KOON HOLDINGS LIMITED

ANNUAL REPORT 2015

STRATEGIZING FOR GROWTH

CONTENTS

CORPORATE PROFILE

Koon Holdings Limited (ASX stock code: KNH, SGX stock code: 5DL) is one of Singapore's leading infrastructure and civil engineering service providers specialising in reclamation and shore protection works.

With a history tracing back to 1975, Koon has been in the construction industry for four decades. Our core strengths lie in our focus on delivering quality projects, customer satisfaction as well as commitment to safety standards. These values have guided us well as we continue to strengthen our presence in our operating markets.

Over the years, Koon has grown from a company with a single focus in civil engineering into a construction player with businesses in civil engineering, precast and energy infrastructure.

VISION & MISSION

To be an innovative builder creating value for all stakeholders.

We are dedicated to providing quality works, innovative solutions and effective professional services to our customers.

We strive to establish lasting relationships with our customers by exceeding their expectations and gaining their trust based on safety, quality, timely service and anticipation of their needs.

We respect and treat all employees fairly and encourage them to have initiative, be innovative and productive and nurture them to achieve their fullest potential.

SERVICE EXCELLENCE

We provide services exceeding customers' expectations, safe and timely project delivery and at the same time we adopt corporate social responsibility.

PARTNERSHIP – FORGE PARTNERSHIP WITH STAKEHOLDERS

We strive to develop lasting win-win relationships with our stakeholders.

INNOVATION

We always look for ways to do things cheaper, faster and better.

RESOURCE – PEOPLE DEVELOPMENT

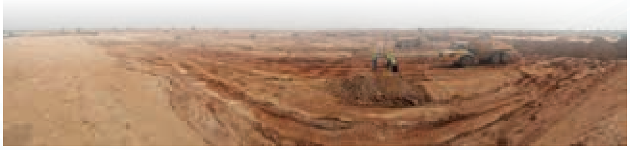
We believe everyone has their strength and we strive to develop our staff to their fullest potential to achieve organisation goals.

INTEGRITY

We uphold ourselves with professionalism, honesty and sincerity and deliver what we promised through adopting best practices.

TEAMWORK AND UNITY

We can achieve more together through mutual respect and trust, open sharing and communication.



INFRASTRUCTURE CONSTRUCTION AND CIVIL ENGINEERING

Koon is **committed to delivering quality works and maintaining safe working environment** in project execution.

The Group's wholly owned subsidiary, Koon Construction & Transport Co. Pte Ltd ("Koon") is a well-established civil engineering contractor in Singapore. Koon is registered with the Building and Construction Authority ("BCA") under the A1 grade – the highest grading for civil engineering category, which allows it to tender for public civil engineering projects of unlimited value in Singapore.

Incorporated since 1979, Koon has built a strong portfolio in its niche operating market serving government-related bodies such as the Land Transport Authority ("LTA"), the Housing and Development Board ("HDB"), the Public Utilities Board ("PUB"), the Defence Science and Technology Agency ("DSTA"), JTC Corporation and PSA Corporation Limited. Koon has undertaken numerous infrastructure construction works encompassing land reclamation, shore protection and terminal & port projects. Depending on the nature of the project secured, Koon is able to spearhead the entire project as main contractor or collaborate with our long-time partners such as Penta-Ocean Construction Company Ltd ("Penta-Ocean") and Hyundai Engineering & Construction Co. Ltd. ("Hyundai").

For more than two decades, Koon has taken part in various land reclamation works which have helped expanded the land area of Singapore by about 20%. These completed projects now form the new coastal lines of Singapore:

- North: Punggol
- South: Marina Bay, Tanjung Rhu, Sentosa Cove & Pasir Panjang
- East: Changi
- West: Jurong Island & Tuas View

Over the past few years, we have executed and completed a high percentage of public civil infrastructure projects. Amongst the more noticeable ones are:

- Construction of Seletar Link Bridge and widening of the Tampines Expressway. Project value: S$40 million
- Rehabilitation and earthworks at Tampines Road. Project value: S$40 million
- Construction of container stacking yard for berth P26, P31 to P33 at PSA Pasir Panjang Terminal. Project value: S$97 million
- Construction Industries Park at Seletar. Project value: S$81 million
- Serangoon Reservoir project. Project value: S$126 million
- Infrastructure Package 1 for Gardens by the Bay at Marina South. Project value: S$30 million
- Wetlands at Lorong Halus Landfill. Project value: S$19 million

Among the current order book of Koon are: (i) the land preparation works for the airport development project under a joint venture with Penta-Ocean; (ii) construction of container stacking yard for berth P36 to P41 at PSA Pasir Panjang Terminal; (iii) construction of roads, drains, culverts and drainage outfall at Tuas South Boulevard and (iv) improvement to Sungei Pandan Kechil (West Coast Road to the sea).

Aligning with industry benchmarks, Koon is ISO 9001:2008 (quality), ISO 14001:2004 (environment) and OHSAS 18001:2007 (safety) certified. Koon also won the BCA Construction Excellence Award 2012 in Civil Engineering for the technically-challenging Serangoon Reservoir project.

COMMITMENT TO QUALITY PROJECT AND SAFE WORK ENVIRONMENT

Delivering quality works and at the same time creating safe working environment for our people and partners have been our guiding principles. The Group is focused on cultivating a culture of safety by going beyond setting workplace rules. Regular interactions with both on-site and off-site staff to promote safety awareness remain our priority as we believe workplace safety is a collective responsibility.

Recognised for its commitment to incorporate safety as part of its business model, Koon has obtained the certification for BizSAFE Partner and the certification for attaining the BizSAFE Level STAR from the Workplace Safety and Health Council since 2009. Koon was also accorded certification of appreciation by PSA Corporation Limited for its good safety record consecutively from 2012 to 2015 relating to projects undertaken at Pasir Panjang Terminal.

SUSTAINABLE APPROACH

The Group continues to adopt best practices including progressive efforts towards a more sustainable building approach. Testament to our efforts and progress on this front, Koon received the BCA Green and Gracious Builder Award (Merit category) in 2015.

PRECAST

Both Econ and Contech are **approved precast works suppliers to the HDB projects** with the highest grading (L6) from the BCA.

The Group moved into the upstream precast industry through the acquisitions of Econ Precast Pte Ltd ("Econ") and Contech Precast Pte Ltd ("Contech") in 2010.

With a combined track record of more than 30 years, both Econ and Contech are approved precast products suppliers to Housing and Development Board projects with the highest grading (L6) from the BCA, enabling them to tender for public precast works of unlimited value. Over the years, Econ and Contech have established themselves as one of the leading precast manufacturers in Singapore.

Operating casting yards in Singapore, Malaysia and Batam, Indonesia, the Precast division manufactures and markets a comprehensive range of precast products which include:

- prestressed and precast beams and columns
- reinforced concrete piles
- reinforced concrete
- refuse chutes
- staircase flights
- architectural facade wall panels and external walls
- volumetric components such as space adding items, utility rooms and lift-wells used mainly in HDB's Main Upgrading Program and Lift Upgrading Program
- tunnel segments for cable and MRT tunnels

Our extensive customer base includes the HDB and LTA.

ELECTRIC POWER GENERATION

As part of the Group's business strategy to generate diversified streams of recurring income, the Group acquired a stake in Tesla Holdings Pty Ltd ("Tesla Group") in July 2010. The Group currently holds 74.1% equity interest in Tesla Group.

Tesla Group is an Australian energy infrastructure company which has successfully attained capacity credit allocations from the Independent Market Operator of Western Australia. These allocations provide Tesla Group an incentive by granting a recurring source of income for the initial capital investment of power generation plants.

Tesla Group currently owns and operates a total of four diesel power generation plants of 9.9 MW each in Western Australia. Its first Picton plant was commissioned in August 2011 and the remaining three plants, namely Kermerton plant, Northam plant and Geraldton plant, were commissioned in late 2012.

Tesla Group's power generation plants are situated on the South West Interconnected System ("SWIS") electricity grid in Western Australia to provide peaking power to the SWIS under the Western Australian government capacity pricing mechanism. Tesla Group generates recurring revenue based on a two-tier revenue matrix (standby fee and actual usage fee) from the operation of its four power generation plants in Western Australia.

Tesla Group owns and operates **four 9.9 MW diesel power generation plants** that provide peak power electricity in Western Australia.

KEMERTON

NORTHAM

GERALDTON

FINANCIAL SUMMARY

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER

(S$'000)

	2015	2014	2013[a]	2012[a]	2011[a]
Revenue	236,342	163,917	231,369	212,724	88,055
Gross Profit	35,927	26,646	14,411	20,598	8,223
Other Income	1,542	3,796	5,416	2,994	14,038
Administrative and Other Expenses	21,114	17,472	22,546	20,991	13,129
Profit/(Loss) before Income Tax	8,636	6,656	(8,941)	(2,409)	6,736
Profit/(Loss) after Income Tax	7,747	6,308	(11,207)	23	7,533
Profit/(Loss) Attributable to Shareholders	7,991	5,824	(10,209)	46	7,605

Financial Position

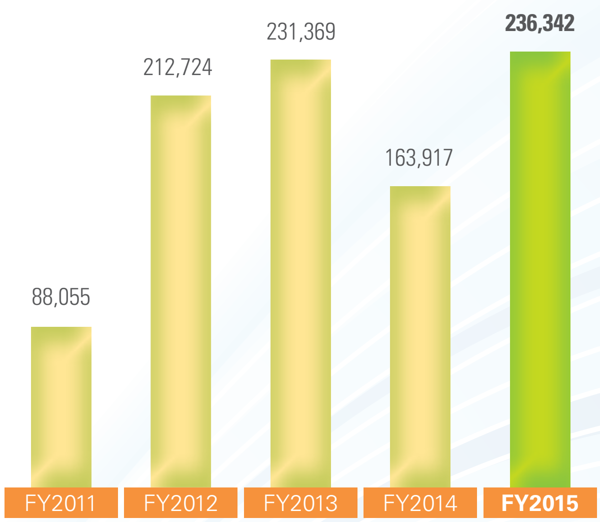
	2015	2014	2013	2012	2011
Current Assets	112,568	88,480	93,874	122,365	79,181
Non-Current Assets	118,290	83,378	86,961	110,210	42,997
Total Assets	**230,858**	**171,858**	**180,835**	**232,575**	**122,178**
Current Liabilities	122,112	96,154	93,747	121,307	61,443
Non-Current Liabilities	47,314	18,951	35,308	35,239	5,396
Total Liabilities	**169,426**	**115,105**	**129,055**	**156,546**	**66,839**
Shareholders' Fund	57,786	52,083	47,387	69,385	52,801
Non-controlling interests	3,646	4,670	4,393	6,644	2,538
Total Liabilities and Equity	**230,858**	**171,858**	**180,835**	**232,575**	**122,178**
Current Assets to Current Liabilities	92%	92%	100%	101%	129%
Net Gearing Ratio*	109%	70%	75%	61%	–

a Included the results of discontinued real estate agency operation

* Net Gearing Ratio = (Bills payable, bank loan and finance lease less cash and bank balances)/shareholders' fund

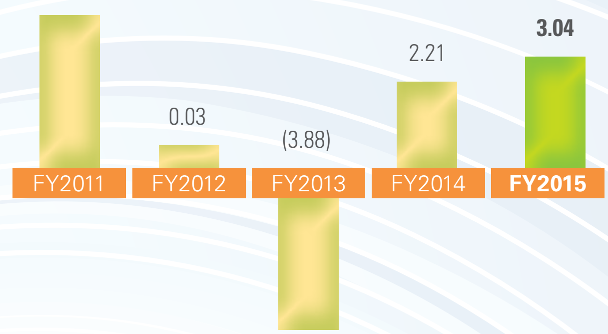
REVENUE

(S$'000)



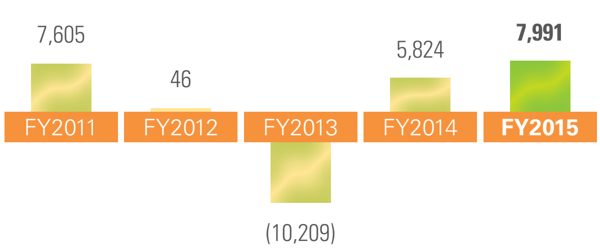
BASIC EARNINGS/(LOSS) PER SHARE

(SINGAPORE CENTS)



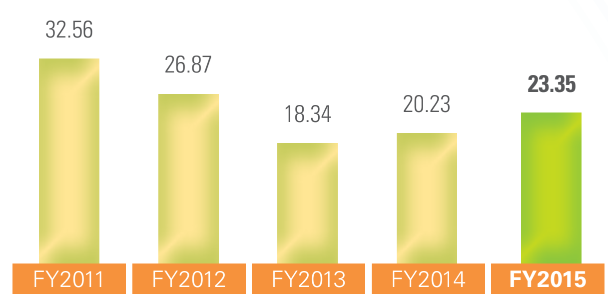
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

(S$'000)



NET TANGIBLE ASSETS PER SHARE

(SINGAPORE CENTS)



MESSAGE FROM CHAIRMAN & MANAGING DIRECTOR

Leveraging on our core competencies, net profit attributable to shareholders was 37.2% higher at S$8.0 million, as revenue grew **44.2% to S$236.3 million** in FY2015

DEAR SHAREHOLDERS,

Leveraging on our core competencies, the Group achieved a 44.2% jump in revenue to S$236.3 million for the financial year ended 31 December 2015 ("FY2015"), compared with S$163.9 million in the previous financial year ("FY2014"). Along with higher gross profits and share of profits from joint venture as well as an impairment of goodwill of S$3.5 million attributed to the Electric Power Generation division, the Group recorded a 37.2% increase in net profit attributable to shareholders of S$8.0 million in FY2015, up from S$5.8 million in FY2014.

The higher revenue was mainly due to increased revenue from the Construction and Precast divisions, which was partially offset by lower revenue from the Electric Power Generation division. Revenue from the Construction and Precast divisions was boosted by the land preparation works for the airport development project under a joint venture between the Group's wholly owned subsidiary, Koon Construction & Transport Co. Pte Ltd and Penta-Ocean Construction Company Ltd. As previously announced in November 2014, works for the land preparation project for the expansion of Singapore Changi Airport would be carried out in several phases over a few years. Revenue from the Electric Power Generation division was impacted by a lower reserve capacity price per megawatt and a relatively weaker Australian dollar against the Singapore dollar.

In line with the higher revenue, the Group's gross profit increased by 34.8% to S$35.9 million in FY2015, which was mainly driven by the Construction and Precast divisions. Gross profit from the Electric Power Generation division was lower partly due to lower revenue, as well as an additional depreciation charge incurred for one of Tesla's power generation plants which has been financed by way of a sale and lease back arrangement.

Other income was lower at S$1.5 million in FY2015 due to the absence of dividend income from Koon Zinkcon Pte Ltd, a decrease in government grants and lower sales of scrap.

The Group's share of profits of joint ventures and associate increased from S$0.9 million to S$3.5 million in FY2015. This was mainly due to higher share of profits of the Group's 50% joint ventures under Sindo-Econ Pte. Ltd. and its Indonesian subsidiary PT Sindomas Precas for the precast operation at Batam, Indonesia.

BUSINESS OUTLOOK

Against the backdrop of a weak global economic environment and a slowdown in the residential property market in Singapore, the operating environment in the construction industry will continue to remain challenging. The public sector is expected to sustain construction demand going forward. The Building and Construction Authority estimated that total construction demand for 2016 is expected to be between S$27 billion and S$34 billion. Of this amount, about 65% is expected to be driven by the public sector.

With continued MRT tunnelling works and the roll-out of Build-To-Order flats, where precast concrete components are used, the precast business remains a beneficiary of government policies.

Amidst competitive market conditions, the Group will continue its prudent and selective approach towards new projects. As at 31 December 2015, the Group's Construction and Precast divisions have outstanding order books of approximately S$210 million and S$56 million respectively.

NOTE OF APPRECIATION

On 31 December 2015, Mr Christopher Chong Meng Tak stepped down from the Board to start the process of Board renewal and due to his own discipline of sitting on the boards of only six listed companies. On behalf of the Board, we wish to thank Mr Chong for his valuable contributions and guidance to the Group since the initial public offering. We would like to also extend our welcome to Ms Heather Chong who joined the Board as an Independent Director on 31 December 2015.

ANG SIN LIU

YUEN KAI WING

We would like to express our appreciation to our Board of Directors for their contributions and guidance throughout the year. We would also like to commend our management and staff, for without their determination and hard work, we would not have been able to achieve the results we did. Last but not least, we would like to thank our shareholders, customers, suppliers and partners for their confidence and continued support to the Group.

To thank our shareholders for their enduring support, the Board is proposing a final dividend of 0.5 Singapore cents per share, subject to shareholders' approval at the upcoming Annual General Meeting.

Yours Sincerely,

ANG SIN LIU
Non-Executive Chairman

YUEN KAI WING
Managing Director

PERFORMANCE REVIEW

FY2015 revenue was 44.2% higher at S$236.3 million, compared with S$163.9 million in FY2014. This was mainly due to higher revenue from the Construction and Precast divisions, partially offset by lower revenue from the Electric Power Generation division.

Revenue from the Construction division increased by 85.0% from S$93.4 million in FY2014 to S$172.7 million in FY2015. This was due to revenue recognition from a number of projects: (i) the Group's 50% share under the POC-K JV, a joint venture between the Group's wholly owned subsidiary Koon Construction & Transport Co. Pte Ltd and Penta-Ocean Construction Company Ltd, for the land preparation works for airport development; (ii) subcontract works including equipment rental income for the land preparation works for airport development; (iii) construction of container stacking yard for berths P36 to P41 at PSA Pasir Panjang Terminal and (iv) a proposed physical barrier at the Singapore coastline, which was partially offset by lower revenue from other projects including: (i) construction of roads, drains, sewers and vehicular bridge at Ayer Merbau Road; (ii) construction of container stacking yard for berth P33 at PSA Pasir Panjang Terminal; (iii) construction of roads, drains, culverts and drainage outfall at Tuas South Boulevard, and (iv) foundation works for a 4-storey vehicle storage and workshop at Choa Chu Kang Way.

Revenue from the Precast division increased by 34.9% from S$72.6 million in FY2014 to S$97.9 million in FY2015 due to higher sales of precast products, including the supply to the land preparation works for airport development project. Revenue from the Electric Power Generation division declined 33.7% from S$7.5 million in FY2014 to S$5.0 million in FY2015. The decline was mainly due to a lower reserve capacity price per MW set by the Independent Market Operator of Western Australia and partly due to a weak Australian dollar against the Singapore dollar.

Overall gross profit grew 34.8% to S$35.9 million in FY2015, on higher gross profits from the Construction and Precast divisions, partially offset by lower gross profit from the Electric Power Generation division. The Electric Power Generation division recorded lower gross profit in FY2015 due to lower revenue as well as an additional depreciation charge of S$1.8 million provided for one of Tesla's power generation plants which has been financed by way of a sale and lease back arrangement. The depreciation of this power plant has been adjusted over its lease term of 6 years which is shorter than its useful life.

Other income declined from S$3.8 million in FY2014 to S$1.5 million in FY2015, due to the absence of dividend income of S$1.5 million from Koon Zinkcon, lower government grants and sales of scrap of S$0.4 million and S$0.3 million respectively.

Distribution costs increased by S$3.3 million to S$8.6 million in FY2015 due to higher delivery and handling costs incurred by the Precast division along with the higher sales.

Administrative expenses increased by S$3.6 million to S$21.1 million in FY2015, mainly due to an impairment of goodwill amounted to S$3.5 million attributable to the Electric Power Generation division and a S$0.1 million write-down of properties held for development. The Group recorded generally lower staff costs and depreciation expenses which were offset by higher professional fees, provision for doubtful debts as well as a net loss of S$0.2 million on disposal of the Group's remaining stake in GPS Alliance Holdings Limited in FY2015.

Finance cost increased by S$0.7 million to S$2.6 million in FY2015, due to an increase in borrowings for capital expenditure incurred mainly to support the new project requirement for the preparation works for airport development project.

The Group's share of results of joint ventures and associate improved from S$0.9 million in FY2014 to S$3.5 million in FY2015. This comprised mainly the Group's 50% share of profit from the precast operations at Batam, Indonesia under Sindo-Econ Pte. Ltd. and its subsidiary PT Sindomas Precas, partially offset by a 20% share of losses from a construction project under the Penta-Ocean/Hyundai/Koon Joint Venture, which had been substantially completed.

As a result of the above, the Group recorded net profit attributable to shareholders of S$8.0 million in FY2015, up from S$5.8 million in FY2014.

BALANCE SHEET

The Group's total assets increased by S$59.0 million to S$230.9 million and its total liabilities increased by S$54.3 million to S$169.4 million, as at 31 December 2015. Shareholder's equity improved by S$5.7 million to S$57.8 million as at 31 December 2015. The Group achieved a higher net tangible asset per share of 23.35 Singapore cents as at 31 December 2015 as compared with 20.23 cents as at a year ago.

Current assets increased by S$24.1 million to S$112.6 million as at 31 December 2015 mainly due to an increase in contract work-in-progress of S$13.4 million owing to lower progress claims, higher cash and cash equivalents, inventories and trade receivables, partially offset by lower pledged fixed deposits and other receivables.

Non-current assets increased by S$34.9 million to S$118.3 million as at 31 December 2015. This was mainly due to increase in property, plant and equipment by S$37.9 million under the Construction division mainly to support the new project requirements for the land preparation works for airport development, as well as an increase in joint ventures attributed to the Group's 50% share of investment and earnings in Sindo-Econ Pte. Ltd. and its subsidiary, PT Sindomas Precas. During FY2015, the Group disposed its remaining stake in GPS Alliance Holdings Limited held under available-for-sale investment and provided an impairment of goodwill attributable to the Group's investment in Tesla. The decrease in development properties held under the Group's Malaysia subsidiaries was mainly due to a weak Malaysian ringgit against the Singapore dollar.

Current liabilities increased by S$26.0 million to S$122.1 million as at 31 December 2015 mainly due to an increase in trade payables, bank loans and bills payables, as well as contract work-in progress.

Non-current liabilities increased by S$28.4 million to S$47.3 million as at 31 December 2015 on an increase in borrowings under finance leases of S$32.0 million, partially offset by lower bank loans and deferred tax liabilities.

The Group recorded net current liabilities of S$9.5 million as at 31 December 2015. This was mainly attributed to the Group's 50% share of net current liabilities of S$5.4 million recorded under POC-K JV for the land preparation works for airport development, of which the JV's plant and machinery amounting to S$7.9 million (i.e. the Group's 50% share) was classified under non-current assets whilst the progress claim receipts attributed to plant and machinery purchased were recorded in the contract work-in-progress under current liabilities.

CASH FLOW

The Group's net cash generated from operating activities amounted to S$28.0 million in FY2015 as compared to S$6.1 million in FY2014.

The Group recorded higher net cash used in investing activities of S$13.5 million in FY2015 mainly due to the cash outlay for the purchase of property, plant and equipment by the Construction division.

