Building Resilience, Growing Globally

ANNUAL REPORT 2016

TEHO
INTERNATIONAL

DISTRIBUTION NETWORK

Marine & Offshore Offices and Warehouses

Logistics Points and Agents

Real Estate Offices

- Houston *(USA)*
- Rotterdam *(The Netherlands)*
- Shanghai *(China)*
- Singapore
- Dubai *(United Arab Emirates)*
- Algeciras *(Spain)*
- Panama
- Singapore
- Phnom Penh *(Cambodia)*

CONTENTS

02 Chairman's Statement

05 Board of Directors

06 Corporate Profile

08 Group Management Structure

09 Group Structure

11 Executive Officers

12 Management Team

13 Operations & Business Review

18 Financial Highlights

19 Major Properties

19 Major Properties for Development and/or Sale

20 Corporate Information

ABOUT TEHO GROUP

1986 - 2016

The TEHO Group – Multi-faceted Solutions Provider for the Marine & Offshore and Real Estate Industries

Since our establishment in 1986, TEHO Group has grown from a small local rigging and mooring company to become an international multi-faceted solutions provider, mainly for the Marine & Offshore and Real Estate industries. We excelled and stood out against the competition and dynamic economy through our focus on customers' requirement, keeping abreast with market and product development, and emphasis on staff empowerment and development. Our remarkable achievement of significant growth and financial stability led us to list the Group on the Singapore Stock Exchange in 2009 under our holding company TEHO International Inc Ltd.

Our global network has expanded from the headquarters in Singapore to The Netherlands, USA and China along with overseas logistics points and agents for our maritime business units. In conjunction with the Group's growth, our real estate arm has also established an extended network into Cambodia. We are assiduously and vigilantly looking for opportunities to grow our business segments and geographical network. We are confident of continuous growth in market share and global presence amidst the challenges in the market and economic environment.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("Board") of TEHO International Inc Ltd. ("TEHO" or the "Group"), it is my pleasure to present to you the annual report for the financial year ended 30 June 2016 ("FY2016").

FY2016 continued to be a difficult year due to market uncertainty, volatility in crude oil prices and fears over Brexit. Coupled with tough market conditions prevailing in the Singapore and Cambodian property sector, the Group also experienced downward pressure on its sales and profitability.

2016 Financial Review

Consequently, TEHO ended the financial year with a lower total Group revenue of $57.4 million, a decrease of $4.3 million from $61.7 million for the financial year ended 30 June 2015 ("FY2015"). Our gross profit was $17.9 million in FY2016, representing a slight decrease of 4.3% or $0.8 million from $18.7 million in FY2015.

Our Marine & Offshore business also saw a decline in revenue of $3.3 million to $52.3 million in FY2016 compared to $55.6 million in FY2015. In addition, the Marine and Offshore segment recognised an impairment charge of $2.2 million mainly due to the prolonged weakness in oil prices and its impact on the industry. However, taking into account the $9.7 million in the realised revaluation reserve following our disposal of a leasehold property in Tuas, our Marine and Offshore segment recorded an underlying profit before tax of $11.9 million.

Due to weak market sentiments, our Property Development segment registered a dip in revenue of $0.9 million or 15.0%, from $6.0 million in FY2015 to $5.1 million in FY2016. The decline in revenue was mainly a result of reduced revenue contribution from TIEC Holdings Pte. Ltd. ("TIEC"), a property development company that the Group acquired in 2014. With property cooling measures in Singapore still in place, the private residential property market in Singapore remained subdued during FY2016.

More significantly, the performance of our Property Development segment was affected by an impairment charge of $16.4 million in FY2016, resulting in an overall loss before tax of $22.8 million. In reviewing the condominium sector in Phnom Penh, Cambodia, where The Bay development is based, the Group has decided to put on hold this residential project due to a heightened risk of oversupply of condominiums in Phnom Penh, possibly stretching to 2018. This led to an impairment loss of goodwill attributable to our subsidiary, ECG Property Services Pte. Ltd. Excluding the effects of impairment charges, the Property Development segment would have recorded an underlying loss before tax of $6.4 million.

On an aggregate basis, the Group recorded a full year loss before tax of $23.7 million for FY2016 compared to a loss before tax of $7.5 million for FY2015. However, if we were to consider the underlying profit before tax of $11.9 million for the Marine and Offshore segment, the underlying loss before tax of $6.4 million for the Property Development segment, and the unallocated head office expenses of $0.9 million, the Group achieved underlying profit before tax of $4.6 million.

"We believe our approach of upholding excellence, delivering high reliability and service quality to our customers, and maintaining a strong enterprising spirit will ensure our resilience and lead us towards the next 30 years."

Lim See Hoe
Executive Chairman & CEO

CHAIRMAN'S STATEMENT

Operational Highlights

As current market sentiments continue to be depressed, the Group will continue to focus on improving operational efficiencies across our various business segments. The Group will continue to take proactive measures to keep costs low, monitor credit risk exposure and maintain an optimal amount of inventory so that we stay operationally lean and fit to ride out the challenges.

Maintaining our core strength in mooring and rigging products, with roots dating back to the post WWII days, remains a key priority. TEHO's Marine and Offshore distribution units in Europe and America are progressing very well. In line with our commitment towards operating excellence and efficiency, the Group has put in place plans to consolidate our Rotterdam operations, currently at two different locations, into a centralised venue. Through the Group's wholly-owned subsidiary TEHO EuROPE B.V., we have acquired a freehold property in Ridderkerk, The Netherlands, for Euro 1.335 million, or approximately S$2.044 million. With a total site area of about 4,034 square meters, the new property allows us to improve on our existing internal infrastructure and facilities to better serve our customers in Europe.

We have also established new stock points in Algeciras, Spain and Panama. With these new stock points, in addition to our existing stock points in Singapore, Rotterdam, Houston, Dubai and Shanghai, we will be able to better serve the needs of our customers.

Another positive development was the signing of the hotel management agreement with Hotel Okura Co., Ltd ("Okura") in February this year to develop and manage The Okura Prestige Phnom Penh. This significant milestone for TEHO comes after the memorandum of understanding that we signed with Okura in February 2015 to operate a hotel within The Bay development. Envisioned as a luxury hotel catering to business and leisure travelers, I am confident the hotel will become an integral feature of The Bay. As we work to reposition The Bay development to best capture Phnom Penh's potential, we will continue to invest attention and resources into projects that will enable The Bay to gain a creditable foothold into Cambodia's property sector.

The next 30

This year is also a year of much significance to TEHO as we celebrated our 30th anniversary. From a small local business in 1986 to an international marine and offshore solutions provider, and more recently, a real estate developer, our journey has seen many key turning points.

Through it all, we have been guided by our deep commitment to expertise, dedication, excellence and integrity. We believe our approach of upholding excellence, delivering high reliability and service quality to our customers, and maintaining a strong enterprising spirit will ensure our resilience and lead us towards the next 30 years.

Appreciation

Last but not least, on behalf of the Board, I would like to express my appreciation to the management and all our staff for their dedicated service and commitment. Their perseverance and diligence have been essential in overcoming numerous challenges in the past year.

My valued fellow directors, thank you for your guidance and efforts in steering TEHO forward. And to our shareholders, business associates, suppliers and customers, thank you for your trust and loyal support.

We will continue to invest and to build TEHO's success for the next 30 years.

Lim See Hoe
Executive Chairman & CEO

BUILDING A RESILIENT BUSINESS

We are building a business on the solid rock of a firm foundation based on focused vision, ethical practices and impeccable execution of proven diversification strategies.

$57.4M
Revenue

$17.9M
Gross Profit

MILESTONE

1ST DECADE

1986
Established TEHO Ropes & Supplies Pte Ltd

2ND DECADE

1999
Acquired a new warehouse with land area 7,000sqm

3RD DECADE

2004
Established stock points in Sharjah, Antwerp and Houston

2005
Acquired a new warehouse with land area 11,000sqm

2008
Incorporated TEHO International (USA), LLC

2009
TEHO International Inc. Ltd was listed on the SGX Catalist

BOARD OF DIRECTORS

LIM SEE HOE is our Executive Chairman and CEO and is currently responsible for the overall corporate and strategic development, business direction, expansion plan and management of our Group. He joined TEHO in 1994 as a Marketing Manager where he was in charge of our Group's sales and marketing functions. In 2000, he became TEHO's Managing Director and was responsible for TEHO's entire operations. Prior to joining TEHO, he worked as a Senior Parts Executive with Mitsubishi Caterpillar Forklift Asia Pte Ltd, Singapore, a company dealing in forklift business, from 1993 to 1994 where he was responsible for marketing activities and management of customer's relationship in relation to the products sold by the company. Lim See Hoe graduated with a Bachelor of Engineering (Mechanical) degree from the Nanyang Technological University, Singapore in 1993. He also obtained a Master of Business in International Marketing from the Curtin University of Technology, Australia in 2003.

LIM SIEW CHENG is our Executive Director and COO and is currently responsible for our Group's sales administration, operations and strategic planning. She joined TEHO in 1986 as a Director where she was in charge of operations and has extensive experience in managing the operations of supplying rigging and mooring equipment and services. Prior to joining TEHO, she was working as a Sales Executive in Teck Hoe & Company (Private) Limited, where she was in charge of sales and general administration duties from 1978 to 1985. Lim Siew Cheng attained a GCE Advanced Level certification in 1975.

KWAH THIAM HOCK was appointed to be our Lead Independent Director on 5 May 2009 and is the Chairman of the Audit Committee. In addition, he serves as an Independent Director of Excelpoint Technology Ltd, IFS Capital Limited, and Wilmar International Limited, companies listed on the Singapore Exchange Securities Trading Limited. He joined ECICS Holdings Ltd in 1976 as Assistant General Manager and was subsequently promoted to be the President and CEO in 1994. From 2003 to 2006, he was the CEO and Principal Officer of ECICS Limited, where he was responsible for its overall performance. Kwah Thiam Hock graduated from the University of Singapore (now known as National University of Singapore) with a degree in Bachelor of Accountancy in 1973. He is currently a Fellow of both the CPA Australia and the Association of Chartered Certified Accountants (UK).

JOANNE KHOO SU NEE was appointed to be our Independent Director on 10 January 2014 and is the Chairman of the Remuneration Committee. She is currently a Director of Bowmen Capital Private Limited, a company that provides business and management consultancy services. She also serves as an Independent Director of Kitchen Culture Holdings Ltd and Excelpoint Technology Ltd, companies listed on the Singapore Exchange Securities Trading Limited. She has more than 19 years of experience in corporate finance and business advisory services. From February 2008 to October 2012, she was a Director of corporate finance at Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited). Prior to this, she was involved in a wide range of corporate finance activities in the employment of Phillip Securities Pte Ltd and Hong Leong Finance Limited. From 2000 to 2004, she was with Stone Forest Consulting Pte Ltd where she was involved in providing consultancy services to companies seeking public listings in Singapore. From 1997 to 2000, she was with PricewaterhouseCoopers. During that period, she was involved in both the corporate finance and recovery department as well as the audit and business advisory services department. She graduated with a Bachelor of Business in Accountancy from Royal Melbourne Institute of Technology University in 1996. She was admitted as a Certified Public Accountant by the CPA Australia in 1999 and a Chartered Accountant under the Malaysian Institute of Accountants in 2000.

KELVYN OO CHEONG KWAN was appointed as our Independent Director on 1 January 2015 and is currently the Chairman of the Nominating Committee. In addition, he serves as an Independent Director of New Silkroutes Group Limited. He is a lawyer by profession and is currently a Partner in Pinsent Masons MPillay LLP. His area of practice is in corporate finance and advises on mergers and acquisitions (public and private, including reverse take-overs), joint ventures, equity capital markets, corporate restructuring to advising funds on fund formation and corporate entities (listed and private) on various securities, compliance and regulatory matters. He also has experience acting for clients in the hospitality sector, including a well-established Asian based international luxury hotel management group. He handles both cross-border and domestic work for his clients. Kelvyn Oo Cheong Kwan graduated from The University of New South Wales with LL.M (Financial Services). He is qualified as an Advocate and Solicitor of the Supreme Court of Singapore in 1997 and was admitted as a Legal Practitioner in the State of New South Wales in Australia in 2003.

CORPORATE PROFILE

Twin Engines of Growth – Marine & Offshore and Real Estate

Marine & Offshore

Rigging, Mooring, Lifting & Safety Systems

With its rigging roots going back to the post WWII days, the TEHO Group is well-established as a major provider of mooring, rigging, lifting and safety systems in Singapore and the surrounding region. In recent years, we have extended our operations to key maritime centres around the globe. Our technical expertise, robust inventory, high service level, value pricing and global network, combine to make us an ideal "one-stop" shop for international maritime companies seeking reliable partners for their supply chain.

TEHO Ropes & Supplies Pte Ltd

TEHO Ropes has 30 years of experience fulfilling the mooring and rigging needs of the Marine & Offshore and Construction industries in Southeast Asia. We subscribe to the ISO-9001 quality system, and has attained the qualification to issue DNV GL's Certificate of Test and Thorough Examination of Wire Ropes. TEHO Ropes maintains almost 200,000 sq. ft. of rigging, mooring, towing, lifting and safety products in inventory to ensure availability and facilitate quick turnaround time. Offerings such as the design and fabrication of rope and chain products to specification, tensile testing, rope analysis and optimization, wire rope pressure lubrication treatment, environmentally safe grease and anti-corrosion products, further provide our customers with convenience and quality assurance.

TEHO EuROPE B.V. and "LIHA" Shipservice B.V.

Based in Rotterdam, TEHO EuROPE serves customers in the major Northern European ports of Hamburg, Bremen and Antwerp, and has extended our reach to the Southern part of Europe with the recent establishment of a stock point in Algeciras (south of Spain). Our core products are fibre rope and wire rope, with ancillary rigging, testing and certification services. Equipped with

technical expertise and the latest industrial regulations, our rigging, testing and certification of all kinds of lifting equipment are synonymous with reliability and quality with reliability and quality. TEHO EuROPE B.V. and "LIHA" Shipservice B.V. are ISO-9001 certified.

TEHO International (USA), LLC

TEHO USA covers the needs of customers in the Western Hemisphere, with primary focus on the Gulf coast of USA. Key mooring and rigging products are inventoried in Houston. TEHO USA also undertakes marketing, sourcing and logistical support for the Group throughout the region.

TEHO (Shanghai) Co., Ltd

TEHO Shanghai office facilitates the Group's sale and marketing activities in China, and is also the sourcing and logistical arm for supply to vessels calling on Chinese ports. With our inventory located centrally in Shanghai, we can ensure a timely delivery to vessels calling on any ports in mainland China.

CORPORATE PROFILE

Electrical & Mechanical Engineering Systems

TEHO Engineering Pte Ltd

Specialising in electrical and mechanical engineering equipment mainly for the Offshore O&G industry, TEHO Engineering's growing range of products includes heating equipment, HVAC products such as fire dampers and duct systems, galley equipment, water calorifiers, and blast and fire resistant doors and walls. We are the authorised distributor for these products under the renowned brands of Halton, OSO, Chromalox, InterDam, Helkama, Meiko, Turnbull & Scott and RedFox products. Incorporating an established history of industrial experience, we provide prompt delivery of premium quality and excellent service.

Water & Environmental Solutions

TEHO Water & Envirotec Pte Ltd

TEHO Water, a water treatment company specialising in reverse osmosis desalination technology, catering to the Marine & Offshore, Resorts and other industries. We design and engineer compact and highly efficient STS Reverse Osmosis

Watermakers, built with quality components for lasting trouble-free performance. In the span of 10 years, we have delivered our water makers to more than 250 workboats and supply vessels throughout Asia. TEHO Water also manufactures high performing STS Hydrophore and STS Hot Water Calorifier Systems that are durable and easy to use. In addition, we distribute CAT Pumps products, marine sewage treatment plants and other consumable components. For a complete solution to our customers, we provide installation and emergency repair for our water treatment systems. TEHO Water is also the appointed official service centre for CAT Pumps in Southeast Asia.

REAL ESTATE

Property Development, Services & Investment

TEHO Development Pte Ltd

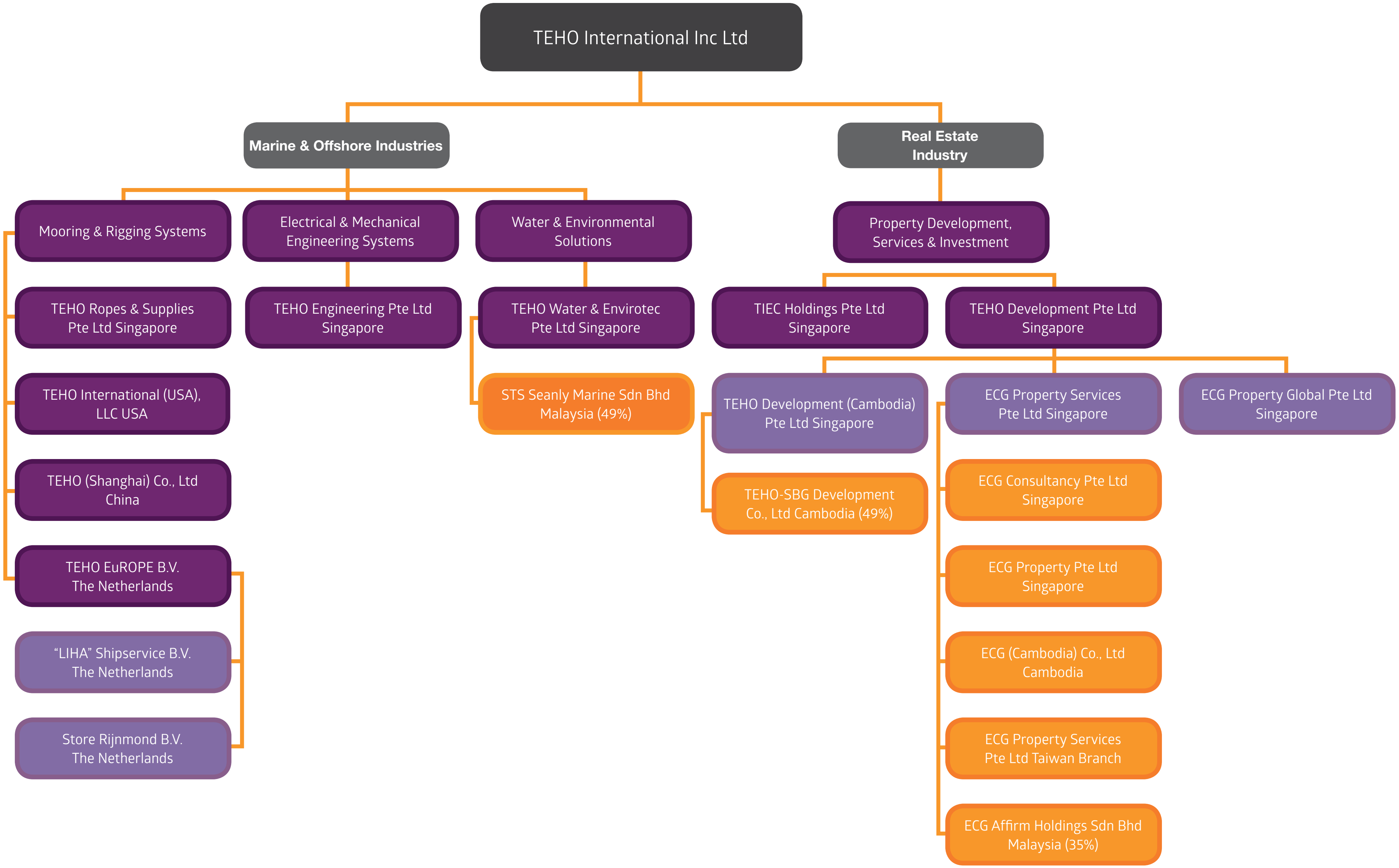
TEHO Development, together with a group of subsidiaries, form the real estate arm of TEHO Group. Our core businesses encompass property development, property services, and investment. Our group of real estate companies are fast rising to become a prominent developer with projects that are not only iconic but practical, a quality real estate service provider with complete solutions extending from buying to selling and to consultancy, and a trusted investment manager with a target of achieving the highest asset returns. Our strong foundation and comprehensive range of services enable us to provide excellence to customers in all aspects of our businesses, both local and overseas.

GROUP MANAGEMENT STRUCTURE

BOARD OF DIRECTORS

- **LIM SEE HOE** Executive Chairman and CEO
  - **LIM SIEW CHENG** Executive Director and COO
  - **LIM SEE HENG** Projects Director
  - **PHUA SIAN CHIN** CFO
  - **LIM SIEW CHOO** General Administration Director
  - **PHILIP TAN CHIUN WEI** Managing Director of TEHO Engineering
  - **SOARE SIEW LIAN** CEO of USA Operations
  - **ALVIN CHEE SIONG** Managing Director of TEHO Water
  - **JAN-KEES NOORDHOEK** Managing Director of TEHO EuROPE
  - **CHENG LYE MENG ERIC** Managing Director of TEHO Development and ECG

GROUP STRUCTURE



CHARTING A GLOBAL FOOTPRINT

From the start, we realise that in order to be sustainable in the long term, we have to cast our vision for growth beyond our shore and we have been steadily charting a global footprint that will lead us to steady growth and stable returns to shareholders.

$4.0M
Net Cash Flow from Operations

$7.8M
Cash & Cash Equivalents

MILESTONE 3RD DECADE

2012
Incorporated TEHO (Shanghai) Co., Ltd

Acquired a heating equipment supplier and renamed TEHO Engineering Pte Ltd

2013
Incorporated TEHO EuROPE B.V.

Acquired a water treatment equipment supplier and renamed TEHO Water & Envirotec Pte Ltd

TEHO Ropes & Supplies Pte Ltd attained bizSAFE 3

2014
Incorporated TEHO Development Pte Ltd and TEHO Development (Cambodia) Pte Ltd

Acquired real estate related companies, TIEC Holdings Pte Ltd and ECG Group of Companies, and rigging companies, LIHA Shipservice B.V. and Store Rijnmond B.V.

