December 31, 2014, the fair value of the contractual rights intangibles amounting to $2,313,000 has been determined on a provisional basis as the final results of the independent valuation are not available by the date the financial statements were authorised for issue.

On July 21, 2015, management has obtained the final results of the independent valuation.

As a result, certain line items have been amended in the consolidated statement of financial position, statement of comprehensive income and statement of changes in equity of the Group, and the related notes to the financial statements.

	2014 Fair value recognised on acquisition $'000 (restated)
Amount due to contract customer for project management contracts	(91)
Other creditors and accruals	(19)
Provision	(235)
Deferred tax liabilities	(735)
Income tax payable	(49)
	(1,129)
Total identifiable net assets at fair value	2,446
Goodwill arising from acquisition	3,768
Total consideration paid through issuance of 21,428,571 ordinary shares of 3Cnergy Limited at S$0.29 per share	6,214

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

32. REINSTATEMENT OF PRIOR YEAR COMPARATIVES (CONTINUED)

Effect of the acquisition on cash flows

Total consideration	6,214
Less: non-cash consideration	(6,214)
Consideration settled in cash	–
Less: Cash and cash equivalents of subsidiary acquired	114
Net cash inflow on acquisition	114

Equity instruments issued as part of consideration transferred

In connection with the acquisition of Orientis, 3Cnergy Limited issued 21,428,571 ordinary shares with a fair value of $0.29 each. The fair value of these shares is the published price of the shares at the acquisition date.

Transaction costs

Transaction costs related to the acquisition of $118,000 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the year ended December 31, 2014.

Impact of the acquisition on profit or loss

From the acquisition date, Orientis has contributed $381,000 of revenue and loss of $31,000 to the Group's loss for the year. If the business combination had taken place on January 1, 2014, the Group's revenue would have been $1,125,000 higher and the Group's loss, net of tax would have been $157,000 lower.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

32. REINSTATEMENT OF PRIOR YEAR COMPARATIVES (CONTINUED)

The followings are the effects of retrospective application following the completion of the purchase price allocation exercise:

	Group		
	As previously reported $'000	**Restatements $'000**	**As restated $'000**
Statement of financial position – December 31, 2014			
Goodwill	3,734	34	3,768
Other intangible assets	2,262	584	2,846
Deferred tax liabilities	–	797	797
Retained earnings	(6,327)	(102)	(6,429)
Statement of comprehensive income – December 31, 2014			
Amortisation of other intangible assets	51	102	153
Loss per share	(4.78)	(0.09)	(4.87)
Statement of changes in equity – December 31, 2014			
Attributable to equity holders of the Company	6,559	(102)	6,457

33. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On March 8, 2016, TMF Trustees Singapore Limited is the new trustee holding the entire issued and paid-up capital of Phileo Capital Limited.

On March 29, 2016, the Company entered into a conditional sale and purchase agreement to obtain 100% equity interest in Liberty Bridge Sdn Bhd ("Liberty") through the acquisition of all the issued shares at the consideration of S$64 million with the following Vendors:

i. Icon Ventures Group Inc;
ii. Champion Brave Sdn Bhd;
iii. Golden Ring Worldwide Ltd; and
iv. Metra Nominees Sdn Bhd,

The consideration for the purchase of all the issued shares in Liberty shall be fully satisfied by way of allotment and issuance to the Vendors, an aggregate of 955,223,880 ordinary shares in the capital of the Company at an issue price of S$0.067 per Share ("Consideration Shares").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

33. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)

Liberty owns the legal and beneficial title to parcels of undeveloped lands measured in aggregate 37.4 acres in Puteri Harbour, Johor Bahru, Malaysia. Liberty has appointed Orientis Solutions Sdn Bhd ("Orientis") a wholly owned subsidiary of the Company, as the project manager to undertake the development of the undeveloped lands in Puteri Harbour. Orientis has undertaken preparatory work for the development of the land and Liberty Bridge has not commenced on any other business activities since its incorporation on 11 January 2011. The Company intends to continue with Liberty's existing plans to develop the land into a mixed-use development in Nusajaya, Malaysia. The Company intends to fund the development of the land with bank borrowings, proceeds from the sale of units in the development, and/or issuance of new shares and/or other financial instruments.