Net cash used in financing activities amounted to S$4.7 million in FY2015 attributable to repayments of bank loans, bills payables and obligation under finance leases, partially offset by a decrease in pledged fixed deposits.

As a result, the Group recorded higher cash and cash equivalents of S$26.7 million as at 31 December 2015.

FINANCIAL YEAR REVIEW

INCREASE IN REVENUE
Due to higher revenue from Construction and Precast divisions; partially offset by lower revenue from Electric Power Generation division

Revenue from Construction division increased by 85.0% from S$93.4 million in FY2014 to S$172.7 million in FY2015

Revenue from Precast division increased by 34.9% from S$72.6 million in FY2014 to S$97.9 million in FY2015

INCREASE IN GROSS PROFIT
Due to higher gross profit recorded by both the Construction and Precast divisions; partially offset by lower gross profit from the Electric Power Generation division

DECREASE IN OTHER INCOME
Mainly due to absence of dividend income of S$1.5 million from Koon Zinkcon, decrease in government grants and sales of scrap by S$0.4 million and S$0.3 million respectively

INCREASE IN DISTRIBUTION COSTS
Due to higher delivery and handling costs incurred by Precast division

INCREASE IN ADMINISTRATIVE AND OTHER EXPENSES
Mainly due to impairment of goodwill amounted to S$3.5 million attributed to the Electric Power Generation division and properties held for development written down of S$0.1 million

INCREASE IN FINANCE COSTS
Mainly due to increase in borrowings for purchase of plant and machinery mainly to support the new project requirement for the land preparation works for airport development

SHARE OF LOSS OF ASSOCIATE
Comprised the share of loss from a construction project joint venture

SHARE OF PROFIT OF JOINT VENTURES
Comprised share of profit from the precast operations at Batam Indonesia under Sindo-Econ Pte Ltd and its subsidiary PT Sindomas Precas

INCREASE IN INCOME TAX
Mainly due to higher earnings

INCREASE IN CASH AND CASH EQUIVALENTS
Net cash flows from operating activities of S$28.0 million was attributed to the increase in trade and other payables partially offset by increase in contract work-in-progress, inventories and trade and other receivables

Due to higher net cash used in investing activities of S$13.5 million and offset by lower net cash used in financing activities of S$4.7 million, the Group's cash and cash equivalent increased by 56.2% to S$26.7 million at end of FY2015

Financial Performance (S$' million)	FY2015	FY2014
Continuing operations		
Revenue	**236.34**	163.92
Cost of sales	**(200.41)**	(137.27)
Gross profit	**35.93**	26.65
Other income	**1.54**	3.80
Distribution costs	**(8.60)**	(5.31)
Administrative and other expenses	**(21.11)**	(17.47)
Finance costs	**(2.61)**	(1.89)
Share of loss of associate	**(0.11)**	(0.08)
Share of profit of joint ventures	**3.60**	0.96
Profit before income tax	**8.64**	6.66
Income tax	**(0.89)**	(0.35)
Profit for the year	**7.75**	6.31

Cashflow (S$' million)	FY2015	FY2014
Net cash flows from operating activities	**28.00**	6.13
Net cash flows used in investing activities	**(13.49)**	(2.01)
Net cash flows used in financing activities	**(4.74)**	(8.81)
Net increase/(decrease) in cash and cash equivalents	**9.77**	(4.69)
Cash and cash equivalents at 1 January	**17.10**	21.79
Effects of exchange rate changes on cash and cash equivalents	**(0.16)**	*
Cash and cash equivalents at 31 December	**26.71**	17.10
Add: Pledged fixed deposits	**0.19**	0.80
Total cash at the end of the year	**26.90**	17.90

* less than S$10,000

Financial Position (S$' million)	FY2015	FY2014
ASSETS		
Current assets		
Cash and cash equivalents	**26.70**	17.09
Pledged fixed deposits	**0.19**	0.80
Trade receivables	**44.95**	44.12
Other receivables	**8.35**	9.23
Inventories	**8.59**	6.87
Contract work-in-progress	**23.75**	10.33
Held for trading investments	**0.03**	0.04
Total current assets	**112.56**	88.48
Non-current assets		
Other receivables	**0.12**	0.24
Properties held for development	**14.19**	16.39
Associates	*	*
Joint ventures	**4.97**	1.33
Property, plant and equipment	**99.02**	61.15
Available-for-sale investments	–	0.73
Goodwill	–	3.54
Total non-current assets	**118.30**	83.38
Total assets	**230.86**	171.86
LIABILITIES AND EQUITY		
Current liabilities		
Bank loans and bills payable	**31.21**	21.66
Trade payables	**54.69**	44.41
Other payables	**14.32**	12.63
Contract work-in-progress	**8.75**	1.91
Finance leases	**12.11**	15.01
Income tax payable	**1.03**	0.53
Total current liabilities	**122.11**	96.15
Non-current liabilities		
Bank loans	**5.59**	8.92
Finance leases	**40.71**	8.68
Other payables	**0.09**	0.09
Deferred tax liabilities	**0.92**	1.26
Total non-current liabilities	**47.31**	18.95
Total liabilities	**169.42**	115.10
Capital and reserves		
Share capital	**25.45**	25.45
Capital reserve	**8.80**	8.66
Fair value reserve	–	(0.21)
Accumulated profits	**29.46**	21.47
Translation reserve	**(5.92)**	(3.28)
Equity attributable to owners of the Company	**57.79**	52.09
Non-controlling interests	**3.65**	4.67
Total equity	**61.44**	56.76
Total liabilities and equity	**230.86**	171.86

* less than S$10,000

INCREASE IN INVENTORIES
Mainly due to higher finished goods partially offset by lower raw material inventories under the Precast division

INCREASE IN CONTRACT WORK-IN-PROGRESS
Mainly due to lower progress claims as at year end

DECREASE IN PROPERTIES HELD FOR DEVELOPMENT
Mainly due to a weak Malaysia ringgit against Singapore dollars

INCREASE IN JOINT VENTURES
Arising from the Group's 50% share of investment and earnings attributed to Sindo-Econ Pte Ltd and its Indonesia subsidiary PT Sindomas Precas

INCREASE IN PROPERTY, PLANT AND EQUIPMENT
Mainly due to purchase of plant and equipment under the Construction division partially offset by depreciation charge, disposal and impairment and foreign exchange adjustments

DECREASE IN AVAILABLE-FOR-SALE INVESTMENTS
Due to disposal of the Group's remaining stake in GPS Alliance Holdings Limited

DECREASE IN GOODWILL
Due to impairment of goodwill

INCREASE IN BANK LOANS AND BILLS PAYABLE (CURRENT)
Mainly due to working capital requirement

INCREASE IN TRADE PAYABLES
The increase is in line with higher revenue in FY2015

INCREASE IN OTHER PAYABLES
Mainly due to increase in payables for acquisition of plant and equipment under the Construction division

INCREASE IN WORK-IN-PROGRESS
Mainly due to higher progress claims as at year end

DECREASE IN BANK LOANS (NON-CURRENT)
Mainly due to repayment of bank loans

INCREASE IN FINANCE LEASES (NON-CURRENT)
Mainly due to the financing of the capital expenditure under Construction division

BOARD OF DIRECTORS

ANG SIN LIU

Non-Executive Chairman

Mr Ang is the founder and advisor of ASL Marine Holdings Ltd listed on the Singapore Stock Exchange. Mr Ang is an astute businessman with diverse business interests including the trading of scrap steel material, building construction works, property leasing, shipbuilding and ship repair.

YUEN KAI WING

Managing Director

Mr Yuen joined the Group in April 2012 and brought with him more than 22 years of experience in the construction industry. Before joining the Company, Mr Yuen was the Regional Manager of North East Asia, Van Oord N.V. and the General Manager of Van Oord (Shanghai) Dredging Co. Ltd. He was responsible for business and operations in the Region of North East Area including countries of Eastern Part of Russia, Japan, Korea and Greater China such as Taiwan, China, Macau and Hong Kong.

Mr Yuen has a Master of Business Administration from the China Europe International Business School in China and a Bachelor Degree in Civil Engineering from Hogeschool Utrecht in Netherlands.

OH KOON SUN

Executive Director

Mr Oh and the late Mr Aw Joo Kim (his father) co-founded the predecessor to the Company in 1975. The predecessor was a sole proprietorship involved in the business of transporting stone and rocks. Mr Oh was in charge of that sole proprietorship, namely as a sub-contractor for Obayashi on the East Coast Phase V reclamation. Prior to founding the sole proprietorship, Mr Oh was involved in the family's trading business. His extensive hands-on experience in trading and deep familiarity of local businesses benefits Koon, as his principal task at the Company is the negotiation of quantity, quality and price of stone, rock, equipment, tugs & barges with selected sub-contractors and for the sourcing of consumables. Mr Oh is also the main contact person for Koon-Zinkcon.

OH KENG LIM

Executive Director

Mr Oh joined the predecessor to the Company in 1976, when the sole proprietorship was preparing for its conversion into a private partnership in 1977. Before this, Mr Oh was involved in several trading ventures. For over 27 years prior to 2003, Mr Oh had been involved in the project accounting, administration and risk controls of the Company. Since 2003, he has devolved many of his day-to-day duties and now primarily serves in a supervisory and oversight capacity. Mr Oh remains very familiar with all aspects of the Company's businesses, particularly with the Company's many suppliers.

ANG AH NUI

Non-Executive Director
Member of the Remuneration Committee

Mr Ang joined the Group in April 2012 and brought with him more than 30 years of extensive experience and knowledge of the marine industry. Mr Ang is the Deputy Managing Director of ASL Marine Holdings Ltd listed on the Singapore Stock Exchange. His core responsibilities in ASL Marine Group of companies include the setting of business strategies and direction, corporate plans and policies as well as general management and business development of its ship repair and conversion and ship chartering operations.

GLENDA MARY SORRELL-SAUNDERS

Non-Executive and Independent Director
Chairman of the Nominating Committee
Member of the Audit and Risk Committee, and the Remuneration Committee

Glenda is the Managing Director of Matrix Management Group Pty Ltd, a Project Management and Quantity Surveying firm with operations in Victoria and Tasmania. Prior to founding Matrix Management Group, Glenda worked as a Director with Rawlinson (Aust) Pty. Ltd.

Glenda is also an Independent Director of GPS Alliance Holdings Limited which is listed on the Australian Securities Exchange Limited. Glenda started her professional life with Farrow Laing and Partners in South Africa. Glenda has considerable experience in major industrial and civil projects including infrastructure works; steel-processing plants; and on coal, diamond & gold mines. Glenda also lectured at the University of the Witwatersrand in the Faculty of Architecture during the 1990's prior to her immigration to Australia.

Glenda has a Bachelor of Science (Honours) (Quantity Surveying) from the University Of The Witwatersrand, South Africa and is a Tasmanian Division Councillor of the Property Council of Australia. She is also a member of the Australian Institute of Quantity Surveyors and a member of the Australian Institute of Company Directors.

BOARD OF DIRECTORS

KO CHUAN AUN

Non-Executive and Independent Director
Chairman of the Remuneration Committee
Member of the Audit and Risk Committee, and the Nominating Committee

Mr Ko is currently the President/Executive Director of KOP Limited. Prior to that, Mr Ko was the Chief Executive Officer of Scorpio East Holdings Ltd. He has more than 15 years of working experience with the then Trade Development Board of Singapore ("TDB"). His last appointment with then TDB was Head of China Operations.

Mr Ko also holds chairmanships and directorships in various private and public companies. He was appointed as an Independent Director of KSH Holdings Limited, San Teh Ltd, Super Group Ltd, as well as Lian Beng Group Ltd.

Mr Ko holds a Diploma in Export Marketing, which is equivalent to the Danish Niels Brock International Business Degree Programme. In the past 26 years, Mr Ko has been very actively involved in business investments in the PRC market. In year 2001, Mr Ko was appointed as a Member of the Steering Committee of the Network China. In addition, between the years 2003 to 2005, Mr Ko served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade & Investment Committee.

HEATHER CHONG

Non-Executive and Independent Director
Chairman of the Audit and Risk Committee
Member of the Nominating Committee

Heather is one of our two Australian resident Directors. She is an Alderman on Clarence City Council, a member of the Tasmanian Division Council for the Australian Institute of Company Directors and co-founder and Director of Qew Orchards, a large family owned orchard in Tasmania.

Heather is an accountant by training and has extensive experience in accounting and corporate governance. She is the Independent Director of another Australian Securities Exchange Limited listed company and has been an Independent Director on two other ASX listed companies. She also serves on a number of Not For Profit and Government Boards and committees.

Heather has a Bachelor of Science (Hons), a Master of Business Administration, is a member of the Institute of Chartered Accountants of England and Wales and a Fellow of the Australian Institute of Company Directors.

Heather was the Chair of the Food Industry Council of Tasmania and Summerfruit Australia (the peak body that advises the Federal Government on concerns about growers of summerfruit in Australia) and the Tasmanian Government Representative on the national Food Safety Centre. Heather also has extensive Asia experience having served as Chief Accountant for one of Hong Kong's largest construction companies and as a senior executive in the Asian operations of what was then the world's second largest software house.

Heather is a previous recipient of the Rural Industries Research and Development Corporations Rural Women's Award for Tasmania, the Westpac Group Business Owners Award for Tasmania and the Telstra Tasmania Business Woman of the Year.

KEY MANAGEMENT

LILIAN TAN YIN YEN

Chief Financial Officer

Lilian joined the Group as Chief Financial Officer in November 2013. She oversees financial management, investor relations, human resource, statutory and regulatory compliance of the Group. Prior to joining the Group, Lilian was Chief Financial Officer of a few companies listed on the Singapore Stock Exchange. She has more than 30 years of experience in management and finance related fields covering marine, construction, resource recovery, renewable energy and manufacturing industries.

Lilian holds a Bachelor of Accountancy Degree from the National University of Singapore. She is a fellow member of the Institute of Singapore Chartered Accountants. In 2009, Lilian was awarded the Chief Financial Officer of the Year for mid-cap companies under the Singapore Corporate Awards.

OUR PEOPLE

The Group believes that a sustainable business is built upon the contribution of our people. Human capital development remains as our priority as we move forward to achieve our business objectives. We support our employees with professional training and development programs including those administered by BCA, e.g. Built Environment Apprenticeship programs for employees of our Construction division. Since 2011 Koon has been collaborating with BCA to provide sponsorships under the BCA-Industry Built Environment Undergraduate Sponsorship program. Set up under one of the Singapore Government's key plans to sustain productivity in the construction sector, this program aims to attract young talents and nurture them as future industry leaders.

GENERAL INFORMATION

BOARD OF DIRECTORS:

Ang Sin Liu *(Non-Executive Chairman)*
Yuen Kai Wing *(Managing Director)*
Oh Keng Lim *(Executive Director)*
Oh Koon Sun *(Executive Director)*
Ang Ah Nui *(Non-Executive Director)*
Glenda Mary Sorrell-Saunders *(Non-Executive and Independent Director)*
Ko Chuan Aun *(Non-Executive and Independent Director)*
Heather Chong *(Non-Executive and Independent Director)*

SINGAPORE COMPANY SECRETARIES

Ong Beng Hong
Tan Swee Gek

AUSTRALIA COMPANY SECRETARY

Leanne Ralph

SINGAPORE REGISTERED OFFICE

11 Sixth Lok Yang Road
Singapore 628109
Tel: (65) 62615788
Fax: (65) 62660117
Website: www.koon.com.sg

AUSTRALIA REGISTERED OFFICE

Level 9, 115 Pitt Street
Sydney NSW 2000, Australia

SINGAPORE SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

AUSTRALIA SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000, Australia

AUDITOR

Ernst & Young LLP
Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner: Terry Wee Hiang Bing
(Appointed since the financial year ended 31 December 2014)

PRINCIPAL BANKERS

United Overseas Bank Limited
DBS Bank Limited
RHB Bank Berhad
Standard Chartered Bank

CORPORATE STRUCTURE

AS AT 31 DECEMBER 2015

- Koon Construction & Transport Co Pte Ltd **(100%)**
  - Koon Zinkcon Pte Ltd **(50%)**
    - Jurong & Tuas Rock Contractors JV **(75%)**
  - Mesco (B) Sdn Bhd **(50%)**
  - Penta-Ocean/Koon/Hyundai/Van Oord Joint Venture - JV1 **(5%)**
  - Penta-Ocean/Koon-Ham-Dredging International-Boskalis Joint Venture - JV2 **(20%)**
  - Penta-Ocean/Koon/Dredging International/Boskalis/Ham Joint Venture - JV3 **(20%)**
  - Penta-Ocean/Hyundai/Koon Joint Venture - JV4 **(20%)**
  - Penta-Ocean/Koon Joint Venture - JV5 **(20%)**
  - POC - K JV - JV6 **(50%)**
  - Koon Construction & Transport Sdn Bhd **(100%)**
- Entire Construction Pte Ltd **(100%)**
- Entire Engineering Pte Ltd **(100%)**
- Koon Properties Pte Ltd (formerly known as Gems Marine Pte Ltd) **(100%)**
  - Metro Coast Sdn Bhd **(100%)**
  - Seven Star Development Sdn Bhd **(100%)**
  - Triumph Heights Sdn Bhd **(100%)**
  - Unison Progress Sdn Bhd **(100%)**
- Econ Precast Pte Ltd **(100%)**
  - Econ Precast Sdn Bhd **(100%)**
  - Contech Precast Pte Ltd **(100%)**
  - Bukit Intan Pte Ltd **(100%)**
  - Sindo-Econ Pte Ltd **(50%)**
    - **90%** PT Sindomas Precas **(50%)**
  - **5%** PT Sindomas Precas
- Tesla Holdings Pty Ltd **(74.1%)**
  - Tesla Corporation Management Pty Ltd **(100%)**
  - Tesla Corporation Pty Ltd **(100%)**
  - Tesla Geraldton Pty Ltd **(100%)**
  - Tesla Kemerton Pty Ltd **(100%)**
  - Tesla Northam Pty Ltd **(100%)**

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is committed to ensuring good corporate governance practices, to promote corporate transparency and to protect and enhance shareholder value. This statement outlines the main corporate governance practices currently in place for the Koon Group and whether these practices conform with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (3rd Edition). The Board believes the Group accords with the majority of the principles and recommendations of the ASX Corporate Governance Council and exceptions are outlined in the report.

The corporate governance policies and practices described below are those that have been in place for the 2015 financial year, or as at the date of this report where indicated. The Board continues to review the governance framework and practices of the Group to ensure they meet the interests of security holders.

All references to the Group's website are to: www.koon.com.sg

Functions and Responsibilities of the Board

The Board of Directors is responsible for setting the strategic direction of the Group and for overseeing and monitoring the Group's businesses and affairs. The Directors are accountable to the shareholders for the Group's performance. Day-to-day management of the Group's affairs and the implementation of its strategy are delegated to the Executive Directors and senior executives. The Board operates under a formal charter, which can be viewed on the Company website, that details the responsibilities of the Board and those reserved for management.

The principal functions of the Board include:

(i) setting the corporate strategy and direction of the Group, including but not limited to approval of broad policies, strategies and financial objectives of the Group;
(ii) monitoring the implementation of the strategy, the business performance and the results and ensuring appropriate resources are available;
(iii) approving financial plans and key management recommendations;
(iv) appointing the Executive Directors and other key personnel and reviewing their performance;
(v) identifying and reviewing of risk and the establishment of monitoring and feedback systems with respect to risk management, internal controls, financial reporting and compliance; and
(vi) overseeing the management of occupational health & safety and environmental performance.

The Board's approval is required for matters such as the Group's financial plans and annual budget, key operational initiatives, acceptance of bank facilities, major investment and divestment proposals, material acquisitions and disposal of assets, interested person transactions of a material nature and release of the Group's half yearly and full year financial results to the Australian Securities Exchange ("ASX") and the Singapore Exchange Securities Trading Limited ("SGX-ST"). Apart from matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits and delegates authority for transactions below those limits to management so as to optimise operational efficiency.

CORPORATE GOVERNANCE STATEMENT

Board's Composition and Balance

The Board comprises eight Directors, two of whom are non-executive directors and three of whom are non-executive, independent directors. Whilst the majority of the Board is not comprised of independent directors, the Board believes that there is appropriate composition of skills amongst existing Directors and all Directors ensure that they approach their roles with independent judgement. In view of the scope and nature of the operations of the Group, the Board and the Nominating Committee are of the view that there is no individual or small group of individuals dominating the Board's decision-making process and the Board's current size is appropriate for facilitating effective decision-making.

All non-executive directors are appointed pursuant to formal letters of appointment which, among other things, set out key terms and conditions of their appointment, the Board's expectations in relation to the performance of the director, procedures for dealing with a director's potential conflict of interest and the disclosure obligations of the director, together with the details of the director's remuneration.

The Board comprises business leaders and professionals with industry and financial backgrounds. Its composition enables the management to benefit from a diverse and objective external perspective on the issues raised before the Board.

To assist the Board in the execution of its responsibilities and to provide independent oversight of management, various Board Committees, namely the Audit and Risk Committee, Nominating Committee and Remuneration Committee, have been constituted with clear written terms of reference, all of which can be found on the Company's website. These Committees are made up mainly of independent non-executive Directors and the effectiveness of each Committee is constantly monitored by the Board.

One non-executive, independent director had been appointed by the Company during the financial year ended 31 December 2015. No new directors were appointed after the financial year ended 31 December 2015. Any newly-appointed director will be given a formal letter and will be provided a full information file setting out their duties and obligations upon their appointment and will undergo an orientation program to be familiar with the Group's businesses and governance practices. Directors are also invited to sites to meet with management and gain a better understanding of the Group's business operations. To keep pace with regulatory changes, the director's own initiatives are supplemented from time to time with information updates and sponsored seminars conducted by external professionals, including any changes in legislation and financial reporting standards, government policies and regulations and guidelines from ASX and SGX-ST that affect the Company and/or the directors in discharging their duties. During the year, certain Directors had attended seminars on updates concerning guidance to the best practices of a director and the regulatory environment in Singapore and/or Australia.

Chairman and Managing Director

The Chairman is a non-executive director. The roles of the Chairman and Managing Director are separated. The separation of roles is to ensure that the working of the Board and the executive responsibility of the Group's business are kept distinct, increasing the accountability and capacity of the Board for independent decision-making. While the Chairman is not an independent director, the Board is confident that he remains free from bias in carrying out his role as Chairman, and is able to bring independent judgment to bear on Board decisions without interference from business or other relationships that could materially interfere with his independent judgment.

CORPORATE GOVERNANCE STATEMENT

The Chairman and the Audit and Risk Committee Chairman share responsibility for scheduling meetings to enable the Board to discharge its duties and to coordinate the activities of the independent non-executive Directors and act as principal liaison between the independent non-executive Directors and the Managing Director on sensitive issues. The Chairman, with the assistance of the Management and the Executive Directors, prepares the agenda and other material for meetings and ensures that the information is of a sufficient quality and quantity to enable the Board to make informed decisions. The Executive Directors are responsible for ensuring compliance with the Group's guidelines on corporate governance.

The Chairman and the Audit and Risk Committee Chairman are also available to shareholders where they have concerns, and which contact through the normal channels of the Managing Director has failed to resolve or for which such contact is inappropriate.