2015
Incorporated ECG Property Global Pte Ltd

TEHO EuROPE B.V. and LIHA Shipservice B.V. attained ISO 9001:2008

TEHO Ropes & Supplies Pte Ltd attained DNV GL certification

TEHO Water & Envirotec Pte Ltd attained bizSAFE 3

2016
TEHO Group celebrated 30th anniversary

Established a stock point in Algeciras, Spain

EXECUTIVE OFFICERS

LIM SEE HENG is our Projects Director and is currently responsible for project work, which normally involves open tendering of projects and complex tenders such as restricted, competitive or negotiated tendering. Lim See Heng joined TEHO in 1986 as the Managing Director where he was responsible for sales, operations, tenders and business development. He relinquished his post as a Managing Director in 2000 to concentrate on his current portfolio. Prior to joining TEHO, he was the Managing Director of Teck Hoe & Company (Private) Limited from 1978 to 1985. He attained a GCE Advanced Level certification in 1973.

LIM SIEW CHOO is our General Administration Director and is currently responsible for day-to-day operations, statutory matters, recruitment and staff welfare of our Group. She joined TEHO in 1987 as a Manager responsible for general administration. In 2004, she was tasked to be responsible for our financial and management reporting, treasury operations, internal audit, developing corporate strategy, negotiating with financial institutions for facilities and financial budgeting. Lim Siew Choo graduated with a Bachelor degree in Management from Nagasaki Institute of Applied Science, Japan in 1987.

SOARE SIEW LIAN is our CEO of USA Operations. She joined TEHO in August 2008 and is currently responsible for liaising and servicing our existing customers and securing new customers in the western hemisphere, market research, and outsourcing and purchasing of products for our Group. Prior to joining TEHO, she operated her own business through TEHO (USA), LLC, a company incorporated in USA to facilitate our supply of products in North America from 2005 to July 2008. From 2001 to 2005, she worked as Forecast Manager with Sara Lee Corporation's apparel division (now known as Hanesbrands Inc.), where she was tasked to integrate new businesses into existing forecasting and planning systems, and to provide sales forecast and analysis. From 1991 to 1995, she worked as Special Projects Manager at Catalina Lighting, Inc., a manufacturer and distributor of lighting products in Florida, USA, where she was responsible for new product development. She was subsequently promoted to Inventory Manager in 1995, to oversee inventory replenishment and purchasing. Soare Siew Lian graduated with a degree in Bachelor of Business Administration from the National University of Singapore in 1981 and obtained a Master of International Management degree from the American Graduate School of International Management (now known as Thunderbird School of Global Management), USA in 1984.

PHUA SIAN CHIN is our CFO. He joined our Group in August 2008 and is responsible for the management of our Group's corporate finance, compliance and financial reporting matters. He is also an Independent Director of Oxley Holdings Ltd. Prior to joining our Group, he was, for over 8 years, the CFO of a holding company listed on the Hong Kong Stock Exchange. For over 10 years, he had worked as regional financial controller for multi-national corporations in the Asia-Pacific region. He was also the group financial head for property development groups in Singapore and Indonesia for over 6 years. Phua Sian Chin graduated with a Bachelor of Accountancy degree from the University of Singapore (now known as National University of Singapore) in 1975. He is currently a Fellow of the Institute of Singapore Chartered Accountants, a Fellow of the CPA Australia, a Fellow of the Association of Chartered Certified Accountants (UK) and a registered member of the Singapore Institute of Directors.

MANAGEMENT TEAM

TEHO Ropes

Anthony Tan is our General Manager for TEHO Ropes. He graduated from the Upper Iowa University in 2004 with a degree in Bachelor of Arts (Hons). Anthony has over 18 years of experience in the marine and shipping industry. Prior to this appointment, Anthony was the Group Business Development Manager. His vast pool of industrial knowledge and technical know-how acquired through the years enables him to accede to the tasks of managing and leading the departments of Sales, Operations and Quality & Factory in the group.

Blonde Guy is our Corporate Strategy Senior Manager. Prior to joining the Group in April 2012, he was the Sales and Marketing Manager for a leading fibre ropes manufacturer in Europe where he set up a worldwide network of distributors. Equipped with almost two decades of extensive commercial and technical knowledge and experience, Guy leads the development and execution of medium and long term growth strategies of TEHO Group's rigging companies.

Chua Lay Mui is our Operations Manager. She joined the Group in 1986 and plays a significant role in managing the operations team which provides a critical supporting role to the business development team. A pioneer in the company, her accumulated experience and meticulousness to customers' requirements ensure accurate and smooth delivery to customers.

Jamie Choo, our Business Development Manager of the marine industry, joined the Group in 2002. She monitors the market intelligence within the industry and leads the business development team in aligning to organizational goals and objectives. Jamie completed her Bachelor in Business Studies (Hons) from Loughborough University (UK) in 2010.

Jason Tan is our Quality and Technical Manager. After graduating with a Bachelor in Engineering (Mechanical) (Hons) from the Nanyang Technological University in 2004, he joined the Group in June of the same year. He is responsible for driving quality assurance programmes to deliver efficient and quality products. Besides leading a team of technical and product specialists to provide design solutions across a broad spectrum of applications, he is also crucial in initiating internal quality process improvements.

TEHO Shanghai

Anthony Tok is our Manager of TEHO (Shanghai) Co., Ltd, responsible for expanding the business in the China market. Anthony joined the Group in September 2009. He graduated from the National University of Singapore, majoring in Mechanical Engineering in 2005 and has been based in China for six years.

TEHO Engineering

Philip Tan Chiun Wei is our Managing Director of TEHO Engineering Pte Ltd. He graduated from the University of Aberdeen (UK) in 1994 with an Honors degree in Bachelor of Engineering. Philip started off as an Electrical Engineer and accumulated more than 21 years of experience in the marine and offshore industry. He took on roles with increasing responsibilities in sales and marketing before been appointed General Manager and Company Director for electrical and mechanical engineering products. He join the Group in 2012.

TEHO EuROPE

Jan-Kees Noordhoek is our Managing Director of TEHO EuROPE B.V. He graduated from Fontys Hoge School Tilburg (University of Applied Science) in 1994 with a bachelor's degree in Economics. He rose from Product Manager to Commercial Director at Lankhorst Ropes, and most lately, served as a managing director of Oliveira. Actively involved in Eurocord and OCIMF, Jan-Kees has harnessed a wealth of knowledge in all aspects of synthetic rope production, marketing and applications, especially of the newer high performance rope.

TEHO Water

Alvin Chee Siong is our Managing Director of TEHO Water & Envirotec Pte Ltd. He graduated from the Technological University of Malaysia in 2002 with a degree in Bachelor of Engineering (Hons) major in Chemical Engineering. Alvin and his partner founded the STS Reverse Osmosis brand in 2003 and has been developing their own reverse osmosis water maker for the past decade. Today, STS Reverse Osmosis is one of the most prominent brands in Southeast Asia, renowned for its quality and after-sales service. With his inception into the Group, TEHO's water related product line will be further enhanced.

TEHO Development & ECG

Cheng Lye Meng Eric (Zheng Laiming) ("Dato' Eric Cheng") is our Managing Director of TEHO Development, as well as Group CEO of ECG Group of Companies, a dynamic group of companies with myriad businesses classified into three core business groups — Property Development, Property Services and Investment. Owing to his deep knowledge of the real estate industry and keen business acumen, Dato' Eric Cheng is frequently sought for his valuable insights by various media such as Channel NewsAsia, BBC, The Straits Times, LianHe ZaoBao and The China Post. In recognition of his business success and dedication to helping others, Dato' Eric Cheng received numerous accolades, most notably the Young Entrepreneur Award in 2008, the Entrepreneur of the Year Award 2010, the Singapore Prestige Brand Award 2010, the Young Outstanding Singaporeans Award in 2010 and the APEA Young Entrepreneur of the Year Award in 2011.

Phua Cheng Boon, our Operations Director, oversees the whole operations of the real estate business. He joined the Group in December 2010 as Financial Controller and was responsible for the operational finance and accounting functions of the Group. Cheng Boon began his career in public accounting firms with over 10 years of experience where he was also involved in clients' IPO and RTO exercises on the Singapore and Malaysia stock exchanges. He is a member of the Institute of Singapore Chartered Accountants.

OPERATIONS & BUSINESS REVIEW

Financial Performance Review

Revenue

The Group's revenue for the financial year ended 30 June 2016 ("FY2016") of $57.4 million was a decrease of $4.3 million or 6.9%, from $61.7 million for the financial year ended 30 June 2015 ("FY2015"). Revenue contribution from the Marine & Offshore segment declined by $3.3 million to $52.3 million in FY2016 compared to $55.6 million in FY2015. The decline was mainly due to the negative impact of crude oil prices on customers in the offshore oil & gas industry.

Revenue contribution from the Property Development segment declined by $0.9 million or 15.0%, from $6.0 million in FY2015 to $5.1 million in FY2016.

- TIEC Holdings Pte. Ltd. ("TIEC") contributed revenue of $0.9 million arising from the sale of a completed unit of the Urban Heritage development project.
- ECG Property Services Pte. Ltd. ("ECG") and its subsidiaries contributed the remaining revenue of $4.2 million.

The decline was mainly due to reduced revenue contribution from TIEC in FY2016 as compared to FY2015. This is expected because the Singapore private residential property market remained subdued during FY2016.

Revenue from Singapore remained the highest geographical segment, 65.8% of the Group's revenue in FY2016, compared to 69.0% in FY2015. The decrease in revenue from Singapore was mainly due to a decline in revenue from the offshore oil & gas industry resulting from the drop in crude oil prices.

Gross profit

The overall gross profit in FY2016 decreased slightly by $0.8 million or 4.3% to $17.9 million in FY2016 from $18.7 million in FY2015. The Group's gross profit margin improved by 0.9 percentage points to 31.2% in FY2016 compared to 30.3% in FY2015.

- The Marine & Offshore segment contributed gross profit of $17.0 million to the Group in FY2016 as compared to $17.5 million in FY2015. The gross profit margin in FY2016 was 32.4%, slightly higher than the gross profit margin of 31.4% in FY2015. The increase in gross profit margin was attributable to the segment's reverse osmosis machine business which has a strategy of preserving its margins by providing higher quality products to customers and avoiding competition with lower cost producers.
- The Property Development segment contributed gross profit of $0.9 million to the Group in FY2016 as compared to $1.2 million in FY2015, representing a gross profit margin of 18.5% and 19.7% respectively. The decrease in gross profit margin was due to TIEC's. However, this was partially offset by an improvement in gross profit margin due to the valuation consultancy business which increased its contribution to the segment's gross profit in FY2016.

OPERATIONS & BUSINESS REVIEW

Other income

Other income increased by $2.2 million from $0.8 million in FY2015 to $3.0 million in FY2016. The increase is mainly due to the following (the amounts below do not add up due to rounding):

- The Group recorded a gain on disposal of property, plant and equipment of $1.5 million, mainly arising from the disposal of one of the Marine & Offshore segment's property at 47 Tuas Avenue 9.
- Fair value gain on derivatives increased by $0.3 million.
- Grants received increased by $0.1 million.
- Foreign exchange gains increased by $0.2 million.

Other items of expense

Distribution expenses increased by $0.4 million or 13.6% in FY2016 to $3.3 million from $2.9 million in FY2015. The increase is mainly due to the following:

- The Marine & Offshore segment incurred an increase of $0.2 million in distribution costs mainly as a result of an increase in commission expenses, handling charges and delivery expenses.
- The Property Development segment's distribution costs increased by $0.2 million in FY2016 mainly due to an increase in air fares and accommodation costs, exhibition expenses and commission expenses.

Administrative expenses increased by $1.9 million or 16.2% from $12.2 million in FY2015 to $14.1 million in FY2016. The increase is mainly due to:

- The Marine & Offshore segment's administrative expenses increased by $1.4 million. Director and staff remuneration increased by $1.1 million as a result of an increase in headcount and an increase in average salaries pay-out. The segment also incurred professional fees and agent commission relating to the disposal of its leasehold property at 47 Tuas Avenue 9 amounting to $0.3 million.
- The Property Development segment's administrative expenses increased by $1.4 million mainly because ECG contributed seven months of expenses to the results in FY2015, whereas in FY2016, ECG contributed twelve months of expenses. The Property Development segment's administrative expenses of $4.0 million in FY2016 consists mainly of director and staff remuneration of $3.5 million, and legal and professional fees of $0.2 million.

The increase was partially offset by:

- Legal and professional fees incurred by the Group's head office reduced by $0.9 million. In FY2015, the Group had incurred legal and professional fees relating to the acquisition and exploration of business opportunities in the region, including the acquisition of ECG on 28 November 2014, and of "Liha" Shipservice B.V. and Store Rijnmond B.V. on 31 December 2014. The Group did not incur legal and professional fees relating to acquisitions in FY2016.

Other operating expenses increased by $14.8 million from $11.0 million in FY2015 to $25.8 million in FY2016. The increase of $13.8 million in other operating expenses is attributable to the Property Development segment, arising from the newly acquired subsidiaries of ECG in HY2015 which now contributes

to the full twelve months of expenses. The increase was mainly due to the following:

- Impairment loss in respect of goodwill attributable to ECG, goodwill attributable to property development projects in Singapore, and property, plant and equipment amounted to $16.4 million, representing an increase of $13.6 million compared to the impairment loss on goodwill and fair value of development properties of $2.8 million incurred by the Property Development segment in FY2015. In the best interests of the Group's "The

OPERATIONS & BUSINESS REVIEW

Bay" project, and having considered the market conditions in Phnom Penh and other factors, the Group and its joint venture partner have decided to put on hold the residential development phase of the project. The Group is currently working together with its joint venture partner in assessing the market changes and repositioning the development project. This has resulted in the impairment loss in respect of goodwill attributable to ECG.

The remaining $1.0 million increase in other operating expenses is attributable to the Marine & Offshore segment:

- Impairment loss in respect of goodwill and investment in associate attributable to the Marine & Offshore segment's subsidiaries in Singapore amounted to $2.3 million. Due to the negative impact of crude oil prices on the outlook of the offshore oil & gas industry, the projected cash flows to be derived from the subsidiaries in the Marine & Offshore segment was affected unfavourably, thus, resulting in the impairment loss.

The increase was partially offset by:

- Foreign exchange losses decreased by $1.2 million.

Other operating expenses also include the following:

- Bad debts written off amounting to $0.2 million relate to the Property Development segment.
- Land rental amounting to $0.5 million in FY2016 represents an increase of $0.2 million from $0.3 million in FY2015. The increase is mainly attributable to expenses incurred to rent a parcel of land in Cambodia to be used to build a show flat for "The Bay" project.
- Operating lease expenses amounting to $1.2 million in FY2016 represents an increase of $0.2 million from $1.0 million in FY2015. The increase is mainly attributable to rental of additional storage and logistics facilities for the Marine & Offshore segment.

Finance costs increased by $0.5 million from $0.8 million in FY2015 to $1.3 million in FY2016, even though loans and borrowings decreased by $18.8 million from $62.5 million in FY2015 to $43.7 million in FY2016. The Group redeemed loans with outstanding amounts totalling $10.5 million as at 30 June 2015, at the end of March 2016 following the Group's disposal of its leasehold property at 47 Tuas Avenue 9. Thus, the effect of reduction in finance costs arising from the redemption of these loans was for a period of only 3 months in FY2016. As a result of the redemption of these loans, the Group also incurred a loan prepayment fee of $0.1 million that was recognised as finance cost. In addition, short-term interest rates have increased during the financial year.

Income tax expense

In FY2016, the Group recorded an income tax expense of $0.2 million, similar to that incurred in FY2015.

Loss for the year

The Group recorded a loss for the year of $23.8 million for FY2016 as compared to a loss of $7.7 million in FY2015.

OPERATIONS & BUSINESS REVIEW

i. The Marine & Offshore segment showed a profit before tax of $18,320. Due to the prolonged weakness in oil prices and its impact on the industry, impairment charges incurred amounted to $2.3 million. Excluding the effects of these impairment charges of $2.3 million and adding back the amount of revaluation reserve transferred to retained earnings upon disposal of the property at 47 Tuas Avenue 9 amounting to $9.7 million, the Marine & Offshore segment would have an underlying profit of $12.0 million; and

ii. The Property Development segment incurred loss before tax of $22.8 million. Faced with unfavourable macro-economic outlook in the condominium sector in Phnom Penh and the lackluster property market landscape in Singapore, the Group incurred impairment charges amounting to $16.4 million. Excluding the effects of these impairment charges of $16.4 million, the Property Development Segment would have an underlying loss of $6.4 million.

Combining the underlying profit before tax of $12.0 million for the Marine & Offshore segment, underlying loss before tax of $6.4 million for the Property Development segment, and the unallocated head office expenses of $0.9 million, the underlying profit before tax of the Group is $4.7 million.

Balance Sheet Review

Non-current assets

Non-current assets decreased by $32.1 million or 54.7% to $26.6 million as at 30 June 2016 from $58.7 million as at 30 June 2015. The decrease is mainly due to the following:

- Intangible assets decreased by $17.5 million due to amortisation and impairment charges.
- Property, plant and equipment decreased by $14.5 million, mainly due to the disposal of the Group's leasehold property at 47 Tuas Avenue 9, which had a carrying amount of $13.2 million as at 30 June 2015.
- Investment in associates decreased by $0.1 million as a result of impairment to the investment in associates.

Current assets

Current assets decreased by $10.5 million or 10.3% to $91.3 million as at 30 June 2016 from $101.8 million as at 30 June 2015. The decrease is due to the following (the amounts below do not add up due to rounding):

- Inventories decreased by $1.4 million. The Group reduced its inventory levels mainly due to the disposal of one of its leasehold properties used to store inventories.
- Development properties reduced by $1.9 million due to the impairment loss on its development properties relating to "The Bay" project in Cambodia and the sale of one of its units of the Urban Heritage development project in Singapore.
- Trade and other receivables declined by $1.3 million. Turnover days for trade and other receivables remained stable at 104 days in FY2016 and FY2015.
- Cash and cash equivalents, including the effect of exchange rate fluctuations on cash held, decreased by $5.9 million. Please refer to the "Cash Flows Review" section below for details.

Non-current liabilities

Non-current liabilities decreased by $10.2 million or 30.0% to $23.8 million as at 30 June 2016 from $34.0 million as at 30 June 2015. The decrease is due to the following:

- Non-current portion of loans and borrowings decreased by $7.3 million. The non-current portion of the loans and borrowings redeemed following the disposal of the Group's leasehold property at 47 Tuas Avenue 9 amounted to $8.7 million. The repayment of other borrowings reduced the non-current portion of loans and borrowings by a further $1.1 million. These decreases were offset by a $1.8 million drawdown of a construction loan for the Group's development property in Singapore and the reclassification of current portion of loans and borrowings as non-current amounting to $0.7 million.
- Deferred tax liabilities decreased by $2.9 million mainly due to the effects of the disposal of the Group's leasehold property at 47 Tuas Avenue 9, and amortisation and impairment of intangible assets.

OPERATIONS & BUSINESS REVIEW

Current liabilities

Current liabilities decreased by $10.7 million or 24.4% to $32.0 million as at 30 June 2016 from $42.7 million as at 30 June 2015. The decrease is due to the following:

- Current portion of loans and borrowings decreased by $11.6 million. The current portion of the loans and borrowings redeemed following the disposal of the Group's leasehold property at 47 Tuas Avenue 9 amounted to $1.7 million. The repayment of other loans and borrowings reduced the current portion of loans and borrowings by a further $15.2 million. In addition, current portion of loans and borrowings of $0.7 million was reclassified as non-current. These decreases were offset by a drawdown of short-term loans amounting to $6.0 million.

The decrease is offset by the following:

- Current tax liabilities increased by $0.4 million. The current tax liabilities mainly relate to companies in the Marine & Offshore segment. Even though the segment showed a loss before tax, the companies in the segment remained profitable. The segment's loss was due to the impairment charges to goodwill that negatively affected the segment's results at the Group reporting level, and not at the individual company level.
- Trade and other payables increased marginally by $0.4 million.

Shareholders' equity

Shareholders' equity decreased by $21.7 million or 25.9% to $62.1 million as at 30 June 2016 from $83.8 million as at 30 June 2015. The decrease is due to the following (the amounts below do not add up due to rounding):

- Total comprehensive loss for FY2016 amounting to $23.8 million.
- Foreign currency translation gain of $0.1 million.
- Deferred tax income credited directly to equity amounting to $2.1 million.
- Acquisition of non-controlling interests without a change in control arising from the acquisition of the remaining shareholdings in ECG (Cambodia) Co., Ltd by the Group, resulting in a decrease of $0.1 million.

Cash Flows Review

Cash flows from operating activities

Operating cash outflows before changes in working capital was $2.7 million in FY2016. Net cash inflow from working capital was $7.2 million due to the following (the amounts below do not add up due to rounding):

- Cash inflows arising from a decrease in inventories of $1.4 million
- Cash inflows arising from a decrease in development properties of $2.1 million
- Cash inflows arising from a decrease in trade and other receivables of $0.8 million
- Cash inflows arising from an increase in trade and other payables of $2.8 million

After deducting income taxes paid of $0.5 million, net cash generated from operating activities in FY2016 was $4.0 million.

Cash flows from investing activities

Net cash from investing activities in FY2016 was $10.5 million, comprising the following:

- Cash used for the purchase of property, plant and equipment amounting to $2.0 million.
- Proceeds from disposal of plant and equipment amounting to $14.6 million.
- Payment of contingent consideration amounting to $0.1 million.
- Payment of deferred consideration amounting to $2.0 million in relation to the acquisition of ECG.

Cash flows from financing activities

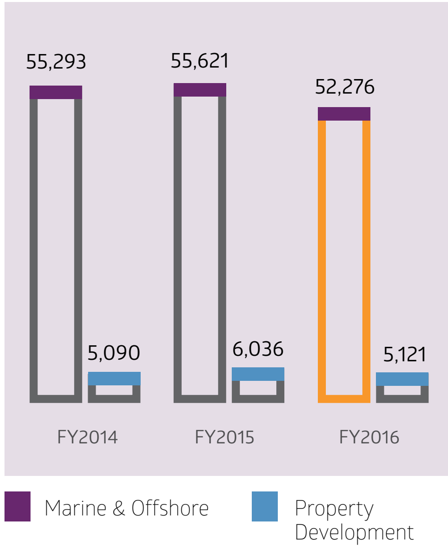
Net cash used in financing activities in FY2016 was $20.5 million, comprising the following:

- Cash used in the acquisition of remaining 45% shareholding in ECG (Cambodia) Co., Ltd. amounting to $0.1 million.
- Interest paid of $1.6 million.
- Repayment of bank borrowings and finance lease liabilities totalling $39.7 million.
- Proceeds from bank borrowings amounting to $20.9 million.