Material conditions, amongst others, precedent for the proposed acquisition of Liberty:

(a) the passing at a general meeting of the Company of the requisite resolutions to approve the Proposed Acquisition and the Proposed Compliance Placement;

(b) consent obtained from contractual parties (including without limitation, a certain bank) on terms satisfactory to the Company for the waiver of relevant restrictions, prohibitions or rights to terminate, where the terms of any contracts with such contractual parties contain any restriction, prohibition or right to terminate in relation to, inter alia, any change in control of the shareholdings and/or the board of directors of Liberty or any matter contemplated by the SPA (including without limitation, the waiver by a certain bank of the fulfilment of certain requirements of the bank facilities granted to Liberty);

(c) the listing approval of the Consideration Shares and Compliance Placement Shares being obtained from the SGX-ST and not having been revoked or amended and, where such listing approval is subject to conditions, to the extent they are required to be fulfilled on or before the date of completion of the Proposed Acquisition, they are so fulfilled;

(d) confirmation from the independent financial adviser that the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the minority Shareholders; and

(e) the valuation amount of Liberty as valued in independent valuation report by the Liberty Valuer is more than or equal to S$64,000,000.

The Company intends to undertake a compliance placement of such number of new shares to restore the Minimum Free Float required under the Catalist Rules which can be used to fund the working capital requirement of the Group.

Had the acquisition of Liberty been effected on January 1, 2015, the revenue of the Group from continuing operations would remain unchanged at S$1.1 million and loss from continuing operations, net of tax would have increased from S$5.436 million to S$5.525 million as at December 31, 2015.

SUBSTANTIAL SHAREHOLDERS

AS AT 23 MARCH 2016

Number of shares : 119,921,362
Class of shares : Ordinary Shares
Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 23 MARCH 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.22	40	0.00
100 – 1,000	264	59.06	156,600	0.13
1,001 – 10,000	130	29.08	532,600	0.45
10,001 – 1,000,000	42	9.40	2,904,500	2.42
1,000,001 AND ABOVE	10	2.24	116,327,622	97.00
	447	100.00	119,921,362	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 23 MARCH 2016

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	CIMB SECURITIES (SINGAPORE) PTE LTD	65,368,500	54.51
2	UOB KAY HIAN PTE LTD	21,348,571	17.80
3	RAFFLES NOMINEES (PTE) LTD	13,001,000	10.84
4	HSBC (SINGAPORE) NOMINEES PTE LTD	4,000,000	3.34
5	DBS NOMINEES PTE LTD	2,893,000	2.41
6	LEONG HONG KAH	2,670,300	2.23
7	CLEAN SYSTEMS (S) PTE LTD	2,650,251	2.21
8	LIEW SIOW GIAN PATRICK	2,000,000	1.67
9	BANK OF SINGAPORE NOMINEES PTE LTD	1,371,000	1.14
10	LIM & TAN SECURITIES PTE LTD	1,025,000	0.85
11	HIS INTERMEDIA MARKETING (S) PTE LTD	648,000	0.54
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	378,000	0.32
13	MAYBANK KIM ENG SECURITIES PTE LTD	305,000	0.25
14	NG KAH TIE	129,500	0.11
15	GOH NAE GUANG	100,000	0.08
16	RAMESH S/O PRITAMDAS CHANDIRAMANI	100,000	0.08
17	LEE HOCK SENG	96,000	0.08
18	SAI YEE @ SIA SAY YEE	75,000	0.06
19	CHENG BUAY SIM	72,000	0.06
20	TAN CHENG LEONG	68,000	0.06
	TOTAL:	**118,299,122**	**98.64**

SUBSTANTIAL SHAREHOLDERS

AS AT 23 MARCH 2016

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 23 March 2016, approximately ***15.17%** of the issued ordinary shares of the Company were held in the hands of the public. Accordingly, Rule 723 of the Catalist Rules, issued by the Singapore Exchange Securities Trading Limited, is complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 23 MARCH 2016