Company Secretary

The Company Secretary acts as secretary of the Board, attending (in person or through a representative) all meetings of the Board and its committee's as required. The Company Secretary is accountable to the Board through the chairperson on all corporate governance matters and the proper functioning of the Board.

Board Membership

The Nominating Committee shall, from time to time, make recommendations on the number and composition of the Board of Directors, subject to the conditions set out in the Company's Constitution.

The Nominating Committee currently comprises three members, all of whom are independent. It is chaired by Ms Glenda Mary Sorrell-Saunders and has as its members, Ms Heather Chong and Mr Ko Chuan Aun.

The Nominating Committee has a formal written Charter and, accordingly, is mainly responsible for:

(i) Monitoring the contribution and performance of the Directors and the Board.
(ii) Deciding how the Directors are enhancing long-term shareholder value.
(iii) Re-nominating and/or proposing new Directors.

For appointment of new directors to the Board, if a vacancy arises, the Nominating Committee will, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The Nominating Committee does so by evaluating the existing strengths and capabilities of the Board, assessing the likely future needs of the Board, assessing whether this need can be fulfilled by the appointment of one person and if not, consulting with the Board in respect to the appointment of two people, seeking likely candidates widely and sourcing resumes to review, undertaking background checks on the resumes received, narrowing the list of possible candidates to a short list and then inviting the shortlisted candidates to an interview which may include a briefing of the duties required to ensure that there is no expectation gap. The Nominating Committee will seek candidates widely and beyond people directly known to the directors and is empowered to engage professional search firms and also give due consideration to candidates identified by any person. The Nominating Committee will interview all potential candidates in frank and detailed meetings and make recommendations to the Board for approval.

CORPORATE GOVERNANCE STATEMENT

Every year, the Nominating Committee reviews and affirms the independence of the Company's independent non-executive Directors. Each director is required to complete a Director's independence checklist annually to confirm their independence. This checklist requires each director to assess whether they consider themselves independent despite not being involved in any relationship which would interfere or be reasonably perceived to interfere with the exercise of independent judgment in carrying out functions as an independent non-executive Director of the Company. Among the items included in the Checklist are disclosures pertaining to any employment, including compensation received from the Company or any of its related corporations, relationship to an Executive Director of the Company or its related corporations, having an immediate family member employed by the Company or any of its related corporations as senior executive officer whose remuneration is determined by the Remuneration Committee, shareholding, or partnership or directorship (including those held by immediate family members) in an organisation to which the Company or its subsidiaries received significant payments in the current or immediate past financial year. The Nominating Committee will then review the checklist completed by each director to determine whether the director is independent. Ms Glenda Mary Sorrell-Saunders has served on the Board since 2003 and her independence has been subject to particularly rigorous review. The Board notes that Ms Sorrell-Saunders should be considered independent because she has been active during Board discussions and has on many occasions voiced strong opinions which may have differed from Management's view. Furthermore, Ms Sorrell-Saunders has a wealth of experience and knowledge in her field which the Board and Management would be able to tap on (please refer to page 15 of this Annual Report for a more detailed write-up on her background). As such, the Board has established that Ms Sorrell-Saunders remains independent in character and judgement and there were no relationships with Management or substantial shareholders or circumstances which were likely to affect, or could appear to affect, her independence. The Board is therefore satisfied with her performance and continued independence. Furthermore, the Board holds the view that continuity and stability of the Board is also important. Ms Sorrell-Saunders, through her years of involvement with the Company, has gained valuable insight and understanding of the Company and together with her experience and expertise, has contributed and will continue to contribute effectively as an Independent Director by providing educated, impartial and autonomous views at all times. The Board nevertheless will on a continual basis, review the need for progressive refreshing of its Board.

The Nominating Committee also reviews directors with multiple directorships. With the exception of (i) Mr Ang Ah Nui who currently holds one concurrent directorship in another company listed on SGX-ST, (ii) Mr Ko Chuan Aun who currently holds five concurrent directorships in other companies listed on SGX-ST (including as the President/Executive Director of KOP Limited, a company listed on SGX-ST), (iii) Ms Glenda Mary Sorrell-Saunders who currently holds one concurrent directorship in another company listed on ASX, and (iv) Ms Heather Chong, who currently holds one concurrent directorship in another company listed on ASX, the remaining directors do not hold any concurrent directorships in any other listed companies.

The Nominating Committee is satisfied that the directors with multiple directorships have given adequate time and attention to the affairs of the Company, through attendance at meetings of the Board and Board Committees, including electronic and telephone communications.

Pursuant to Article 91 of the Company's Constitution, every director (other than the Managing Director) shall retire from office once every three years and for this purpose, one-third of the Board is to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM"). Article 97 of the Company's Constitution also provides that a newly appointed director must retire and submit himself or herself for re-election at the next AGM following his or her appointment and such re-election shall not be taken into account in determining the number of directors who are to retire by rotation under Article 91 as set out above. Thereafter, the director is subject to re-election at least once in every three years. Section 153 of the Companies Act, Chapter 50, of Singapore (the "Companies Act"), which required that a director of or over the age of seventy years must retire and submit himself for re-appointment at each AGM, has since been repealed following the amendment of the Companies Act which took effect on 3 January 2016.

CORPORATE GOVERNANCE STATEMENT

Directorships or Chairmanships held by the Company's directors in other listed companies:

Name of Director	Date Appointed/ last re-elected	Directorship in other listed companies	
		Current	Past 3 years
Ang Sin Liu (Chairman, Non-executive Director)	27 April 2012/ 29 April 2015	Nil	Nil
Ang Ah Nui (Non-executive Director)	27 April 2012/ 25 April 2013	ASL Marine Holdings Ltd	Nil
Yuen Kai Wing (Managing Director)	27 April 2012/ 25 April 2013	Nil	Nil
Oh Koon Sun (Executive Director)	9 April 2003/ 27 April 2014	Nil	Nil
Oh Keng Lim (Executive Director)	9 April 2003/ 29 April 2015	Nil	Nil
Heather Chong (Independent Non-executive Director)	31 December 2015/ Not applicable	Sino-Excel Energy Limited[1]	GPS Alliance Holdings Ltd.[1] Aquaint Capital Holdings Ltd.[1]
Glenda Mary Sorrell-Saunders (Independent Non-executive Director)	April 11, 2003/ 29 April 2015	GPS Alliance Holdings Limited[1]	Nil
Ko Chuan Aun (Independent Non-executive Director)	16 January 2012/ 27 April 2014	KSH Holdings Limited Super Group Ltd KOP Limited (formerly known as Scorpio East Holdings Ltd) Sah Teh Limited Lian Beng Group Ltd (appointed with effect from 10 July 2015)	Brothers (Holdings) Limited

[1]: Listed in Australia Stock Exchange

Board Skills, Matrix and Diversity

The Board considers that its directors and senior management have the combined skills and experience to discharge their respective responsibilities of the Company.

Biographies of each director are outlined in the Director's Report in the Annual Report.

The Board is currently in the process of developing a Board skills matrix. In this regard, the table below sets out the skills and experience considered by the Board to be important for its Directors to collectively have.

CORPORATE GOVERNANCE STATEMENT

In addition to the skills and experience set out in table below, the Board considers that each director has the following attributes:

(i) honesty and integrity;
(ii) the ability to think strategically;
(iii) the time available to devote to the Company's business;
(iv) a willingness to question and challenge; and
(v) a commitment to the highest standards of governance.

All directors are expected to use their range of relevant skills, knowledge and experience and to apply their judgement to all matters discussed at Board meetings.

SKILL	DESCRIPTION
Strategy	Ability to think strategically and identify and critically assess opportunities and threats and develop effective strategies in the context of changing market conditions.
Finance	The ability to analyse financial statements and reporting, critically assess the financial performance of the Company, contribute to budget planning and efficient use of capital and resources.
Operations	A broad range of commercial and business experience in business systems, practices, improvements, risk and compliance, sales, maintenance, technology and human resources.
Sales and Marketing	Clear understanding of developing and implementing brand strategy, recruiting, running and incentivising sales teams, setting sales budgets and targets and getting brand "cut-through". These skills must also be applicable to the infrastructure and civil engineering space.
Capital markets	Expertise in considering and implementing efficient capital management including alternative capital sources and distributions, yields and markets.
Industry experience	Experience and broad understanding of the infrastructure and civil engineering market, including market drivers, risks and trends including policies, competitors, end users, regulatory policy and framework.
Mergers and Acquisitions	Experience in all aspects of the negotiation, structuring, risk management and assessment of both acquisitions and divestments.
People and performance	Appreciation for the best practices in HR planning and management with familiarity in employment legislation and labour relations, recruitment, compensation, performance reviews and conflict management.
Legal and compliance	Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.
ASX/SGX-ST governance	Knowledge and experience in best practice ASX/SGX-ST and Corporations Act, Companies Act, governance structures, policies and processes.
Technology/Digital	Expertise in the analysis of Technology/logistics feasibility and assessment, strategies for optimising value and understanding and mitigating risk from of Technology/logistics opportunities.
Corporate History	A good understanding of recent corporate background including organisational structure, litigation, key contracts and relationships, performance and capital structures.
Leadership	Successful senior executive positions held.

CORPORATE GOVERNANCE STATEMENT

While the current Board composition meets the Company's needs, this skills and experience analysis will assist to identify opportunities for Director training and development and to inform skills gaps that may be addressed through future Board appointments.

Board Performance

The Nominating Committee, in considering the re-appointment of a Director, must evaluate the Director's contribution and performance, such as their attendance at meetings of the Board or Board Committees, and also their participation, candour and other contributions.

The Nominating Committee assesses the Board's performance taking into consideration quantitative and qualitative criteria such as the success of the strategic and long-term objectives set by the Board.

The performance criteria includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability and the Board's performance in relation to discharging its principal functions and responsibilities, the Directors' standards of conduct and financial targets such as return on assets, return on equity and the Company's share price performance and a benchmark index of its industry peers. In assessing the individual Director's performance and the effectiveness of the Board, the Nominating Committee takes into consideration the individual Director's industry knowledge and/or functional expertise, contribution and workload requirements. The Board, however, notes that the financial indicators provide only a snapshot of the Company's performance, and do not fully reflect on-going risk or measure the sustainable long-term wealth and value creation of the Company.

The Board is committed to enhancing its effectiveness through performance management and review. The Board review process is designed to help enhance performance by providing a mechanism to raise and resolve issues and to provide recommendations to enhance its effectiveness.

An assessment of the Board, its committees and individual Directors' performance is undertaken annually and one was undertaken in 2015. The results of the assessment are used to improve the performance of the Board, its committees and its individual directors.

With respect to 2015 and after due evaluation, the Nominating Committee considered the performance of each individual Director and the Board to be satisfactory. For avoidance of doubt, each member of the Nominating Committee abstains from voting on any resolution in respect of the assessment of his or her performance or re-nomination as Director.

Senior Executives

The Board delegates the responsibility for the day-to-day management of the Company and implementation of the strategic plan to the Managing Director and the Executive Directors, who are assisted by the senior executives who report to them.

Subject to authorisations limits directed by the Audit and Risk Committee, the Managing Director, Executive Directors and the senior executives carry out the day-to-day running of the Company.

All senior executives are appointed to their positions after a rigorous recruitment process. Each member of the senior executive team, including executive directors, are employed pursuant to an employment contract, which covers a range of matters including their scope of responsibilities, rights, and any entitlements on termination. Each contract refers to a specific formal job description. Each contract sets out the remuneration of the executive.

The evaluation for all senior executives is based on specific criteria, including their work performance, personal attributes, managerial skills and the development of management and personnel.

CORPORATE GOVERNANCE STATEMENT

Through the evaluation by the Remuneration Committee, the Board assesses the performance of the Managing Director based on the business performance of the Group, whether strategic objectives are being achieved and individual's performance, taking into consideration the conditions of same industries.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Annual Report under the heading 'Remuneration'.

Directors' Attendance at Board and Committee Meetings

The Board conducts regular scheduled meetings and ad-hoc Board meetings are convened when warranted by circumstances relating to matters that are material to the Group. Telephonic attendance and video conferencing at Board meetings are allowed under the Company's Constitution. The following table sets out the Directors' attendance at Board and Committee meetings held in 2015.

	No. of meetings attended			
Name	**Board**	**Audit Committee##**	**Nominating Committee**	**Remuneration Committee**
Ang Sin Liu	3	3*	1*	2*
Ang Ah Nui	3	3	1*	2
Yuen Kai Wing	3	3*	1*	2*
Oh Koon Sun	3	3*	1*	2*
Oh Keng Lim	3	3*	1*	2*
Glenda Mary Sorrell-Saunders	3	3	1	2
Ko Chuan Aun	3	3*	1	2*
Christopher Chong Meng Tak+	2	2	1	2
Heather Chong#	NA	NA	NA	NA
No. of meetings held	**3**	**3**	**1**	**2**

*: Attended as an invitee to meeting
+: Mr Christopher Chong Meng Tak had resigned as a Director of the Company with effect from 31 December 2015
#: Ms Heather Chong was appointed as a Director of the Company with effect from 31 December 2015, and no meetings were convened in the financial year ended 31 December 2015 after her appointment
##: The Audit Committee was only renamed as the Audit and Risk Committee on 21 March 2016, and remained as the Audit Committee for FY2015.

Training of Directors

The Company does not have a formal training programme for new directors. However, to assist the Board in discharging its duties, a newly appointed director will be provided with a full information file and also attend an orientation course where they will be briefed on the business operations and regulatory issues relating to the Group. Directors are also informed of regulatory changes affecting the Group. In addition, the Board encourages its members to participate in seminars and receive training to improve themselves in the discharge of their duties as directors.

CORPORATE GOVERNANCE STATEMENT

Access to Information

All Directors have separate, independent and unrestricted access to all levels of senior executives in the Group and the Company Secretaries. All Directors are continuously updated by Management on the developments within the Group and are furnished with complete and adequate information in a timely manner to enable full deliberation on the issues to be considered at the respective meetings. Board papers with sufficient background and explanatory information are circulated before each meeting. From time to time, managerial staff, lawyers, the Company's auditors or external consultants engaged on specific projects are invited to attend the Board and Board Committee meetings so as to provide additional insight into the matters for discussions.

Hence, the Board is of opinion that, under the present arrangement, information provided to the Board is sufficient and timely for it to perform its duties effectively.

Access to Independent Professional Advice

Any director has the right to seek independent legal, accounting or other professional assistance at Company's expense on matters relevant to carrying out their duties as a director. Directors must ensure that the costs are reasonable and must inform the Chairman and seek approval from the Board before such advice is sought.

Remuneration

The Remuneration Committee comprises three members, all of whom are non-executive Directors and two of whom are Independent Directors. The Remuneration Committee is chaired by Mr Ko Chuan Aun and has as its members, Mr Ang Ah Nui and Ms Glenda Mary Sorrell-Saunders.

The Remuneration Committee has a formal written Charter and, accordingly, is mainly responsible for:

(i) in consultation with the Chairman of the Board, recommending to the Board for its endorsement, a framework of remuneration for the Board and the key executives of the Company, covering all aspects of remuneration, including and without limitation, Directors' fees, salaries, allowances, bonuses, employees performance shares and benefits-in-kind;

(ii) determining the specific remuneration packages for each Executive Director of the Company (or Executive of similar rank if he is not an Executive Director);

(iii) reviewing the remuneration of senior management/key executives;

(iv) proposing, for approval by the Board, appropriate and meaningful measures for assessing the Executive Directors' performance;

(v) considering what compensation commitments the Executive Directors' contracts of service, if any, would entail in the event of early termination;

(vi) considering whether Directors should be eligible for benefits under long-term incentive schemes;

(vii) overseeing the administration of the Company's Employees Performance Shares Plan, including without limitation, as follows:

    (a) identifying Directors and employees of the Company and its related companies to whom employee performance shares should be granted,

    (b) determining the number, the timing and the vesting period for the granting of employee performance shares.

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The Group's remuneration policy is to provide remuneration packages appropriate to attract, retain and motivate the Executive Directors and senior executives required to run the Group successfully. The Company has in place service contracts for each of its Executive Directors which set out the framework of their remuneration. The Remuneration Committee will, upon the expiry of such service contracts, recommend to the Board a framework for the remuneration of such Executive Directors. Senior executives, including the Executive Directors, are also subject to an annual performance review in which performance is measured against objectives related to the Company's strategy and business plans. The performance reviews for the financial year ended 31 December 2015 have been satisfactorily completed.

The Company's Employee Performance Shares Plan ("Koon EPSP") was approved by the Shareholders of the Company at an Extraordinary General Meeting held on 12 October 2009. Since the approval and adoption of the Koon EPSP, as at the date of Annual Report 1,579,000 ordinary shares have been issued under Koon EPSP. More information regarding the Koon EPSP can be found in Directors' Statement.

Directors' Remuneration and Incentives

The Executive Directors do not receive directors' fees. The fees for non-executive Directors comprised a basic retainer fee and additional fees for other appointments.

The remuneration of the Directors of the Company and top five Key Executives of the Group for the financial year ended 31 December 2015 are:

	Salary[1] %	Bonus[1] %	Other benefits[2] %	Directors' Fees[3] %	Total %	Total S$
Non-Executive Directors						
Ang Sin Liu	–	–	–	100%	100%	50,000
Ang Ah Nui	–	–	–	100%	100%	48,000
Glenda Mary Sorrell-Saunders	–	–	–	100%	100%	59,000
Ko Chuan Aun	–	–	–	100%	100%	41,000
Heather Chong*	–	–	–	–	–	–
Christopher Chong Meng Tak**	–	–	–	100%	100%	72,000
Total remuneration						270,000
Executive Directors						
Yuen Kai Wing	55%	23%	22%	–	100%	746,883
Oh Koon Sun	87%	8%	5%	–	100%	332,116
Oh Keng Lim	79%	7%	14%	–	100%	289,816
Total remuneration						1,368,815

(1): Salary and bonus include Central Provident Fund contributions
(2): Other benefits include car benefits and tax borne by the Company for Mr Yuen Kai Wing
(3): Directors' fees are subject to shareholders approval at the Annual General Meeting.
*: Ms Heather Chong was appointed as a Director of the Company with effect from 31 December 2015
**: Mr Christopher Chong Meng Tak resigned as a Director of the Company with effect from 31 December 2015

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Top Five Executives of the Group	Salary[1] %	Bonus[1] %	Other benefits[2] %	Total %
S$250,000 to S$500,000				
Lilian Tan Yin Yen	72%	18%	10%	100%
Up to S$250,000				
Balouris Nikolaos*	74%	0%	26%	100%
Yew Wing Kiong	93%	7%	0%	100%
Lim Et Seng	89%	11%	0%	100%
Chew Weng Kee**	100%	0%	0%	100%

(1): Salary and bonus include Central Provident Fund contributions
(2): Other benefits include car benefits and housing expenses borne by the Company for Mr Balouris Nikolaos
*: Mr Balouris Nikolaos joined in October 2015
**: Mr Chew Weng Kee resigned in May 2015

The aggregate remuneration of top five Key Executives of the Group amounted to S$900,090 for the financial year ended 31 December 2015.

Accountability

The Board recognises its responsibility to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a regular basis. Further, the Board has adopted the practice of communicating major developments in its business and operations to shareholders, the ASX and SGX-ST, employees and other stakeholders.

Audit and Risk Committee

The Audit and Risk Committee comprises three members, all of whom are non-executive Directors and Independent Directors. The Audit and Risk Committee is chaired by Ms Heather Chong and has as its members Mr Ko Chuan Aun and Ms Glenda Mary Sorrell-Saunders.

The qualifications and experience of the members of the Audit and Risk Committee are outlined in their respective profiles on pages 15 to 16 of this Annual Report.

The Audit and Risk Committee has a formal written Charter which accordingly stipulates the duties of the Audit and Risk Committee as follows.

The duties of the Committee in relation to Audit shall be:

(a) to review with the external auditors:

  (i) the audit plan, including the nature and scope of the audit before the audit commences;

  (ii) their evaluation of the adequacy of the Company's system of internal accounting controls;

  (iii) their audit report; and

  (iv) their management letter and Management's response;

(b) to ensure co-ordination where more than one audit firm is involved;

CORPORATE GOVERNANCE STATEMENT

(c) to review the half-year and annual financial statements to ensure integrity of the said financial statements before submission to the Board for approval, focusing in particular, on:

(i) significant financial reporting issues and judgments;

(ii) changes in accounting policies and practices, including but not limited to the appropriateness of the accounting judgments or choices exercised by Management in preparing the said financial statements;

(iii) major risk areas;

(iv) significant adjustments resulting from the audit;

(v) the going concern statement;

(vi) compliance with accounting standards,;

(vii) compliance with the stock exchange and statutory/regulatory requirements, including but not limited to that of the ASX and the SGX-ST;

(viii) compliance with the Code as well as the code of corporate governance 2012 under the purview of the Monetary Authority of Singapore and the SGX-ST; and

(ix) prior to the approval of the said financial statements, ensure that the Chief Executive Officer and Chief Financial Officer provide a declaration that, in their opinions, the financial records of the Group have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group, and that the opinions have been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Audit and Risk Committee is to ensure that the aforementioned financial statements reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Group;

(d) to review any formal announcements relating to the Company's financial performance;

(e) to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors and the internal auditors where necessary;

(f) to meet with the external auditors and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have;

(g) to review the assistance given by Management to the external auditors;

(h) in relation to the external auditors:

(i) to review annually the scope and results of the audit and its cost effectiveness as well as the independence, objectivity, and performance of the external auditors;

(ii) where the auditors also provide non-audit services to the Company, to review the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be affected;

CORPORATE GOVERNANCE STATEMENT

(i) to review the internal audit programme and ensure co-ordination between the internal and external auditors and Management;

(j) in relation to the internal auditors:

  (i) to review the scope and adequacy of the internal audit work plan; and

  (ii) the objectivity and performance of the internal auditors;

(k) to review the scope and adequacy of the Company's internal controls, including financial, operational, compliance and information technology controls;

(l) to review the scope and results of the internal audit procedures including the effectiveness of the internal audit functions and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and ensure annually the adequacy of the internal audit function;

(m) to review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, 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;

(n) to investigate any matter within its terms of reference, with full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

(o) to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up actions;

(p) to report to the Board its findings from time to time on matters arising and requiring the attention of the Audit and Risk Committee;

(q) to review interested person transactions ("IPTs") falling within the scope of the listing rules of the ASX, as well as the relevant provisions under the listing rules of the SGX-ST in relation to IPTs;

(r) to recommend to the Board:

  (i) the appointment, re-appointment and removal of the external auditors and the internal auditors;

  (ii) approve the remuneration and terms of engagement of the external auditors and the internal auditors; and

  (iii) the rotation of the audit engagement partner;

(s) to undertake such other reviews and projects as may be requested by the Board;

(t) to ensure that the external auditors attend the annual general meetings of the Company and are available to answer questions from shareholders of the Company relevant to the audit; and

(u) to undertake such other functions and duties as may be required by statute, the listing rules of the ASX and the SGX-ST, and by such amendments made thereto from time to time, as well as all relevant legislation of Singapore, Australia, or any other relevant jurisdiction(s).