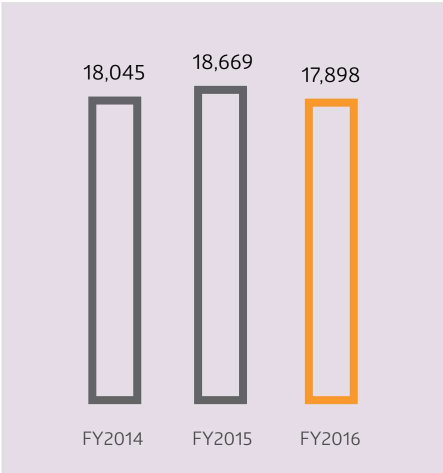
As a result of the above, cash and cash equivalents decreased by $6.0 million during FY2016. Cash and cash equivalents as at 30 June 2016 was $7.8 million.

FINANCIAL HIGHLIGHTS

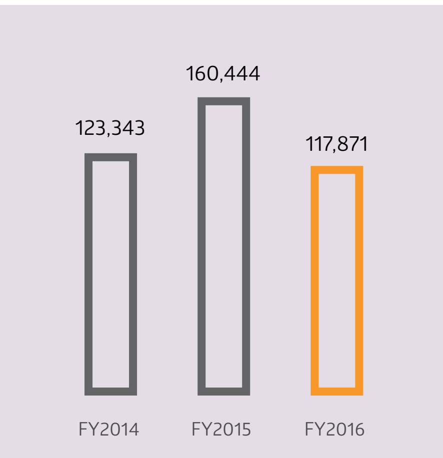
Revenue ($'000)



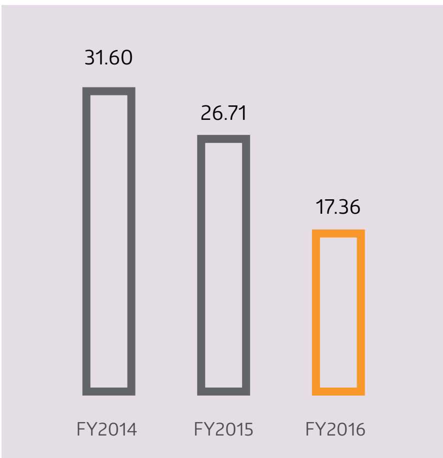
Gross Profit ($'000)



Total Assets ($'000)



NAV Per Ordinary Share (Cents)



	FY2014	FY2015	FY2016
Revenue			
By Operating Segments			
Marine & Offshore (S$ '000)	55,293	55,621	52,276
Property Development (S$ '000)	5,090	6,036	5,121
Total	60,383	61,657	57,397
By Geographical Areas			
Singapore (S$ '000)	46,541	42,530	37,777
Rest of Asia (S$ '000)	5,057	8,784	6,192
Rest of the World (S$ '000)	8,785	10,343	13,428
Total	60,383	61,657	57,397
Operating Results			
Gross Profit (S$ '000)	18,045	18,669	17,898
EBITDA (S$ '000)	5,347	(4,507)	(20,102)
Profit/(Loss) Before Tax (S$ '000)	3,388	(7,456)	(23,662)
Profit/(Loss) After Tax (S$ '000)	3,392	(7,689)	(23,830)
Gross Profit Margin (%)	29.9	30.3	31.2
Return on Sales (%)	5.6	-12.5	-41.5
Return on Assets (%)	2.8	-4.8	-20.2
Return on Equity (%)	5.6	-9.2	-38.4
Earnings Per Ordinary Share (Cents)	2.26	-3.54	-10.21
Gross Dividends Per Share (Cents)	0.80	0.00	0.00
Financial Position			
Total Assets (S$ '000)	123,343	160,444	117,871
Total Liabilities (S$ '000)	63,236	76,659	55,792
Shareholders' Equity (S$ '000)	60,107	62,313	40,513
NAV Per Ordinary Share (Cents)	31.50	26.71	17.36

MAJOR PROPERTIES

As at 30 June 2016

Location	Description	Tenure
1 Tuas Lane, Singapore 638610	Leasehold warehouse	30 years commencing 1 September 1992, with an option to renew for a further 30 years
1 Bukit Batok Crescent #03-20, Singapore 658064	Leasehold ramp-up factory unit for production work	60 years commencing 13 March 1997
33 Ubi Avenue 3, #01-14 Vertex, Singapore 408868	Leasehold office	60 years commencing 1 January 2007
33 Ubi Avenue 3, #01-15 Vertex, Singapore 408868	Leasehold office	60 years commencing 1 January 2007

MAJOR PROPERTIES FOR DEVELOPMENT AND/OR SALE

As at 30 June 2016

		Approximate Area				
Project Name/Location/ Description	Tenure	Approx. Land Area (sqm)	Approx. Gross Floor Area (sqm)	Percentage of Completion at 30 June 2016 (%)	Interest held by the Group (%)	Expected Completion Date
238/A/B, 240/A/B, 242/A/B Balestier Road, Singapore 329701/2, 329704 Addition and alteration to existing 3 units of 3-storey conserved building and a new 6-storey rear extension comprising 3 shops at 1st storey, 3 offices at 2nd and 15 apartments from 3rd to 6th storey with roof terrace, swimming pool and car parks	Freehold	4,574	11,616	100% (2015: 100%)	100%	Completed
52 Elite Drive, Singapore 559896 8 units of 3-storey strata terrace dwelling houses with basement, attic, roof terrace and swimming pool each	Freehold	13,390	19,697	69% (2015: 16%)	100%	2016
Kulalom Street, Chroy Changva District, Phnom Penh, Kingdom of Cambodia Mixed-use development comprising: 1) 5-star hotel; 2) 53-storey condominium tower with 688 residential units; 3) 53-storey condominium tower with 1,200 residential units; and 4) 48-storey block with 20 villas	Freehold	18,771	318,644	Has not commenced construction	49%	2020

CORPORATE INFORMATION

Board of Directors

Mr Lim See Hoe
Chairman & Chief Executive Officer

Ms Lim Siew Cheng
Executive Director & Chief Operating Officer

Mr Kwah Thiam Hock
Lead Independent Director

Ms Joanne Khoo Su Nee
Independent Director

Mr Oo Cheong Kwan Kelvyn
Independent Director

Audit Committee

Mr Kwah Thiam Hock
Chairman

Ms Joanne Khoo Su Nee
Mr Oo Cheong Kwan Kelvyn

Remuneration Committee

Ms Joanne Khoo Su Nee
Chairman

Mr Kwah Thiam Hock
Mr Oo Cheong Kwan Kelvyn

Nominating Committee

Mr Oo Cheong Kwan Kelvyn
Chairman

Mr Kwah Thiam Hock
Ms Joanne Khoo Su Nee

Company Secretaries

Mr Phua Sian Chin, FCA (Singapore)
Ms Wee Woon Hong, LLB (Hons)

Share Registrar and Share Transfer Office

RHT Corporate Advisory Pte. Ltd.
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619

Sponsor

SAC Capital Private Limited
1 Robinson Road
#21-02 AIA Tower
Singapore 048542

Auditors

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Mr Lau Kam Yuen
Effective from the financial year ended
30 June 2015

Registered Office and Principal Place of Business

1 Commonwealth Lane
#09-23 One Commonwealth
Singapore 149544
Tel: (65) 6744 8777
Fax: (65) 6744 8788
Email: ir@teho.com.sg
Website: www.teho.com.sg

FINANCIAL CONTENTS

22
Report of Corporate Governance

36
Directors' Statement

39
Independent Auditors' Report

40
Statements of financial position

41
Consolidated Statement of Profit or Loss

41
Consolidated Statement of Comprehensive Income

42
Consolidated Statement of Changes in Equity

44
Consolidated Statement of Cash Flows

45
Notes to the Financial Statements

105
Shareholdings Statistics

107
Notice of Annual General Meeting

Proxy Form

REPORT OF CORPORATE GOVERNANCE

The Board of Directors (the "Board") of TEHO International Inc Ltd. (the "Company") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") to ensure greater transparency and to protect the interests of the Company's shareholders.

The Company has put in place various policies and practices that will safeguard the interests of shareholders and enhance shareholders' value as part of its effort to maintain high standards of corporate governance. This report outlines the main corporate governance practices and procedures adopted by the Company with specific reference to the Code of Corporate Governance 2012 (the "Code").

STATEMENT OF COMPLIANCE

The Board confirms that for the financial year ended 30 June 2016 ("FY2016"), the Company has generally adhered to the principles and guidelines set out in the Code save as otherwise explained below.

BOARD MATTERS

The Board's Conduct of Affairs

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

The Board currently comprises two executive directors and three independent directors, who have the right core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively. The independent directors make up more than half of the Board and there is a strong independent element on the Board.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. Matters which specifically require the Board's decision or approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nominations of directors for appointment to the Board and appointment of key personnel;
- announcement of half-year and full-year results, annual report and financial statements;
- material acquisitions and disposal of assets;
- all matters of strategic importance; and
- corporate governance.

To assist the Board in the execution of the Board's responsibilities, certain functions of the Board have been delegated to the following committees:

- Audit Committee (the "AC");
- Nominating Committee (the "NC"); and
- Remuneration Committee (the "RC").

Each of these committees is being chaired by an independent director and operates within clearly defined terms of reference and functional procedures which are reviewed on a regular basis. These committees will provide further safeguards to prevent an uneven concentration of power, authority and decision-making in a single individual.

To get a better understanding of the Group's business, the Company adopts a policy whereby directors are encouraged to request for further explanations, briefings or informal discussion on the Group's operations or business with the executive directors and the management.

Ad hoc meetings involving the Board and management are held regularly to review important matters such as major acquisition and divestment and related funding requirements. In between Board meetings, other important matters are also being circulated and put for the Board's approval by way of circulating resolutions in writing. The Company's Constitution provides for meetings of directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or other means.

REPORT OF CORPORATE GOVERNANCE

Frequency of formal Board and Board committee meetings held and attended by each member for FY2016 are disclosed below:

Types of Meetings	Board	Audit Committee	Nominating Committee	Remuneration Committee
Name of directors				
Total held for FY2016	**3**	**2**	**1**	**2**
Mr Lim See Hoe	3#	2*	1*	2*
Ms Lim Siew Cheng	3	2*	1*	2*
Mr Kwah Thiam Hock	3	2#	1	2
Ms Joanne Khoo Su Nee	3	2	1	2#
Mr Oo Cheong Kwan Kelvyn	3	2	1#	2

Notes:

Chairman
* By invitation

All directors are expected, in the course of carrying out their duties, to act in good faith to provide insights and objectively take decisions in the interest of the Company.

Newly appointed directors will be given briefings by management on the business activities and strategic direction of the Group. There are also induction or orientation programs to familiarise them with the Company's operations and role and responsibilities of a director of a listed company in Singapore. No new director was appointed in FY2016.

As part of training for the Board, directors are briefed either during Board and Board committee meetings or at specially convened sessions on changes to regulations and accounting standards, as well as industry related matters. All directors are encouraged to keep themselves updated on changes to the financial, legal and regulatory requirements or framework and the business environment through reading relevant literature and attending appropriate seminars and courses conducted by bodies such as Singapore Exchange Securities Trading Limited ("SGX-ST") and Singapore Institute of Directors. In FY2016, the Company arranged for the directors to attend a briefing, as refresher training, regarding the roles and responsibilities of a director of a company listed on the SGX-ST, conducted by Opal Lawyers LLC. During the AC meetings, KPMG LLP (the "External Auditors"), the external auditors of the Company, briefed the directors on the changes in accounting standards, as well as key audit matters.

Board Composition and Guidance

Principle 2: *There should be a strong and independent element on the board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.*

The Board currently comprises the following directors:

Executive Directors

Mr Lim See Hoe	Executive Chairman and Chief Executive Officer ("CEO")
Ms Lim Siew Cheng	Executive Director and Chief Operating Officer ("COO")

Non-Executive Directors

Mr Kwah Thiam Hock	Lead Independent Director and Chairman of AC
Ms Joanne Khoo Su Nee	Independent Director and Chairman of RC
Mr Oo Cheong Kwan Kelvyn	Independent Director and Chairman of NC

The non-executive directors constructively participate in developing and setting proposals on business strategies for the Company and review the performance of the management.

The independence of each independent director is reviewed annually by the NC. The NC adopts the definition in the Code as to what constitutes an independent director in its review to ensure that the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives. In this regard, the NC is of the view that Mr Kwah Thiam Hock, Ms Joanne Khoo Su Nee and Mr Oo Cheong Kwan Kelvyn are independent.

REPORT OF CORPORATE GOVERNANCE

After taking into account the views of the NC, the Board is satisfied that each independent director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could affect, the director's judgement.

In view that more than half of the Board is made up of independent directors, the NC is satisfied that the Board has a strong independent element to ensure that objective judgment is exercised on corporate affairs.

The Board through the NC has examined its size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process. The Board comprises two female directors in recognition of the value of gender diversity.

There is adequate relevant competence on the part of the directors, who, as a group, carry specialist backgrounds in accounting, finance, law, business and management and strategic planning.

There was no independent director who has served on the Board beyond nine years from the date of his or her appointment.

Chairman and Chief Executive Officer

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

Mr Lim See Hoe, is the Chairman and CEO. He leads the Board and is responsible for the overall corporate and strategic development, business direction, expansion plan and management of the Group. Mr Lim See Hoe is assisted by Ms Lim Siew Cheng, who is the executive director and COO in the management of the day to day operation of the Group. Ms Lim is responsible for the Group's sales administration, operations and strategic planning.

Mr Lim See Hoe in assuming the responsibility of the Chairman of the Board is responsible for scheduling Board meetings as and when required, setting the agenda for the Board meetings and ensuring the quality, quantity and timeliness of the flow of information between the management, the Board and the shareholders so as to enhance working relations among the management, executive and non-executive directors, and to encourage constructive communication with shareholders respectively. He is also responsible for ensuring compliance with the Company's guidelines on corporate governance.

As Mr Lim See Hoe is the Chairman and CEO, the Board has appointed Mr Kwah Thiam Hock as the lead independent director to co-ordinate and lead the independent directors to provide non-executive perspective, to avail himself to address any shareholders' concerns and to act as a counter-balance in the decision-making process and contribute a balanced viewpoint to the Board. Furthermore, the Board is of the view that as more than half of the Board is made up of independent directors with the establishment of the three Board committees which are chaired by and comprise independent directors, there are adequate safeguards in place to prevent an uneven concentration of power, authority and decision-making in a single individual.

Board Membership

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

The NC comprises entirely independent directors, namely Mr Oo Cheong Kwan Kelvyn, Mr Kwah Thiam Hock and Ms Joanne Khoo Su Nee. The Chairman of the NC is Mr Oo Cheong Kwan Kelvyn. The NC is guided by written terms of reference that describe the responsibilities of its members.

The principal functions of the NC are as follows:

(a) to review and recommend the nomination or re-nomination of the directors having regard to the director's contribution and performance;

(b) to determine on an annual basis whether or not a director is independent; and

REPORT OF CORPORATE GOVERNANCE

(c) to assess the performance of the Board and contribution of each director to the effectiveness of the Board; and

(d) to review the training and professional development programs for the Board.

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new director through the business network of the Board. The NC will assess suitable candidates for appointment to the Board based on the requisite qualification, expertise and experience, and recommend the most suitable candidate to the Board for appointment as director.

Under the Constitution of the Company, all directors are required to submit themselves for re-nomination and re-election every three years. Directors who retire are eligible to offer themselves for re-election.

The NC assesses and recommends to the Board whether retiring directors are suitable for re-election. The NC, in considering the re-election of a director, evaluates such director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from recommending his own re-election. The NC has recommended the re-election of two retiring directors, namely Mr Lim See Hoe and Ms Joanne Khoo Su Nee at the forthcoming annual general meeting (the "AGM"). The Board has accepted the NC's recommendations and Mr Lim See Hoe and Ms Joanne Khoo Su Nee will be offering themselves for re-election at the forthcoming AGM.

Mr Lim See Hoe is the controlling shareholder of the Company. Mr Lim See Hoe and Ms Lim Siew Cheng are siblings. Save for the foregoing, there are no material relationship between the retiring directors and the other directors of the Company, the Company and its 10% shareholders.

The NC considers that the multiple board representations held presently by some directors do not impede their respective performance in carrying out their duties towards the Company. The NC has also taken into consideration the other principal commitments of the directors in deciding if the directors are able to and have adequately carrying out their duties. As such, the Board does not propose to set the maximum number of listed company board representations which directors may hold until such need arises.

Key information regarding the directors is set out below:

Name of director	Date of first appointment	Date of last re-election	Directorships in other listed companies	
			Present	Past (Last three years)
Mr Lim See Hoe	10 June 2008	31 October 2014	Nil	Nil
Ms Lim Siew Cheng	15 October 2008	26 October 2015	Nil	Nil
Mr Kwah Thiam Hock	5 May 2009	26 October 2015	Excelpoint Technology Ltd IFS Capital Limited Wilmar International Limited	Select Group Limited
Ms Joanne Khoo Su Nee	10 January 2014	31 October 2014	Kitchen Culture Holdings Ltd. Excelpoint Technology Ltd	Nil
Mr Oo Cheong Kwan Kelvyn	1 January 2015	26 October 2015	New Silkroutes Group Limited	Nil

The academic and professional qualifications, as well as principal commitments and the information on shareholdings in the Company held by each director are set out in the "Board of Directors" and "Directors' Statement" sections of this annual report respectively.

REPORT OF CORPORATE GOVERNANCE

Board Performance

Principle 5: *There should be a formal annual assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.*

The NC decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which address how the directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board committees and for assessing the contribution by each individual director to the effectiveness of the Board. Assessment checklists which include evaluation factors such as Board composition and structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, training and recruitment, compensation, financial reporting and communicating with shareholders, are disseminated to each director for completion and the assessment results are discussed at the NC meeting. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as director. No external facilitator had been engaged by the Board for this purpose.

Access to Information

Principle 6: *In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

The Company recognises the importance of unlimited and unhindered flow of information for the Board to discharge its duties effectively. The management and the executive directors furnish the Board, and where appropriate, each director regularly with information about the Group as well as the relevant background information or explanatory information relating to the business to be discussed at Board meetings. The directors are also provided with the contact details of the management and company secretaries to facilitate separate and independent access.

Either one of the company secretaries attends Board and Board committee meetings. Together with the management, the company secretaries are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act, Chapter 50 (the "Companies Act"), and the provisions in Section B: Rules of Catalist of the SGX-ST Listing Manual ("Catalist Rules") are complied with. Directors have separate and independent access to the company secretaries. The appointment and the removal of the company secretaries is a matter for the Board as a whole. Each director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as director.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

The RC comprises entirely independent directors, namely Ms Joanne Khoo Su Nee, Mr Kwah Thiam Hock and Mr Oo Cheong Kwan Kelvyn. The Chairman of the RC is Ms Joanne Khoo Su Nee. The RC has written terms of reference that describe the responsibilities of its members.

The RC was formed to recommend to the Board a framework of remuneration for the directors and key executives, and to determine specific remuneration packages for each executive director. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits-in-kind are covered by the RC. In addition, the RC administers the TEHO Performance Share Plan (the "TEHO PSP").

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

The RC did not seek any external professional advice on remuneration of the directors.

REPORT OF CORPORATE GOVERNANCE

The RC will continue to review the Company's obligations arising in the event of termination of the executive directors and executive officers' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Level and Mix of Remuneration

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

The Company has a remuneration policy for the CEO and COO, which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and a variable bonus respectively, which takes into account the performance of the Company and their performances. The performance-related elements of remuneration are designed to align the executive directors' interest with those of shareholders and link rewards to corporate and individual performance.

In setting remuneration packages, the Company also takes into consideration the remuneration packages and employment conditions in comparable positions and within the comparable industry and companies.

Mr Lim See Hoe and Ms Lim Siew Cheng being CEO and COO respectively are remunerated based on their service agreements with the Company. These service agreements will be renewed for such period as the Board may decide upon expiry on such terms and conditions as the parties may agree. The agreements provided for termination by either party upon giving not less than six months' notice in writing.

The independent directors do not have service agreements with the Company. They are paid fixed directors' fees, which are determined by the Board appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each independent director. The directors' fees are subject to approval by shareholders at each AGM. The independent directors do not receive any other remuneration from the Company.

The review of the remuneration of the key executives takes into consideration the performance and contributions of the staff to the Group and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully.

The Company has adopted a long-term employee incentive scheme known as TEHO PSP that was approved by shareholders at the extraordinary general meeting held on 25 November 2011, to align itself with and embrace local trends and best practices in employee compensation and retention. The TEHO PSP aims to promote higher performance goals, recognise exceptional achievement and retain talents within the Group. The TEHO PSP is administrated by the RC. Please refer to the "Directors' Statement" section of this annual report for more information of the TEHO PSP. No award was granted pursuant to the TEHO PSP during FY2016.

Disclosure on Remuneration

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

The Board supports and is keenly aware of the need for transparency. In the interest of maintaining good morale and strong spirit of teamwork within the Group, the Board has weighed the advantages and disadvantages of the full disclosure relating to the remuneration of directors, and key executive officers of the Group (who are not directors of the Company) for FY2016 and believe that such disclosure may be prejudicial to its business interest, having taken into consideration the sensitive nature of the matter, the relative size of the Group, and the competitive business environment the Group operates in. Key information regarding the directors, and key executive officers is set out in the "Board of Directors", and "Executive Officers" sections of this annual report respectively.