(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interest	
No.	**Name**	**No. of shares**	**%**	**No. of shares**	**%**
1	Phileo Capital Limited[1]	65,368,500	54.51	–	–
2	TMF Trustees Singapore Limited[2]	–	–	65,368,500	54.51
3	Tong Kooi Ong[3]	–	–	65,368,500	54.51
4	Lim Sook Lin[4]	13,000,000	10.84	2,000,000	1.67
5	Liew Siow Gian Patrick[5]	2,000,000	1.67	13,000,000	10.84
6	Medeva Venture Limited[6]	21,348,571	17.80	–	–
7	Ong Chou Wen[7]	–	–	21,348,571	17.80
8	Tung Shao Yin[8]	–	–	21,348,571	17.80

Notes: –

(1) The entire 65,368,500 shares are held in the name of CIMB Securities (Singapore) Pte Ltd.

(2) By virtue of Section 4 of the Securities Futures Act (Chapter 289 of Singapore), TMF Trustees Singapore Limited is deemed interested in the 65,368,500 shares held by Phileo Capital Limited as it is the sole registered shareholder of the entire issued and paid-up share capital of Phileo Capital Limited.

(3) By virtue of Section 4 of the Securities Futures Act (Chapter 289 of Singapore), Mr Tong Kooi Ong is deemed interested in the 65,368,500 shares held by Phileo Capital Limited as he is the sole ultimate beneficial shareholder of Phileo Capital Limited through TMF Trustees Singapore Limited, the trustee of a family trust of which Mr Tong Kooi Ong is the sole beneficiary.

(4) The entire 13,000,000 shares are held in the name of Raffles Nominees (Pte) Ltd. Ms Lim Sook Lin is the spouse of Mr Liew Siow Gian Patrick and is deemed to be interested in the 2,000,000 shares held by Mr Liew Siow Gian Patrick.

(5) Mr Liew Siow Gian Patrick is the spouse of Ms Lim Sook Lin and is deemed to be interested in the 13,000,000 shares held by Ms Lim Sook Lin.

(6) The entire 21,348,571 shares are held in the name of UOB Kay Hian Pte Ltd.

(7) By virtue of Section 4 of the Securities Futures Act (Chapter 289 of Singapore), Ong Chou Wen is deemed interested in the 21,348,571 shares held by Medeva Venture Limited as he holds 50% of the issued and paid up share capital of Medeva Venture Limited.

(8) By virtue of Section 4 of the Securities Futures Act (Chapter 289 of Singapore), Tung Shao Yin is deemed interested in the 21,348,571 shares held by Medeva Venture Limited as she holds 50% of the issued and paid up share capital of Medeva Venture Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of 3Cnergy Limited (the "**Company**") will be held at 3 Lorong 6 Toa Payoh, #01-01, Singapore 319378 on Friday, 29 April 2016 at 10.00 a.m. (the "**AGM**") for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$140,000/- for the financial year ending 31 December 2016 [2015: S$170,000], to be paid half yearly in arrears. **(Resolution 2)**

3. To re-elect Mr Ong Pai Koo @ Sylvester who is retiring pursuant to Article 103 of the Company's Constitution. **(Resolution 3)**
[see Explanatory Note (i)]

4. To re-elect Mr Yii Hung Due @ Bill Yii who is retiring pursuant to Article 99 of the Company's Constitution. **(Resolution 4)**
[see Explanatory Note (ii)]

5. To re-appoint Messrs Deloitte & Touche LLP as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to allot and issue shares

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

(I) (i) allot and issue shares in the capital of 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 and issue of (as well as adjustments to) warrants, debentures, convertible securities 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 may, in their absolute discretion, deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(II) notwithstanding that the authority conferred by this resolution may have ceased to be in force, issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

(a) the aggregate number of Shares to be allotted and issued (including Shares to be issued in pursuance of Instruments made or granted) pursuant to this resolution, shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be allotted and issued (including Shares to be issued in pursuance of Instruments made or granted) other than on a pro rata basis to the existing shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) that may be issued under sub-paragraph (a) above, the percentage of the total number of issued Shares (excluding treasury shares) shall be based on the Company's total number of issued Shares (excluding treasury shares) at the time this resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Constitution for the time being of the Company;

(d) the authority conferred by this resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the Company's 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 earlier.