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The duties of the Committee in relation to risk management shall be to oversee the Company's risk management systems, practices and procedures to ensure effectiveness of risk identification and management, and compliance with internal guidelines and external requirements, by carrying out, *inter alia*, the following duties:

(a) to ensure a system is set up to identify, assess and monitor risks associated with the operations of the Group, and examine any other matters relating to risks that are referred to it by the Board;

(b) to build consensus among the Board members and Management on acceptable risk levels (in terms of risk likelihood and its impact) and monitor current risk levels;

(c) to assess whether the risk management framework is appropriate and adequate. The framework shall be based on the following principles:

  (i) understand the Company's key drivers of success;

  (ii) assess the risks in the Company's strategy(ies);

  (iii) define the role of the Board and the various Board committees (from time to time) with regard to risk oversight;

  (iv) consider whether the Company's risk management system, including people and processes, is appropriate and has sufficient resources;

  (v) work with Management to understand and agree on the types (and format) of risk information as the Board requires;

  (vi) encourage a dynamic and constructive risk dialogue between Management and the Board, including a willingness to challenge assumptions;

  (vii) closely monitor the potential risks to the Company's culture and its incentive structure;

  (viii) monitor critical alignments of strategy, risk, controls, compliance, incentives and people;

  (ix) consider emerging and interrelated risks; and

  (x) periodically assess the Board's risk oversight processes;

(d) to monitor Management accountability for risk management processes and compliance with risk policies;

(e) to promote the establishment of a "risk-aware" culture;

(f) to review and make recommendations to the Board in relation to risk management;

(g) to consider, and make recommendations to the Board in connection with, the compliance by the Group with its risk management strategy(ies);

(h) to report to the Board on any material changes to the risk profile of the Group;

(i) to monitor and refer to the Board any instances involving material breaches or potential breaches of the Group's risk management strategy(ies); and

(j) to engage such independent professional advice as it considers necessary in fulfilling its duties as stated the terms of reference of the Audit and Risk Committee.

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The Audit and Risk Committee has full access to, and co-operation of, Management and has been given the resources required for it to discharge its functions properly. It may also invite any Director and Executive Officer to attend its meetings. The external auditors have unrestricted access to the Audit and Risk Committee Chairman and the Audit and Risk Committee. The external auditors and internal auditors meet with the Audit and Risk Committee without the presence of Management at least once annually.

Whistle-Blowing Policy

The Group has in place a whistle-blowing policy and procedure by which staff can, in confidence, raise concerns about misconducts in the Group or possible improprieties relating to financial reporting or other matters. All complaints are to be directed to the Chairman of the Audit and Risk Committee. Where investigation is necessary, the Audit and Risk Committee will direct an independent investigation to be conducted on the complaint received. Details of the whistle-blowing policy have been made available to all employees.

Diversity Policy

The Company has not established a policy concerning diversity because diversity issues are embedded within the Company's Mission, its Vision and its Value Statements. As a result of the Company not having a formal policy on diversity, there are no measurable objectives for achieving gender diversity. However, the Company is an equal opportunity employer. As seen below, women are well represented amongst the Company's workforce. The Company also has two female directors on the Board.

Across the Group the current gender split as at 31 December 2015 is as follows:

	Female		Male	
All employees	64	35%	119	65%
Managers	9	38%	15	62%
Senior Executives	1	13%	7	87%
Directors	2	25%	6	75%
Total	76	34%	147	66%

References:–

All employees	:	Executives (excludes Workers and Operators)
Managers	:	Managers
Senior Executives	:	Chief Financial Officer, Project Directors & Senior Managers
Directors	:	Directors

Recognising and Managing Risks

The Management is responsible for identifying and managing risks. The Board is responsible for satisfying itself that a sound system of risk oversight and management exists and that internal controls are effective. In addition to maintaining appropriate insurance and other risk management measures, identified risks are managed through:

(i) Established policies and procedures for the management of funding and financial instruments.
(ii) Standards and procedures in relation to environmental and health and safety matters.
(iii) Training programs in relation to legal and compliance issues.
(iv) Procedures requiring significant capital and revenue expenditure and other contractual commitments are approved at an appropriate level or by the Board.
(v) Risk management systems and policies that govern the management of risk.

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The internal audit function as part of its activities monitors Management's actions to manage risk. The external and internal audit functions are separate and independent of each other.

The Company has outsourced its internal audit function to BDO LLP who have conducted its internal audit for the Group for the financial year 2015 and reported directly to the Audit and Risk Committee on its findings. For 2015, certain internal control weaknesses were highlighted and discussed with BDO LLP for the attention of Audit and Risk Committee. The Audit and Risk Committee has reviewed BDO LLP's report on internal controls and processes and is satisfied with the follow up actions taken by the management to strengthen the internal control system.

The Company's risk management framework is integrated with the day-to-day business processes and functional responsibilities. The review of this framework is an ongoing process. However, the Board has been charged with reviewing the framework at least annually. The Board and the Audit and Risk Committee are satisfied that the Company's framework of internal controls is adequate to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding its assets and Shareholders' investments. Such framework serves to provide reasonable assurance against material misstatement or loss.

In accordance with Recommendation 7.4 of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, the economic, environmental and social sustainability risks referred to in the said Recommendation are inherent in the Company's business and operations, manifested as issues pertaining to waste disposal, noise pollution and workplace health and safety. The Company's exposure to such risks is already managed by the Company based on their day-to-day operations in projects execution. Please refer to page 3 of the Annual Report in relation to the Company's commitment to quality project and safe work environment and sustainable approach for further details.

For each financial period the Board receives assurance from the Managing Director and the Chief Financial Officer that:

(i) the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with the relevant accounting standards; and

(ii) the risk management and internal compliance and control systems which implement the policies adopted by the Board in relation to financial reporting risks are sound, appropriate and operating efficiently and effectively in all material respects.

Code of Conduct

The Board acknowledges the need for high standards of corporate governance practice and ethical conduct by all directors and employees of the Company.

The Board has endorsed a Vision & Mission Statement which outlines acceptable behaviour and attitudes expected from all staff to promote and maintain the confidence and trust of all those dealing with the Group.

The Vision & Mission Statement, which may be viewed on the Company's website and on page 2 of this Annual Report, is the subject of periodic review to ensure that it covers all relevant issues and sets standards consistent with the Company's commitment to ethical and responsible behaviours.

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Communication with Shareholders

The Board is mindful of its obligations to provide timely disclosure of material information presented in a fair and objective manner to shareholders and does so through the Annual Report, results announcements, its website and other announcements on developments within the Group or in relation to disclosures required by the stock markets. The information is released through ASX and SGX-ST websites and is also available on the Company's website.

The date of the release of result announcement is disclosed before the date of announcement through ASX and SGX-ST websites. On the day of announcement, the financial statements as well as the accompanying press release and/or presentation slides are released onto the ASX and SGX-ST websites. For half and full year results announcements, results briefing by Management is held for media and analysts to explain the financial results and provide insight to the development and outlook of the industry.

The Company also engages an external investor relation consultant firm to support the Group in promoting communication with shareholders and investment community.

The Board regards the Annual General Meeting ("AGM") as an opportunity to communicate directly with shareholders and encourages shareholder attendance and participation at this forum. The Chairman and other Directors attend the AGM and are available to answer questions from shareholders at the AGM. The external auditors are also present to assist Directors in addressing any relevant queries from shareholders.

All shareholders will receive the Annual Report of the Company and notice of AGM and through notices published in the newspapers within the mandatory period. The shareholders can also access information on the Group at the Group's corporate website. The website provides, inter alia, all publicly disclosed financial information, corporate announcements, press release, Annual Reports and profiles of the Group.

Shareholders are encouraged to vote on all resolutions and unless specifically stated otherwise in the notice of meeting, all shareholders are eligible to vote on all resolutions. Shareholders who cannot attend the AGM may lodge a proxy in accordance with the Company's Constitution and the Companies Act. Proxy forms may be lodged with the share registry by mail or hand delivery.

The Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend the AGM and vote in his place. With the recent changes to the Companies Act which came into effect on 3 January 2016, a member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at general meetings, but such proxies must be appointed to exercise the rights attached to a specified number of shares. The term "relevant intermediary" is for this purpose defined under the Companies Act and includes the Central Provident Fund Board as well as banks and capital market services licence holders which provide custodial services. Allowing multiple proxies for such members will facilitate indirect investors attending and voting at shareholder meetings and encourages more active shareholder participation.

Resolutions to be passed at general meetings are always separate on each distinct issue so that shareholders are better able to exercise their right to approve or deny the issue or motion.

Whilst it is not a common practice in Singapore that shareholders are provided with the option to receive communications from, and send communications to, the Company and the security registry electronically, the Company will consider the possibility of implementing the above.

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Interested Person Transactions

The Group has established an internal policy to ensure that transactions with interested persons are reported in a timely manner to the Audit and Risk Committee for review and the transactions are carried out on arm's length basis on terms not prejudicial to the interests of the Group and its minority shareholders.

During the financial year ended 31 December 2015, the following transactions were entered into by the Group involving the interest of the substantial shareholder or Director of the Company, which were either subsisting at the end of the financial year or, entered into since the end of the previous financial year.

	Aggregate value of all interested person transactions
Name of interested persons	**S$'000**
ASL Offshore & Marine Pte Ltd	
– Equipment rental and charter expenses	797
– Subcontract labour income	419
– Other expenses	5
– Marine Transport expenses	12
Sintech Metal Industries Pte Ltd	
– Equipment rental	94
ASL Shipyard Pte Ltd	
– Equipment rental	423
– Purchase of equipment by the Group	2,200
– Secondment fee expenses	209
Singa Tenaga Investments Pte Ltd	
– Secondment fee income	348
Matrix Management Group Pty Ltd	
– Professional fee	59
Ang Ah Nui	
– Consultancy fee expense	102
Ang Sin Liu	
– Consultancy fee expense	50

In addition, as reported in 2013 Annual Report and 2014 Annual Report, as part of its expansion strategy, the Company had entered into a joint venture arrangement with ASL Marine Holdings Ltd ("ASL") in 2013 to establish a plant in Batam, Indonesia for the manufacture of precast concrete products ("Joint Venture"). A joint venture company, Sindo-Econ Pte Ltd ("Sindo-Econ") was established in May 2013 by the Company's wholly owned subsidiary, Econ Precast Pte Ltd ("Econ Precast") and Intan Overseas Investments Pte Ltd ("Intan Overseas Investments"), a wholly owned subsidiary of ASL. Each of Econ Precast and Intan Overseas Investments has a 50% equity interest in Sindo-Econ. In November 2013, Sindo-Econ, Econ Precast and Intan Overseas Investments acquired the entire issued share capital of PT Sindomas Precas ("Batam JV") for the purpose of establishing the plant and undertaking the precast operations in Batam, Indonesia. Sindo-Econ holds a 90% equity interest in Batam JV while each of Econ Precast and Intan Overseas Investments holds a 5% equity interest in Batam JV.

Shareholders' approval for the general framework of the Joint Venture was obtained at the 2014 Annual General Meeting held on 29 April 2014. In accordance with the waiver from ASX Listing Rule 10.1 granted by ASX dated 1 November 2012, the Company must seek shareholder approval for the general framework of the Joint Venture every three years from the date shareholder approval is obtained. Accordingly, the Company intends to seek renewal of the shareholder approval for the general framework of the Joint Venture at the 2017 Annual General Meeting.

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Mr Ang Sin Liu is the Non-Executive Chairman of the Company and Mr Ang Ah Nui is a Non-Executive Director of the Company, and together they hold an aggregate interest of 51.48% of the Company. Mr Ang Sin Liu and Mr Ang Ah Nui are also controlling shareholders of ASL. Accordingly, for the purposes of ASX Listing Rule 10.1, ASL and its subsidiaries are associates of substantial holders, Mr Ang Sin Liu and Mr Ang Ah Nui.

Joint Venture Agreement

The Joint Venture Agreement is the “umbrella agreement” for this transaction. The Joint Venture Agreement was entered into on 14 March 2014 by the Company and its subsidiaries, Econ Precast, Contech Precast, Bukit Intan Pte Ltd (“Bukit Intan”), Sindo-Econ, Batam JV, ASL and ASL’s subsidiaries, ASL Offshore & Marine Pte Ltd (“ASLOM”) and PT Cemara Intan Shipyard (“PT CIS”) and sets out the terms upon which the parties will establish and conduct the joint venture precast operations at Batam, Indonesia with effect from 1 January 2014. The principal terms of the Joint Venture Agreement are set out below.

Between Bukit Intan, Sindo-Econ, Batam JV and ASL

Econ Precast and/or Contech Precast will, at their sole discretion, subcontract external precast orders to Bukit Intan. The subcontract value (“Initial Subcontract Value”) awarded to Bukit Intan will be calculated to be 90% of the order price secured by Econ Precast or Contech Precast from external parties.

Upon receiving the subcontract award from Econ Precast or Contech Precast, Bukit Intan will in turn award the production subcontract to Batam JV at an agreed price (“Production Subcontract Price”) and will provide part of the raw materials required (“Key Raw Materials”) to Batam JV for precast operations.

ASLOM, a subsidiary of ASL, has entered into a transport agreement with Bukit Intan in accordance with which ASLOM will undertake the marine transport logistics for the delivery of goods between Batam, Indonesia and Singapore at an agreed price (“ASL Freight Charge”).

The Production Subcontract Price will be calculated to be 97% of the Initial Subcontract Value after deducting the costs of Key Raw Materials and the ASL Freight Charge.

Sindo-Econ owns the majority of the movable plant and equipment which will be used by Batam JV in its precast operations. In consideration for the use of the plant and equipment by Batam JV, Sindo-Econ will charge Bukit Intan an agreed agency fee (“JV Agency Fee”) which will be calculated to be 8% of the Production Subcontract Price.

Shareholders should note that the award of subcontracts by Econ Precast and Contech Precast, through Bukit Intan, to Batam JV will be made on arms length commercial terms in the ordinary course of business of Econ Precast and Contech Precast and will be the same, in all material respects (save for the subcontract value), as the terms of precast orders made by customers of Econ Precast and Contech Precast.

Shareholders should also note that the financial risk and rewards of the activities of Sindo-Econ and Batam JV will be shared equally between the Company and ASL in accordance with their respective 50% equity interests in Sindo-Econ and Batam JV.

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Between Batam JV and ASL

PT CIS, a subsidiary of ASL, owns the land at Batam, Indonesia where the precast operations are conducted by Batam JV. PT CIS has entered into a land lease agreement with Batam JV in accordance with which Batam JV leases the premises, including the use of immovable infrastructure facilities built by PT CIS for use in the precast operations, at an agreed rental rate calculated by reference to the area of land occupied by Batam JV ("ASL Rental").

Purchase of Plant and Equipment by Sindo-Econ and Batam JV

To facilitate the establishment of the precast manufacturing plant at Batam, Indonesia, Sindo-Econ will procure the movable plant and equipment for use by Batam JV in its precast operations from subsidiaries of the Company and ASL as well as from external suppliers.

Batam JV will also procure certain smaller equipment (including precast moulds) required for its precast operations. Batam JV will procure its equipment from subsidiaries of the Company and ASL as well as from external suppliers.

The following transactions in connection with the Joint Venture were conducted during the financial year ended 31 December 2015:

	Aggregate value of all interested person transactions
Name of interested persons	**S$'000**
Sindo-Econ Pte Ltd & PT Sindomas Precas	
– Subcontract award/purchase of precast components by the Group (Production Subcontract Price)	25,552
ASL Offshore & Marine Pte Ltd	
– Marine transport services to the Group (ASL Freight Charge)	5,053
– Marine transport services to Sindo-Econ Pte Ltd (ASL Freight Charge)	56
Sindo-Econ Pte Ltd	
– Agency fee charges to the Group (JV Agency Fee)	2,044
PT Sindomas Precas	
– Land rental charges by ASL (ASL Rental)	936
– Service charges by ASL	12
– Sale of property, plant and equipment by the Group	*

* Less than S$1,000

The above transactions were conducted in accordance with the general framework of the Joint Venture approved by shareholders at the 2014 Annual General Meeting held on 29 April 2014. The commercial terms of the Joint Venture entered into between the Company and/or its subsidiaries and ASL, and the transactions entered into between the Company and/or its subsidiaries and ASL during the financial year ended 31 December 2015 do not differ in any material respect from agreements and contracts entered into with the Company's non-related parties.

Through the Joint Venture, the Company can utilise the resources of ASL at Batam, Indonesia to expand its precast manufacturing operations beyond the Company's existing plants in Singapore and Malaysia.

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Dealing in Company's Securities by Directors and Employees

A policy regarding Directors and employees trading in the Company's securities was approved by the Board in February 2011 in accordance with new ASX Listing Rules which came into effect on 1 January 2011.

The policy is provided to all Directors and employees.

The Share Trading Policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities' price.

Under the Policy, Directors and Prescribed Employees are restricted from dealing in the Company's securities during the following Blackout Periods, except in exceptional circumstances:

(i) the period commencing two weeks before the half year results and one month before the full year results are released and ending on the date of their release; and

(ii) any other period determined by the Board from time to time.

A copy of the Share Trading Policy can be found on the Company website.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Koon Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company 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 31 December 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; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Ang Sin Liu
Ang Ah Nui
Yuen Kai Wing
Oh Koon Sun
Oh Keng Lim
Heather Chong
Glenda Mary Sorrell-Saunders
Ko Chuan Aun

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Shareholdings registered in the name of director		
Name of directors and companies in which interests are held	**At the beginning of year or date of appointment**	**At the end of year**	**At 21 January 2016**
Ordinary shares of the Company			
Ang Sin Liu	12,860,800	12,860,800	12,860,800
Ang Ah Nui	122,571,819	122,571,819	122,571,819
Oh Keng Lim	10,159,996	10,159,996	10,159,996
Oh Koon Sun	7,205,378	7,205,378	7,205,378
Christopher Chong Meng Tak(1)	160,000	160,000	–
Heather Chong(2)	120,000	120,000	120,000

Note: (1) Christopher Chong Meng Tak resigned as director on 31 December 2015. His shareholding included 120,000 shares held in joint name with Heather Chong.
(2) Heather Chong was appointed as director on 31 December 2015. Her shareholding is held in joint name with Christopher Chong Meng Tak.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (Continued)

By virtue of section 7 of the Singapore Companies Act, Ang Ah Nui is deemed to have an interest in all the related corporations of the Company.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Employee performance share plan

(a) Terms and conditions of the Koon Holdings Employee Performance Share Plan ("Koon EPSP")

The Koon EPSP was approved by the Shareholders of the Company at an Extraordinary General Meeting held on 12 October 2009.

The terms of the Koon EPSP include the following:

(1) *Eligibility*

(i) Employees who are eligible to participate in the Koon EPSP must:

– be confirmed in his employment with the Group;

– have attained the age of 21 years on or before the date of award; and

– not be an un-discharged bankrupt.

(ii) An executive director who meets the eligibility criteria above is eligible to participate in the Koon EPSP. However, controlling shareholders (including controlling shareholders who are executive directors) and their associates are not eligible to participate in the Koon EPSP.

(iii) Non-executive directors are not eligible to participate in the Koon EPSP.

(2) *Awards*

(i) Awards represent the right of a participant to receive fully paid-up shares free of charge, provided certain prescribed performance target(s) are met and upon the expiry of the prescribed vesting periods (if any).

(ii) The Remuneration Committee shall decide, in relation to each award to be granted to a Participant:

– the date on which the award will be granted;

– the number of shares which are the subject of the award;

– the prescribed performance targets;

– the performance period during which the prescribed performance targets are to be satisfied;

– the imposition of a vesting period and the duration of this vesting period, if any;

– the extent to which the shares under that award shall be released on the or prescribed performance target(s) being satisfied (whether fully or partially) exceeded, as the case may be, at the end of the prescribed performance period and upon the expiry of the prescribed vesting period; and

– such other conditions as the Remuneration Committee may deem appropriate, in its absolute discretion.

DIRECTORS' STATEMENT

Employee performance share plan (Continued)

(a) Terms and conditions of the Koon Holdings Employee Performance Share Plan ("Koon EPSP") (Continued)

(3) *Selection of Participants*

The Koon EPSP is administrated by the Remuneration Committee whose members are:

Ko Chuan Aun – Chairman
Glenda Mary Sorrell-Saunders
Ang Ah Nui

A participant of the Koon EPSP who is a member of the Remuneration Committee shall not be involved in the deliberation of the Award to be granted to that member of the Remuneration Committee.

The selection of a participant and the number of shares which are the subject of each award to be granted to a participant in accordance with the Koon EPSP shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target within the performance period.

(4) *Timing*

Awards may be granted at any time in the course of a financial year. Any Award made but prior to the vesting shall lapse, inter alia, if any of the following events occur:

(i) the misconduct of a participant;

(ii) the termination of the employment of a participant;

(iii) the bankruptcy of a participant;

(iv) the retirement, ill health, injury, disability or death of a participant;

(v) the participant, being an executive director, ceasing to be a director of the Company for any reason whatsoever;

(vi) a winding-up of the Company; and

(vii) any other event approved by the Remuneration Committee.

DIRECTORS' STATEMENT

Employee performance share plan (Continued)

(a) Terms and conditions of the Koon Holdings Employee Performance Share Plan ("Koon EPSP") (Continued)

(5) *Size and Duration of the Koon EPSP*

The total number of shares which may be granted under the Koon EPSP shall not exceed 5% of the issued ordinary shares of the Company on the day preceding the relevant date of award. In line with the SGX-ST Listing Manual requirements, in the event the Company establishes any other share plan(s) or any other option scheme(s), the aggregate of shares under all such share plan(s) and options granted under all such option scheme(s) will not exceed 15%.

The Company may also deliver shares pursuant to awards granted under the Koon EPSP in the form of existing shares purchased from the market or from shares held in treasury. Such methods will not be subject to any limit as they do not involve the issuance of any new shares. The Company shall obtain shareholders' approval through a Share Buyback Mandate prior to purchasing its shares from the market.

The Koon EPSP will continue in force at the discretion of the Remuneration Committee up to a maximum of 10 years commencing from the date of its adoption by the Company provided that the Koon EPSP may continue beyond this stipulated period with the approval of its shareholders in a general meeting and the required approval by relevant authorities.

Notwithstanding the expiry or termination of the Koon EPSP, any award made prior to expiry or termination will remain valid.

(6) *Operation of the Koon EPSP*

Awards granted under the Koon EPSP to whom they are given shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the approval of the Remuneration Committee. However the Shares granted to a Participant pursuant to a grant of the Award may be transferred, charged, assigned, pledged otherwise disposed of, in whole or in part.

The terms of employment or appointment of a Participant in the Koon EPSP shall not be affected by any Award to be made therein.