REPORT OF CORPORATE GOVERNANCE

A breakdown, showing the level and mix of each director's remuneration for FY2016 is as follows:

Remuneration band and name of director	Fee	Salary	Bonus	Benefits	Total
$500,000 to below $750,000	%	%	%	%	%
Mr Lim See Hoe	1.6	81.1	–	17.3	100
$250,000 to below $500,000	%	%	%	%	%
Ms Lim Siew Cheng	2.8	92.0	–	5.2	100
Below $250,000	%	%	%	%	%
Mr Kwah Thiam Hock	100.0	–	–	–	100
Ms Joanne Khoo Su Nee	100.0	–	–	–	100
Mr Oo Cheong Kwan Kelvyn	100.0	–	–	–	100

The Group has four key executive officers comprising Ms Lim Siew Choo, General Administration Director; Mr Lim See Heng, Projects Director; Ms Soare Siew Lian, CEO of USA Operations; and Mr Phua Sian Chin, Chief Financial Officer. Ms Lim Siew Choo, Mr Lim See Heng and Ms Soare Siew Lian are the siblings of the CEO and COO of the Company. Ms Lim Siew Choo is also a substantial shareholder of the Company.

A breakdown, showing the level and mix of each key executive officer's remuneration for FY2016 is as follows:

Remuneration band and name of executive officer	Salary	Bonus	Benefits	Total
$200,000 to below $250,000	%	%	%	%
Ms Lim Siew Choo	94.2	–	5.8	100
Ms Soare Siew Lian	73.9	11.8	14.3	100
Mr Phua Sian Chin	73.3	12.2	14.5	100
$100,000 to below $150,000	%	%	%	%
Mr Lim See Heng	93.5	–	6.5	100

The aggregate total remuneration paid to the above executive officers amounted to $767,076 for FY2016.

Save as disclosed above, no employee of the Group whose remuneration exceeded $50,000 for FY2016, was an immediate family member of the directors or the CEO.

The RC has reviewed and approved the remuneration packages of the executive directors and key executive officers, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the executive directors and key executive officers are adequately but not excessively remunerated.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

There are no termination, retirement and post-employment benefits that may be granted to directors, CEO and executive officers of the Group.

REPORT OF CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Accountability

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

For the financial performance reporting via the SGXNET to SGX-ST, and the annual report to the shareholders, the Board has a responsibility to present a balanced and understandable assessment of the Group's performance, financial position and prospects to the public, including interim and other price sensitive public reports and reports to regulators (if required).

The Board ensures that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets.

The management will provide all members of the Board with management accounts of the Group's performance, with explanatory details on its operations. Board papers are given prior to any Board meeting to facilitate effective discussion and decision-making.

The Board also announces the Group's half-year and full year results and performance review via the SGXNET for the benefit of its shareholders.

Risk Management and Internal Controls

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

The Company does not have a Risk Management Committee. However, the executive directors and management regularly review the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews significant control policies and procedures and highlights the significant matters to the Board and the AC. Furthermore, on AC's recommendation, the Board had appointed Ernst & Young Advisory Pte. Ltd. (the "Internal Auditors") to conduct a Risk Management Assessment of the Group.

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

On the recommendation of the AC, the Chief Financial Officer takes on the additional duties of a compliance officer and to co-ordinate and oversee the works of the Company's professional service providers.

<u>Enterprise Risk Management</u>

The AC had engaged the Internal Auditors to undertake an initial Enterprise Risk Management Review of the Group, which commenced in October 2013, to enable the Board and management to understand the inherent industry, financial, operational, compliance and information technology risks of the Group. Following the Group's diversification into the real estate business in the second half of FY2014, the scope of the Enterprise Risk Management Review was expanded to cover the newly acquired companies in the Property Development segment, namely TIEC Holdings Pte. Ltd. (acquisition completed in May 2014), and ECG Property Services Pte. Ltd. and its subsidiaries (acquisition completed in November 2014).

As part of the Enterprise Risk Management Review, the Internal Auditors engaged key members of management including the AC members and the CEO to carry out the following:

(a) Evaluate the current internal and external operating environment of the various business units of the Group;
(b) Identify possible risks, potential contributing factors and consequences arising from the crystalisation of those risks;
(c) Determine the impact and likelihood of the identified risks;
(d) Identify improvement opportunities for control gaps; and
(e) Prioritise and rank the identified risks.

REPORT OF CORPORATE GOVERNANCE

As part of follow-up to the Enterprise Risk Management Review, the AC had engaged the Internal Auditors to:

(a) develop an Enterprise Risk Management framework including policies and procedures for risk reporting and monitoring;
(b) assist management in documenting the required processes or procedures for a robust Enterprise Risk Management framework into an Enterprise Risk Management Manual; and
(c) conduct risk management competency and awareness training with an objective of briefing and updating the Board and members of management on the Enterprise Risk Management framework, processes as well as risk monitoring and reporting.

<u>Internal controls</u>

On the recommendations of the AC, the Internal Auditors continued with the fourth full cycle internal controls review that span over/ will span over FY2016, FY2017 and FY2018 which covers the following major areas of operations of the Group under three phases:

Phase 1 (conducted in FY2016):

(a) Procurement through payment (for the Marine & Offshore segment)
(b) Inventory management (for the Marine & Offshore segment)
(c) Financial close and reporting (for the Marine & Offshore segment)
(d) Project management (for the Property Development segment's Cambodia operations)
(e) Development and construction management (for the Property Development segment's Cambodia operations)
(f) Sales, marketing and collection (for the Property Development segment's Cambodia operations)
(g) Information technology general controls

Phase 2 (scheduled to be conducted in FY2017):

(a) Sales and collection (for the Marine & Offshore segment)
(b) Project management (for the Property Development segment's Singapore operations)
(c) Development and construction management (for the Property Development segment's Singapore operations)
(d) Sales, marketing and collection (for the Property Development segment's Singapore operations)
(e) Financial close and reporting
(f) Treasury and cash management
(g) Human resource and payroll management

Phase 3 (scheduled to be conducted in FY2018):

(a) Procurement through payment (for the Marine & Offshore segment)
(b) Inventory management (for the Marine & Offshore segment)
(c) Financial close and reporting (for the Marine & Offshore segment)
(d) Project management (for the Property Development segment's Cambodia operations)
(e) Development and construction management (for the Property Development segment's Cambodia operations)
(f) Sales, marketing and collection (for the Property Development segment's Cambodia operations)

Phase 1 of the aforementioned review was completed and the Internal Auditors issued a report dated 31 July 2016 to the AC. The report, which included recommendations and areas for improvements, was also disseminated to the key members of management for follow-up action. On the Group's Information Technology General Controls, the Internal Auditors highlighted one high-priority observation, which is the absence of defined and documented policies and procedures for certain areas of IT management. The Internal Auditors recommended the Management to formalise such policies and procedures to minimise the risk of deviation from the intended control procedures. Management confirmed to the AC that such observation will be adequately addressed before the next AC meeting in February 2017. Notwithstanding such absence of documented policies and procedures, the Management confirmed to the AC that control procedures are currently in place for the Information Technology General Controls. Based on the actions taken by the Group on the recommendations made by the Internal Auditors, the on-going review of and the continuing efforts at enhancing internal controls and processes, the Board, with the concurrence of the AC, is satisfied that in the absence of any evidence to the contrary, the system of internal controls in place is adequate in meeting the needs of the Group in its current business environment.

REPORT OF CORPORATE GOVERNANCE

In the audit of the Company's financial statements for FY2016, the External Auditors informed the Board that it did not notice any significant deficiency or major lapses in the internal controls that would warrant highlighting to the management, AC and the Board.

Annual review of the Group's risk management and internal control systems

With the assistance of the AC, the Board has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over financial, operational, compliance and information technology risks. The assessment considered issues dealt with in reports reviewed by the AC and the Board during the financial year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2016. The reports reviewed by the AC and the Board during the financial year include (a) the External Auditors' Salient Features Memorandum in relation to the FY2016 external audit, and (b) the Internal Auditors' internal audit report for FY2016.

The Board's annual assessment in particular considered:

(a) the changes since the last annual assessment in the nature and extent of key risks; and the Group's ability to respond to changes in its business and external environment;
(b) the scope and quality of management's ongoing monitoring of risks and of the system of internal controls, and the work of the Internal Auditors and other providers of assurance; and
(c) the incidence of significant internal control weaknesses that were identified during the financial year.

In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed the key risks which the Group is exposed to, as well as an understanding of the countermeasures and internal controls that are in place to manage those risks.

The Board has received assurance from the CEO and the Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for FY2016 give a true and fair view of the Group's operations and finances; and (b) that the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls.

Opinion on adequacy of Group's internal controls

Based on the internal controls established and maintained by the Group, work performed by the appointed Internal Auditors and External Auditors, and reviews performed by the management and the Board, the Board with the concurrence of the AC is of the opinion that the risk management and internal control systems maintained by the Group, addressing the financial, operational, compliance and information technology risks of the Group are adequate and effective as at 30 June 2016. The Board and the AC note that all internal control systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Audit Committee

Principle 12: *The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.*

The AC comprises entirely independent directors, namely Mr Kwah Thiam Hock, Ms Joanne Khoo Su Nee and Mr Oo Cheong Kwan Kelvyn. The Chairman of the AC is Mr Kwah Thiam Hock. The AC has written terms of reference clearly setting out its authority and duties.

Two members of the AC (including the Chairman) have accounting and related financial management expertise. The Board is of the view that the AC has the necessary experience and expertise required to discharge its duties.

The AC has explicit authority to investigate any matter within its terms of reference, 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.

REPORT OF CORPORATE GOVERNANCE

The AC shall meet periodically to perform, *inter alia*, the following functions:

(a) to review with the external auditors the audit plan, their evaluation of the system of internal controls, the audit report, the management letter and the management's response;

(b) to review with the internal auditors the internal audit plan and their evaluation of the adequacy of the internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;

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

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

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

(f) to review the Group's key financial risk areas (including but not limited to, the Group's cash management policies and cash position, collection of debts, hedging policies and transactions, speculative trading policies and positions and off-balance sheet items);

(g) to consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(h) to review transactions falling within the scope of Chapter 9 of the Catalist Rules;

(i) to review any potential conflicts of interest;

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

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

Apart from the above functions, the AC is given the task to commission and review the findings of investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the Company's operating results or financial position.

The AC had met with the External Auditors, without the presence of management to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the External Auditors.

The AC confirms that it has undertaken a review of all non-audit services provided by the External Auditors and that such non-audit services would not in the AC's opinion, affect the independence of the External Auditors. In the AC's opinion, KPMG LLP is suitable for re-appointment and it has accordingly recommended to the Board that KPMG LLP be nominated for re-appointment as auditors of the Company at the forthcoming AGM. KPMG LLP is registered with the Accounting and Corporate Regulatory Authority of Singapore.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firms for the Group.

It is the Company's practice for the External Auditors to present to the AC its audit plan and with updates relating to any change in accounting standards impacting the financial statements. During the AC meetings in FY2016, the External Auditors briefed the AC on the changes in accounting standards and confirmed that the changes did not have any material impact on the Group's financial statements.

REPORT OF CORPORATE GOVERNANCE

The Board has on the recommendation of the AC, implemented a whistle blowing policy for the Group with the objective of providing an avenue for staff, suppliers and customers to raise in confidence concerns about possible improprieties in matters of financial reporting or other matters which they become aware. A copy of the whistle blowing policy has been posted on the Company's website for the information of its stakeholders. There were no incidents pertaining to whistle blowing for FY2016.

Internal Audit

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

As the size of the operations of the Group does not warrant the Group having an in-house internal audit function, the Group outsourced its internal audit function to the Internal Auditors as mentioned in Principle 11. The Internal Auditors consult and report directly to the AC and administratively to the Board.

As part of the internal audit process, the Internal Auditors carry out the following:

(a) Evaluate the Group's control design effectiveness and adequacy;
(b) Develop and execute control testing programs to determine compliance of internal controls;
(c) Highlight areas where control weaknesses and lapses exist;
(d) Analyse root causes of audit findings where possible and identify improvement opportunities;
(e) Summarise issues, improvement opportunities and recommendations; and
(f) Prepare an Internal Audit Report outlining the Internal Auditors' findings and recommendations for improvements noted in the processes and procedures. A risk rating will be assigned to each finding.

During FY2016, the Internal Auditors had reviewed key internal controls in the major operational areas of the Group as detailed in the internal audit plan submitted to and approved by the AC as mentioned in Principle 11. Findings and the Internal Auditors' recommendations on areas of improvement were reported to the AC and for management's implementation and were also made available to the External Auditors for review.

The AC had met with the Internal Auditors without the presence of management to discuss their findings on the Company's observance of internal control measures that are in place.

The AC has reviewed the adequacy of the internal audit function and is satisfied that it is adequately resourced and has appropriate standing within the Group to perform its duties effectively.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: *Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

The Group's corporate governance practices promote fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Group ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

All shareholders are entitled to attend the AGM and are afforded the opportunity to participate effectively at the AGM. The Constitution of the Company allow a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the AGM. Pursuant to the amendments to the Companies Act effective 1 January 2016, corporations which provide nominee or custodial services are allowed to appoint more than two proxies to attend AGM.

Communication with Shareholders

Principle 15: *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

REPORT OF CORPORATE GOVERNANCE

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, it is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group.

The Company does not practise selective disclosure. Results and annual reports are announced or issued within the mandatory period.

The Company conducts its investor relations on the following principles:

(a) Information deemed to be price-sensitive is disseminated without delay via announcements on SGXNET;

(b) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and

(c) Operate an open policy with regard to investors' enquiries.

The Company has engaged RHT Communications & Investor Relations Pte. Ltd. to address any queries that the investors, analysts, press or public might have on the Company's affairs. The investor relations team can be reached at ir@teho.com.sg.

The Company does not have a definite dividend policy as the form, frequency and amount of dividends declared each year will take into consideration the Group's retained earnings and expected future earnings, cash flow, capital requirements and general financing condition, as well as general business conditions and other factors as the Board may deem appropriate. No dividend was paid or proposed for FY2016 as the Board feels it is prudent to retain cash resources so that the Company has the flexibility to execute its business plans effectively.

Conduct of Shareholder Meetings

Principle 16: *Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

All shareholders will receive the Company's annual report and notice of AGM. Shareholders will be given the opportunity and time to voice their views and ask directors or the management questions regarding the Company at the forthcoming AGM.

The Company takes note that there should be separate resolutions at general meetings on each substantially separate issue and to avoid bundling resolutions.

The Chairperson of each Board committee is required to be present to address questions at the AGM. External Auditors are also present at such meeting to assist the directors to address shareholders' queries, if necessary.

The Constitution of the Company allow any member of the Company, if he is unable to attend general meetings of the Company, to appoint not more than two proxies to attend and vote on his behalf at the general meetings through proxy forms sent in advance. Pursuant to the amendments to the Companies Act effective 1 January 2016, corporations which provide nominee or custodial services are allowed to appoint more than two proxies to attend general meetings of the Company.

ADDITIONAL INFORMATION

Dealing in Securities

The Company has devised and adopted policies in line with the requirements of the Catalist Rules on dealings in the Company's securities.

The Company and its officers are prohibited from dealing in the Company's shares on short-term considerations or at any time when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing one month before the date of the announcement of the Company's half year and full year results, and ending on the date of the announcement of the relevant results.

REPORT OF CORPORATE GOVERNANCE

In addition, directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The Company issues half yearly circular to its directors and officers informing them that they must not deal in the Company's securities before the release of results and at any time they are in possession of unpublished material price-sensitive information.

Interested Person Transaction

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

Details of the interested person transaction entered into by the Group for FY2016 as required to be disclosed pursuant to Rule 1204(17) of the Catalist Rules are set out below:

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	FY2016	FY2015	FY2016	FY2015
Asdev InvestmentsPte. Ltd.				
- Rental of office space (1)	$314,112	$312,001	-	-

Note:

(1) Annual rental pursuant to the Lease Agreement dated 1 August 2013 entered into between TEHO Ropes & Supplies Pte. Ltd., the wholly owned subsidiary of the Company and Asdev Investments Pte. Ltd. (where Mr Lim See Hoe, a director and controlling shareholder of the Company is a director and sole shareholder) for taking a lease in respect of the property located at 1 Commonwealth Lane #09-23/24/25/26 One Commonwealth Singapore 149544. The term of the Lease Agreement is three years.

The Company does not have general mandate for interested person transactions. The Board confirms that the above interested person transaction was entered into on an arm's length basis and on normal commercial terms and is not prejudicial to the interests of the shareholders.

Audit and Non-Audit Fees

During FY2016, the aggregate amount of fees paid or payable to the External Auditors for the audit and non-audit services amounted to $254,951 and $28,150 respectively.

For the purposes of good governance and Rule 1204(6)(b) of the Catalist Rules, the AC has undertaken a review of the fees and expenses payable to the External Auditors for all non-audit services in FY2016. The non-audit services performed by the External Auditors for FY2016 relate to corporate tax compliance services. They are not services prohibited by the Catalist Rules and in the AC's opinion would not affect the objectivity and independence of the External Auditors.

Non-Sponsor Fees

With respect to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Sponsor, SAC Capital Private Limited, for FY2016.

Material Contracts and Loans

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the Interested Person Transaction section above, "Directors' Statement" section of this annual report and the audited financial statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2016.

In our opinion:

(a) the financial statements set out on pages 40 to 104 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 30 June 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Lim See Hoe
Lim Siew Cheng
Kwah Thiam Hock
Joanne Khoo Su Nee
Oo Cheong Kwan Kelvyn

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ordinary shares fully paid		
Lim See Hoe	57,247,578	57,247,578
Lim Siew Cheng	23,100,155	23,100,155

By virtue of section 7 of the Act, Mr Lim See Hoe is deemed to have an interest in all the subsidiaries of the Company at the beginning and at the end of the financial year.

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

The directors' interests as at 21 July 2016 were the same as those at the end of the financial year.

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

DIRECTORS' STATEMENT

PERFORMANCE SHARE PLAN

The Company's performance share plan, TEHO Performance Share Plan (the "PSP"), was approved and adopted by the shareholders at the Company's Extraordinary General Meeting held on 25 November 2011. The PSP is administered by the Remuneration Committee ("RC") with such discretion, powers and duties as are conferred on it by the Board of Directors.

The PSP contemplates the award of fully-paid shares in the capital of the Company to participants after certain pre-determined benchmarks have been met. The Company believes that the PSP will be more effective and rewarding than pure cash bonuses in motivating employees to work towards pre-determined goals of the Company.

The PSP shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing from its adoption by the shareholders and may continue beyond the stipulated period with the approval of the shareholders by an ordinary resolution in general meeting and of any relevant authorities which may then be required.

Under the rules of the PSP and at the absolute discretion of the RC, confirmed full-time employees of the group who are of the age of 18 years and above, and directors of the group who have contributed or will contribute to the success and the development of the group are eligible to participate in the PSP. However, participation in the PSP by directors who are also controlling shareholders and their associates are subject to the approval by independent shareholders of the Company at general meeting.

The total number of shares that may be issued or are issuable pursuant to the granting of the awards under the PSP, when added to the aggregate number of shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% (or such other percentage as may be prescribed or permitted from time to time by the SGX-ST) of the total number of issued ordinary shares of the Company on the day immediately preceding the relevant award date.

There were no awards granted under the PSP by the Company or any corporation in the group since its inception and during the financial year.

There were no shares issued during the financial year by virtue of the exercise of awards to take up unissued shares of the Company or any corporation in the group.

There were no unissued shares under the PSP in the Company or any corporation in the group as at the end of the financial year.

SHARE OPTIONS

During the financial year, no option to take up unissued shares of the Company or any corporation in the group was granted.

During the financial year, there were no shares of the Company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the group under option.

AUDIT COMMITTEE

The members of the audit committee at the date of this statement are as follows:

Kwah Thiam Hock	–	Chairman of Audit Committee and Lead Independent Director
Joanne Khoo Su Nee	–	Independent Director
Oo Cheong Kwan Kelvyn	–	Independent Director

DIRECTORS' STATEMENT

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditors their audit plan;
- Reviewed with the independent external auditors their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures (including those relating to financial, operational, compliance and information technology controls and risk management) and the assistance given by the management to the internal auditors;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoptions; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the statement on corporate governance included in the annual report. It also includes an explanation of how independent auditors' objectivity and independence are safeguarded where the independent auditors provide non-audit services.