(Resolution 6)

[see Explanatory Note (iii)]

NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to grant awards and issue shares under the HSR Performance Share Plan ("Plan")**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to grant awards in accordance with the provisions of the Plan, and to allot and issue from time to time such number of shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the vesting of awards under the Plan, provided that the aggregate number of Shares to be allotted and issued pursuant to the Plan, when added to the new Shares issued or issuable in respect of all awards granted under the Plan and any other share-based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the total number of issued Shares of the Company on the date preceding such vesting date.

(Resolution 7)

[see Explanatory Note (iv)]

9. **Approval for Renewal of Shareholders' Mandate for Interested Party Transactions**

That:

(1) approval be and is hereby given, for the purposes of Chapter 9 of Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are entities at risk (as defined in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Addendum with the class of interested persons described in the Addendum, provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for such interested person transactions (the "**IPT Mandate**");

(2) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company;

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

(4) the Board of Directors of the Company and any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this resolution.

(Resolution 8)

[see Explanatory Note (v)]

By Order of the Board

Teo Meng Keong
Company Secretary

Singapore, 14 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) In relation to Ordinary Resolution 3

Mr Ong Pai Koo @ Sylvester will, upon re-election as Director of the Company, remain as the Chairman of the Nominating Committee ("NC") and member of the Audit Committee ("AC") and Remuneration Committee ("RC"). He is considered independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) ("Rules of Catalist") of the Singapore Exchange Securities Trading Limited ("SGX-ST").

(ii) In relation to Ordinary Resolution 4

Mr Yii Hung Due @ Bill Yii will, upon re-election as Director of the Company, remain as the Lead Independent Director, Chairman of the AC, RC and member of the NC. He is considered independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST.

(iii) Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective until conclusion 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 allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this resolution) to be allotted and issued would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing of this resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this resolution) other than on a pro-rata basis to all shareholders shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) at the time of the passing of this resolution.

(iv) Ordinary Resolution 7, if passed, will empower the Directors of the Company to offer and grant awards, and to allot and issue new Shares pursuant to the vesting of awards under the Plan, which was approved by shareholders of the Company at the extraordinary general meeting held on 19 January 2011. The grant of awards under the Plan will be made in accordance with the provisions of the Plan. The aggregate number of new Shares which may be issued pursuant to the Plan and any other share-based incentive schemes of the Company shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the date preceding the vesting date.

(v) Ordinary Resolution 8, if passed, renews the IPT Mandate, which was given by shareholders on 24 April 2015 allowing the Company, its subsidiaries and associated companies that are entities at risk to enter into transactions with interested persons as defined in Chapter 9. The Audit Committee confirms that the methods or procedures for determining the prices of interested Party Transactions ("IPT") have not changed since last shareholders' approval and such methods and procedures are sufficient to ensure that the IPT will be carried out in normal commercial terms and will not be prejudicial to the interest of the Company and/or its minority shareholders.

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

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

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or by 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 common seal or under the hand of its attorney or a duly authorised officer.

4. The instrument appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 not less than 48 hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

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3CNERGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 197300314D)

ANNUAL GENERAL MEETING PROXY FORM

(Please refer to notes overleaf before completing this Form)

Important:
1. Relevant intermediaries as defined in Section 181(6) of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy 3Cnergy Limited's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

*I/We ______________________________

*NRIC/Passport No./Co. Registration No. ______________________________

of ______________________________

being a *member/members of 3Cnergy Limited (the "Company"), hereby appoint

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

*and/or

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

or failing him/her/them, the Chairman of the Annual General Meeting ("AGM"), as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be held at 3 Lorong 6 Toa Payoh, #01-01, Singapore 319378 on Friday, 29 April 2016 at 10.00 a.m. and at any adjournment thereof.