(b) There was no grant of awards during the year. The Remuneration Committee has previously approved a total grant of awards of 1,579,000 shares as follows:

(i) 994,000 shares awarded and vested in 2009;

(ii) 330,000 shares awarded in 2010 which were vested equally over three years with 110,000 shares each issued in 2011 to 2013; and

(iii) 360,000 shares awarded in 2011 of which 105,000 shares were forfeited due to the resignation of employees. Of the balance awards of 255,000 shares, 165,000 shares were vested in 2013 and 90,000 shares were vested in 2014.

Nil (2014: 90,000) ordinary shares were issued during the year pursuant to the Koon EPSP.

DIRECTORS' STATEMENT

Employee performance share plan (Continued)

Accumulated shares awarded were as follows:

	Number of shares			
	Not issued		Issued	
	2015	**2014**	**2015**	**2014**
Directors				
Tan Thiam Hee (resigned on 31 July 2013)	**–**	–	**140,000**	140,000
Oh Koon Sun	**–**	–	**104,000**	104,000
Oh Keng Lim	**–**	–	**100,000**	100,000
	–	–	**344,000**	344,000
Other members of key management	**–**	–	**380,000**	380,000
Other employees	**–**	–	**855,000**	855,000
Total number of shares granted under the Koon EPSP	**–**	–	**1,579,000**	1,579,000

(c) At the end of the financial year, there were no unissued shares of the Company or any corporations in the Group under option.

Audit and Risk Committee

The Audit and Risk Committee of the Company is chaired by Heather Chong who replaced Christopher Chong Meng Tak on 31 December 2015 and includes Glenda Mary Sorrell-Saunders and Ko Chuan Aun. They are also independent directors of the Company. The Audit and Risk Committee has met three times in 2015 and had reviewed the following, where relevant, with the executive directors and external auditors of the Company:

(a) the audit plans of the internal and external auditors;

(b) the reports of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(c) the Group's financial and operating results and accounting policies;

(d) the balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the external auditors' report on those financial statements;

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

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

(g) the re-appointment of the external auditors of the Group.

DIRECTORS' STATEMENT

Audit and Risk Committee (Continued)

The Audit and Risk 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 functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit and Risk Committee.

Further details regarding the Audit and Risk Committee are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Yuen Kai Wing
Director

Oh Koon Sun
Director

Singapore
21 March 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOON HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Koon Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 50 to 117, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group and the statements of changes in equity of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on 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 judgment, 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 balance sheet 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 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOON HOLDINGS LIMITED

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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

21 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Revenue	5	**236,342**	163,917
Cost of sales		**(200,415)**	(137,271)
Gross profit		**35,927**	26,646
Other income	6	**1,542**	3,796
Distribution costs		**(8,596)**	(5,308)
Administrative and other expenses		**(21,114)**	(17,472)
Finance costs	7	**(2,615)**	(1,888)
Share of loss of associate	19	**(111)**	(81)
Share of profit of joint ventures	20	**3,603**	963
Profit before income tax	8	**8,636**	6,656
Income tax	9	**(889)**	(348)
Profit for the year		**7,747**	6,308
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Gain on fair value changes of available-for-sale investments		**–**	193
Net fair value changes on available-for-sale investments reclassified to profit or loss		**212**	–
Exchange loss on translation of foreign operations		**(2,875)**	(1,541)
Other comprehensive loss, net of tax		**(2,663)**	(1,348)
Total comprehensive income for the year		**5,084**	4,960
Profit/(Loss) for the year attributable to:			
Owners of the Company		**7,991**	5,824
Non-controlling interests		**(244)**	484
		7,747	6,308
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**5,564**	4,683
Non-controlling interests		**(480)**	277
		5,084	4,960
Earnings per share (cents per share):			
– Basic	10	**3.04**	2.21
– Diluted	10	**3.04**	2.21

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

BALANCE SHEETS
AS AT 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**26,702**	17,094	**190**	449
Pledged fixed deposits	11	**194**	800	**–**	–
Trade receivables	12	**44,954**	44,117	**–**	–
Other receivables	13	**8,353**	9,226	**9,161**	9,494
Inventories	14	**8,591**	6,873	**–**	–
Contract work-in-progress	15	**23,744**	10,334	**–**	–
Held for trading investments	16	**30**	36	**–**	–
Total current assets		**112,568**	88,480	**9,351**	9,943
Non-current assets					
Other receivables	13	**116**	239	**–**	–
Properties held for development	17	**14,188**	16,388	**–**	–
Subsidiaries	18	**–**	–	**55,426**	59,302
Associates	19	*****	*	**–**	–
Joint ventures	20	**4,971**	1,332	**–**	–
Property, plant and equipment	21	**99,015**	61,152	**539**	254
Available-for-sale investments	22	**–**	731	**–**	731
Goodwill	23	**–**	3,536	**–**	–
Total non-current assets		**118,290**	83,378	**55,965**	60,287
Total assets		**230,858**	171,858	**65,316**	70,230

BALANCE SHEETS
AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015	2014	2015	2014
		$'000	$'000	$'000	$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	25	**54,690**	44,409	**–**	–
Other payables	27	**14,324**	12,631	**16,566**	16,699
Contract work-in-progress	15	**8,747**	1,910	**–**	–
Bank loans and bills payable	24	**31,211**	21,660	**–**	–
Finance leases	28	**12,107**	15,016	**17**	54
Income tax payable		**1,033**	528	**88**	4
Total current liabilities		**122,112**	96,154	**16,671**	16,757
Non-current liabilities					
Bank loans	24	**5,595**	8,920	**–**	–
Finance leases	28	**40,710**	8,681	**37**	101
Other payables	27	**90**	89	**–**	–
Deferred tax liabilities	29	**919**	1,261	**–**	–
Total non-current liabilities		**47,314**	18,951	**37**	101
Capital and reserves					
Share capital	30	**25,446**	25,446	**25,446**	25,446
Capital reserve	31	**8,802**	8,663	**13,006**	13,006
Fair value reserve		**–**	(212)	**–**	(212)
Accumulated profits		**29,461**	21,470	**10,156**	15,132
Translation reserve		**(5,923)**	(3,284)	**–**	–
Equity attributable to owners of the Company		**57,786**	52,083	**48,608**	53,372
Non-controlling interests		**3,646**	4,670	**–**	–
Total equity		**61,432**	56,753	**48,608**	53,372
Total liabilities and equity		**230,858**	171,858	**65,316**	70,230

* Less than $1,000.

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 31 DECEMBER 2015

	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Translation reserve $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group								
Opening balance at 1 January 2014	25,433	8,663	(405)	15,646	(1,950)	47,387	4,393	51,780
Profit for the year	–	–	–	5,824	–	5,824	484	6,308
Other comprehensive income/(loss) for the year, net of tax	–	–	193	–	(1,334)	(1,141)	(207)	(1,348)
Total comprehensive income/(loss) for the year	–	–	193	5,824	(1,334)	4,683	277	4,960
Contributions by and distributions to owners								
Issue of share capital (Note 30)	13	–	–	–	–	13	–	13
Total transactions with owners in their capacity as owners	13	–	–	–	–	13	–	13
Balance at 31 December 2014 and 1 January 2015	**25,446**	**8,663**	**(212)**	**21,470**	**(3,284)**	**52,083**	**4,670**	**56,753**
Profit/(loss) for the year	**–**	**–**	**–**	**7,991**	**–**	**7,991**	**(244)**	**7,747**
Other comprehensive income/(loss) for the year, net of tax	**–**	**–**	**212**	**–**	**(2,639)**	**(2,427)**	**(236)**	**(2,663)**
Total comprehensive income/(loss) for the year	**–**	**–**	**212**	**7,991**	**(2,639)**	**5,564**	**(480)**	**5,084**
Contributions by and distributions to owners								
Acquisition of non-controlling interest without a change in control	**–**	**139**	**–**	**–**	**–**	**139**	**(359)**	**(220)**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(185)**	**(185)**
Total transactions with owners in their capacity as owners	**–**	**139**	**–**	**–**	**–**	**139**	**(544)**	**(405)**
Closing balance at 31 December 2015	**25,446**	**8,802**	**–**	**29,461**	**(5,923)**	**57,786**	**3,646**	**61,432**

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000
Company					
Opening balance at 1 January 2014	25,433	13,006	(405)	15,486	53,520
Loss for the year	–	–	–	(354)	(354)
Other comprehensive income for the year, net of tax	–	–	193	–	193
Total comprehensive income/(loss) for the year	–	–	193	(354)	(161)
Contributions by and distributions to owners					
Issue of share capital (Note 30)	13	–	–	–	13
Total transactions with owners in their capacity as owners	13	–	–	–	13
Balance at 31 December 2014 and 1 January 2015	**25,446**	**13,006**	**(212)**	**15,132**	**53,372**
Loss for the year	**–**	**–**	**–**	**(4,976)**	**(4,976)**
Other comprehensive income for the year, net of tax	**–**	**–**	**212**	**–**	**212**
Total comprehensive income/(loss) for the year	**–**	**–**	**212**	**(4,976)**	**(4,764)**
Closing balance at 31 December 2015	**25,446**	**13,006**	**–**	**10,156**	**48,608**

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 31 DECEMBER 2015

	2015 $'000	2014 $'000
Operating activities		
Profit before income tax	**8,636**	6,656
Adjustments for:		
Allowance/(Reversal of allowance) for doubtful debts (net)	**707**	(113)
Depreciation of property, plant and equipment	**15,619**	9,541
Dividend income	*****	(1,500)
Fair value loss/(gain) on held for trading investments	**6**	(3)
Loss on disposal of available-for-sale investments	**228**	–
Impairment of goodwill	**3,536**	–
Impairment of property, plant and equipment	**77**	–
Interest expense	**2,615**	1,888
Interest income	**(94)**	(118)
Inventories written down	**831**	1,078
Properties held for development written down	**86**	–
Net gain on disposal of property, plant and equipment	**(428)**	(327)
Reversal of foreseeable loss on contract work-in-progress	**(75)**	(111)
Reversal of provision	**–**	(600)
Share of profit of joint ventures/associate (net)	**(3,492)**	(882)
Unrealised exchange gain	**(429)**	(389)
Operating cash flows before changes in working capital	**27,823**	15,120
Changes in working capital:		
Contract work-in-progress (net)	**(6,497)**	1,792
Trade receivables	**(833)**	(899)
Other receivables	**(11)**	(3,347)
Inventories	**(2,548)**	2,930
Trade payables	**10,280**	(7,377)
Other payables	**155**	(1,650)
Cash flows from operations	**28,369**	6,569
Income tax paid	**(367)**	(443)
Net cash flows from operating activities	**28,002**	6,126

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 $'000	2014 $'000
Investing activities		
Capital contribution to a joint venture	**–**	(800)
Dividend received from investee company	*****	1,500
Proceeds from disposal of available-for-sale investments	**715**	–
Proceeds from disposal of property, plant and equipment	**514**	662
Purchase of property, plant and equipment (Note A)	**(14,811)**	(3,487)
Interest received	**90**	118
Net cash flows used in investing activities	**(13,492)**	(2,007)
Financing activities		
Repayment of obligations under finance leases	**(9,142)**	(7,916)
Proceeds from bank loans	**11,400**	2,400
Repayment of bank loans	**(10,303)**	(3,419)
Proceeds from bills payable	**72,717**	32,583
Repayment of bills payable	**(67,581)**	(32,369)
Interest paid	**(2,437)**	(1,849)
Decrease in pledged fixed deposits	**606**	1,760
Net cash flows used in financing activities	**(4,740)**	(8,810)
Net increase/(decrease) in cash and cash equivalents	**9,770**	(4,691)
Effects of exchange rate changes on cash and cash equivalents	**(162)**	(3)
Cash and cash equivalents at 1 January	**17,094**	21,788
Cash and cash equivalents at 31 December	**26,702**	17,094

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of $54,899,000 (2014: $7,431,000) of which $38,838,000 (2014: $3,944,000) was acquired under finance lease arrangement and $1,250,000 (2014: nil) was still outstanding as at balance sheet date. Cash payment of $14,811,000 (2014: $3,487,000) was made for the purchase of property, plant and equipment.

* Less than $1,000

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 31 DECEMBER 2015

1. Corporate information

The Company (Registration No. 200303284M) is incorporated in Singapore with its registered office and principal place of business at 11 Sixth Lok Yang Road, Singapore 628109. The Company is listed on the Australian Securities Exchange Limited ("ASX") and on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. All values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 *Changes in accounting policy*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (Continued)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Except for FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments*, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below:

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)

2.3 ***Standards issued but not yet effective*** (Continued)

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (Continued)

2.4 ***Basis of consolidation and business combinations*** (Continued)

(b) *Business combination and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquire (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

(c) *Business combinations achieved in stages*

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)

2.5 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2.6 ***Foreign currency***

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss.

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

Freehold buildings	–	30 to 50 years
Leasehold buildings	–	4 to 10 years (over the term of the lease)
Leasehold improvements	–	10 years or over leasehold period (if shorter)
Plant and machinery	–	2 to 25 years or end of project life (if shorter)
Barges and dredgers	–	6 to 10 years
Dump trucks and motor vehicles	–	3 to 10 years or end of project life (if shorter)
Office equipment, furniture and fittings	–	2 to 15 years

Freehold land has an unlimited useful life and therefore is not depreciated.

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.8 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (Continued)

2.9 ***Subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 ***Joint arrangements***

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) *Joint operations*

The Group recognises in relation to its interest in a joint operation,

(a) its assets, including its share of any assets held jointly;
(b) its liabilities, including its share of any liabilities incurred jointly;
(c) its revenue from the sale of its share of the output arising from the joint operation;
(d) its share of the revenue from the sale of the output by the joint operation; and
(e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) *Joint ventures*

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.11.

2. Summary of significant accounting policies (Continued)

2.11 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies of associates and joint ventures in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)

2.12 ***Financial instruments***

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (Continued)

2.12 ***Financial instruments*** (Continued)

(a) *Financial assets* (Continued)

Subsequent measurement (Continued)

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)

2.12 *Financial instruments* (Continued)

(b) *Financial liabilities* (Continued)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial asset has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)

2.13 ***Impairment of financial assets*** (Continued)

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.14 ***Cash and cash equivalents***

Cash and cash equivalents comprise of cash at bank and on hand which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)

2.15 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. These costs are assigned by using the weighted average cost formula.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 *Properties held for development*

Properties held for development are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Properties held for development are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.17 *Construction contracts*

The Group principally operates fixed price construction contracts. Construction 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 construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction 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.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

2. Summary of significant accounting policies (Continued)

2.17 ***Construction contracts*** (Continued)

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they can be reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

2.18 ***Provisions***

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 ***Government grants***

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss, under "Other income".

2.20 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. Summary of significant accounting policies (Continued)

2.21 ***Employee benefits***

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(c) *Share-based payments*

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

2.22 ***Leases***

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (Continued)

2.22 ***Leases*** (Continued)

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 ***Revenue***

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.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Construction contracts revenue*

Revenue from construction contracts is recognised by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

(c) *Rental of machinery and equipment*

Revenue from the rental of machinery and equipment is recognised on a straight-line basis over the lease term.

(d) *Power station capacity credits*

Power station capacity credits are notional units of capacity that are valid for a particular reserve capacity year and are allocated to a specific generating plant by the Independent Market Operator in Australia. Capacity credits revenue is recognised in the month when the benefits are derived.

(e) *Dividend income*

Dividend income is recognised when the Group's right to receive payment has been established.

(f) *Interest income*

Interest income is recognised using the effective interest method.

(g) *Service Income*

Service income is recognised when the services are performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)

2.24 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)

2.24 ***Taxes*** (Continued)

(b) *Deferred tax* (Continued)

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of sales tax included.

2.25 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment results are regularly reviewed by management in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 ***Share capital and share issue expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)

2.27 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) *Judgements made in applying accounting policies*

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

(b) *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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgements and estimates (Continued)

(b) *Key sources of estimation uncertainty* (Continued)

(i) Construction 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 construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs.

Significant assumptions are required to estimate the total contract 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 specialists.

The carrying amounts of assets and liabilities arising from construction contracts as at 31 December 2015 are $23,744,000 and $8,747,000 respectively (31 December 2014: $10,334,000 and $1,910,000 respectively). Management has performed cost studies, taking into account the costs to date and costs to complete each project, and evaluated exposures to liquidated damages. Based on these studies and evaluation, management considers that the above amounts relating to contract work in progress are fairly stated.

If the estimated total contract cost had been 1% higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been $4,330,000 (2014: $2,778,000) lower and $848,000 (2014: $806,000) higher respectively.

(ii) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables (excluding cash and bank balances) as at 31 December 2015 is $52,110,000 (2014: $52,429,000).

If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by $5,211,000 (2014: increase by $5,243,000).

3. Significant accounting judgements and estimates (Continued)

(b) *Key sources of estimation uncertainty* (Continued)

(iii) Impairment of goodwill

As disclosed in Note 23 to the financial statements, the recoverable amount of the cash generating unit which goodwill has been allocated to is determined based on value in use calculation. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 23 to the financial statements.

The carrying amount of goodwill as at 31 December 2015 is nil (2014: $3,536,000).

(vi) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective countries of the Group's domicile.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. Related party transactions

Some of the Group's transactions and arrangements are with related parties that are not members of the Group. During the year, the Group entered into the following transactions with related parties at terms agreed between the parties:

	Group	
	2015	**2014**
	$'000	**$'000**
Parties related to a substantial shareholder of the Group		
Equipment rental income	**–**	*
Sale of property, plant and equipment	*****	(795)
Secondment fee income	**(348)**	(348)
Sale of scrap metal	**–**	(87)
Subcontract labour income	**(419)**	–
Other expenses	**5**	–
Subcontract award/purchase of precast components	**25,552**	10,408
Equipment rental and charter expenses	**1,314**	217
Marine transport expenses	**5,065**	2,547
Agency fee charges	**2,044**	833
Secondment fee expenses	**209**	230
Purchase of equipment	**2,200**	–
Consultancy fee expenses	**152**	–
Party related to a director of the Company		
Professional fee	**59**	61
Party related to a director of a subsidiary		
Professional fee	**31**	34

* Less than $1,000

A joint venture of the Group had the following transactions with related parties (related by way of common shareholder) that are not members of the Group:

	Group	
	2015	**2014**
	$'000	**$'000**
Land rental expenses	**936**	743
Marine transport expenses	**56**	–
Purchase of equipment	**–**	1,743
Service charges	**12**	10

4. Related party transactions (Continued)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Short-term benefits	**2,215**	2,413
Defined contribution plans	**54**	78
	2,269	2,491

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

5. Revenue

	Group	
	2015	**2014**
	$'000	**$'000**
Construction contracts revenue	**159,579**	90,012
Sale of goods	**58,695**	63,759
Power station capacity credits	**4,994**	7,538
Rental of machinery and equipment	**12,762**	2,608
Service income	**312**	–
	236,342	163,917

6. Other income

	Group	
	2015	**2014**
	$'000	**$'000**
Gain on disposal of property, plant and equipment	**428**	386
Interest income from fixed deposits	**94**	118
Dividend income	*****	1,500
Sale of scrap metal	**120**	419
Reversal of allowance for doubtful debts	**–**	193
Secondment fees for a director	**348**	348
Supply of labour	**182**	–
Government grants	**338**	766
Others	**32**	66
	1,542	3,796

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7. Finance costs

	Group	
	2015	**2014**
	$'000	**$'000**
Interest expense on:		
Bank loans and bills payable	**1,205**	732
Finance leases	**1,410**	1,156
	2,615	1,888

8. Profit before income tax

The following items have been included in arriving at profit before income tax:

	Group	
	2015	**2014**
	$'000	**$'000**
Depreciation of property, plant and equipment	**15,619**	9,541
Inventories written down, included in cost of sales	**831**	1,078
Employee benefits expense (including directors)	**32,218**	26,952
Directors' remuneration:		
– directors of the Company	**1,639**	1,613
– directors of subsidiaries	**39**	336
Defined contribution plans included in employee benefits expense (including directors)	**1,347**	1,149
Audit fees:		
– paid to auditor of the Company	**281**	237
– paid to other auditors	**58**	55
Foreign exchange (gain)/loss, net	**(2)**	66
Allowance/(Reversal of allowance) for doubtful debts (net)	**707**	(113)
Reversal of foreseeable losses, included in cost of sales	**(75)**	(111)
Gain on disposal of property, plant and equipment (net)	**(428)**	(327)
Impairment of property, plant and equipment	**77**	–
Impairment of goodwill	**3,536**	–
Loss on disposal of available-for-sale investments	**228**	–
Properties held for development written down	**86**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. Income tax

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group	
	2015	**2014**
	$'000	**$'000**
Current income tax:		
– Current income taxation	**1,243**	476
– Over provision in respect of previous years	**(38)**	(115)
Deferred income tax:		
– Origination and reversal of temporary differences	**(431)**	322
– Under/(Over) provision in respect of previous years	**115**	(335)
Income tax expense recognised in profit or loss	**889**	348

Statement of comprehensive income:

	Group	
	2015	**2014**
	$'000	**$'000**
Deferred tax expense related to other comprehensive income:		
– Translation differences	**(26)**	(32)

Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit before income tax	**8,636**	6,656
Tax at domestic rates applicable to profits in the countries where the Group operates	**1,408**	1,524
Income not subject to taxation	**(218)**	(597)
Non-deductible expenses	**1,469**	328
Tax effect of share of results of joint venture/associate	**(544)**	(150)
Under/(Over) provision in previous years (net)	**77**	(450)
Deferred tax assets not recognised	**–**	295
Utilisation of previously unrecognised deferred tax assets	**(1,248)**	(569)
Effect of partial tax exempt income	**(121)**	(57)
Others	**66**	24
Income tax expense recognised in profit or loss	**889**	348

9. Income tax (Continued)

Relationship between income tax expense and accounting profit (Continued)

Unrecognised tax losses and deductible temporary differences

At the end of the reporting period, the Group has tax losses and deductible temporary differences of approximately $16,786,000 (2014: $24,124,000) available for offset against future taxable profits of certain subsidiaries in which the losses arose, for which no deferred tax 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 tax legislation of the respective countries in which certain subsidiaries operate.

Tax consequences of proposed dividends

There are no income tax consequences (2014: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39).

10. Earnings per share

Basic earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2015	**2014**
	$'000	**$'000**
Profit for the year attributable to owners of the Company used in the computation of basic earnings per share	**7,991**	5,824

	Group	
	2015	**2014**
	No. of shares	**No. of shares**
	'000	**'000**
Weighted average number of ordinary shares:		
Basic earnings per share computation	**263,098**	263,098
Diluted earnings per share computation	**263,098**	263,098

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. Cash and cash equivalents

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	**24,211**	14,733	**190**	449
Fixed deposits	**2,685**	3,161	**–**	–
Cash and bank balances	**26,896**	17,894	**190**	449
Less: Pledged fixed deposits	**(194)**	(800)	**–**	–
Cash and cash equivalents	**26,702**	17,094	**190**	449

The Group has certain fixed deposits amounting to $194,000 (2014: $800,000) pledged to banks for bank loan facilities granted (see Notes 24 and 33). The pledged fixed deposits have an average tenure of approximately 198 days (2014: approximately 162 days) and earn interest at average effective rate of 2.11% (2014: 1.10%) per annum. Management expects the pledge on the fixed deposits to be discharged within the next 12 months. Accordingly, the pledged fixed deposits have been presented under current assets.