The audit committee is satisfied with the independence and objectivity of the external auditors and has recommended to the board of directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Lim See Hoe
Director

Lim Siew Cheng
Director

29 September 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
TEHO International Inc Ltd.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of TEHO International Inc Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2016, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 104.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 30 June 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 September 2016

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2016

		Group		Company	
	Note	2016 $	2015 $	2016 $	2015 $
Assets					
Property, plant and equipment	4	24,241,153	38,774,123	128,548	166,725
Intangible assets	5	2,324,018	19,776,245	–	–
Investment property	6	–	–	–	–
Investment in subsidiaries	7	–	–	25,315,814	31,163,176
Investment in associates	8	–	113,654	–	–
Other receivables	11	–	–	1,205,792	1,586,120
Non-current assets		26,565,171	58,664,022	26,650,154	32,916,021
Inventories	9	22,057,845	23,483,329	–	–
Development properties	10	45,175,070	47,026,703	–	–
Trade and other receivables	11	16,278,109	17,524,767	21,336,937	28,488,235
Cash and cash equivalents	12	7,795,289	13,744,705	307,646	146,349
Current assets		91,306,313	101,779,504	21,644,583	28,634,584
Total assets		117,871,484	160,443,526	48,294,737	61,550,605

		Group		Company	
	Note	2016 $	2015 $	2016 $	2015 $
Equity					
Share capital	13	32,922,108	32,922,108	32,922,108	32,922,108
Other reserves	14	12,637,220	22,906,715	–	–
(Accumulated losses)/ Retained earnings		(5,046,069)	6,484,524	(23,569,946)	(2,180,632)
Equity attributable to owners of the Company		40,513,259	62,313,347	9,352,162	30,741,476
Non-controlling interests	15	21,566,389	21,471,659	–	–
Total equity		62,079,648	83,785,006	9,352,162	30,741,476
Liabilities					
Loans and borrowings	16	21,226,900	28,505,005	–	–
Other payables	17	–	–	1,205,792	1,586,120
Deferred tax liabilities	19	2,599,208	5,457,028	–	–
Non-current liabilities		23,826,108	33,962,033	1,205,792	1,586,120
Loans and borrowings	16	22,473,816	34,028,399	–	–
Current tax liabilities		939,663	509,742	5,607	10,652
Trade and other payables	17	8,552,249	8,158,346	37,731,176	29,212,357
Current liabilities		31,965,728	42,696,487	37,736,783	29,223,009
Total liabilities		55,791,836	76,658,520	38,942,575	30,809,129
Total equity and liabilities		117,871,484	160,443,526	48,294,737	61,550,605

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 June 2016

	Note	Group 2016 $	Group 2015 $
Revenue	20	57,396,769	61,657,096
Cost of sales		(39,499,040)	(42,988,456)
Gross profit		17,897,729	18,668,640
Other income		2,986,628	819,999
Distribution expenses		(3,254,445)	(2,865,148)
Administrative expenses		(14,137,287)	(12,168,042)
Other operating expenses		(25,839,585)	(11,044,763)
Results from operating activities		(22,346,960)	(6,589,314)
Finance income	21	7,038	2,741
Finance costs	21	(1,321,650)	(818,716)
Net finance costs		(1,314,612)	(815,975)
Share of loss from associates		–	(51,212)
Loss before tax		(23,661,572)	(7,456,501)
Tax expense	23	(168,085)	(232,146)
Loss for the year	22	(23,829,657)	(7,688,647)
Loss attributable to:			
Owners of the Company		(23,815,199)	(7,618,050)
Non-controlling interests		(14,458)	(70,597)
Loss for the year		(23,829,657)	(7,688,647)
Loss per share			
Basic and diluted (cents)	24	(10.21)	(3.54)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2016

	Group 2016 $	Group 2015 $
Loss for the year	(23,829,657)	(7,688,647)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Gains on property revaluation, net of tax	–	2,466,102
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences, net of tax	137,779	(99,646)
Other comprehensive income for the year, net of tax	137,779	2,366,456
Total comprehensive income for the year	(23,691,878)	(5,322,191)
Total comprehensive income attributable to:		
Owners of the Company	(23,888,471)	(4,953,440)
Non-controlling interests	196,593	(368,751)
Total comprehensive income for the year	(23,691,878)	(5,322,191)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2016

		Attributable to owners of the Company						
	Note	Share capital $	Foreign currency translation reserve $	Revaluation reserve $	Retained earnings $	Total equity $	Non-controlling interests $	Total equity $
Group								
At 1 July 2014		24,352,108	(27,524)	20,823,593	14,958,886	60,107,063	–	60,107,063
Total comprehensive income for the year								
Loss for the year		–	–	–	(7,618,050)	(7,618,050)	(70,597)	(7,688,647)
Other comprehensive income								
Gain on property revaluation, net of tax		–	–	2,466,102	–	2,466,102	–	2,466,102
Foreign currency translation differences		–	198,508	–	–	198,508	(298,154)	(99,646)
Total comprehensive income for the year		–	198,508	2,466,102	(7,618,050)	(4,953,440)	(368,751)	(5,322,191)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Issue of share capital		8,570,000	–	–	–	8,570,000	–	8,570,000
Capital contribution by non-controlling interests		–	–	–	–	–	21,840,410	21,840,410
Dividends paid	25	–	–	–	(1,523,740)	(1,523,740)	–	(1,523,740)
Total transactions with owners		8,570,000	–	–	(1,523,740)	7,046,260	21,840,410	28,886,670
Others								
Transfer to retained earnings		–	–	(553,964)	553,964	–	–	–
Deferred tax income credited directly to equity		–	–	–	113,464	113,464	–	113,464
Total others		–	–	(553,964)	667,428	113,464	–	113,464
At 30 June 2015		32,922,108	170,984	22,735,731	6,484,524	62,313,347	21,471,659	83,785,006

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2016

	Note	Attributable to owners of the Company						
		Share capital $	Foreign currency translation reserve $	Revaluation reserve $	Retained earnings/ (Accumulated losses) $	Total equity $	Non-controlling interests $	Total equity $
Group								
At 1 July 2015		32,922,108	170,984	22,735,731	6,484,524	62,313,347	21,471,659	83,785,006
Total comprehensive income for the year								
Loss for the year		–	–	–	(23,815,199)	(23,815,199)	(14,458)	(23,829,657)
Other comprehensive income								
Disposal of property, plant and equipment		–	–	(9,734,979)	9,734,979	–	–	–
Foreign currency translation differences		–	(73,272)	–	–	(73,272)	211,051	137,779
Total comprehensive income for the year		–	(73,272)	(9,734,979)	(14,080,220)	(23,888,471)	196,593	(23,691,878)
Others								
Transfer to retained earnings		–	–	(461,244)	461,244	–	–	–
Deferred tax income credited directly to equity		–	–	–	2,088,383	2,088,383	–	2,088,383
Total others		–	–	(461,244)	2,549,627	2,088,383	–	2,088,383
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests without a change in control		–	–	–	–	–	(101,863)	(101,863)
At 30 June 2016		32,922,108	97,712	12,539,508	(5,046,069)	40,513,259	21,566,389	62,079,648

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2016

	Note	Group 2016 $	Group 2015 $
Cash flows from operating activities			
Loss before tax		(23,661,572)	(7,456,501)
Adjustments for:			
Allowance for impairment on trade receivables		228,246	464,728
Allowance for foreseeable loss on development properties		74,300	788,108
Amortisation of intangible assets		521,000	521,000
Bad debts written off		213,836	–
Depreciation		1,716,870	1,560,991
Fair value gain on derivatives		(319,477)	(16,283)
Gain on disposal of plant and equipment		(1,449,790)	(40,830)
Impairment loss on investment in associates		113,654	53,625
Impairment loss on goodwill		16,931,227	2,209,048
Impairment loss on investment property		1,637,368	–
Loss on disposal of an associate		–	8,636
Net fair value gain on contingent consideration payable		–	(194,076)
Net finance costs		1,314,612	815,975
Share of loss from associates, net of tax		–	51,212
Operating cash flows before changes in working capital		(2,679,726)	(1,234,367)
Changes in:			
- Inventories		1,436,965	(2,144,122)
- Development properties		2,126,386	1,070,672
- Trade and other receivables		838,676	1,240,733
- Trade and other payables		2,817,249	374,771
Cash generated from/(used in) operations		4,539,550	(692,313)
Tax paid		(507,601)	(588,118)
Net cash from/(used in) operating activities		4,031,949	(1,280,431)

	Note	Group 2016 $	Group 2015 $
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	(2,026,339)	(2,239,772)
Acquisition of subsidiary, net of cash acquired	28	–	(2,923,986)
Payment of contingent consideration	17	(78,924)	(450,000)
Payment of deferred consideration	28(i)	(2,000,000)	–
Interest received		7,038	2,741
Proceeds from disposal of plant and equipment		14,642,463	47,732
Proceeds from disposal of an associate		–	121,250
Net cash from/(used in) investing activities		10,544,238	(5,442,035)
Cash flows from financing activities			
Acquisition of non-controlling interests		(101,863)	–
Contributions from non-controlling interests		–	183,762
Dividends paid to owners of the Company		–	(1,523,740)
Interest paid		(1,603,450)	(1,679,104)
Payment of finance lease liabilities		(140,414)	(173,030)
Proceeds from loans and borrowings		20,910,176	15,647,902
Repayment of loans from directors of a subsidiary		–	(2,914,459)
Repayment of loans and borrowings		(39,602,450)	(5,109,379)
Net cash (used in)/from financing activities		(20,538,001)	4,431,952
Net decrease in cash and cash equivalents		(5,961,814)	(2,290,514)
Cash and cash equivalents at beginning of the year		13,731,705	15,800,623
Effect of exchange rate fluctuations on cash held		12,398	221,596
Cash and cash equivalents at end of the year	12	7,782,289	13,731,705

* See Note 12 for disclosure on significant non-cash transaction

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 September 2016.

1 DOMICILE AND ACTIVITIES

TEHO International Inc Ltd. (the "Company") is a company incorporated in Singapore with limited liability. The address of the Company's registered office is 1 Commonwealth Lane, #09-23, One Commonwealth, Singapore 149544.

The financial statements of the Group as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

The Company is an investment holding company. The principal activities of the subsidiaries are described in Note 7.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements are prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Note 7 Consolidation: whether the Group has control over an investee;

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 Valuation of leasehold buildings;
- Note 5 Assumptions of recoverable amounts relating to goodwill and other intangible assets;
- Note 7 Assumptions of recoverable amounts relating to investment in subsidiaries;
- Note 9 Measurement of realisable amounts of inventories;
- Note 10 Measurement of realisable amounts of development properties;
- Note 11 Assessment of the recoverability of trade receivables; and
- Note 20 Measurement of profit attributable to properties under development.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

2 BASIS OF PREPARATION (CONT'D)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is 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 (with Level 3 being the lowest).

The Group recognises transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 Property, plant and equipment; and
- Note 29 Financial instruments.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 Business Combination as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity in interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(iii) Investments in associates (equity-accounted investees) (cont'd)

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding prepayments).

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Non-derivative financial liabilities (cont'd)

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(iv) Derivative financial instruments

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, the derivative is recognised initially at fair value and any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, all changes in its fair value are recognised immediately in profit or loss.

(v) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(v) Intra-group financial guarantees in the separate financial statements (cont'd)

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for leasehold buildings which are stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Any increase in the revaluation amount is credited to the other comprehensive income and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit or loss, and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Upon disposal of leasehold buildings, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold buildings	–	Over the terms of lease that are 37 to 44 years
Plant and machinery	–	3 to 10 years
Motor vehicles	–	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets and goodwill (cont'd)

(i) Goodwill (cont'd)

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Customer relationships	–	5 years
Orderbook	–	Based on fulfilment of actual orders

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets and goodwill (cont'd)

(iv) Amortisation (cont'd)

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Investment property

Investment property is property held to earn rental income, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is stated at cost less accumulated depreciation and any accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation is charged so as to write off the cost of the leasehold building over the term of lease of 5 years.

The estimated useful life and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

3.7 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leased assets (cont'd)

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

3.9 Development properties

Development properties are properties being constructed or developed for sale. The cost of properties under development comprises specifically identified costs, including land acquisition costs, development expenditure, borrowing costs and other expenditure directly attributable to the development activities. Borrowing costs payable on loans funding a development property are capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

Development properties are measured at 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 selling expenses.

The development properties in progress have operating cycles longer than one year. Thus, the Group includes within current assets amounts relating to the development properties in progress realisable over a period in excess of one year.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Development properties (cont'd)

(i) Properties under development, the sales of which are recognised using stage of completion method

The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statement of financial position. If progress billings exceed costs incurred plus recognised profits, the balance is presented as deferred income.

(ii) Properties under development, the sales of which are recognised using completion of construction method

The aggregated costs incurred are presented as development properties while progress billings are presented separately as deferred income in the statement of financial position.

3.10 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.10(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than development properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Employee benefits (cont'd)

(iii) Share-based payment transactions (cont'd)

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised as employee benefits expense in profit or loss.

3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met.

3.13 Revenue

(i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue (cont'd)

(i) Sale of goods (cont'd)

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

(ii) Revenue from development properties

Revenue from sales of properties under development is recognised by reference to the stage of completion using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) the sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

The percentage of completion is measured by reference to the work performed, based on the stage of completion as certified by the independent architects or quantity surveyors for the individual units sold. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work. An expected loss on a contract is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue (cont'd)

(iii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

3.14 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3.15 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Tax (cont'd)

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 July 2018 while FRS 116 *Leases* is mandatory for adoption by the Group on 1 July 2019.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

- FRS 116 establishes the principles that entities would apply to report information to users of the financial statements about the amount, timing and uncertainty of cash flows arising from a lease. The new standards will require a lessee to recognise assets and liabilities arising from a lease on its statements of financial position.

As FRS 115, FRS 109 and FRS 116, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue, financial instruments and leases, these standards are expected to be relevant to the Group and the Company. The Group does not plan to adopt these standards early.

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for the financial year ending 30 June 2019 onwards. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold buildings $	Plant and machinery $	Motor vehicles $	Asset under construction $	Total $
Group						
Cost:						
At 1 July 2014		29,723,282	4,755,887	607,664	–	35,086,833
Additions		3,800,200	678,294	529,710	275,983	5,284,187
Acquisitions through business combinations	28	–	483,898	–	–	483,898
Disposals/Written off		–	(26,478)	(136,345)	–	(162,823)
Revaluation		2,200,000	–	–	–	2,200,000
Effects of movements in exchange rates		–	15,337	–	–	15,337
At 30 June 2015		35,723,482	5,906,938	1,001,029	275,983	42,907,432
Additions		–	636,987	27,967	1,361,385	2,026,339
Disposals/Written off		(13,200,000)	(939,834)	(130,020)	–	(14,269,854)
Reclassification to investment property	6	–	–	–	(1,637,368)	(1,637,368)
Effects of movements in exchange rates		–	(7,601)	–	–	(7,601)
At 30 June 2016		22,523,482	5,596,490	898,976	–	29,018,948

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Leasehold buildings $	Plant and machinery $	Motor vehicles $	Asset under construction $	Total $
Group						
Accumulated depreciation and impairment loss:						
At 1 July 2014		43,657	2,970,172	446,207	–	3,460,036
Depreciation		799,087	644,112	117,792	–	1,560,991
Disposals/Written off		–	(19,576)	(136,345)	–	(155,921)
Elimination of depreciation on revaluation		(771,207)	–	–	–	(771,207)
Effects of movements in exchange rates		–	39,410	–	–	39,410
At 30 June 2015		71,537	3,634,118	427,654	–	4,133,309
Depreciation		718,593	857,468	140,809	–	1,716,870
Disposals/Written off		(153,488)	(890,117)	(33,576)	–	(1,077,181)
Effects of movements in exchange rates		–	4,797	–	–	4,797
At 30 June 2016		636,642	3,606,266	534,887	–	4,777,795
Net book value:						
At 1 July 2014		29,679,625	1,785,715	161,457	–	31,626,797
At 30 June 2015		35,651,945	2,272,820	573,375	275,983	38,774,123
At 30 June 2016		21,886,840	1,990,224	364,089	–	24,241,153

The leasehold buildings are pledged as security for banking facilities (Note 16).

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The depreciation expense is charged to profit or loss and included in other operating expenses.

For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model is as follows:

	Group 2016 $	Group 2015 $
Leasehold buildings:		
Cost	9,285,713	12,685,713
Accumulated depreciation	(2,506,714)	(4,426,215)
Net book value	6,778,999	8,259,498

Independent valuers were sourced to determine the fair values of the Group's leasehold properties at least once every three years based on the properties' highest and best use. As at 30 June 2015 and 2016, the fair values of the leasehold warehouses and leasehold ramp-up factory unit were based on valuations carried out by an independent valuer.

Measurement of fair values

(i) Fair value hierarchy

The fair value measurement for the leasehold buildings has been categorised as Level 2 fair value based on the inputs to the valuation techniques used (see Note 2.4).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Measurement of fair values (cont'd)

(ii) Level 2 fair value

A description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent transaction prices for similar properties.
Significant observable inputs and range (weighted average):	Price per square foot (psf): $271 to $640 psf ($340) (2015: $271 to $607 psf ($303))
Sensitivity on management's estimates – 10% variation from estimate:	Increase/(Decrease) in price psf will increase/(decrease) equity, net of tax, by $1,834,300 (2015: $2,954,800).

	Plant and equipment $	Motor vehicles $	Total $
Company			
Cost:			
At 1 July 2014	20,800	–	20,800
Additions	2,616	188,348	190,964
At 30 June 2015	23,416	188,348	211,764
Additions	4,850	–	4,850
At 30 June 2016	28,266	188,348	216,614

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Plant and equipment $	Motor vehicles $	Total $
Accumulated depreciation:			
At 1 July 2014	2,774	–	2,774
Depreciation	4,596	37,669	42,265
At 30 June 2015	7,370	37,669	45,039
Depreciation	5,358	37,669	43,027
At 30 June 2016	12,728	75,338	88,066
Net book value:			
At 1 July 2014	18,026	–	18,026
At 30 June 2015	16,046	150,679	166,725
At 30 June 2016	15,538	113,010	128,548

The depreciation expense is charged to profit or loss and included in other operating expenses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

5 INTANGIBLE ASSETS

	Note	Goodwill $	Customer relationships $	Orderbook $	Total $
Group					
Cost					
At 1 July 2014		8,376,540	2,605,000	705,000	11,686,540
Acquisitions through business combinations	28	12,475,753	–	–	12,475,753
At 30 June 2015 and 30 June 2016		20,852,293	2,605,000	705,000	24,162,293
Accumulated amortisation and impairment losses					
At 1 July 2014		–	951,000	705,000	1,656,000
Amortisation		–	521,000	–	521,000
Impairment loss		2,209,048	–	–	2,209,048
At 30 June 2015		2,209,048	1,472,000	705,000	4,386,048
Amortisation		–	521,000	–	521,000
Impairment loss		16,931,227	–	–	16,931,227
At 30 June 2016		19,140,275	1,993,000	705,000	21,838,275
Carrying amounts					
At 1 July 2014		8,376,540	1,654,000	–	10,030,540
At 30 June 2015		18,643,245	1,133,000	–	19,776,245
At 30 June 2016		1,712,018	612,000	–	2,324,018

The amortisation expense is charged to profit or loss and included in other operating expenses.

5 INTANGIBLE ASSETS (CONT'D)

Impairment test

The goodwill arose from acquisitions of certain subsidiaries (see below). The value of the goodwill is determined through purchase price allocation valuations carried out by the management and independent professional valuers, as appropriate, for separate acquisitions of subsidiaries.

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates.

Goodwill is allocated to CGUs for the purpose of impairment testing. This CGU represents the Group's investment in the following subsidiaries. The goodwill is allocated to the segments as follows:

	2016			2015		
	Marine & Offshore Segment $	Property Development Segment $	Total $	Marine & Offshore Segment $	Property Development Segment $	Total $
Group						
Name of subsidiaries:						
TEHO Engineering Pte. Ltd.	1,115,562	–	1,115,562	2,515,562	–	2,515,562
TEHO Water & Envirotec Pte. Ltd.	–	–	–	844,364	–	844,364
TIEC Holdings Pte. Ltd.	–	596,456	596,456	–	2,807,566	2,807,566
ECG Property Services Pte. Ltd.	–	–	–	–	12,475,753	12,475,753
	1,115,562	596,456	1,712,018	3,359,926	15,283,319	18,643,245

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

5 INTANGIBLE ASSETS (CONT'D)

Impairment test (cont'd)

The goodwill was tested for impairment at the end of the reporting period. An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGUs have been measured based on the value in use method as appropriate for the separate CGUs.

The value in use, estimated using discounted cash flows, was measured by the management. The key assumptions for the value in use calculations are as follows:

(i) TEHO Engineering Pte. Ltd.

	2016	2015
Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the CGUs	12.2%	13.4%
Revenue growth rates estimated based on past performance and expectations of market developments	0.0% to 25.8%	-18.8% to 10.5%
Gross margins estimated based on past performance and expectations of market developments	32.0%	33.8%
Terminal value growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	2.8%	2.8%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	5 years

5 INTANGIBLE ASSETS (CONT'D)

Impairment test (cont'd)

(i) TEHO Engineering Pte. Ltd. (cont'd)

The recoverable amount for this subsidiary was based on its value in use, determined by discounting the future cash flows to be generated from the business of the subsidiary. In 2016, as a result of the impact of fluctuations in crude oil prices on the outlook of the offshore oil & gas industry, the carrying amount of the subsidiary was determined to be higher than its recoverable amount of $4,646,074 and an impairment loss on the goodwill of $1,400,000 (2015: Nil) was recognised. The impairment loss was included in other operating expenses. In 2015, the estimated recoverable amount of the subsidiary exceeded its carrying amount by $1,004,065.

Following the recognition of the impairment loss, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

(ii) TEHO Water & Envirotec Pte. Ltd.

	2016	2015
Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the CGUs	13.7%	15.1%
Revenue growth rates estimated based on past performance and expectations of market developments	0.0% to 5.0%	6.0% to 15.0%
Gross margins estimated based on past performance and expectations of market developments	31.9% to 33.9%	30.9% to 33.9%
Terminal value growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	2.8%	2.8%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	5 years

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

5 INTANGIBLE ASSETS (CONT'D)

Impairment test (cont'd)

(ii) TEHO Water & Envirotec Pte. Ltd. (cont'd)

The recoverable amount for this subsidiary was based on its value in use, determined by discounting the future cash flows to be generated from the business of the subsidiary. In 2016, as a result of the impact of fluctuations in crude oil prices on the outlook of the offshore oil & gas industry, the carrying amount of the subsidiary was determined to be higher than its recoverable amount of $1,876,373 and an impairment loss on the goodwill of $844,364 (2015: Nil) was recognised. The impairment loss was included in other operating expenses. In 2015, the estimated recoverable amount of the subsidiary exceeded its carrying amount by $886,822.

Following the recognition of the impairment loss, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

(iii) TIEC Holdings Pte. Ltd.

The recoverable amount for this subsidiary was based on its value in use, determined by discounting the future cash flows to be generated from the development projects of the subsidiary. In 2016, as a result of the cooling measures implemented by the Singapore government, the property market in Singapore continued to soften. Consequently, the carrying amount of the subsidiary was determined to be higher than its recoverable amount of $4,859,137 (2015: $7,994,561) and an impairment loss on the goodwill of $2,211,110 (2015: $2,209,048) was recognised. The impairment loss was included in other operating expenses.

	2016	2015
Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the CGUs	6.4%	9.5%
Estimated selling price	$1,044 psf	$1,126 psf
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	1.5 years	2 years

5 INTANGIBLE ASSETS (CONT'D)

Impairment test (cont'd)

(iii) TIEC Holdings Pte. Ltd. (cont'd)

The cash flow forecasts were based on the subsidiary's remaining property development projects which were expected to be completed within the following 1.5 years. Revenue was based on the gross development value estimated by an independent professional valuer, adjusted to account for a foreseeable decline in property prices in Singapore's luxury property market.