* I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated with a "√" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they may on any other matter arising at the AGM.

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [√] within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.)

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015 together with the Auditors' Report thereon.		
2.	To approve the payment of Directors' fees of S$140,000/- for the financial year ending 31 December 2016, to be paid half yearly in arrears.		
3.	To re-elect Mr Ong Pai Koo @ Sylvester as Director.		
4.	To re-elect Mr Yii Hung Due @ Bill Yii as Director.		
5.	To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS			
6.	To authorise Directors to allot and issue shares.		
7.	To authorise Directors to grant awards and issue shares under the HSR Performance Share Plan.		
8.	To approve renewal of shareholders' mandate for interested person transactions.		

Dated this ____________ day of ______________ 2016.

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

____
Signature of Member(s) or Common Seal
* *Delete accordingly*

IMPORTANT: Please Read Notes for this Proxy Form

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), 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) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and second named proxy as an alternate to the first named.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy, otherwise the appointments shall be invalid.

   "Relevant intermediary" has the meaning as ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Act")

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

4. The instrument appointing a proxy or proxies must be under the hand of the appointer 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 a director or an officer or attorney duly authorised.

5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 not less than 48 hours before the time appointed for holding the AGM. If a shareholder submits a proxy form and subsequently attends the AGM in person and votes, the appointments of the proxy should be revoked.

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 AGM, in accordance with Section 179 of the Act.

8. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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 appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

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CORPORATE INFORMATION

DIRECTORS
Mr Tong Kooi Ong
Non-Executive Chairman

Ms Anne Tong Kooi Lian
Managing Director and Chief Executive Officer

Mr Yii Hung Due @ Bill Yii
Lead Independent Director

Mr Ong Pai Koo @ Sylvester
Independent Director
(Appointed on 15 September 2015)

AUDIT COMMITTEE
Mr Yii Hung Due @ Bill Yii,
Chairman
Mr Ong Pai Koo @ Sylvester
Mr Tong Kooi Ong

NOMINATING COMMITTEE
Mr Ong Pai Koo @ Sylvester,
Chairman
Mr Yii Hung Due @ Bill Yii
Mr Tong Kooi Ong

REMUNERATION COMMITTEE
Mr Yii Hung Due @ Bill Yii,
Chairman
Mr Ong Pai Koo @ Sylvester
Mr Tong Kooi Ong

COMPANY SECRETARY
Mr Teo Meng Keong

REGISTERED OFFICE
3 Lorong 6 Toa Payoh
#01-01
Singapore 319378
Tel: (65) 6589 8055
Fax: (65) 6589 8050
Web: www.3Cnergy.com.sg

SPONSOR
CIMB Bank Berhad
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
80 Robinson Road #02-00
Singapore 068898

AUDITORS
Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809

AUDIT PARTNER-IN-CHARGE
Mr Michael Kee Cheng Kong
Partner-in-charge since financial year ended 31 December 2015

BANKERS
United Overseas Bank Limited
Citibank Singapore Limited
Public Bank Berhad

COMPANY REGISTRATION
No. 197300314D

3CNERGY LIMITED
3 LORONG 6 TOA PAYOH | #01-01 | SINGAPORE 319378
TEL: (65) 6589 8055 | FAX: (65) 6589 8050 | WEBSITE: www.3cnergy.com.sg

Cover rationale :
The cover of this year's annual report is taken by Tong Kooi Ong and depicts the interior of the Sagrada Familia, the world-famous Catholic Church by Antoni Gaudi in Barcelona, Spain.
It is not just a magnificient structure but an art that captures dreams and imaginations, hopes and aspirations. It is a huge man-made architecture that encapsulates nature in form.

Started in 1882 and expected to be completed in 2026, funded by private donations and visitors, which number 2 million a year, few would have ever dared such a dream and have such faith!