The non-pledged fixed deposits have an average tenure of approximately 30 days (2014: approximately 61 days) and earn interest at average effective rate of 2.11% (2014: 2.32%) per annum.

As at 31 December 2015, the Group and the Company have the following cash and cash equivalents which are denominated in foreign currencies:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Australian Dollars	**50**	43	**50**	43

12. Trade receivables

	Group	
	2015	**2014**
	$'000	**$'000**
Amounts due from external parties	**33,643**	30,980
Amounts due from related parties	**–**	81
Retention monies receivable	**6,310**	4,923
Unbilled receivables	**6,705**	9,837
Less: Allowance for impairment	**(1,704)**	(1,704)
	44,954	44,117

Retention monies held by customers are included in current assets as they are expected to be realised in the normal operating cycle upon completion of contract work.

The average credit period on the outstanding trade receivables is 30 days (2014: 30 days). No interest is charged on overdue balances.

12. Trade receivables (Continued)

Amounts due from related parties are unsecured, non-interest bearing and are repayable within the next 12 months.

Included in the Group's trade receivable balance are debtors with a carrying amount of $13,993,000 (2014: $13,301,000) which are past due at the reporting date for which the Group has not provided for any impairment allowance. These overdue balances include $12,369,000 (2014: $12,369,000), which arise from back-to-back contract arrangements under which the Group will not be making payment for the same amount included as trade payables in Note 25 if the trade receivable is not settled. Management expects that as there has not been a significant change in the credit quality and the amounts are still considered recoverable, no impairment allowance is necessary. The Group does not hold any collateral over these balances.

The table below is an analysis of trade receivables:

	Group	
	2015	**2014**
	$'000	**$'000**
Not past due and not impaired	**30,961**	30,816
Past due but not impaired	**13,993**	13,301
	44,954	44,117
Impaired receivables – individually assessed	**1,704**	1,704
Less: Allowance for impairment	**(1,704)**	(1,704)
	–	–
Total trade receivables (net)	**44,954**	44,117

The table below is an analysis of age of debts which are past due but not impaired:

	Group	
	2015	**2014**
	$'000	**$'000**
3 months to 6 months	**344**	267
6 months to 12 months	**343**	627
12 months to 24 months	**919**	38
> 24 months	**12,387**	12,369
	13,993	13,301

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Management believes that no further allowance for impairment is necessary.

The trade receivables that are neither past due nor impaired related to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management.

As at 31 December 2015, the Group and the Company do not have any trade receivables which are denominated in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. Trade receivables (Continued)

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 Individually impaired	
	2015	**2014**
	$'000	**$'000**
Trade receivables – nominal amounts	**1,704**	1,704
Less: Allowance for impairment	**(1,704)**	(1,704)
	–	–
Movement in allowance for impairment:		
At 1 January	**1,704**	1,817
Charge for the year	**–**	80
Reversed during the year	**–**	(193)
At 31 December	**1,704**	1,704

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

13. Other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Receivable for disposal of property, plant and equipment	**806**	839	**–**	–
Other deposits	**681**	472	**–**	–
Prepayments	**560**	518	**71**	48
Amounts due from associates	**29**	141	**–**	–
Amounts due from related parties	**2,947**	1,791	**643**	151
Amounts due from joint ventures	**1**	3,445	**–**	–
Amounts due from subsidiaries	**–**	–	**8,580**	8,540
Tax recoverable	**138**	357	**–**	–
Sales tax receivable	**615**	278	**–**	–
Convertible loan receivable (Note 36(d))	**–**	661	**–**	661
Loan receivable	**707**	–	**707**	–
Others	**2,692**	963	**12**	239
	9,176	9,465	**10,013**	9,639
Less: Allowance for impairment				
– Loan receivable	**(707)**	–	**(707)**	–
– Due from a subsidiary	**–**	–	**(145)**	(145)
	8,469	9,465	**9,161**	9,494

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. Other receivables (Continued)

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Analysed as:				
Current	**8,353**	9,226	**9,161**	9,494
Non-current	**116**	239	**–**	–
	8,469	9,465	**9,161**	9,494

Amounts due from related parties and subsidiaries are unsecured, non-interest bearing and are repayable on demand.

Amounts due from joint ventures and associates are unsecured, non-interest bearing and are expected to be repayable in the next 12 months.

At 31 December 2014, the convertible loan receivable was secured against unquoted equity shares in a privately-held company and was interest bearing at 8% per annum if no conversion takes place. At 31 December 2015, the amount has been classified as loan receivable as it is no longer convertible.

Included in others are loan receivables from an ex-employee of $116,000 (2014: $136,000) owing to Tesla Group and nil (2014: $239,000) owing to the Company respectively. The loan receivable by Tesla Group is unsecured, non-interest bearing and payable upon dividend distribution by Tesla Group. The loan receivable by the Company is secured against the equity shares of Tesla Group with fixed terms of repayment and interest bearing at an amount equal to the dividend distribution by Tesla Group. The loan was repaid during 2015 (Note 31).

At the end of the reporting period, the Group and Company have provided an allowance of $707,000 (2014: nil) and $852,000 (2014: $145,000) respectively for impairment of other receivables. The impairment loss provided for the loan receivable by the Group has been recognised in profit or loss under the line item "Administrative and other expenses". The impairment losses of the Company comprise the loan receivable and the unsecured loan to a subsidiary company. The movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	Individually impaired		Individually impaired	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Other receivables – nominal amounts:				
– Loan receivable	**707**	–	**707**	–
– Due from a subsidiary	**–**	–	**428**	636
	707	–	**1,135**	636
Less: Allowance for impairment	**(707)**	–	**(852)**	(145)
	–	–	**283**	491

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. Other receivables (Continued)

Movement in allowance for impairment:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	**–**	–	**145**	145
Charge for the year	**707**	–	**707**	–
At 31 December	**707**	–	**852**	145

The Group and the Company have the following other receivables which are denominated in foreign currencies:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Australian Dollars	**–**	239	**–**	239
United States Dollars	**–**	661	**–**	661

14. Inventories

	Group	
	2015	**2014**
	$'000	**$'000**
Balance sheet:		
Raw materials	**1,386**	2,231
Finished goods	**7,205**	4,642
	8,591	6,873
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	**79,566**	61,288
Inclusive of the following charge:		
– Inventories written down	**831**	1,078

15. Contract work-in-progress

	Group 2015 $'000	Group 2014 $'000
Contract costs incurred to date	**602,532**	449,738
Foreseeable losses	**(47)**	(122)
Recognised profits less recognised losses to date	**29,657**	19,690
	632,142	469,306
Progress billings	**(617,145)**	(460,882)
	14,997	8,424
Represented as:		
Gross amount due from customers for contract work-in-progress	**23,744**	10,334
Gross amount due to customers for contract work-in-progress	**(8,747)**	(1,910)
	14,997	8,424
Movements in provision for specific foreseeable losses:		
Balance at beginning of year	**122**	233
Reversed to profit or loss during the year	**(75)**	(111)
Balance at end of year	**47**	122
Retention sums on construction contracts included in trade receivables	**791**	286

16. Held for trading investments

	Group 2015 $'000	Group 2014 $'000
Quoted equity shares	**30**	36

17. Properties held for development

	Group 2015 $'000	Group 2014 $'000
Properties held for development	**14,188**	16,388

Properties held for development mainly comprise plots of vacant freehold land located in Malaysia.

Description and Location	Site Area (square metre)	Interest held by the Group 2015 %	Interest held by the Group 2014 %
Lot 150205, Mukim Plentong, Johor Bahru, Malaysia	1,416	**100**	100
Lot 150216-150225, Mukim Plentong, Johor Bahru, Malaysia	1,807	**100**	100
Lot 68319, Mukim Plentong, Johor Bahru, Malaysia*	42,938	**100**	100

* Freehold land at Lot 68319 is pledged as security for a bank loan of a subsidiary (Note 24)

During the year, the Group recorded a write-down of $86,000 (2014: nil) on its properties held for development. The impairment loss was recognised in profit or loss under the line item "Administrative and other expenses".

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18. Subsidiaries

	Company	
	2015	**2014**
	$'000	**$'000**
Unquoted equity shares, at cost	**48,880**	48,230
Deemed investment in a subsidiary*	**17,000**	17,000
Less: Allowance for impairment losses	**(10,454)**	(5,928)
	55,426	59,302

* This represents funds provided by the Company to a subsidiary which are deemed to be additional capital contributions in the subsidiary, for it to acquire shares in its subsidiaries.

	Company	
	2015	**2014**
	$'000	**$'000**
Movement in allowance for impairment:		
At 1 January	**5,928**	5,928
Charge for the year	**4,526**	–
At 31 December	**10,454**	5,928

(a) *Composition of the Group*

The Group has the following investments in subsidiaries:

Name of subsidiaries	Principal activities (Country of incorporation/operation)	Effective equity interest held	
		2015 (%)	**2014 (%)**
Held by the Company:			
Entire Engineering Pte Ltd(1)	Rental of construction and civil engineering machinery and equipment (Singapore)	**100**	100
Entire Construction Pte Ltd(1)	Contractors for civil and engineering works (Singapore)	**100**	100
Econ Precast Pte Ltd(1)	Manufacturing and trading of precast components and reinforced concrete piles (Singapore)	**100**	100
Koon Properties Pte Ltd(1)	Investment holding (Singapore)	**100**	100
Koon Construction & Transport Co. Pte Ltd(1)	Contractors for civil and drainage engineering, building, shore protection and marine and foundation works (Singapore)	**100**	100
Tesla Holdings Pty Ltd(2)	Investment holding (Australia)	**74**	71

18. Subsidiaries (Continued)

(a) *Composition of the Group* (Continued)

Name of subsidiaries	Principal activities (Country of incorporation/operation)	Effective equity interest held 2015 (%)	Effective equity interest held 2014 (%)
Held through subsidiaries:			
Bukit Intan Pte Ltd[(1)]	Trading of precast components (Singapore)	**100**	100
Contech Precast Pte Ltd[(1)]	Manufacturing and trading of precast components (Singapore)	**100**	100
Econ Precast Sdn. Bhd.[(3)]	Manufacturing of reinforced concrete piles and precast components (Malaysia)	**100**	100
Koon Construction & Transport Sdn. Bhd.[(3)]	Contractors for civil engineering and building works (Malaysia)	**100**	100
Metro Coast Sdn. Bhd.[(3)]	Property development (Malaysia)	**100**	100
Seven Star Development Sdn. Bhd.[(3)]	Property development (Malaysia)	**100**	100
Tesla Corporation Pty Ltd[(2)]	Holding company for electric power generation business (Australia)	**74**	71
Tesla Corporation Management Pty Ltd[(2)]	Owns and operates power plant (Australia)	**74**	71
Tesla Geraldton Pty Ltd[(2)]	Owns and operates power plant (Australia)	**74**	71
Tesla Kemerton Pty Ltd[(2)]	Owns and operates power plant (Australia)	**74**	71
Tesla Northam Pty Ltd[(2)]	Owns and operates power plant (Australia)	**74**	71
Triumph Heights Sdn. Bhd.[(3)]	Property development (Malaysia)	**100**	100
Unison Progress Sdn. Bhd.[(3)]	Property development (Malaysia)	**100**	100

Notes:

(1) Audited by Ernst & Young LLP, Singapore
(2) Tesla group of companies ("Tesla Group") are audited by a member firm of EY Global in Australia
(3) Audited by other firms of auditors

NOTES TO THE FINANCIAL STATEMENTS
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18. Subsidiaries (Continued)

(b) *Interest in subsidiaries with material non-controlling interest ("NCI")*

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(Loss) allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
			$'000	**$'000**	**$'000**
31 December 2015:					
Tesla Group	Australia	26%	(244)	3,646	185
31 December 2014:					
Tesla Group	Australia	29%	484	4,670	–

(c) *Summarised financial information about subsidiaries with material NCI*

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

	Tesla Group	
	2015	**2014**
	$'000	**$'000**
Summarised balance sheet:		
Current		
Assets	**4,563**	4,184
Liabilities	**(4,610)**	(13,628)
Net current liabilities	**(47)**	(9,444)
Non-current		
Assets	**23,497**	27,841
Liabilities	**(8,950)**	(1,990)
Net non-current assets	**14,547**	25,851
Net assets	**14,500**	16,407

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18. Subsidiaries (Continued)

(c) *Summarised financial information about subsidiaries with material NCI* (Continued)

	Tesla Group	
	2015	**2014**
	$'000	**$'000**
Summarised statement of comprehensive income:		
Revenue	**4,994**	7,538
(Loss)/Profit before income tax	**(1,230)**	2,335
Income tax	**380**	(654)
(Loss)/Profit after income tax	**(850)**	1,681
Other comprehensive loss	**(795)**	(717)
Total comprehensive (loss)/income	**(1,645)**	964
Other summarised information:		
Net cash flows from operations	**1,954**	3,730
Acquisition of property, plant and equipment	**18**	27

19. Associates

	Group	
	2015	**2014**
	$'000	**$'000**
Unquoted equity shares, at cost	*	*

* Less than $1,000.

Details of the associates at the end of the reporting period are as follows:

Name of associates (Country of incorporation/operation)	Principal activities	Proportion of ownership interest/voting power held	
		2015 (%)	**2014 (%)**
Mesco Sdn Bhd (Brunei)*	Dormant	**50**	50
Penta-Ocean/Hyundai/Koon Joint Venture (Singapore)*	Contractors for civil engineering and building work	**20**	20

* Audited by other firms of auditors.

Aggregate information about the Group's investment in associates that are not individually material are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Loss after tax	**(111)**	(81)
Other comprehensive income	**–**	–
Total comprehensive loss	**(111)**	(81)

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20. Joint arrangements

(a) *Joint ventures*

	Group 2015 $'000	Group 2014 $'000
Sindo-Econ Pte Ltd and its subsidiary	**4,971**	1,332
Others	*****	*
Total	**4,971**	1,332

* No investment cost

Details of the Group's material joint ventures at the end of the reporting period are as follows:

Name of joint ventures	Principal activities (Country of incorporation/operation)	Proportion of ownership interest/voting power held 2015 (%)	2014 (%)
Held through Econ Precast Pte Ltd:			
Sindo-Econ Pte Ltd	Investment holding and provision of management and consultancy services (Singapore)	**50**	50
Held through Sindo-Econ Pte Ltd:			
PT Sindomas Precas	Manufacture of precast components (Indonesia)	**50**	50

Aggregate information about the Group's investment in other joint ventures that are not individually material are as follows:

	Group 2015 $'000	Group 2014 $'000
Profit after tax	**–**	–
Other comprehensive income	**–**	–
Total comprehensive income	**–**	–

20. Joint arrangements (Continued)

(a) *Joint ventures* (Continued)

Summarised financial information in respect of Sindo-Econ Pte Ltd and its subsidiary ("Sindo-Econ Group") based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Sindo-Econ Group	
	2015	**2014**
	$'000	**$'000**
Summarised balance sheet:		
Cash and cash equivalents	**1,986**	1,353
Trade receivables	**13,382**	5,246
Other receivables	**3,299**	1,138
Inventories	**1,822**	1,197
Current assets	**20,489**	8,934
Non-current assets	**7,520**	5,792
Total assets	**28,009**	14,726
Current liabilities	**15,506**	8,917
Non-current liabilities (excluding trade, other payables and provisions)	**2,051**	2,563
Total liabilities	**17,557**	11,480
Net assets	**10,452**	3,246
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**5,226**	1,623
Eliminations	**(255)**	(291)
Carrying amount of the investment	**4,971**	1,332
Summarised statement of comprehensive income:		
Revenue	**27,652**	12,119
Interest income	**1**	1
Depreciation	**(2,145)**	(977)
Finance costs	**(96)**	(34)
Profit before income tax	**9,369**	2,390
Income tax	**(2,163)**	(464)
Profit after income tax, representing total comprehensive income for the year	**7,206**	1,926

(b) *Joint operation*

Details of the Group's joint operation at the end of the reporting period are as follows:

Name of joint ventures	**Principal activities (Country of incorporation/operation)**	**Proportion of ownership interest/voting power held**	
		2015	**2014**
		%	**%**
POC-K JV	Contractor for infrastructure and civil engineering works (Singapore)	**50**	50

The above joint arrangements are strategic to the Group's activities. The Group jointly controls the above arrangements with partners under the contractual agreements which require unanimous consent for all major decisions over their relevant activities.

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21. Property, plant and equipment

	Freehold land $'000	Freehold buildings $'000	Leasehold buildings $'000	Leasehold improve-ments $'000	Plant and machinery $'000	Barges and dredgers $'000	Dump trucks and motor vehicles $'000	Office equipment, furniture and fittings $'000	Assets under construction $'000	Total $'000
Group										
Cost:										
At 1 January 2014	1,864	1,144	10,006	704	66,812	1,390	6,261	2,123	218	90,522
Additions	–	8	–	–	5,596	–	1,110	16	701	7,431
Disposals	–	–	–	(6)	(2,218)	–	(22)	(273)	–	(2,519)
Write-offs	–	–	–	–	–	–	–	(1)	(58)	(59)
Transfers	–	73	–	–	3	–	–	–	(84)	(8)
Exchange difference	(40)	–	–	–	(692)	–	–	39	–	(693)
At 31 December 2014	1,824	1,225	10,006	698	69,501	1,390	7,349	1,904	777	94,674
Additions	**–**	**–**	**–**	**–**	**54,108**	**–**	**713**	**54**	**24**	**54,899**
Disposals	**–**	**–**	**–**	**–**	**(2,965)**	**–**	**(372)**	**–**	**–**	**(3,337)**
Write-offs	**–**	**–**	**–**	**(469)**	**(746)**	**–**	**–**	**(32)**	**–**	**(1,247)**
Transfers	**–**	**–**	**–**	**157**	**560**	**–**	**–**	**–**	**(717)**	**–**
Exchange difference	**(45)**	**(3)**	**–**	**–**	**(1,430)**	**–**	**–**	**1**	**–**	**(1,477)**
At 31 December 2015	**1,779**	**1,222**	**10,006**	**386**	**119,028**	**1,390**	**7,690**	**1,927**	**84**	**143,512**
Accumulated depreciation:										
At 1 January 2014	–	135	1,227	491	18,494	750	3,036	1,261	–	25,394
Depreciation	–	60	1,098	194	6,258	199	1,335	397	–	9,541
Disposals	–	–	–	(4)	(1,439)	–	(21)	(271)	–	(1,735)
Write-offs	–	–	–	–	–	–	–	–	–	–
Exchange difference	–	–	–	–	288	–	–	34	–	322
At 31 December 2014	–	195	2,325	681	23,601	949	4,350	1,421	–	33,522
Depreciation	**–**	**51**	**1,003**	**43**	**13,211**	**198**	**916**	**197**	**–**	**15,619**
Disposals	**–**	**–**	**–**	**–**	**(2,951)**	**–**	**(263)**	**–**	**–**	**(3,214)**
Write-offs	**–**	**–**	**–**	**(469)**	**(746)**	**–**	**–**	**(32)**	**–**	**(1,247)**
Exchange difference	**–**	**(1)**	**–**	**–**	**(257)**	**–**	**–**	**(2)**	**–**	**(260)**
At 31 December 2015	**–**	**245**	**3,328**	**255**	**32,858**	**1,147**	**5,003**	**1,584**	**–**	**44,420**
Impairment:										
At 1 January 2014	–	–	–	–	–	–	–	–	–	–
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(77)**	**(77)**
At 31 December 2015	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(77)**	**(77)**
Carrying amount:										
At 31 December 2015	**1,779**	**977**	**6,678**	**131**	**86,170**	**243**	**2,687**	**343**	**7**	**99,015**
At 31 December 2014	1,824	1,030	7,681	17	45,900	441	2,999	483	777	61,152

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21. Property, plant and equipment (Continued)

Property, plant and equipment of the Group with carrying amount of $89,025,000 (2014: $49,469,000) are pledged as security for finance leases and bank loans.

During the year, an impairment loss of $77,000 (2014: nil), representing the write-down of these assets to the recoverable amount was recognised in profit or loss under the line item "Administrative and other expenses".

	Motor vehicles $'000	Office equipment, furniture and fittings $'000	Total $'000
Company			
Cost:			
At 1 January and 31 December 2014	640	134	774
Additions	**442**	**–**	**442**
Disposals	**(260)**	**–**	**(260)**
At 31 December 2015	**822**	**134**	**956**
Accumulated depreciation:			
At 1 January 2014	258	128	386
Depreciation	128	6	134
At 31 December 2014	386	134	520
Depreciation	**90**	**–**	**90**
Disposals	**(193)**	**–**	**(193)**
At 31 December 2015	**283**	**134**	**417**
Carrying amount:			
At 31 December 2015	**539**	**–**	**539**
At 31 December 2014	254	–	254

Motor vehicles of the Company with carrying amount of $99,000 (2014: $250,000) are pledged as securities for finance leases.

22. Available-for-sale investments

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Unquoted equity shares, at cost (a)	**500**	500	**–**	–
Less: Allowance for impairment	**(500)**	(500)	**–**	–
	–	–	**–**	–
Quoted equity shares, at fair value (b)	**–**	731	**–**	731
	–	731	**–**	731

(a) The investment in unquoted equity shares represents investment in a company that is engaged in construction projects.

In estimating the carrying amount, management determined that no future cash flow is expected from this investee.

(b) The investment in quoted equity shares represents investment in GPS Alliance Holdings Limited. The investment was disposed during the year.

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23. Goodwill

	Group	
	2015	**2014**
	$'000	**$'000**
Cost at beginning of year	**3,536**	3,536
Less: Impairment loss	**(3,536)**	–
Carrying amount at end of year	**–**	3,536

Goodwill is allocated to the cash generating unit ("CGU") identified that is expected to benefit from the business combination. The carrying amount of goodwill is attributed to the Electric Power Generation CGU.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the CGU have been determined based on value in use calculations using cash flow projections from financial budget and forecast approved by management covering more than 5-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections are as follows:

	2015	**2014**
Growth rate	**2.5%**	5.0%
Pre-tax discount rate	**9.0%**	8.5%

Key assumptions used in value in use calculations

The calculations of value in use for the CGU are most sensitive to the following assumptions:

(i) Growth rate – The forecasted growth rate is based on published industry research and does not exceed the long-term average growth rate for the industry.

(ii) Pre-tax discount rate – Discount rate represents the current market assessment of the risk specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and the Electrical Power Generation segment and derived from its weighted average cost of capital (WACC) based on the capital asset pricing model.

Sensitivity to changes in assumption

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

23. Goodwill (Continued)

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of goodwill. The impairment loss of $3,536,000 (2014: nil) has been recognised in profit or loss under the line item "Administrative and other expenses".

In determining the recoverable amount of the CGU, the Group has taken into consideration the current market situation on oversupply of power generation capacity, the proposed reforms by the Western Australia government to the reserve capacity mechanism and the likely response by the industry to these reforms as well as the resultant forecast reserve capacity prices.