Following the recognition of the impairment loss, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

(iv) ECG Property Services Pte. Ltd. and its subsidiaries

	2016	2015
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs	n.a.	10.2%
Estimated selling price	n.a.	$398 psf
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	n.a.	4 years

The acquisition of ECG Property Services Pte. Ltd. ("ECG Property Services") had given rise to goodwill due to the synergies expected from the acquired business and the Group's property development project "The Bay" in Cambodia. In this respect, the Group has attributed the goodwill arising from the acquisition of ECG Property Services to "The Bay" project as part of the impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

5 INTANGIBLE ASSETS (CONT'D)

Impairment test (cont'd)

(iv) ECG Property Services Pte. Ltd. and its subsidiaries (cont'd)

"The Bay" project is faced with unfavourable macro-economic outlook in the condominium sector in Phnom Penh. Management believes there is heightened risk of oversupply of condominiums as condominium supply is expected to increase significantly through to 2018. In the best interests of the Group's "The Bay" project, and having considered the market conditions in Phnom Penh and other factors, the Group and its joint venture partner have decided to put on hold the residential development phase of the project. As management is working together with its joint venture partner in assessing the market changes and considering alternative plans for repositioning the development project, the estimated recoverable amount of ECG Property Services is estimated to be nil. Accordingly, an impairment loss on the goodwill of $12,475,753 (2015: Nil) was recognised. The impairment loss was included in other operating expenses.

6 INVESTMENT PROPERTY

		Group $
Cost:		
At 1 July 2014 and 30 June 2015		–
Reclassification from property, plant and equipment	4	1,637,368
At 30 June 2016		1,637,368
Accumulated depreciation and impairment loss:		
At 1 July 2014 and 30 June 2015		–
Impairment loss		(1,637,368)
At 30 June 2016		(1,637,368)

6 INVESTMENT PROPERTY (CONT'D)

	Group $
Net book value:	
At 1 July 2014	–
At 30 June 2015	–
At 30 June 2016	–

Investment property comprises a number of show flats which were intended to be used to market "The Bay" project in Cambodia. During the year, there was a change in business plan as the Group intends to hold the property to earn rental income. Accordingly, the property is treated as an investment property at 30 June 2016.

The Group recognised an impairment loss of $1,637,368 on its investment property as the property has not been generating rental income. The impairment loss is charged to profit or loss and recognised in other operating expenses.

7 INVESTMENTS IN SUBSIDIARIES

	Company 2016 $	 2015 $
Equity investments at cost	34,222,459	34,222,459
Impairment loss	(8,906,645)	(3,059,283)
Cost at the end of the year	25,315,814	31,163,176

During the year, the Company assessed the carrying amount of its investments in subsidiaries for indications of impairment. Based on this assessment, the Company recognised an impairment loss of $5,847,362 (2015: $3,059,283) on its investments in subsidiaries. The recoverable amount of the investments has been determined based on value in use (see Note 5). The impairment loss is charged to profit or loss and recognised in other operating expenses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

7 INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activity	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
TEHO Ropes & Supplies Pte. Ltd.	Supply of rigging and mooring equipment as well as related services to customers mainly in the marine & offshore industries	Singapore	100	100
TEHO International (USA), LLC	Trading in rigging and mooring equipment as well as related services to customers mainly in the marine & offshore industries	United States of America	100	100
TEHO (Shanghai) Co., Ltd.	Supply of rigging and mooring equipment as well as related services to customers mainly in the marine & offshore industries	People's Republic of China	100	100
TEHO Offshore Pte. Ltd.	Dormant	Singapore	100	100
TEHO Engineering Pte. Ltd.	Supply of offshore oil and gas equipment to offshore oil and gas industries	Singapore	100	100

7 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activity	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
TEHO EuROPE B.V.	Supply of rigging and mooring equipment as well as related services to customers mainly in the marine & offshore industries	The Netherlands	100	100
TEHO Water & Envirotec Pte. Ltd.	Supply of marine and engineering services and trading in related marine and engineering hardware and accessories	Singapore	100	100
TIEC Holdings Pte. Ltd.	Real estate development specialising in residential properties	Singapore	100	100
TEHO Development Pte. Ltd.	Investment holding company and real estate developer	Singapore	100	100
ECG Property Services Pte. Ltd. (Acquired on 28 November 2014)	Investment holding company and real estate business	Singapore	100	100
ECG Property Pte. Ltd. (Acquired on 28 November 2014)	Real estate agency	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

7 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activity	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
ECG Consultancy Pte. Ltd. (Acquired on 28 November 2014)	Provision of real estate valuation services	Singapore	100	100
ECG (Cambodia) Co., Ltd. (Incorporated on 29 December 2014)	Provision of real estate agency and real estate valuation services	Cambodia	100	55
TEHO Development (Cambodia) Pte. Ltd. (Incorporated on 4 November 2014)	Investment holding company and real estate developer	Singapore	100	100
TEHO-SBG Development Co., Ltd# (Incorporated on 11 November 2014)	Real estate development and investment	Cambodia	49	49
"Liha" Shipservice B.V. (Acquired on 31 December 2014)	Supply of rigging and mooring equipment	The Netherlands	100	100
Store Rijnmond B.V. (Acquired on 31 December 2014)	Supply of rigging and mooring equipment	The Netherlands	100	100
ECG Property Global Pte. Ltd. (Incorporated on 20 May 2015)	Real estate activities with own or leased property	Singapore	100	100

Although the Group owns less than half of the voting power of the investee, management has determined that the Group has had control over the investee as it has the right to appoint two out of three board members and holds the decision-making power over the relevant activities of the investee.

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

8 INVESTMENTS IN ASSOCIATES

	Group 2016 $	Group 2015 $
Investments in associates	167,279	167,279
Impairment loss	(167,279)	(53,625)
	–	113,654

The Group's investments in associates are as follows:

	STS Seanly Marine Sdn Bhd [(a)]	ECG Affirm Holdings Sdn. Bhd. [(a)]
Nature of relationship with the Group	Supply of marine and engineering services and trading in related marine and engineering hardware and accessories	Provision of real estate agency services
Principal place of business/ Country of incorporation	Malaysia	Malaysia
Ownership interest/Voting rights held	49% (2015: 49%)	35% (2015: 35%)

(a) Not audited as it is not material.

Immaterial associates

The following table summarises, in aggregate, the carrying amount and share of loss and other comprehensive income of these associates that are accounted for using the equity method.

8 INVESTMENTS IN ASSOCIATES (CONT'D)

	Group 2016 $	Group 2015 $
Carrying amount of interests in immaterial associates	–	113,654
Group's share of:		
- Loss from continuing operations	–	(51,212)
- Other comprehensive income	–	–
- Total comprehensive income	–	(51,212)

9 INVENTORIES

	Group 2016 $	Group 2015 $
Goods held for resale		
- At cost	21,686,781	23,374,959
- At net realisable value	317,064	108,370
	22,057,845	23,483,329

Inventories are stated after allowance for inventory obsolescence.

The change in allowance for inventory obsolescence during the year is as follows:

	Group 2016 $	Group 2015 $
At beginning of the year	362,205	189,617
Addition	202,183	172,588
At end of the year	564,388	362,205

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

9 INVENTORIES (CONT'D)

In 2016, inventories and changes in finished goods included as cost of sales amounted to $34,146,272 (2015: $36,453,504).

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the financial year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the financial year. Possible changes in these estimates could result in revisions to the stated value of the inventories.

10 DEVELOPMENT PROPERTIES

	Group	
	2016	2015
	$	$
Unsold units of development properties under development that will be recognised on percentage of completion method:		
Aggregate costs incurred	26,470,420	21,782,391
Allowance for foreseeable losses	(862,408)	(788,108)
	25,608,012	20,994,283
Sold units of development properties under development recognised on percentage of completion method:		
Aggregate costs incurred and attributable profits to date	17,378,883	16,698,441
Less: Progress billings received and receivables	(17,378,883)	(11,393,247)
	–	5,305,194
Development properties under development recognised on completion of construction method:		
Aggregate costs incurred	19,567,058	16,390,797
Other properties under development:		
Aggregate costs incurred	–	4,336,429
Total development properties	45,175,070	47,026,703
Interest expense capitalised during the financial year as cost of development property (Note 21)	281,800	431,894

The rate of interest capitalised during the year is 2.43% - 2.58% (2015: 2.07% - 3.15%) per annum.

In 2016, development properties recognised in cost of sales, excluding allowance for foreseeable losses, amounted to $1,035,810 (2015: $1,673,158)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

10 DEVELOPMENT PROPERTIES (CONT'D)

At 30 June 2016, development properties of the Group with carrying amounts of $21,737,058 (2015: $26,282,351) are pledged as securities for banking facilities (see Note 16).

The change in allowance for foreseeable losses in respect of development properties during the year is as follows:

	Group 2016 $	Group 2015 $
At beginning of the year	788,108	–
Addition	74,300	788,108
At end of the year	862,408	788,108

Development properties are measured at the lower of cost and net realisable value. The Group makes allowances for foreseeable losses on development properties when the aggregate costs incurred on the development properties and attributable profits exceed the 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 financial year end 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.

Management obtains independent professional valuations of gross development values of development properties to estimate the selling prices in the ordinary course of business. The gross development values of the development properties are estimated using the market comparison approach. Construction costs are estimated based on contracted amounts and in respect of amounts not contracted for, management's estimates of the amounts to be incurred.

Management also assesses if any write-down of completed properties for sale is required based on their estimates of selling prices which are based on recent selling prices and the prevailing market conditions.

10 DEVELOPMENT PROPERTIES (CONT'D)

Independent professional valuations are undertaken to obtain estimates of the fair value of land which is included within development properties. Where such valuations are undertaken, the valuations were based on the market comparison approach.

11 TRADE AND OTHER RECEIVABLES

	Note	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Trade receivables		13,049,301	13,868,790	–	–
Amounts due from subsidiaries (non-trade)		–	–	20,828,762	28,015,485
Amount due from former shareholders of a subsidiary	(a)	1,104,566	1,095,075	–	–
Amount due from a related party	(b)	–	42,491	–	–
Loan due from a subsidiary		–	–	1,586,120	1,942,841
Stamp duties and option fees recoverable	(c)	–	437,100	–	–
Deposits and other receivables		1,062,363	1,633,885	20,300	–
Prepayments and advances to suppliers		1,061,879	447,426	107,547	116,029
Total		16,278,109	17,524,767	22,542,729	30,074,355
Non-current		–	–	1,205,792	1,586,120
Current		16,278,109	17,524,767	21,336,937	28,488,235
Total		16,278,109	17,524,767	22,542,729	30,074,355

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

11 TRADE AND OTHER RECEIVABLES (CONT'D)

(a) This amount arose from provisions in the sale and purchase agreement relating to the acquisition of a subsidiary, TIEC Holdings Pte. Ltd. that allows the Group to recover certain project costs that exceeded the agreed budgets.

(b) The related party is a company in which a substantial shareholder has a controlling interest. The balance was non-trade in nature, unsecured, interest-free and repayable on demand.

(c) During the financial year ended 30 June 2015, the Group exercised an option to purchase a property. Subsequently the Group and the counterparty mutually agreed not to proceed with the transaction. This amount comprised stamp duties and option fees recoverable in relation to the transaction.

Outstanding balances with subsidiaries are unsecured. The loan due from a subsidiary bears interest of 6.0% per annum (2015: 6.0%) and is repayable by January 2020 over 60 monthly instalments. The non-trade amounts due from subsidiaries are interest-free and repayable on demand. At the end of the reporting period, the Company has provided an allowance for impairment loss of $14,712,166 (2015: Nil) on amounts due from a subsidiary.

The trade receivables and the non-trade amounts due from subsidiaries that are impaired at the end of the reporting period and the respective movements in allowance for impairment loss during the year were as follows:

	Group	
	2016	2015
	$	$
Trade receivables		
Nominal amounts	13,628,338	14,286,970
Less: Allowance for impairment	(579,037)	(418,180)
	13,049,301	13,868,790

11 TRADE AND OTHER RECEIVABLES (CONT'D)

	Group	
	2016	2015
	$	$
At beginning of the year	418,180	20,809
Impairment loss recognised	266,335	464,728
Allowance utilised	(105,478)	(67,357)
At end of the year	579,037	418,180

	Company	
	2016	2015
	$	$
Amounts due from subsidiaries (non-trade)		
Nominal amounts	35,540,928	28,015,485
Less: Allowance for impairment	(14,712,166)	–
	20,828,762	28,015,485
At beginning of the year	–	–
Impairment loss recognised	14,712,166	–
At end of the year	14,712,166	–

The allowance for impairment loss was included in other operating expenses.

An allowance is made for doubtful trade receivables for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade receivables and historical bad debts, customer concentrations, and customer creditworthiness when evaluating the adequacy of the allowance for doubtful trade receivables. To the extent that it is feasible, impairment and uncollectibility are determined individually for each item.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

12 CASH AND CASH EQUIVALENTS

	Note	2016 $	2015 $
Group			
Cash at banks and in hand		6,655,846	6,758,457
Project accounts	(a)	1,139,443	6,986,248
Cash and cash equivalents in the statements of financial position		7,795,289	13,744,705
Cash pledged for bank facilities	(b)	(13,000)	(13,000)
Cash and cash equivalents in the statement of cash flows		7,782,289	13,731,705
Company			
Cash at banks and in hand		307,646	146,349

(a) The amounts in project accounts are bank balances held under Housing Developers (Project Account) (Amendment) Rules 1997, the use of which is subject to restrictions imposed by the aforementioned rules.

(b) This is for amount held by bankers to cover the bank guarantees issued.

12 CASH AND CASH EQUIVALENTS (CONT'D)

Significant non-cash transaction

(a) Acquisition of property, plant and equipment

	Note	Group 2016 $	Group 2015 $
Additions of property, plant and equipment	4	2,026,339	5,284,187
Funded by bank loans		–	(3,044,415)
Cash used in acquisition of property, plant and equipment		2,026,339	2,239,772

(b) Development properties

During the financial year ended 30 June 2015, the non-controlling interest of a subsidiary contributed a piece of land in relation to "The Bay" project in Cambodia with a fair value of $21,656,648. This has been included under development properties as at 30 June 2016.

(c) Acquisition of subsidiary, net of cash acquired

	Group 2016 $	Group 2015 $
Cash consideration	–	3,514,304
Cash and cash equivalents acquired	–	(590,318)
Net outflow of cash and cash equivalents included in cash flows from investing activities	–	2,923,986

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

13 SHARE CAPITAL

	Note	Company 2016 Number of shares	Company 2015 Number of shares
Issued and fully paid ordinary share capital with no par value:			
At beginning of the year		233,324,614	190,467,471
Issued in business combination	28	–	42,857,143
At end of the year		233,324,614	233,324,614

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. All issued shares are fully paid, with no par value.

Issue of ordinary shares

Financial year ended 30 June 2015

On 28 November 2014, 42,857,143 ordinary shares of no par value were issued at market price of $0.20 each and used as part of the purchase consideration for the acquisition of ECG Property Services Pte. Ltd..

Capital management

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. Management sets the amount of capital to meet its requirements and the risk taken.

13 SHARE CAPITAL (CONT'D)

Management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

Management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital. Net debt is calculated as total borrowings less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, revaluation reserve, retained earnings and non-controlling interests).

	Group 2016 $	Group 2015 $
Net debt:		
All current and non-current borrowings including finance leases	43,700,716	62,533,404
Less: Cash and cash equivalents	(7,795,289)	(13,744,705)
Net debt	35,905,427	48,788,699
Total equity	62,079,648	83,785,006
Debt-to-adjusted capital ratio	57.8%	58.2%

There were no changes in the approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

14 OTHER RESERVES

	Group 2016 $	Group 2015 $
Foreign currency translation reserve	97,712	170,984
Revaluation reserve	12,539,508	22,735,731
	12,637,220	22,906,715

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserve

	Group 2016 $	Group 2015 $
At beginning of the year	22,735,731	20,823,593
Gains on revaluation of properties in property, plant and equipment	–	2,971,207
Deferred tax thereon	–	(505,105)
Disposal of property, plant and equipment	(9,734,979)	–
Transfer to retained earnings	(461,244)	(553,964)
At end of the year	12,539,508	22,735,731

The revaluation reserve arises from the revaluation of properties held under property, plant and equipment. It is not distributable until it is transferred to retained earnings upon the disposal of the properties.

15 NON-CONTROLLING INTERESTS

The following subsidiary has material non-controlling interests.

Name of subsidiary	Principal places of business/Country of incorporation	Operating segment	Ownership interests held by non-controlling interests 2016 %	Ownership interests held by non-controlling interests 2015 %
TEHO-SBG Development Co., Ltd. ("TEHO-SBG")	Cambodia	Property development	51.0	51.0

The following summarised financial information for the above subsidiary are prepared in accordance with International Financial Reporting Standards. The financial information presented below represents the amounts before any inter-company eliminations with other companies in the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

15 NON-CONTROLLING INTERESTS (CONT'D)

	2016 $	2015 $
Revenue	–	–
Loss after tax	(2,308,074)	(2,512,051)
Other comprehensive income	–	–
Total comprehensive income	(2,308,074)	(2,512,051)
Attributable to non-controlling interests:		
- Loss	–	–
- Other comprehensive income	–	–
- **Total comprehensive income**	–	–
Non-current assets	8,147	12,852
Current assets	41,488,292	22,509,514
Current liabilities	(3,108,925)	(556,809)
Net assets	38,387,514	21,965,557
Net assets attributable to non-controlling interests	21,566,389	21,361,329
Cash flows used in operating activities	(17,990,795)	(1,530,373)
Cash flows used in investing activities	(4,271)	(1,042,906)
Cash flows from financing activities	18,606,034	3,122,339
Net increase in cash and cash equivalents	610,968	549,060

16 LOANS AND BORROWINGS

	Group	
	2016 $	2015 $
Non-current:		
Secured bank loans	21,186,554	28,447,964
Finance lease liabilities	40,346	57,041
	21,226,900	28,505,005
Current:		
Secured bank loans	16,830,964	26,936,782
Finance lease liabilities	16,695	140,414
Trust receipts (secured)	5,626,157	6,951,203
	22,473,816	34,028,399
Total	43,700,716	62,533,404

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

16 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding secured bank loans are as follows:

	Currency	Nominal interest rate %	Year of maturity	2016 Face value $	2016 Carrying amount $	2015 Face value $	2015 Carrying amount $
Group							
Term loans U	SGD	2.55% to 4.73%	2020	6,000,000	5,050,000	20,000,000	16,120,361
Term loan E	SGD	6.00%	2020	2,000,000	1,486,038	2,000,000	1,846,693
Revolving credit facilities	SGD	2.22% to 3.77%	2016	12,000,000	12,000,000	10,000,000	10,000,000
Property development loans	SGD	2.43% to 3.65%	2016 - 2017	14,315,070	16,115,958	23,922,396	23,922,396
Property term loans	SGD	2.00% to 2.15%	2035 - 2037	3,560,000	3,365,522	3,560,000	3,495,296
				37,875,070	38,017,518	59,482,396	55,384,746

The agreements for certain bank loans, overdrafts and other credit facilities require the subsidiaries to comply with certain financial covenants which include (a) the tangible net worth of not less than $16,000,000 at all times, (b) the total liabilities to tangible net worth of not more than 175% at all times and (c) total bank debts to tangible net worth of not more than 150% at all times.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

16 LOANS AND BORROWINGS (CONT'D)

The details of the guarantees and securities charged over the secured bank loans are as follows:

Term loans U	-	The loans are covered by a corporate guarantee by the Company amounting to $36,350,000 and secured by legal charges over the leasehold buildings of a subsidiary.
Term loan E	-	The loan is covered by a corporate guarantee by the Company.
Revolving credit facilities	-	The facilities are covered by corporate guarantees by the Company. In addition, revolving credit facilities amounting to $7,500,000 are secured by legal charges over a leasehold building of a subsidiary.
Property development loans	-	The loans are secured by legal mortgages on the development properties of certain subsidiaries, and sales proceeds from these development properties.
Property term loans	-	The loans are covered by corporate guarantees by the Company and secured by legal mortgages over the leasehold buildings of certain subsidiaries.

Breach of loan covenant

2016

The Group has a secured bank loan and short-term facilities with carrying amounts of $2,000,000 and $178,647 at 30 June 2016 respectively.

16 LOANS AND BORROWINGS (CONT'D)

The secured bank loan contains a covenant requiring the tangible net worth of a subsidiary to be not less than $10,000,000 at all times. However, the tangible net worth of the subsidiary was less than $10,000,000 at 30 June 2016. Accordingly, the loan was recalled and is repayable by October 2016, January 2017 and April 2017. The said outstanding loan of $2,000,000 has been classified as current liabilities at 30 June 2016.

The short-term facilities contain a covenant requiring the total liabilities of a subsidiary to be not more than 175% of its tangible net worth at all times. However, the total liabilities of the subsidiary was more than 175% of its tangible net worth at 30 June 2016. Accordingly, the short-term facilities have been classified as current liabilities at 30 June 2016.

2015

The Group had a secured bank loan with a carrying amount of $2,000,000 at 30 June 2015. The loan was repayable on 29 September 2015. The loan contained a covenant requiring the tangible net worth of a subsidiary to be not less than $10,000,000 at all times. However, the tangible net worth of the subsidiary was less than $10,000,000 at 30 June 2015. Accordingly, the loan became repayable on demand. The subsidiary obtained a waiver in relation to the breach in August 2015.

Finance lease liabilities

Finance leases are payable as follows:

	Future minimum lease payments $	Interest $	Present value of minimum lease payments $
Group			
2016			
Within 1 year	18,828	(2,133)	16,695
Between 1 and 5 years	42,351	(2,005)	40,346
	61,179	(4,138)	57,041

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

16 LOANS AND BORROWINGS (CONT'D)

Finance lease liabilities (cont'd)

	Future minimum lease payments $	Interest $	Present value of minimum lease payments $
2015			
Within 1 year	144,897	(4,483)	140,414
Between 1 and 5 years	61,179	(4,138)	57,041
	206,076	(8,621)	197,455

The net book value of plant and equipment under finance leases is $57,398 as at 30 June 2016 (2015: $397,053).

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

Other details are as follows:

	Group	
	2016 $	2015 $
Average lease term, in years	5.0	4.5
Average effective interest rate per year	4.50%	3.78%

16 LOANS AND BORROWINGS (CONT'D)

Trust receipts

Group

The trust receipts are covered by corporate guarantees by the Company and secured by legal charges over the leasehold buildings of a subsidiary. The trust receipts bear interest at rates ranging from 2.11% - 3.04% (2015: 1.48% - 2.44%) per annum.