24. Bank loans and bills payable

	Group	
	2015	**2014**
	$'000	**$'000**
Current portion	**31,211**	21,660
Non-current portion	**5,595**	8,920
Total bank loans and bills payable	**36,806**	30,580

Bank loans and bills payable comprise:

	Effective interest rate		Maturity	Group	
	2015	**2014**	**dates**	**2015**	**2014**
				$'000	**$'000**
Loan A – secured	**3.40%**	3.40%	2015	**–**	333
Loan B[(2)]	**5.30%**	5.30%	2015 – 2016	**114**	627
Loan C – secured	**6.85%**	7.40%	2016	**22**	78
Loan D[(2)]	**3.57% to 3.92%**	3.29%	2016	**159**	404
Loan E – secured	**7.98%**	7.42%	2017	**5**	11
Loan F – secured	**3.90%**	3.41%	2018	**3,276**	4,435
Loan G[(2)]	**2.69%**	2.15%	2016	**4,000**	4,000
Loan H – secured	**2.00% to 2.30%**	2.00% to 2.30%	2018	**5,800**	5,800
Loan I – secured	**3.35%**	2.60%	2016	**2,400**	2,400
Loan J – secured	**3.35%**	–	2016	**3,400**	–
				19,176	18,088
Bills payable[(1)(2)]				**17,630**	12,492
Total				**36,806**	30,580

(1) Bills payable are interest bearing with an average effective interest of 2.84% (2014: 2.11%) per annum.

(2) The Company has provided corporate guarantees for the loans and bills payable.

24. Bank loans and bills payable (Continued)

Loan A is fully repaid as at 31 December 2015. The loan was secured by a charge over certain subsidiaries' plant and machinery and motor vehicle with a carrying amount of $51,000 as of 31 December 2014.

Loan C is secured by way of first legal charge over a subsidiary's freehold land with a carrying amount of $859,000 as at 31 December 2015 (2014: $859,000).

Loan E is secured by a corporate guarantee from the Company and all assets under the Tesla Group of companies.

Loan F is secured by a corporate guarantee from the Company and mortgage of a leasehold building of a subsidiary with a carrying amount of $6,678,000 (2014: $7,679,000).

Loans H to J are secured by mortgage of the properties held for development by subsidiaries with an aggregated carrying amount of $12,846,000 as at 31 December 2015 (2014: $14,750,000).

25. Trade payables

	Group	
	2015	**2014**
	$'000	**$'000**
Amounts due to external parties	**42,086**	38,091
Amounts due to related parties	**12,604**	6,318
	54,690	44,409

Trade payables include an amount of $12,369,000 (2014: $12,369,000) which will not be settled unless receivables for the same amount, included in trade receivables (Note 12), is received.

The average credit period on the outstanding trade payables is 60 days (2014: 60 days). No interest is payable on overdue balances.

Amounts due to related parties are unsecured, non-interest bearing and are repayable within the next 12 months.

The Group has the following trade payables which are denominated in foreign currencies:

	Group	
	2015	**2014**
	$'000	**$'000**
Euro	**–**	104,000
United States Dollars	**41,000**	–

26. Provision

	Group	
	2015	**2014**
	$'000	**$'000**
At beginning of year	**–**	600
Reversed during the year	**–**	(600)
At end of year	**–**	–

The provision represents management's estimation of losses on sales commitments as a result of the difference between the committed selling price and the estimated cost of sales for the unfulfilled sales quantities committed. The provision was reversed upon the completion of the contract.

27. Other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Accrued expenses	**4,811**	3,470	**1,243**	873
Advance from investee company	**350**	350	**–**	–
Advance from customers	**2,390**	1,939	**–**	–
Payable for acquisition of non-controlling interest of a subsidiary	**–**	2,500	**–**	2,500
Sales tax payable	**1,161**	730	**50**	45
Amounts due to related parties	**193**	219	**–**	8
Amounts due to subsidiaries	**–**	–	**14,914**	13,074
Amounts due to joint ventures	**200**	2,444	**–**	–
Payable for purchase of property, plant and equipment	**1,583**	–	**–**	–
Others	**3,726**	1,068	**359**	199
	14,414	12,720	**16,566**	16,699
Analysed as:				
Current	**14,324**	12,631	**16,566**	16,699
Non-current	**90**	89	**–**	–
	14,414	12,720	**16,566**	16,699

The amount payable for acquisition of non-controlling interest of a subsidiary was unsecured and fully repaid in 2015.

Except for the amount payable for acquisition of non-controlling interest of a subsidiary, the other payables are unsecured, non-interest bearing and repayable on demand.

The Group and the Company do not have any other payables which are denominated in foreign currencies.

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28. Finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Amounts payable under finance leases:				
Not later than one year	**13,636**	15,943	**12,107**	15,016
Later than one year but not later than five years	**42,891**	9,007	**40,710**	8,681
Total minimum lease payments	**56,527**	24,950	**52,817**	23,697
Less: Amounts representing finance charges	**(3,710)**	(1,253)	**N/A**	N/A
Present value of minimum lease payments	**52,817**	23,697	**52,817**	23,697
Less: Amounts due for settlement within 12 months			**(12,107)**	(15,016)
Amounts due for settlement after 12 months			**40,710**	8,681
Company				
Amounts payable under finance leases:				
Not later than one year	**19**	60	**17**	54
Later than one year but not later than five years	**39**	105	**37**	101
Total minimum lease payments	**58**	165	**54**	155
Less: Amounts representing finance charges	**(4)**	(10)	**N/A**	N/A
Present value of minimum lease payments	**54**	155	**54**	155
Less: Amounts due for settlement within 12 months			**(17)**	(54)
Amounts due for settlement after 12 months			**37**	101

These obligations are secured by charges over the leased property, plant and equipment (Note 21). These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

Group

The average lease term is 5 years (2014: 4 years). The effective borrowing rates ranged between 2.35% and 5.85% (2014: 2.51% and 5.85%) per annum.

Company

The average lease term is 5 years (2014: 5 years). The effective borrowing rate is 4.33% (2014: 4.00%) per annum.

29. Deferred tax liabilities

	Group	
	2015	**2014**
	$'000	**$'000**
Deferred tax liabilities	**919**	1,261

The following are the major deferred tax liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Fair value adjustment on property, plant and equipment $'000	**Accelerated tax depreciation $'000**	**R&D tax credit $'000**	**Tax losses $'000**	**Total $'000**
Group					
At 1 January 2014	(302)	(1,227)	223	–	(1,306)
Credit/(charge) to profit or loss	256	(1,918)	1,675	–	13
Translation differences	–	175	(143)	–	32
At 31 December 2014	(46)	(2,970)	1,755	–	(1,261)
Credit to profit or loss	**21**	**201**	**43**	**51**	**316**
Translation differences	**–**	**107**	**(82)**	**1**	**26**
At 31 December 2015	**(25)**	**(2,662)**	**1,716**	**52**	**(919)**

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the year, undistributed earnings of foreign subsidiaries which would be subject to tax when distributed amounted to $1,746,000 (2014: $1,112,000). No deferred tax liability has been recognised as the Group is in a position to control the dividend policy of the subsidiaries and there is no intent to distribute these retained earnings in the foreseeable future.

30. Share capital

	Group and Company			
	Number of ordinary shares 2015	Share Capital 2015 $'000	Number of ordinary shares 2014	Share capital 2014 $'000
Issued and paid up:				
At beginning of year	**263,097,800**	**25,446**	263,007,800	25,433
Shares issued during the year	**–**	**–**	90,000	13
At end of year	**263,097,800**	**25,446**	263,097,800	25,446

The Company has one class of ordinary shares which carry one vote per share, has no par value and carries a right to dividend as and when declared by the Company.

The Company has an Employee Performance Share Plan ("Koon EPSP") which applies to the executive directors of the Company and the employees of the Group. However, controlling shareholders, including controlling shareholders who are executive directors and their associates are not eligible to participate in the Koon EPSP.

Koon EPSP is administrated by the Remuneration Committee.

There was no grant of awards during the year. The Remuneration Committee has previously approved a total grant of awards of 1,579,000 shares as follows:

(i) 994,000 shares awarded and issued in 2009;

(ii) 330,000 shares awarded in 2010 which were vested equally over three years with 110,000 shares each issued in 2011 to 2013; and

(iii) 360,000 shares awarded in 2011 of which 105,000 shares were forfeited due to the resignation of employees. Of the balance awards of 255,000 shares, 165,000 shares were vested in 2013 and 90,000 shares were vested in 2014. In 2014, the shares were valued based on the five day average prevailing share price of $0.148 before the date of issue.

Accumulated shares awarded were as follows:

	Number of shares			
	Not vested		Vested and issued (Accumulated)	
	2015	2014	2015	2014
Directors	**–**	–	**344,000**	344,000
Other members of key management	**–**	–	**380,000**	380,000
Other employees	**–**	–	**855,000**	855,000
Total number of shares granted under the Koon EPSP	**–**	–	**1,579,000**	1,579,000

31. Capital reserve

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve arising from:				
Restructuring exercise	**13,006**	13,006	**13,006**	13,006
Share-based payment	**283**	283	**–**	–
Acquisition of non-controlling interests in subsidiaries	**(4,487)**	(4,626)	**–**	–
	8,802	8,663	**13,006**	13,006

Restructuring Exercise

On 10 April 2003, pursuant to a Restructuring Exercise, the shareholders of Koon Construction & Transport Co. Pte Ltd ("KCTC") transferred their entire equity interest comprising 16,006,400 ordinary shares of $1 each in KCTC to the Company in exchange for 59,999,998 ordinary shares of $0.05 each in the Company. As a result, KCTC became a wholly-owned subsidiary of the Company.

Capital reserve of $13,006,000 represents the difference between the par value of the 59,999,998 ordinary shares of $0.05 issued and cost of investment in KCTC.

Share-based payment

The share-based payment relates to the issuance of 200,000 shares of a subsidiary, Tesla Holdings Pty Ltd ("Tesla"), to three directors of the subsidiary in March 2012 at no consideration in recognition of their services to Tesla. This has been accounted for as share-based payment expense of AUD200,000 ($283,000) based on a value of AUD1 per share offered to other shareholders during a capital raising exercise.

Acquisition of non-controlling interests in subsidiaries, without loss of control

In 2013, the Group acquired the remaining 25% equity interest of Econ Precast Pte Ltd and its subsidiaries at a consideration of $5,500,000. The negative amount of $4,626,000 in capital reserve represents the excess of the consideration paid over the non-controlling interest of $874,000 that was eliminated through the acquisition.

In 2015, the Group increased its investments in Tesla by 2.9% by way of acceptance of Tesla's dividend re-investment plan and shares conversion resulting from loan repayment by an ex-employee of Tesla. The difference of $139,000 between the consideration and the carrying value of the additional interest accounted has been recognised as "Capital reserve" within equity.

32. Operating segment information

Products and services from which reportable segments derive their revenues

For management reporting purpose, the Group's reportable segments are as follows:

– Construction
– Precast
– Property
– Electric Power Generation

I. The "Construction" segment relates to construction projects for civil engineering and infrastructure construction works including land reclamation, roads and bridges, shore protection, terminal and port projects.

II. The "Precast" segment relates to the supply and manufacturing of precast components and reinforced concrete piles.

III. The "Property" segment relates to property development activities.

IV. The "Electric Power Generation" segment relates to the ownership and operation of electricity power generation plants.

Information regarding the Group's reportable segments is presented below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Revenue		Results	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Construction	**172,696**	93,352	**8,880**	5,091
Precast	**97,928**	72,577	**4,266**	1,677
Property	**–**	–	**(26)**	55
Electric Power Generation	**4,994**	7,538	**(549)**	3,228
	275,618	173,467	**12,571**	10,051
Elimination	**(39,276)**	(9,550)	**(6,354)**	(6,185)
Total	**236,342**	163,917	**6,217**	3,866
Other income			**1,542**	3,796
Share of profit of joint ventures/associate (net)			**3,492**	882
Finance costs			**(2,615)**	(1,888)
Profit before income tax			**8,636**	6,656
Income tax			**(889)**	(348)
Profit for the year			**7,747**	6,308

32. Operating segment information (Continued)

Consolidated revenue of $236,342,000 (2014: $163,917,000) after elimination of inter-segmental sales comprise revenue from construction segment of $172,035,000 (2014: $92,619,000), precast segment of $59,313,000 (2014: $63,760,000), property segment of nil (2014: nil) and electric power generation segment of $4,994,000 (2014: $7,538,000).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Performance is measured based on segment results before allocation of other income, share of results of joint ventures and associate, finance costs and income tax expense, as included in internal management reports. Segment results are used by management for the purposes of resource allocation and assessment of segment performance.

Segment assets

	Group	
	2015	**2014**
	$'000	**$'000**
Construction	**160,115**	92,979
Precast	**56,744**	48,411
Property	**21,960**	20,722
Electric Power Generation	**28,057**	32,022
	266,876	194,134
Elimination	**(38,225)**	(25,164)
Total segment assets	**228,651**	168,970
Unallocated corporate assets	**2,207**	2,888
Total assets	**230,858**	171,858

All assets are allocated to reportable segments other than all assets of the Company other than those eliminated at consolidation.

Other segment information

	Depreciation		Additions to property, plant and equipment	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Construction	**9,855**	4,444	**53,927**	3,569
Precast	**2,741**	3,725	**954**	3,835
Property	**–**	–	**–**	–
Electric Power Generation	**3,023**	1,372	**18**	27
	15,619	9,541	**54,899**	7,431

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. Operating segment information (Continued)

Other segment information (Continued)

The Construction segment includes reversal of provision for foreseeable losses amounting to $75,000 (2014: $111,000).

The Precast segment includes inventories written down amounting to $831,000 (2014: $1,078,000).

The Precast segment includes allowance for doubtful debts (net) amounting to nil (2014: reversal of allowance $113,000).

The Precast segment includes a write-down of assets under construction amounting to $77,000 (2014: nil).

The Construction and Precast segments include investments in joint ventures and associates amounting to $4,971,000 (2014: $1,332,000).

The Property segment includes a write-down of $86,000 (2014: nil) on its properties held for development.

The Electric Power Generation segment includes an impairment loss of $3,536,000 (2014: nil) to write-down the carrying amount of goodwill.

Geographical information

In presenting information based on geographical segments, segment revenue is based on geographical location of the customers and segment assets are based on geographical location of the assets as follows:

	Revenue		Non-current assets	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Singapore	**229,695**	154,913	**80,530**	38,412
Australia	**4,994**	7,538	**23,380**	27,603
Malaysia	**1,653**	1,466	**14,264**	16,393
Total	**236,342**	163,917	**118,174**	82,408

Non-current assets information presented above consist of properties held for development, associates, joint ventures, property, plant and equipment and goodwill as presented in the consolidated balance sheets.

Information about major customer

Revenue from two major customers amount to $149,210,000 (2014: $70,580,000) arising from sales by the construction and precast segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. Bank guarantees, performance bonds and commitments

As at 31 December 2015, the Company has provided corporate guarantees totalling $112,900,000 (2014: $82,604,000) and $1,282,000 (2014: $1,596,000) to financial institutions in respect of credit facilities utilised by the subsidiaries and a joint venture respectively.

34. Operating lease arrangements – as lessee

	Group	
	2015	**2014**
	$'000	**$'000**
Minimum lease payments under operating leases recognised as an expense in the year	**2,682**	2,970

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 one year	**3,517**	2,094
In the second to fifth year inclusive	**2,522**	3,368
In the sixth to tenth year inclusive	**684**	1,098
	6,723	6,560

Operating lease payments represent rentals payable by the Group for rental of office, equipment, yard premises and accommodation. Leases are negotiated for an average term of 3 years (2014: 3 years).

35. Categories of financial instruments

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
Fair value through profit or loss				
– Held for trading investments	**30**	36	**–**	–
At cost less impairment				
– Convertible loan receivable	**–**	661	**–**	661
Loans and receivables				
– Trade receivables	**44,954**	44,117	**–**	–
– Other receivables (excluding prepayments, tax recoverable, sales tax receivable and convertible loan receivable)	**7,156**	7,651	**9,090**	8,785
– Pledged fixed deposits	**194**	800	**–**	–
– Cash and cash equivalents	**26,702**	17,094	**190**	449
	79,006	69,662	**9,280**	9,234
Available-for-sale financial assets				
– Available-for-sale investments	**–**	731	**–**	731
Total financial assets	**79,036**	71,090	**9,280**	10,626
Financial liabilities:				
Financial liabilities at amortised cost				
– Bank loans and bills payable	**36,806**	30,580	**–**	–
– Trade payables	**54,690**	44,409	**–**	–
– Other payables (excluding advance from customers and sales tax payable)	**10,863**	10,051	**16,516**	16,654
	102,359	85,040	**16,516**	16,654
Finance leases	**52,817**	23,697	**54**	155
Total financial liabilities	**155,176**	108,737	**16,570**	16,809

36. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy in 2014 and 2015.

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of financial instruments measured at fair value at the end of the financial year:

	Group 2015 $'000			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets measured at fair value				
Financial assets:				
Held for trading financial assets (Note 16)				
– Quoted equity instruments	**30**	**–**	**–**	**30**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. Fair value of assets and liabilities (Continued)

(b) *Assets and liabilities measured at fair value* (Continued)

	Group 2014 $'000			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets measured at fair value				
Financial assets:				
Held for trading financial assets (Note 16)				
– Quoted equity instruments	36	–	–	36
Available-for-sale financial assets (Note 22)				
– Quoted equity instruments	731	–	–	731

(c) *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 value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not the reasonable approximation of fair values are as follows:

	Group 2015 $'000		Group 2014 $'000	
	Carrying amount	**Fair value (Level 3)**	**Carrying amount**	**Fair value (Level 3)**
Financial assets				
Unquoted equity investments (i)	**–**	**–**	–	–
Financial liabilities				
Finance leases (non-current) (ii)	**(40,710)**	**(33,698)**	(8,681)	(8,260)
Bank loans (non-current), fixed rate (ii)	**(3,520)**	**(3,572)**	(5,607)	(5,551)

(i) Unquoted equity investment represents 50% (2014: 50%) of total ordinary shares in Koon-Zinkon Pte Ltd which has been fully impaired in prior years.

(ii) The fair value of finance lease liabilities and interest-bearing bank loans with fixed interest rates are determined using discounted future principal and interest at the market interest rate at the end of the reporting period. The estimated future cash flows are projected based on management's best estimates.

36. Fair value of assets and liabilities (Continued)

(d) *Fair value of convertible loan receivable*

Included in other receivables (Note 13) was a convertible loan receivable amounting to $661,000 as at 31 December 2014. The convertible loan receivable was carried at cost less impairment because its fair value could not be reliably determined. The variability in the range of reasonable fair value estimates was significant and the probabilities of the various estimates within the range of reasonable inputs were not sufficiently reliable to determine its fair value.

37. Financial risks management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. 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 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) ***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 and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), 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 increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, 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

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– A nominal amount of $1,282,000 (2014: $1,596,000) relating to a corporate guarantee provided by the Company to the financial institution in respect of credit facilities utilised by a joint venture.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. Financial risks management objectives and policies (Continued)

(a) ***Credit risk*** (Continued)

Credit risk concentration profile

Concentration of credit risk exists when economic, industry or geographical factors similarly affect the Group's counter parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group's customers are mainly located in Singapore. The Group has significant concentration of credit risk in that its top 5 debtors accounted for $36,825,000 (2014: $36,201,000) or 82% (2014: 82%) of the net trade receivables balance at year end.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 12 (Trade receivables).

(b) ***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 arises primarily from mismatches of the maturities of financial assets and liabilities. 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 maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities. Future routine working capital requirements are expected to be funded with cash and cash equivalents, internally generated cash flows and several credit lines to draw on for routine working capital requirements.

Credit lines are reviewed with providers of credit facilities from time to time. Based on these evaluations, management expects that there will be sufficient liquidity for the Group's operations in the next financial year.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. Financial risks management objectives and policies (Continued)

(b) ***Liquidity risk*** (Continued)

	1 year or less $'000	1 to 5 years $'000	After 5 years $'000	Total $'000
Group				
2015				
Financial assets:				
Held for trading investments	**30**	**–**	**–**	**30**
Trade receivables	**44,954**	**–**	**–**	**44,954**
Other receivables (excluding prepayments, tax recoverable and sales tax receivable)	**7,040**	**116**	**–**	**7,156**
Pledged fixed deposits	**194**	**–**	**–**	**194**
Cash and cash equivalents	**26,702**	**–**	**–**	**26,702**
Total undiscounted financial assets	**78,920**	**116**	**–**	**79,036**
Financial liabilities:				
Bank loans and bills payable	**31,689**	**5,728**	**–**	**37,417**
Trade payables	**54,690**	**–**	**–**	**54,690**
Other payables (excluding advance from customers and sales tax payable)	**10,773**	**90**	**–**	**10,863**
Finance leases	**13,636**	**42,891**	**–**	**56,527**
Total undiscounted financial liabilities	**110,788**	**48,709**	**–**	**159,497**
Total net undiscounted financial liabilities	**(31,868)**	**(48,593)**	**–**	**(80,461)**
2014				
Financial assets:				
Held for trading investments	36	–	–	36
Trade receivables	44,117	–	–	44,117
Other receivables (excluding prepayments, tax recoverable and sales tax receivable)	8,073	239	–	8,312
Pledged fixed deposits	800	–	–	800
Cash and cash equivalents	17,094	–	–	17,094
Available-for-sale investments	–	731	–	731
Total undiscounted financial assets	70,120	970	–	71,090
Financial liabilities:				
Bank loans and bills payable	22,074	9,226	–	31,300
Trade payables	44,409	–	–	44,409
Other payables (excluding advance from customers and sales tax payable)	9,962	89	–	10,051
Finance leases	15,943	9,007	–	24,950
Total undiscounted financial liabilities	92,388	18,322	–	110,710
Total net undiscounted financial liabilities	(22,268)	(17,352)	–	(39,620)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. Financial risks management objectives and policies (Continued)

(b) ***Liquidity risk*** (Continued)

	1 year or less $'000	1 to 5 years $'000	After 5 years $'000	Total $'000
Company				
2015				
Financial assets:				
Other receivables (excluding prepayments)	**9,090**	**–**	**–**	**9,090**
Cash and cash equivalents	**190**	**–**	**–**	**190**
Total undiscounted financial assets	**9,280**	**–**	**–**	**9,280**
Financial liabilities:				
Other payables (excluding sales tax payable)	**16,516**	**–**	**–**	**16,516**
Finance leases	**19**	**39**	**–**	**58**
Total undiscounted financial liabilities	**16,535**	**39**	**–**	**16,574**
Total net undiscounted financial liabilities	**(7,255)**	**(39)**	**–**	**(7,294)**
2014				
Financial assets:				
Other receivables (excluding prepayments)	9,446	–	–	9,446
Cash and cash equivalents	449	–	–	449
Available-for-sale investments	–	731	–	731
Total undiscounted financial assets	9,895	731	–	10,626
Financial liabilities:				
Other payables (excluding sales tax payable)	16,654	–	–	16,654
Finance leases	60	106	–	166
Total undiscounted financial liabilities	16,714	106	–	16,820
Total net undiscounted financial (liabilities)/assets	(6,819)	625	–	(6,194)

37. Financial risks management objectives and policies (Continued)

(c) ***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.