17 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2016 $	2015 $	2016 $	2015 $
Trade payables		3,643,021	3,227,921	–	–
Derivative financial liabilities	18	40,764	360,241	–	–
Deferred consideration	(a)	–	2,000,000	–	–
Accrued expenses		1,357,465	1,149,939	114,326	208,668
Advance receipts from customers		2,540,116	329,683	–	–
Contingent consideration payable	(b)	–	78,924	–	78,924
Retention payable		233,760	153,434	–	–
Other payables		737,123	855,858	52,737	126,918
Loans due to a subsidiary	(c)	–	–	1,586,120	1,942,841
Amounts due to:					
- a shareholder	(d)	–	2,346	–	–
- subsidiaries	(d)	–	–	37,183,785	28,441,126
Total		8,552,249	8,158,346	38,936,968	30,798,477
Non-current		–	–	1,205,792	1,586,120
Current		8,552,249	8,158,346	37,731,176	29,212,357
Total		8,552,249	8,158,346	38,936,968	30,798,477

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

17 TRADE AND OTHER PAYABLES (CONT'D)

(a) The deferred consideration forms part of the purchase consideration in relation to the Group's acquisition of a subsidiary, which is payable within 12 months from completion date. Please refer to Note 28 for further details.

(b) The contingent consideration payable relates to the acquisition of a subsidiary, TEHO Water & Envirotec Pte. Ltd. during the financial year ended 30 June 2013.

The movement in fair value of the contingent consideration payable is as follows:

	Group	
	2016 $	2015 $
At beginning of the year	78,924	723,000
Consideration paid	(78,924)	(450,000)
Changes in fair value	–	(194,076)
At end of the year	–	78,924

(c) The loan due to a subsidiary is unsecured, bears interest of 6.0% per annum (2015: 6.0%) and repayable by January 2020 over 60 monthly instalments.

(d) The amounts due to a shareholder and subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand, except as stated in note 17(c).

18 DERIVATIVE FINANCIAL LIABILITIES

This includes the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

	Contract notional amount $	Fair value liabilities $
Group		
2016		
Structured currency instruments	404,400	40,764
2015		
Structured currency instruments	10,279,500	360,241

The purpose of these instruments is to mitigate the fluctuations of expected purchases (forecast transactions) denominated in USD.

The fair value gains on derivatives are credited to profit or loss and included in other income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

19 DEFERRED TAX LIABILITIES

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 July 2014 $	Recognised in profit or loss (note 23) $	Recognised in the statement of comprehensive income (note 23) $	Credited directly to equity (note 23) $	Acquisition of subsidiaries (note 28) $	At 30 June 2015 $
Group						
Deferred tax liabilities						
Property, plant and equipment	66,404	28,000	–	–	1,238	95,642
Gain on property revaluation	4,265,074	–	505,106	(113,464)	–	4,656,716
Intangible assets	281,180	(99,960)	–	–	–	181,220
Adjustment in relation to development properties	219,488	(100,488)	–	–	–	119,000
Development properties based on stage of completion method	585,598	–	–	–	–	585,598
Profit recognised on development properties based on stage of completion method	43,853	–	–	–	–	43,853
	5,461,597	(172,448)	505,106	(113,464)	1,238	5,682,029
Deferred tax assets						
Unutilised capital allowance	(225,001)	–	–	–	–	(225,001)
Total	5,236,596	(172,448)	505,106	(113,464)	1,238	5,457,028

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

19 DEFERRED TAX LIABILITIES (CONT'D)

	At 1 July 2015 $	Recognised in profit or loss (note 23) $	Recognised in the statement of comprehensive income (note 23) $	Credited directly to equity (note 23) $	Acquisition of subsidiaries (note 28) $	At 30 June 2016 $
Group						
Deferred tax liabilities						
Property, plant and equipment	95,642	(16,686)	–	–	–	78,956
Gain on property revaluation	4,656,716	–	–	(2,088,383)	–	2,568,333
Intangible assets	181,220	(77,180)	–	–	–	104,040
Adjustment in relation to development properties	119,000	–	–	–	–	119,000
Development properties based on stage of completion method	585,598	(675,571)	–	–	–	(89,973)
Profit recognised on development properties based on stage of completion method	43,853	–	–	–	–	43,853
	5,682,029	(769,437)	–	(2,088,383)	–	2,824,209
Deferred tax assets						
Unutilised capital allowance	(225,001)	–	–	–	–	(225,001)
Total	5,457,028	(769,437)	–	(2,088,383)	–	2,599,208

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

19 DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are as follows:

	Group 2016 $	Group 2015 $
Deferred tax liabilities	2,599,208	5,457,028

Unrecognised deferred tax liabilities

As at 30 June 2016, deferred tax liabilities of $130,201 (2015: $25,311) for temporary differences of $382,946 (2015: $84,371) related to investments in subsidiaries were not recognised because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group 2016 $	Group 2015 $
Deductible temporary differences	3,062,597	1,079,798
Tax losses	6,355,862	2,818,501

The deductible temporary differences and tax losses do not expire under current local tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

20 REVENUE

	Group 2016 $	Group 2015 $
Sale of goods	52,276,349	55,620,664
Revenue from property development (recognised on percentage of completion method)	850,000	2,317,175
Provision of real estate services	4,270,420	3,719,257
	57,396,769	61,657,096

Significant accounting estimates

The stage of completion method is applied on a cumulative basis in each accounting period to the current estimates of revenue and costs of development property. Changes in the estimate of revenue or costs, or the effect of a change in the estimate of the outcome of a development property could impact the amount of revenue and expenses recognised in profit or loss in the period in which the change is made and in subsequent periods. Such impact could potentially be significant. Significant judgement is required in estimating reasonable amounts of variation claims to be recognised as cost in project budgets and in determining if the Group has to make provisions for any potential liquidated damages exposure and other losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

21 FINANCE INCOME AND FINANCE COSTS

	Note	Group 2016 $	Group 2015 $
Finance income:			
Interest income		(7,038)	(2,741)
Finance costs:			
Interest expense		1,603,450	1,679,104
Less: Amount capitalised in development properties	10	(281,800)	(431,894)
Less: Amount recoverable from former shareholders of a subsidiary	(a)	–	(428,494)
		1,321,650	818,716
Net finance costs		1,314,612	815,975

(a) This amount is recoverable from the former shareholders of a subsidiary which was acquired by the Group and arose from provisions in the sale and purchase agreement relating to the acquisition that allow the Group to recover certain project costs that exceeded the agreed budget.

22 LOSS FOR THE YEAR

The following items have been included in arriving at loss for the year:

	Group 2016 $	Group 2015 $
Allowance for impairment on trade receivables	228,246	464,728
Allowance for foreseeable loss on development properties	74,300	788,108
Amortisation of intangible assets	521,000	521,000
Audit fees paid to:		
- auditors of the Company	254,951	246,000
- other auditors	51,654	34,698
Non-audit fees paid to:		
- auditors of the Company	28,150	19,500
- other auditors	–	–
Bad debts written off	213,836	–
Depreciation	1,716,870	1,560,991
Fair value gain on derivatives	(319,477)	(16,283)
Foreign exchange losses, net	46,752	758,293
Gain on disposal of property, plant and equipment	(1,449,790)	(40,830)
Impairment loss on goodwill	16,931,227	2,209,048
Impairment loss on investment in associates	113,654	53,625
Impairment loss on investment property	1,637,368	–
Loss on disposal of an associate	–	8,636
Land rental	451,888	278,730
Net fair value gain on contingent consideration payable	–	(194,076)
Operating lease expenses	1,226,046	1,024,328

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

22 LOSS FOR THE YEAR (CONT'D)

Employee benefits expense

	Group 2016 $	Group 2015 $
Salaries, bonuses and other costs	10,795,024	8,574,669
Contributions to defined contribution plans	1,021,281	729,306
	11,816,305	9,303,975

23 TAX EXPENSE

Tax recognised in profit or loss	Group 2016 $	Group 2015 $
Current tax expense		
Current year	949,307	369,740
Adjustment for prior periods	(11,785)	34,854
	937,522	404,594
Deferred tax credit		
Origination and reversal of temporary differences	(675,637)	(184,741)
Adjustment for prior periods	(93,800)	12,293
	(769,437)	(172,448)
Total tax expense	168,085	232,146

23 TAX EXPENSE (CONT'D)

Deferred tax expense recognised in other comprehensive income:

	Group 2016 $	Group 2015 $
Gains on property revaluation	–	505,106

Deferred tax income credited directly to equity:

	Group 2016 $	Group 2015 $
Deferred tax income related to transfer of revaluation reserve to retained earnings	(2,088,383)	(113,464)

Reconciliation of effective tax rate

	Group 2016 $	Group 2015 $
Loss before tax	(23,661,572)	(7,456,501)
Share of loss from associates	–	51,212
	(23,661,572)	(7,405,289)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

23 TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate (cont'd)

	Group	
	2016	2015
	$	$
Tax using the Singapore tax rate of 17% (2015: 17%)	(4,022,467)	(1,258,899)
Effect of tax rates in foreign jurisdictions	25,342	(9,460)
Non-deductible expenses	3,380,258	775,073
Tax effect of losses not allowed to be set off against future taxable profits	306,855	233,685
(Over)/under provided in prior years	(105,585)	47,147
Tax incentives	(106,280)	(111,396)
Corporate tax rebate	(40,000)	(45,628)
Tax exempt income	(278,543)	(72,311)
Recognition of tax effect of previously unrecognised tax losses	–	(8,973)
Current year losses for which no deferred tax asset was recognised	601,351	475,107
Change in unrecognised temporary differences	337,076	228,170
Others	70,078	(20,369)
Total tax expense	168,085	232,146

24 LOSS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of $23,815,199 (2015: $7,618,050), and a weighted-average number of ordinary shares outstanding of 233,324,614 (2015: 215,467,471), calculated as follows:

Weighted-average number of ordinary shares

	Group	
	2016	2015
	$	$
Issued ordinary shares at beginning of the year	233,324,614	190,467,471
Effect of shares issued related to a business combination	–	25,000,000
Weighted-average number of ordinary shares during the year	233,324,614	215,467,471

Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the financial years ended 30 June 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

25 DIVIDENDS

The following exempt (one-tier) dividends were declared and paid by the Group and the Company:

For the year ended 30 June	Group and Company 2016 $	2015 $
Paid by the Company to the owners of the Company		
0.8 cents per qualifying ordinary share	–	1,523,740

No dividends were paid to the non-controlling interests.

After the respective reporting dates, no one-tier tax exempt dividends were proposed by the directors.

26 RELATED PARTIES

Other related party transactions

Other than as disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties are as follows:

	Note	Group 2016 $	2015 $
Rental expenses paid to related parties	(a)	(321,489)	(312,001)
Service fees paid to a related party	(b)	–	(230,400)
Interest expense paid to a related party	(c)	(32,943)	–
Rental income earned from an associate		–	96,000
Sale of goods to an associate		1,280	55,927
Real estate services income earned from an associate		–	95,468
Advertising fees paid to an associate		(33,045)	–

26 RELATED PARTIES (CONT'D)

Other related party transactions (cont'd)

(a) The related parties are companies in which a director has a significant controlling interest and a substantial shareholder has a controlling interest.

(b) The related party is a company in which a substantial shareholder has a controlling interest.

(c) The related party is an immediate family member of a director.

Transactions with key management personnel

Key management personnel of the Group are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel compensation and transactions comprised:

	Group 2016 $	2015 $
Key management personnel compensation		
Salaries and other short-term employee benefits	2,775,783	2,759,872
Post-employment benefits, including employer's contribution to Central Provident Fund	90,136	116,669
Fees to directors of the Company	180,000	196,667
	3,045,919	3,073,208
Key management personnel transaction		
Rental expense paid to a director of a subsidiary	40,800	20,400

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

26 RELATED PARTIES (CONT'D)

Commitments and contingencies

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries. These bank borrowings amount to $43,700,716 (2015: $62,533,404) at the reporting date.

27 OPERATING SEGMENTS

Information about reportable segment profit or loss, assets and liabilities

For management purposes, the reporting entity is organised into the following major strategic operating segments that offer different products and services:

- Marine & Offshore: This segment sells rigging and mooring equipment, offshore oil and gas equipment, and related marine and engineering hardware and accessories; and

- Property Development: This segment develops, markets and sells real estate properties, and provides real estate services.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating performance is segment profit before tax because management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

27 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Marine & Offshore $	Property development $	Total for reportable segments $	Unallocated $	Total $
Group					
2016					
External revenue	52,276,349	5,120,420	57,396,769	–	57,396,769
Interest income	5,803	1,235	7,038	–	7,038
Interest expense	(1,136,182)	(185,468)	(1,321,650)	–	(1,321,650)
Depreciation and amortisation	(1,925,046)	(269,797)	(2,194,843)	(43,027)	(2,237,870)
Reportable segment profit/(loss) before tax	18,320	(22,785,000)	(22,766,680)	–	(22,766,680)
Other unallocated expenses	–	–	–	(894,892)	(894,892)
Consolidated loss before tax from continuing operations					(23,661,572)
Reportable segment assets	59,465,184	57,841,346	117,306,530	564,954	117,871,484
Capital expenditure	445,293	1,576,196	2,021,489	4,850	2,026,339
Reportable segment liabilities	31,453,220	24,165,946	55,619,166	172,670	55,791,836

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

27 OPERATING SEGMENTS (CONT'D)

	Marine & offshore $	Property development $	Total for reportable segments $	Unallocated $	Total $
Other material non-cash items					
Allowance for foreseeable losses on development properties	–	74,300	74,300	–	74,300
Allowance for inventory obsolescence	202,183	–	202,183	–	202,183
Impairment loss on					
- associate	41,897	71,757	113,654	–	113,654
- goodwill	2,244,364	14,686,863	16,931,227	–	16,931,227
- property, plant and equipment	–	1,637,368	1,637,368	–	1,637,368
- trade and other receivables	228,246	–	228,246	–	228,246
Bad debts written off	5,984	207,852	213,836	–	213,836

27 OPERATING SEGMENTS (CONT'D)

	Marine & offshore $	Property development $	Total for reportable segments $	Unallocated $	Total $
Group					
2015					
External revenue	55,620,664	6,036,432	61,657,096	–	61,657,096
Interest income	2,219	522	2,741	–	2,741
Interest expense	(813,763)	(4,953)	(818,716)	–	(818,716)
Depreciation and amortisation	(1,926,491)	(113,234)	(2,039,725)	(42,266)	(2,081,991)
Reportable segment profit/(loss) before tax	1,659,151	(8,513,786)	(6,854,635)	–	(6,854,635)
Share of loss of associates	(14,187)	(37,025)	(51,212)	–	(51,212)
Other unallocated expenses	–	–	–	(550,654)	(550,654)
Consolidated loss before tax from continuing operations					(7,456,501)
Reportable segment assets	79,732,130	80,173,305	159,905,435	424,437	160,329,872
Investments in associates	41,897	71,757	113,654	–	113,654
Total assets					160,443,526
Capital expenditure	692,844	4,400,379	5,093,223	190,964	5,284,187
Reportable segment liabilities	44,755,635	31,556,648	76,312,283	346,237	76,658,520

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

27 OPERATING SEGMENTS (CONT'D)

	Marine & offshore $	Property development $	Total for reportable segments $	Unallocated $	Total $
Other material non-cash items					
Allowance for foreseeable losses on development properties	–	788,108	788,108	–	788,108
Allowance for inventory obsolescence	172,588	–	172,588	–	172,588
Impairment loss on					
- associate	–	53,625	53,625	–	53,625
- goodwill	–	2,209,048	2,209,048	–	2,209,048
- trade and other receivables	354,839	109,889	464,728	–	464,728

Other unallocated expenses are mainly distribution, administrative and other operating expenses which are centralised and not segmented as these items are not directly attributable to the reportable segments.

The unallocated assets and liabilities cannot be selectively segmented when they are being deployed and/or incurred, as these items are not directly attributable to the reportable segments.

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, irrespective of the origin of the goods and services, and segment assets are based on the geographical location of the assets.

27 OPERATING SEGMENTS (CONT'D)

Geographical information (cont'd)

	Group 2016 $	Group 2015 $
Revenue		
Singapore	37,777,061	42,529,952
Malaysia	2,279,154	3,133,921
Hong Kong	1,828,525	2,053,674
Germany	1,637,734	1,455,930
The Netherlands	1,448,900	1,613,596
Denmark	1,271,020	366,648
China	1,067,736	2,388,430
United Kingdom	1,038,893	1,066,805
United States of America	1,025,822	1,761,685
Philippines	1,016,462	148,146
Greece	1,004,967	432,034
Other countries	6,000,495	4,706,275
Total revenue	57,396,769	61,657,096
Non-current assets		
Singapore	26,194,278	57,665,698
Other countries	370,893	998,324
	26,565,171	58,664,022

Non-current assets presented consist of property, plant and equipment, intangible assets and goodwill, and investment in associates.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

27 OPERATING SEGMENTS (CONT'D)

Revenue from major customers

	Group 2016 $	Group 2015 $
Top 1 customer	4,330,073	3,731,763
Top 2 customers	6,647,570	6,364,840
Top 3 customers	8,746,582	7,523,025

28 ACQUISITION OF SUBSIDIARIES

2015

(i) ECG Property Services Pte. Ltd.

On 28 November 2014, the Group acquired the entire share capital of ECG Property Services Pte. Ltd. ("ECG Property Services"). As a result, ECG Property Services became a wholly owned subsidiary of the Group (see Note 7 for the principal activities).

Acquiring ECG Property Services will enable the Group to gain a foothold in the real estate business, strengthen the existing property development and investment business and provide the Group with a fuller range of property services in order to undertake the development project in Cambodia.

The contributions from ECG Property Services for the period between the date of acquisition and end of the financial year and if the acquisition had occurred on 1 July 2014, respectively, are as follows:

28 ACQUISITION OF SUBSIDIARIES (CONT'D)

(i) ECG Property Services Pte. Ltd. (cont'd)

	From date of acquisition in 2015 $	From 1 July 2014 to 30 June 2015 $
Revenue	3,719,257	7,903,807
Loss, net of tax	(1,229,580)	(1,229,347)

Consideration transferred/to be transferred

The consideration transferred/to be transferred is as follows:

	Group 2015 $
Cash	3,000,000
Deferred cash consideration (Note 17(a))	2,000,000
42,857,143 ordinary shares issued (Note 13)	8,570,000
Total consideration transferred	13,570,000

The fair value of the ordinary shares issued was based on the listed share price of the Company at 28 November 2014 of $0.20 per share.

The net assets acquired and the related fair values are determined through a purchase price allocation ("PPA") valuation carried out by the management as shown in the following table. Goodwill arising on acquisition was determined on a provisional basis as at 30 June 2015 as management was still in the process of assessing the fair value of the intangibles.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

28 ACQUISITION OF SUBSIDIARIES (CONT'D)

(i) ECG Property Services Pte. Ltd. (cont'd)

The PPA exercise was completed during the financial year ended 30 June 2016. The fair value of net assets approximated to the carrying amounts of the net assets acquired and no intangible assets were valued.

Acquisition-related costs

The Group incurred acquisition-related costs of $104,800 on legal fees and due diligence costs. The costs have been included in administrative expenses.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Group 2015 $
Cash and cash equivalents	587,727
Plant and equipment	197,058
Trade and other receivables	1,155,446
Investment in associate	162,407
Other assets	17,876
Trade and other payables	(1,024,264)
Current tax liabilities	(765)
Deferred tax liabilities	(1,238)
Identifiable net assets acquired	1,094,247

The trade and other receivables comprise gross contractual amounts due of $1,155,446, none of which was expected to be uncollectible at the acquisition date.

28 ACQUISITION OF SUBSIDIARIES (CONT'D)

(i) ECG Property Services Pte. Ltd. (cont'd)

Goodwill

The goodwill arising on acquisition is as follows:

	Group 2015 $
Consideration transferred	13,570,000
Fair value of identifiable net assets acquired	(1,094,247)
Goodwill arising on acquisition (Note 5)	12,475,753

The goodwill arising on the acquisition of ECG Property Services is attributable to the synergies expected to be achieved from the Group's property development projects. The goodwill is not deductible for tax purpose.

An analysis of the cash flows in respect of the acquisition is as follows:

	Group 2015 $
Cash paid	3,000,000
Cash and cash equivalents acquired	(587,727)
Net outflow of cash and cash equivalents on acquisition	2,412,273

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

28 ACQUISITION OF SUBSIDIARIES (CONT'D)

(ii) *"Liha" Shipservice B.V. and Store Rijnmond B.V.*

On 31 December 2014, the Group acquired the entire share capital of "Liha" Shipservice B.V. and Store Rijnmond B.V. (collectively the "Target Companies") for a cash consideration of EUR 320,000. As a result, the Target Companies became wholly owned subsidiaries of the Group (see Note 6 for the principal activities).

Acquiring the Target Companies will complement the core business of the Group in Rotterdam, Netherlands as the Target Companies are principally engaged in the supply of rigging and mooring products.

The contributions from Target Companies for the period between the date of acquisition and end of the financial year and if the acquisition had occurred on 1 July 2014, respectively, are as follows:

	From date of acquisition in 2015 $	From 1 July 2014 to 30 June 2015 $
Revenue	273,637	695,385
Loss, net of tax	(2,717)	(2,907)

Acquisition-related costs

The Group incurred acquisition-related costs of $43,604 on legal fees and due diligence costs. The costs have been included in administrative expenses.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

28 ACQUISITION OF SUBSIDIARIES (CONT'D)

(ii) *"Liha" Shipservice B.V. and Store Rijnmond B.V. (cont'd)*

	Group 2015 $
Cash and cash equivalents	2,591
Inventories	241,080
Trade and other receivables	134,338
Plant and equipment	286,840
Trade and other payables	(150,545)
Identifiable net assets acquired	514,304

An analysis of the cash flows in respect of the acquisition is as follows:

	Group 2015 $
Cash paid	514,304
Cash and cash equivalents acquired	(2,591)
Net outflow of cash and cash equivalents on acquisition	511,713

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. The main risks arising from the entity's financial instruments are credit risk, liquidity risk and market risk comprising interest rate and currency risk exposures. The management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following good market practices.

5. When appropriate consideration is given to investing in shares or similar instruments.

6. When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

With regard to derivatives, the policies include the following:

1. The management documents carefully all derivatives including the relationship between them and the hedged items at inception and throughout their life.