Interest-yielding financial assets are mainly bank balances, fixed deposit and loan to investee company. The interest rates for finance leases, loan to investee company and certain bank loans are fixed on the date of inception. Any variation in the short-term interest rates will not have a material impact on the results of the Group.

The Group is exposed to the effect of changes of interest rates on bank borrowings and bills payable totalling $30,892,000 (2014: $24,153,000). Management has assessed that the effect of any reasonably possible changes in interest rates will not have a significant impact on the Group's operating results.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 1% (2014: 1%) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $309,000 (2014: $242,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) ***Foreign exchange risk***

The activities of the Company and the subsidiaries are mainly conducted in the functional currencies of the respective entities. Management considers the Group's exposure to foreign exchange risk to be low.

(e) ***Market price risk***

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on SGX-ST and ASX in Singapore and Australia respectively are classified as held for trading or available-for-sale financial assets. Management considers the Group's exposure to equity price risk to be low. The Group does not have exposure to commodity price risk.

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38. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of relative proportions of debt and equity.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings less cash and bank balances. Capital includes equity attributable to the owners of the Company excluding the fair value adjustment reserve.

The Group is in compliance with externally imposed financial covenants as at 31 December 2015 and 31 December 2014.

	Group	
	2015	**2014**
	$'000	**$'000**
Bank loans and borrowings	**89,623**	54,277
Less: Cash and bank balances (Note 11)	**(26,896)**	(17,894)
Net debt	**62,727**	36,383
Equity attributable to the owners of the Company	**57,786**	52,083
Add: Fair value adjustment reserve	**–**	212
Total capital	**57,786**	52,295
Net gearing ratio	**109%**	70%

39. Dividends

	Group	
	2015	**2014**
	$'000	**$'000**
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
– Final exempt (one-tier) dividend for 2015: 0.50 cents (2014: nil cents) per share	**1,315**	–

40. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 21 March 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 11 MARCH 2016

Class of Equity Security	:	Ordinary shares
Voting Rights	:	On a show of hand: one vote for each member
On a poll	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	20	2.85	182	0.00
100 – 1,000	18	2.56	13,734	0.00
1,001 – 10,000	159	22.62	1,226,718	0.47
10,001 – 1,000,000	478	67.99	40,991,822	15.58
1,000,001 AND ABOVE	28	3.98	220,865,344	83.95
TOTAL	703	100.00	263,097,800	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ANG AH NUI	122,571,819	46.59
2	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	14,946,800	5.68
3	SAMSU	12,000,000	4.56
4	OH KENG LIM	10,159,996	3.86
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	9,513,800	3.62
6	OH LIAN LING	7,238,487	2.75
7	OH KOON SUN	7,205,378	2.74
8	ONG SOH HOON	4,000,000	1.52
9	ONG LYE BENG	3,344,024	1.27
10	HARRY OH TUAY KEE	3,166,000	1.20
11	ANG JUI KHOON	3,151,600	1.20
12	YEO SEE TEE	3,000,000	1.14
13	LIM PANG HERN	1,894,000	0.72
14	TEE SWEE KHENG	1,758,196	0.67
15	LAU KOI FONG @ LAU THIM THAI	1,580,800	0.60
16	AW GIM KOON	1,473,224	0.56
17	TAN TONG GUAN	1,400,000	0.53
18	KIM HOCK BEE MARINE PTE LTD	1,280,000	0.49
19	CHUA LEONG AIK	1,278,000	0.49
20	ONG MEY YIN	1,237,000	0.47
	TOTAL	212,199,124	80.66

There were 67 holders of less than a marketable parcel of shares.

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders as at 11 March 2016)

Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
ANG AH NUI	122,571,819	46.59	–	–
SAMSU	16,000,000	6.08	–	–

NOTICE OF ANNUAL GENERAL MEETING

KOON HOLDINGS LIMITED
(Company Registration No 200303284M)
(ARBN 105 734 709)

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at 48 Boon Lay Way, Singapore 609961, The Chevrons, Sunflower Room on Level 1, on Friday, 29 April 2016 at 9.00 am for the following purposes:

AS ORDINARY BUSINESS

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

2. To declare a final dividend of S$0.005 per ordinary share in respect of the financial year ended 31 December 2015. (Resolution 2)

3. To consider and, if thought fit, pass the following resolutions: (Resolution 3)

   (a) "That Mr Oh Keng Lim be and is hereby re-appointed as a Director of the Company."

   [See Explanatory Note (i)]

   (b) "That Mr Ang Sin Liu be and is hereby re-appointed as a Director of the Company." (Resolution 4)

   [See Explanatory Note (i)]

4. To re-elect Mr Ang Ah Nui who is retiring under Article 91 of the Company's Constitution. (Resolution 5)

   Mr Ang Ah Nui will, upon re-election as a Director of the Company, remain a member of the Remuneration Committee.

5. To re-elect Mr Oh Koon Sun who is retiring under Article 91 of the Company's Constitution. (Resolution 6)

6. To re-elect Ms Heather Chong who is retiring under Article 97 of the Company's Constitution. (Resolution 7)

   Ms Heather Chong will, upon re-election as a Director of the Company, remain the Chairman of the Audit and Risk Committee and a member of the Nominating Committee.

7. To approve Directors' fees of S$270,000 for the financial year ended 31 December 2015. (Resolution 8)

8. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 9)

9. To transact any other business that may be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass each of the following resolutions as an Ordinary Resolution, with or without modifications:

10. "That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors to allot and issue: (Resolution 10)

    (i) shares in the capital of the Company (whether by way of bonus, rights or otherwise); or

    (ii) convertible securities; or

    (iii) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalisation issues; or

    (iv) shares arising from the conversion of convertible securities in (ii) and (iii) above,

    at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of equity securities to be issued pursuant to this Resolution does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares as at the date of this Resolution, or such other limit as may be prescribed by the listing rules of the Singapore Exchange Securities Trading Limited and ASX Listing Rule 7.1, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares as at the date of this Resolution, or such other limit as may be prescribed by the listing rules of the Singapore Exchange Securities Trading Limited and ASX Listing Rule 7.1, and, unless revoked or reduced by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. For the purpose of determining the aggregate number of shares that may be issued pursuant to this Resolution, the percentage of the total number of issued shares excluding treasury shares is based on the total number of issued shares excluding treasury shares at the date of this Resolution after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options in issue as at the date of this Resolution and any subsequent consolidation or subdivision of the Company's shares."

    [See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

11. "That, in accordance with Exception 9 of ASX Listing Rule 7.2 and ASX Listing Rule 10.14 and for all other purposes, the Board of Directors of the Company be and is hereby authorised to grant awards ("Awards") to eligible employees of the Company (including executive Directors) in accordance with the provisions of the Koon Holdings Employee Performance Share Plan ("Koon EPSP"), a summary of which is contained in Explanatory Note (iii), and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the grant of Awards under the Koon EPSP and in the event a share buyback mandate is subsequently approved by the shareholders, to apply any shares purchased under the Share Buyback Mandate toward the satisfaction of Awards granted under the Koon EPSP provided that the aggregate number of shares available under the Koon EPSP shall not exceed five per cent (5%) of the total issued share capital of the Company from time to time." (Resolution 11)

    Voting exclusion: In accordance with the notice requirements of ASX Listing Rule 7.2 Exception 9(b) for approval under ASX Listing Rule 7.2 Exception 9, ASX Listing Rule 10.15A.6 for approval under ASX Listing Rule 10.14 and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 11 by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

    [See Explanatory Note (iii)]

NOTICE OF BOOKS CLOSURE DATE AND PAYMENT DATE FOR FINAL DIVIDEND

Notice is hereby given that the Transfer Books and the Register of Members of the Company will be closed at 5.00 p.m. on 5 May 2016 (the "**Books Closure Date**") for the purpose of determining the entitlement of shareholders to the final dividend of S$0.005 per ordinary share (the "**Final Dividend**") in respect of the financial year ended 31 December 2015.

*For shareholders whose shares are deposited with the Central Depository (Pte) Limited ("**CDP**")*

Shareholders whose shares are deposited with the CDP, whose securities account with CDP are credited with shares as at 5.00 p.m. on the Books Closure Date will be entitled to the Final Dividend on the basis of the number of shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. on such date.

Duly completed registrable transfers in respect of shares in the Company received up to the close of business at 5.00 p.m. on 5 May 2016 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. will be registered to determine shareholders' entitlements to the Final Dividend.

*For shareholders who are registered as holders of the Company's shares through CHESS Depository Nominees Pty Ltd (the "**Australian Investors**")*

Duly completed registrable transfers in respect of shares in the Company received up to the close of business at 5.00 p.m. (local time in Victoria) on 5 May 2016 by the Company's Australian Share Registrar, Boardroom Pty Limited, will be registered to determine shareholders' entitlements to the Final Dividend. Australian Investors who are recorded on the Australian Branch Share Register as at 5.00 p.m. on the Australian Record date of 5 May 2016 will be entitled to the Final Dividend.

NOTICE OF ANNUAL GENERAL MEETING

For Australian Investors, their dividend entitlements will be converted at the Singapore-Australian currency conversion rate of one of the Company's principal bankers, United Overseas Bank Limited, on the date of the record date, being 5 May 2016. These dividends will be unfranked for Australian tax purposes.

The Final Dividend will be paid on or about 20 May 2016 if approved by the shareholders of the Company at the Annual General Meeting to be held on 29 April 2016.

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Joint Company Secretaries

31 March 2016

Explanatory Notes:

(i) Resolutions 3 and 4

Mr Ang Sin Liu and Mr Oh Keng Lim were last reappointed to the Board at the Annual General Meeting held on 29 April 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50, which was in force immediately before 3 January 2016. Pursuant to section 153(6) of the Companies Act, such re-appointments were until the next annual general meeting. Accordingly, as their appointments will lapse at the forthcoming Annual General Meeting, Mr Ang Sin Liu and Mr Oh Keng Lim are subject to re-appointment at the forthcoming Annual General Meeting. Subject to their re-appointment at the conclusion of the forthcoming annual General Meeting, Mr Ang Sin Liu's and Mr Oh Keng Lim's re-appointments will no longer be subject to shareholders' approval under section 153(6) of the Companies Act as it has been repealed, and they will then be subject to retirement by rotation pursuant to the Company's Constitution.

(ii) Resolution 10

The Ordinary Resolution proposed in item 10 above, if passed, will empower the Directors from the passing of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company up to an amount not exceeding, in total, 50% of the issued share capital of the Company at the time of passing of this resolution, of which up to 15% may be issued other than on a pro-rata basis to shareholders.

(iii) Resolution 11

Background

The Ordinary Resolution proposed under Resolution 11 above, if passed, will authorise the Directors to grant the award of shares in accordance with the provisions of the Koon EPSP and pursuant to Exception 9 to ASX Listing Rule 7.2, ASX Listing Rule 10.14 and Section 161 of the Companies Act, Cap 50, to allot and issue shares under the Koon EPSP.

The Koon EPSP extends to participation by Directors of the Company.

The Company is seeking shareholder approval under Exception 9 to ASX Listing Rule 7.2 to issue shares under the Koon EPSP to employees and under ASX Listing Rule 10.14 to issue shares under the Koon EPSP to executive Directors, which approval would be valid for ASX Listing Rule purposes for a period of three years from the date of this meeting.

The Koon EPSP was previously approved by the shareholders of the Company in general meeting on 12 October 2009. Please refer to the Circular dated 10 September 2009 for further details.

NOTICE OF ANNUAL GENERAL MEETING

ASX Listing Rules

ASX Listing Rule 7.1 provides that a company must not issue equity securities, or agree to issue equity securities (which includes shares and options) without the approval of shareholders if the number of equity securities to be issued in any 12 month period (including equity securities issued on the exercise of any convertible securities) exceeds 15% of the issued capital of the company preceding the issue, subject to certain adjustments and permitted exceptions. In calculating the 15% limit, the Company is entitled to deduct any ordinary securities issued in the 12-month period that were issued with the approval of shareholders for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 7.2 provides several circumstances where particular issues of securities are excluded from the calculation of the 15% limit under ASX Listing Rule 7.1, including issues under an employee incentive scheme if within three years before the date of issue, shareholders approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. The Koon EPSP is an employee incentive scheme for the purposes of ASX Listing Rule 7.2.

ASX Listing Rule 10.14 provides that a company must not permit a director or any of his associates to acquire securities under an employee incentive scheme without the approval of shareholders.

Summary of the terms of the Koon EPSP

(a) Eligibility

(i) An employee who is eligible to participate in the Koon EPSP must:

(A) be confirmed in his employment with the Group;

(B) have attained the age of 21 years on or before the date of award; and

(C) not be an un-discharged bankrupt.

(ii) An executive director who meets the eligibility criteria above is eligible to participate in the Koon EPSP. However, controlling shareholders (including controlling shareholders who are executive directors) and their associates are not eligible to participate in the Koon EPSP.

(iii) Non-executive directors are not eligible to participate in the Koon EPSP.

(b) Awards

(i) Awards represent the right of a participant to receive fully paid-up shares free of charge, provided certain prescribed performance target(s) are met and upon the expiry of the prescribed vesting periods (if any).

(ii) The Remuneration Committee shall decide, in relation to each award to be granted to a participant:

(A) the date on which the award will be granted;

(B) the number of shares which are the subject of the award;

(C) the prescribed performance targets;

(D) the performance period during which the prescribed performance targets are to be satisfied;

(E) the imposition of a vesting period and the duration of this vesting period, if any;

(F) the extent to which the shares under that award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period and upon the expiry of the prescribed vesting period; and

(G) such other conditions as the Remuneration Committee may deem appropriate, in its absolute discretion.

NOTICE OF ANNUAL GENERAL MEETING

(c) Selection of Participants

(i) The Koon EPSP is administrated by the Remuneration Committee whose members are:

(A) Ko Chuan Aun – Chairman;

(B) Glenda Mary Sorrell-Saunders; and

(C) Ang Ah Nui.

(ii) A participant of the Koon EPSP who is a member of the Remuneration Committee shall not be involved in the deliberation of the Award to be granted to that member of the Remuneration Committee.

(iii) The selection of a participant and the number of shares which are the subject of each award to be granted to a participant in accordance with the Koon EPSP shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target within the performance period.

(d) Timing

Awards may be granted at any time in the course of a financial year. Any Award made shall lapse, inter alia, if any of the following events occur prior to the vesting:

(i) the misconduct of a participant;

(ii) the termination of the employment of a participant;

(iii) the bankruptcy of a participant;

(iv) the retirement, ill health, injury, disability or death of a participant;

(v) the participant, being an executive Director, ceasing to be a Director of the Company for any reason whatsoever;

(vi) a winding-up of the Company; and

(vii) any other event approved by the Remuneration Committee.

(e) Size and Duration of the Koon EPSP

(i) The total number of shares which may be granted under the Koon EPSP shall not exceed 5% of the issued ordinary shares of the Company on the day preceding the relevant date of award. In line with the SGX-ST Listing Manual requirements, in the event the Company establishes any other share plan(s) or any other option scheme(s), the aggregate of shares under all such share plan(s) and options granted under all such option scheme(s) will not exceed 15%.

(ii) The Company may also deliver shares pursuant to awards granted under the Koon EPSP in the form of existing shares purchased from the market or from shares held in treasury. Such methods will not be subject to any limit as they do not involve the issuance of any new shares. The Company shall obtain shareholders' approval through a Share Buyback Mandate prior to purchasing its shares from the market.

(iii) The Koon EPSP will continue in force at the discretion of the Remuneration Committee up to a maximum of 10 years commencing from the date of its adoption by the Company provided that the Koon EPSP may continue beyond this stipulated period with the approval of its shareholders in a general meeting and the required approval by relevant authorities.

(iv) Notwithstanding the expiry or termination of the Koon EPSP, any award made prior to expiry or termination will remain valid.

NOTICE OF ANNUAL GENERAL MEETING

(f) Operation of the Koon EPSP

(i) Awards granted under the Koon EPSP must not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, unless the approval of the Remuneration Committee is obtained. However, the shares granted to a Participant pursuant to a grant of the Award may be transferred, charged, assigned, pledged otherwise disposed of, in whole or in part.

(ii) The terms of employment or appointment of a participant in the Koon EPSP shall not be affected by any Award to be made therein.

Number of securities issued under the Koon EPSP since 12 October 2009

The Remuneration Committee has approved a total grant of awards of 1,579,000 shares to selected employees of the Company and its subsidiaries as follows:

(i) 994,000 shares awarded and vested in 2009;

(ii) 330,000 shares awarded in 2010 which were vested equally over three years with 110,000 shares each issued in 2011 to 2013; and

(iii) 360,000 shares awarded in 2011 of which 105,000 shares were forfeited due to the resignation of employees. Of the balance awards of 255,000 shares, 165,000 shares were vested in 2013 and 90,000 shares were vested in 2014.

Accumulated shares vested and awarded as at 31 December 2015 were as follows:

	Vested and Issued						
	2015	2014	2013	2012	2011	2009	Accumulated Total
Directors:							
Tan Thiam Hee (resigned on 31 July 2013)	–	–	30,000	30,000	30,000	50,000	140,000
Oh Koon Sun	–	–	20,000	20,000	20,000	44,000	104,000
Oh Keng Lim	–	–	20,000	20,000	20,000	40,000	100,000
	–	–	70,000	70,000	70,000	134,000	344,000
Other members of key management	–	15,000	105,000	35,000	35,000	190,000	380,000
Other employees	–	75,000	100,000	5,000	5,000	670,000	855,000
Total number of shares granted under Koon EPSP	–	90,000	275,000	110,000	110,000	994,000	1,579,000

ASX Listing Rule 10.15A disclosure

Pursuant to ASX Listing Rule 10.15A, the following information is provided regarding ASX Listing Rule 10.14 approval:

(a) **ASX Listing Rule 10.15A.1:** *If the person is not a director, details of the relationship between the person and the director*

Mr Yuen Kai Wing, Mr Oh Keng Lim, Mr Oh Koon Sun, all of whom are currently executive Directors of the Company.

(b) **ASX Listing Rule 10.15A.2:** *Maximum number of securities to be issued to the person and formula for calculating number of securities to be issued*

The number of shares to be issued under the Koon EPSP will be determined by the Remuneration Committee. The total number of shares which may be granted under the Koon EPSP shall not exceed 5% of the issued ordinary shares of the Company on the day preceding the relevant date of award. Refer to the summary of the terms of the Koon EPSP above.

(c) **ASX Listing Rule 10.15A.3:** *Price of the securities, including the formula for calculating price*

The shares are issued for nil consideration to participants under the Koon EPSP.

NOTICE OF ANNUAL GENERAL MEETING

(d) **ASX Listing Rule 10.15A.4:** *Names of all persons who received securities under the scheme since the last approval, the number of securities received and price of each security*

Refer to the disclosure under the heading "Number of securities issued under the Koon EPSP since 12 October 2009" above.

(e) **ASX Listing Rule 10.15A.5:** *Names of all eligible executive Directors entitled to participate in the scheme*

Mr Yuen Kai Wing, Mr Oh Keng Lim and Mr Oh Koon Sun.

(f) **ASX Listing Rule 10.15A.6:** *A voting exclusion statement*

A voting exclusion statement is included in the notice.

(g) **ASX Listing Rule 10.15A.7:** *Terms of any loan in relation to the acquisition of securities*

Not applicable.

(h) **ASX Listing Rule 10.15A.8:** *Statement*

Details of any shares issued under the Koon EPSP will be published in each annual report of the Company relating to a period in which shares have been issued, and that approval for the issue of the shares was obtained under ASX Listing Rule 10.14.

Any additional persons who become entitled to participate in the Koon EPSP after this resolution is approved and who were not named in this notice will not participate until approval is obtained under ASX Listing Rule 10.14.

(i) **ASX Listing Rule 10.15A.9:** *Date by which securities will be issued*

If shareholders approve this resolution, the issue and allotment of the shares to Mr Yuen Kai Wing, Mr Oh Keng Lim and Mr Oh Koon Sun, will occur no later than three years after the date of this Annual General Meeting.

Notes:

1. Except for a member who is a relevant intermediary (as defined under the Companies Act, Cap. 50), a member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his/her behalf. A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the general meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares. A proxy need not be a member of the Company.

2. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 11 Sixth Lok Yang Road, Singapore 628109 at least 48 hours before the time fixed for the Meeting. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the EGM in order for him to be entitled to vote at the EGM.

Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM FOR MEMBERS WHO HOLD SHARES THROUGH THE CENTRAL DEPOSITORY (PTE) LIMITED (CDP) OR HAVE SHARES REGISTERED IN THEIR NAMES IN THE REGISTER OF MEMBERS OF KOON HOLDINGS LIMITED.

Koon Holdings Limited

(Incorporated in the Republic of Singapore)

Company Registration No. 200303284M, ARBN 105 734 709

I/We ______________________________ (Name)

of ______________________________ (Address)

being a member/members of Koon Holdings Limited (the "**Company**") hereby appoint

Name	Address	NRIC/Passport Number	Proportion of my/our Shareholding (%)	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of my/our Shareholding (%)	
			No. of shares	%

as my/our proxy/proxies to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company, to be held at 48 Boon Lay Way, Singapore 609961, The Chevrons, Sunflower Room on Level 1, on 29 April 2016 at 9.00 am, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions Relating To:	For	Against
	Ordinary Business		
1.	Adoption of Accounts, Directors' Statement and Auditors' Report		
2.	Declaration of final dividend		
3.	Re-appointment of Mr Oh Keng Lim		
4.	Re-appointment of Mr Ang Sin Liu		
5.	Re-election of Mr Ang Ah Nui		
6.	Re-election of Mr Oh Koon Sun		
7.	Re-election of Ms Heather Chong		
8.	Approval of Directors' Fees		
9.	Re-appointment of Ernst & Young LLP as Auditors		
	Special Business		
10.	Authority to allot and issue new shares		
11.	Authority to grant awards under the Koon Holdings Employee Performance Share Plan		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this ________ day of __________________ 2016

Total number of Shares held

____

Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. The proxy form set out overleaf is to be used ONLY by members who hold shares through The Central Depository (Pte) Limited (CDP) or have shares registered in their names in the Register of Members of the Company. If you hold shares through CHESS Depository Nominees Pty Ltd, please use the CDI Voting Instruction Form designated for members who hold Shares through CHESS Depository Nominees Pty Ltd.

2. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares registered in your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

3. Except for a member who is a relevant intermediary (as defined under the Companies Act, Cap. 50, a member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the general meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares.

4. Where a member who is not a relevant intermediary appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. Where a member who is a relevant intermediary appoints two or more proxies, the appointments shall be invalid unless the number and class of shares in relation to which each proxy has been appointed is specified in the proxy form.

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

6. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 11 Sixth Lok Yang Road, Singapore 628109, not less than 48 hours before the time set for the Meeting

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney 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.

9. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by the Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

昆控股有限公司
KOON HOLDINGS LIMITED

Company Registration No. 200303284M
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