2. Ineffectiveness is recognised in profit or loss as soon as it arises.

3. Effectiveness is assessed at the inception of the hedge and at each end of the financial year ensuring that FRS 39 criteria are met.

4. Only financial institutions with acceptable credit ratings are used as counterparties for derivatives.

Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the financial year. Credit risk on cash balances with banks, derivative financial instruments and other financial assets is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Other than the cash restricted in use, cash and cash equivalents balances as disclosed in Note 12 represent short term deposits with a less than 90-day maturity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2015: 30 to 90 days). However, some customers take a longer period to settle the amounts.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables at the reporting date by business segment is set out below.

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Marine & Offshore	10,488,156	13,660,267	5,429,784	5,646,128
Property development	4,728,074	3,417,074	17,005,398	24,312,198
	15,216,230	17,077,341	22,435,182	29,958,326

The concentration of trade receivables by top 3 significant customers as at the end of financial year is as follows:

	Group	
	2016	2015
	$	$
Top 1 customer	720,180	2,279,778
Top 2 customers	1,110,264	2,847,129
Top 3 customers	1,468,138	3,381,875

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

(a) Ageing analysis of the age of trade receivable amounts (unsecured) that are past due as at the end of financial year but not impaired:

	Group	
	2016	2015
	$	$
Past due 1 to 60 days	3,499,013	5,273,488
Past due 61 to 90 days	502,016	787,427
Past due over 90 days	1,550,980	1,900,148
Total	5,552,009	7,961,063

The Group believes that the above amounts are still collectible in full, based on historic payment behaviour and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available.

(b) Ageing analysis as at the end of financial year of trade receivable amounts that are impaired:

	Group	
	2016	2015
	$	$
Trade receivables:		
Past due over 90 days	579,037	418,180

The allowance which is disclosed in the Note 11 is based on individual accounts totalling $579,037 (2015: $418,180) that are determined to be impaired at the end of the financial year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Liquidity risk

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its operations. The Group finances liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

	Group	
	2016 $	2015 $
Undrawn borrowing facilities	14,023,843	22,698,797

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the Group's operations.

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $	Contractual cash flows $	Less than 1 year $	1 – 5 years $	Over 5 years $
Group					
Non-derivative financial liabilities					
30 June 2016					
Secured bank loans	38,017,518	(40,439,237)	(29,850,240)	(7,088,041)	(3,500,956)
Finance lease liabilities	57,041	(61,179)	(18,828)	(42,351)	–
Trust receipts	5,626,157	(5,626,157)	(5,626,157)	–	–
Trade and other payables*	5,971,369	(5,971,369)	(5,971,369)	–	–
	49,672,085	(52,097,942)	(41,466,594)	(7,130,392)	(3,500,956)
30 June 2015					
Secured bank loans	55,384,746	(59,448,310)	(27,037,063)	(28,669,059)	(3,742,188)
Finance lease liabilities	197,455	(206,076)	(144,897)	(61,179)	–
Trust receipts	6,951,203	(6,951,203)	(6,951,203)	–	–
Trade and other payables*	7,468,422	(7,468,422)	(7,468,422)	–	–
	70,001,826	(74,074,011)	(41,601,585)	(28,730,238)	(3,742,188)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $	Contractual cash flows $	Less than 1 year $	1 – 5 years $	Over 5 years $
Group					
Derivative financial liabilities					
30 June 2016					
Net settled:					
Structured currency instruments	40,764	(40,764)	(40,764)	–	–
30 June 2015					
Net settled:					
Structured currency instruments	360,241	(360,241)	(360,241)	–	–
Company					
Non-derivative financial liabilities					
30 June 2016					
Trade and other payables	38,936,968	(39,114,181)	(37,810,848)	(1,303,333)	–
30 June 2015					
Trade and other payables	30,798,477	(31,435,689)	(29,672,356)	(1,763,333)	–

* Excludes derivatives (shown separately) and advance receipts from customers.

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Liquidity risk (cont'd)

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the carrying amounts included in the statement of financial position. The undiscounted amounts on the borrowings with variable interest rates are determined by reference to the conditions existing at the reporting date. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

It is expected that all the liabilities will be settled at their contractual maturity. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Financial guarantee contracts

For financial guarantee contracts the maximum earliest period in which the guarantee would be called is used. As at 30 June 2016 and 2015, no claims on the financial guarantees are expected. The following table shows the maturity analysis of the financial guarantees.

	Less than 1 year $
Company	
2016	
Corporate guarantees in favour of subsidiaries	43,700,716
2015	
Corporate guarantees in favour of subsidiaries	62,533,404

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposures to interest rate risk relates primarily to the Group's interest-bearing assets and liabilities. The Group do not enter into interest rate swaps to manage its interest rate risk. These exposures are managed partly using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Exposure to interest rate risk

The table below sets out the Group's and the Company's exposure to interest rate risks:

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Fixed rate instruments				
Financial assets	13,000	13,000	1,586,120	1,942,841
Financial liabilities	(6,593,079)	(2,044,148)	(1,586,120)	(1,942,841)
	(6,580,079)	(2,031,148)	–	–

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Variable rate instruments				
Financial assets	7,767,233	13,713,315	306,921	145,810
Financial liabilities	(37,107,637)	(60,489,256)	–	–
	(29,340,404)	(46,775,941)	306,921	145,810

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Interest rate risk (cont'd)

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

The variable rate debt obligations are with interest rates that are re-set regularly at one, three or six month intervals. A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and loss before tax by the amounts shown below. There is no impact on other components of equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Loss before tax	
	100 bp increase	100 bp decrease
	$	$
Group		
30 June 2016		
Variable rate instruments	(293,404)	293,404
30 June 2015		
Variable rate instruments	(467,759)	467,759
Company		
30 June 2016		
Variable rate instruments	3,069	(3,069)
30 June 2015		
Variable rate instruments	1,458	(1,458)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Foreign currency risk

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on sales, purchases and borrowings, including inter-company sales, purchases and inter-company balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Singapore dollar (SGD), US dollar (USD) and Euro (EUR).

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily SGD, but also USD and EUR. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Company has a number of investments in foreign subsidiaries whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Foreign currency risk (cont'd)

Exposure to foreign currency risk

The summary of quantitative data about the Group's exposure to foreign currency risk is as follows:

	USD $	EUR $	Others $	Total $
Group				
At 30 June 2016				
Financial assets				
Cash and cash equivalents	2,732,620	909,939	80,193	3,722,752
Trade and other receivables	1,571,749	1,328,907	230,375	3,131,031
Total financial assets	4,304,369	2,238,846	310,568	6,853,783
Financial liabilities				
Trade and other payables	(2,285,152)	(278,565)	(371,288)	(2,935,005)
Total financial liabilities	(2,285,152)	(278,565)	(371,288)	(2,935,005)
Net financial assets/ (liabilities) at end of the year	2,019,217	1,960,281	(60,720)	3,918,778
At 30 June 2015				
Financial assets				
Cash and cash equivalents	2,501,572	1,159,748	53,146	3,714,466
Trade and other receivables	2,094,327	905,538	87,300	3,087,165
Total financial assets	4,595,899	2,065,286	140,446	6,801,631
Financial liabilities				
Trade and other payables	(2,362,806)	(236,191)	(89,453)	(2,688,450)
Total financial liabilities	(2,362,806)	(236,191)	(89,453)	(2,688,450)
Net financial assets at end of the year	2,233,093	1,829,095	50,993	4,113,181

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

The Company's exposure to foreign currency risk is not significant.

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the Singapore dollar, as indicated below, against the USD and EUR at the reporting date would have increased (decreased) loss before tax and other comprehensive income by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Group Loss before tax $
30 June 2016	
USD (10% strengthening)	201,922
USD (10% weakening)	(201,922)
EUR (10% strengthening)	196,028
EUR (10% weakening)	(196,028)
30 June 2015	
USD (10% strengthening)	223,309
USD (10% weakening)	(223,309)
EUR (10% strengthening)	182,910
EUR (10% weakening)	(182,910)

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Classification of financial assets and liabilities and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Loans and receivables $	Designated at fair value $	Other financial liabilities amortised at cost $	Total $	Level 2 $
Group					
30 June 2016					
Financial assets not measured at fair value					
Cash and cash equivalents	7,795,289	–	–	7,795,289	
Trade and other receivables*	15,216,230	–	–	15,216,230	
	23,011,519	–	–	23,011,519	

* Excludes prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Classification of financial assets and liabilities and fair values (cont'd)

	Loans and receivables $	Designated at fair value $	Other financial liabilities amortised at cost $	Total $	Level 2 $
Group					
30 June 2016					
Financial liabilities measured at fair value					
Derivatives financial liabilities	–	40,764	–	40,764	40,764
	–	40,764	–	40,764	
Financial liabilities not measured at fair value					
Fixed rate loans	–	–	6,536,038	6,536,038	6,458,697
Other loans and borrowings	–	–	37,164,678	37,164,678	
Trade and other payables#	–	–	5,971,369	5,971,369	
	–	–	49,672,085	49,672,085	
30 June 2015					
Financial assets not measured at fair value					
Cash and cash equivalents	13,744,705	–	–	13,744,705	
Trade and other receivables*	17,077,341	–	–	17,077,341	
	30,822,046	–	–	30,822,046	

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Classification of financial assets and liabilities and fair values (cont'd)

	Loans and receivables $	Designated at fair value $	Other financial liabilities amortised at cost $	Total $	Level 2 $
Group					
30 June 2016					
Financial liabilities measured at fair value					
Derivatives financial liabilities	–	360,241	–	360,241	360,241
Contingent consideration payable	–	78,924	–	78,924	78,924
	–	439,165	–	439,165	
Financial liabilities not measured at fair value					
Fixed rate loans	–	–	1,846,693	1,846,693	1,826,627
Other loans and borrowings	–	–	60,686,711	60,686,711	
Trade and other payables#	–	–	7,719,181	7,719,181	
	–	–	70,252,585	70,252,585	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Classification of financial assets and liabilities and fair values (cont'd)

	Loans and receivables $	Designated at fair value $	Other financial liabilities amortised at cost $	Total $	Level 2 $
Company					
30 June 2016					
Financial assets not measured at fair value					
Cash and cash equivalents	307,646	–	–	307,646	
Loans due from a subsidiary	1,586,120	–	–	1,586,120	1,566,801
Trade and other receivables*	20,849,062	–	–	20,849,062	
	22,742,828	–	–	22,742,828	
Financial liabilities measured at fair value					
Contingent consideration payable	–	–	–	–	
Financial liabilities not measured at fair value					
Loans due to a subsidiary	–	–	1,586,120	1,586,120	1,566,801
Trade and other payables#	–	–	37,350,848	37,350,848	
	–	–	38,936,968	38,936,968	

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Classification of financial assets and liabilities and fair values (cont'd)

	Loans and receivables $	Designated at fair value $	Other financial liabilities amortised at cost $	Total $	Level 2 $
30 June 2015					
Financial assets not measured at fair value					
Cash and cash equivalents	146,349	–	–	146,349	
Loans due from a subsidiary	1,942,841	–	–	1,942,841	1,922,775
Trade and other receivables*	28,015,485	–	–	28,015,485	
	30,104,675	–	–	30,104,675	
Financial liabilities measured at fair value					
Contingent consideration payable	–	78,924	–	78,924	78,924
Financial liabilities not measured at fair value					
Loans due to a subsidiary	–	–	1,942,841	1,942,841	1,922,775
Trade and other payables#	–	–	28,776,712	28,776,712	
	–	–	30,719,553	30,719,553	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

29 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Classification of financial assets and liabilities and fair values (cont'd)

* Excludes prepayments
# Excludes derivatives and contingent consideration payable (shown separately) and advance receipts from customers

A description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Financial instruments measured at fair value

Type	Valuation technique
Derivative financial liabilities	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
Contingent consideration payable	Income approach based on the expected payment amount and their associated probabilities (i.e. probability-weighted). When appropriate, it is discounted to present value.
Loans due from/(to) a subsidiary	Discounted cash flows

30 COMMITMENTS

The Group have the following commitments as at the reporting date:

	Group	
	2016	2015
	$	$
Development expenditure contracted for development properties but not provided for in the financial statements	3,872,092	8,880,517
Expenditure contracted for property, plant and equipment but not provided for in the financial statements	–	1,339,005
	3,872,092	10,219,522

In addition, as part of the provisions of an agreement entered into between a subsidiary and a non-controlling interest, the Group will bear all costs relating to or in any way connected with the design, planning, project management, supervision, conduct, launch, marketing and promotion of "The Bay" project and the operation of the subsidiary, other than construction costs, sales agency commission and the relevant developer charges.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

31 OPERATING LEASES

The Group has a number of office, warehouse and factory facilities under operating leases. The lease rental terms are negotiated for an average term of 3 to 30 years and rentals are subject to an escalation clause but the amount of rent increase is not to exceed a certain percentage.

As at 30 June 2016, the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2016	2015
	$	$
Not later than 1 year	1,846,509	1,311,600
Later than 1 year and not later than 5 years	3,192,728	2,235,178
Later than 5 years	5,685,219	9,020,464
	10,724,456	12,567,242
Rental expense for the year	1,677,934	1,303,057

32 PERFORMANCE SHARE PLAN

The Company's performance share plan, TEHO Performance Share Plan (the "PSP"), was approved and adopted by the shareholders at the Company's Extraordinary General Meeting held on 25 November 2011. The PSP is administered by the Remuneration Committee ("RC") with such discretion, powers and duties as are conferred on it by the Board of Directors.

The PSP contemplates the award of fully-paid shares in the capital of the Company to participants after certain pre-determined benchmarks have been met. The Company believes that the PSP will be more effective and rewarding than pure cash bonuses in motivating employees to work towards pre-determined goals of the Company.

The PSP shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing from its adoption by the shareholders and may continue beyond the stipulated period with the approval of the shareholders by an ordinary resolution in general meeting and of any relevant authorities which may then be required.

Under the rules of the PSP and at the absolute discretion of the RC, confirmed full-time employees of the group who are of the age of 18 years and above, and directors of the group who have contributed or will contribute to the success and the development of the group are eligible to participate in the PSP. However, participation in the PSP by the directors who are also controlling shareholders and their associates are subject to the approval by independent shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

32 PERFORMANCE SHARE PLAN (CONT'D)

The total number of shares that may be issued or are issuable pursuant to the granting of the awards under the PSP, when added to the aggregate number of shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% (or such other percentage as may be prescribed or permitted from time to time by the SGX-ST) of the total number of issued ordinary shares of the Company on the day immediately preceding the relevant award date.

There were no awards granted under the PSP by the Company or any corporation in the Group since its inception and during the financial year.

There were no shares issued during the financial year by virtue of the exercise of awards to take up unissued shares of the Company or any corporation in the Group.

There were no unissued shares under the PSP in the Company or any corporation in the Group as at the end of the financial year.

SHAREHOLDINGS STATISTICS

As at 20 September 2016

Issued and fully paid capital	: $38,010,672.80
Total number of issued shares	: 233,324,614
Number of treasury shares	: Nil
Class of shares	: Ordinary Shares
Voting Rights	: 1 vote per share

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Lim See Hoe[1]	57,247,578	24.54	-	-
Cheng Lye Meng Eric (Zheng Laiming Eric)	41,214,286	17.66	-	-
Lim Siew Cheng[1]	23,100,155	9.90	-	-
Lim Siew Choo[1]	18,480,126	7.92	-	-
Thanuja D/O Thiagarajah	12,500,000	5.36	-	-

Note:

[1] Lim See Hoe, Lim Siew Cheng and Lim Siew Choo are siblings.

LIST OF 20 LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Lim See Hoe	57,247,578	24.54
2	Cheng Lye Meng Eric (Zheng Laiming)	41,214,286	17.66
3	Lim Siew Cheng	23,100,155	9.90
4	Lim Siew Choo	18,480,126	7.92
5	Thanuja D/O Thiagarajah	12,500,000	5.36
6	Lim See Heng	9,200,140	3.94
7	Lin Yusheng	9,000,000	3.86
8	Ong Chuey Geok	9,000,000	3.86
9	Lim Siew Lian (Soare Siew Lian)	7,826,000	3.35
10	Teo Hock Hoe	6,473,571	2.77
11	Liu Yining	6,428,571	2.76
12	Tan Chiun Wei	4,312,171	1.85
13	Alvin Chee Siong	3,907,000	1.67
14	Loy Chee Yong	1,285,715	0.55
15	Lim Yeow Shien (Lin Yaoxian)	1,159,700	0.50
16	Raffles Nominees (Pte) Limited	1,111,000	0.48
17	Citibank Nominees Singapore Pte Ltd	899,000	0.39
18	Chan Wai Leong	893,000	0.38
19	Tan Wah Yong	700,000	0.30
20	Tan Teck Chong	656,100	0.28
	TOTAL	**215,394,113**	**92.32**

SHAREHOLDINGS STATISTICS

As at 20 September 2016

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	5	1.34	28	0.00
100 - 1,000	43	11.56	40,773	0.02
1,001 - 10,000	68	18.28	498,800	0.21
10,001 - 1,000,000	240	64.52	20,539,000	8.80
1,000,001 and above	16	4.30	212,246,013	90.97
TOTAL	**372**	**100.00**	**233,324,614**	**100.00**

Based on the information available to the Company and to the best knowledge of the Directors, approximately 13.20% of the issued ordinary shares of the Company were held in the hands of the public as at 20 September 2016 and therefore, Rule 723 of the Catalist Rules is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of **TEHO INTERNATIONAL INC LTD.** (the "**Company**") will be held at Mercure Singapore Bugis, Marshall Junction, Level 3, 122 Middle Road, Singapore 188973 on Wednesday, 26 October 2016 at 3.00 p.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2016 together with the Directors' Statement and Independent Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$180,000 for the financial year ending 30 June 2017, to be paid quarterly in arrears (FY2016: S$180,000). **(Resolution 2)**

3. To re-elect Mr Lim See Hoe, a Director retiring pursuant to Regulation 107 of the Company's Constitution.
(see explanatory note 1) **(Resolution 3)**

4. To re-elect Ms Joanne Khoo Su Nee, a Director retiring pursuant to Regulation 107 of the Company's Constitution.
(see explanatory note 2) **(Resolution 4)**

5. To re-appoint KPMG LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS:

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

6. Ordinary Resolution: Authority to Allot and Issue Shares

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

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

(ii) make or grant offers, agreements or options that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares (collectively, "**Instruments**"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Ordinary Resolution was in force,

provided that:

(1) the aggregate number of Shares or Instruments to be issued pursuant to this Ordinary Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Ordinary Resolution) shall not exceed 100% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Ordinary Resolution) shall not exceed 50% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time of passing this Ordinary Resolution, after adjusting for:

NOTICE OF ANNUAL GENERAL MEETING

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

(b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of passing this Ordinary Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

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

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

(4) unless revoked or varied by the Company in general meeting, such authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law and the Catalist Rules to be held, whichever is earlier. *(see explanatory note 3)* **(Resolution 6)**

7. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Phua Sian Chin
Wee Woon Hong
Company Secretaries
Singapore
11 October 2016

Explanatory Notes:

1. Mr Lee See Hoe will, upon re-election as a Director of the Company, remain as the Executive Chairman of the Board of Directors and CEO of the Company.

2. Ms Joanne Khoo Su Nee will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

3. The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM is to be held or is required by law to be held, whichever is earlier, to allot and issue Shares and convertible securities in the capital of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) to be allotted and issued shall not exceed 100% of the total number of issued Shares (excluding treasury shares) at the time of passing this Ordinary Resolution. For issue of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) other than on a *pro rata* basis to all shareholders, the aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) to be allotted and issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares) at the time of passing this Ordinary Resolution. This authority will, unless revoked or varied at a general meeting, expire at the next AGM.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(i) (a) A shareholder of the Company entitled to attend and vote at the AGM and who is not a Relevant Intermediary may appoint not more than two proxies to attend and vote in his stead.

(b) A shareholder of the Company entitled to attend and vote at the AGM and who is a Relevant Intermediary may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the shareholder.

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

(ii) A proxy need not be a shareholder of the Company.

(iii) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 1 Commonwealth Lane #09-23 One Commonwealth Singapore 149544 not later than 48 hours before the time appointed for the holding of the AGM.

(iv) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

(v) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

Personal Data Privacy:

"**Personal data**" in this notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name and your proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (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 express 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; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) 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. Your personal data and your proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

TEHO INTERNATIONAL INC LTD.

(Company Registration Number 200811433K)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

I/We, ____ (Name)

(NRIC/Passport Number____) of

____(Address)

being a *member/members of **TEHO INTERNATIONAL INC LTD.** (the "**Company**") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the Annual General Meeting ("**AGM**") of the Company to be held at Mercure Singapore Bugis, Marshall Junction, Level 3, 122 Middle Road, Singapore 188973 on Wednesday, 26 October 2016 at 3.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM.)

IMPORTANT

1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investors") may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

NO.	RESOLUTIONS	FOR	AGAINST
	ORDINARY BUSINESS		
1.	Adoption of Audited Financial Statements for the financial year ended 30 June 2016 together with the Directors' Statement and Independent Auditors' Report thereon		
2.	Approval of Directors' fees of S$180,000 for the financial year ending 30 June 2017, to be paid quarterly in arrears		
3.	Re-election of Mr Lim See Hoe as Director		
4.	Re-election of Ms Joanne Khoo Su Nee as Director		
5.	Re-appointment of KPMG LLP as auditors of the Company and authority to Directors to fix their remuneration		
	SPECIAL BUSINESS:		
6.	Ordinary Resolution: Authority to Directors to allot and issue shares and convertible securities		

* Delete accordingly

Dated this ________ day of ______________________ 2016

Total number of Shares in		Number of Shares
(a)	CDP Register	
(b)	Register of Members	

____
Signature(s) of Shareholder(s)/and
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. A shareholder of the Company who is not a Relevant Intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at the AGM of the Company. Where such shareholder appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A shareholder of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**Relevant Intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a shareholder of the Company.

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 1 Commonwealth Lane #09-23 One Commonwealth Singapore 149544 not less than 48 hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be executed 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 under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

8. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50.

9. The Company shall be entitled to reject an instrument of proxy 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 instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 11 October 2016.

TEHO INTERNATIONAL INC LTD.
1 Commonwealth Lane #09-23
One Commonwealth, Singapore 149544