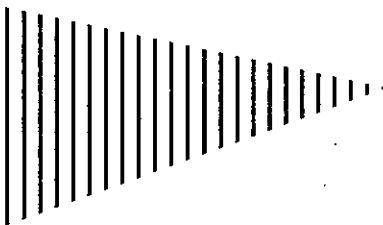


Report of the Directors and Audited Financial Statements

SEMBAWANG HONG KONG LIMITED

31 March 2016



SEMBAWANG HONG KONG LIMITED

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SEMBAWANG HONG KONG LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2016.

Principal activities

The Company's principal activities during the year consisted of the provision of engineering, construction and project management services to the group companies. Pursuant to a resolution passed on 28 May 2016, the Company ceased all its operation and is in process of deregistration.

Directors

The directors of the Company during the year and up to the date of this report were as follows:

Atul Punj

Jayarama Prasad Chalasani (appointed on 20 April 2015 and resigned on 31 March 2016)

There being no retirement provision in the Company's articles of association, all directors continue in office.

Directors' interests

At no time during the year was the Company, its holding company or fellow subsidiary a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangement or contracts

Other than as disclosed in note 14 to the financial statements, no director had a material beneficial interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company, its holding company or fellow subsidiary was a party during the year.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

.....  
Atul Punj  
Director

Hong Kong  
5 July 2016



Ernst & Young  
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**Independent auditors' report**  
**To the member of Sembawang Hong Kong Limited**  
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Sembawang Hong Kong Limited (the "Company") set out on pages 4 to 17, which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Directors' responsibility for the financial statements**

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of the 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 the directors, 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.

**Independent auditors' report (continued)**  
**To the member of Sembawang Hong Kong Limited**  
(Incorporated in Hong Kong with limited liability)

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.



Certified Public Accountants  
Hong Kong  
5 July 2016

SEMBAWANG HONG KONG LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2016

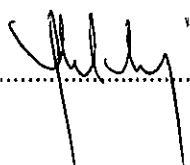
|  | Notes | 2016<br>HK\$      | 2015<br>HK\$      |
|--|-------|-------------------|-------------------|
| Operating expenses   |       | ( 9,022,221)      | (22,944,462)      |
| Distribution costs   |       | -                 | ( 2,174)          |
| Administrative expenses  |       | ( 5,544,482)      | (11,905,233)      |
| Other operating income, net                                    | 4     | 6,310             | 536,551           |
| Reimbursement from the immediate holding company               | 14    | <u>14,432,355</u> | <u>34,198,714</u> |
| LOSS BEFORE TAX  | 4     | ( 128,038)        | ( 116,604)        |
| Income tax expense   | 5     | <u>-</u>          | <u>-</u>          |
| LOSS FOR THE YEAR AND TOTAL<br>COMPREHENSIVE LOSS FOR THE YEAR |       | <u>( 128,038)</u> | <u>( 116,604)</u> |

SEMBAWANG HONG KONG LIMITED  
STATEMENT OF FINANCIAL POSITION

31 March 2016

|   | Notes | 2016<br>HK\$      | 2015<br>HK\$      |
|---|-------|-------------------|-------------------|
| <b>NON-CURRENT ASSET</b>                    |       |                   |                   |
| Plant and equipment                         | 7     | <u>-</u>          | <u>779,879</u>    |
| <b>CURRENT ASSETS</b>                       |       |                   |                   |
| Plant and equipment                         | 7     | -                 | -                 |
| Deposits, prepayments and other receivables | 8     | -                 | 801,291           |
| Due from the immediate holding company      | 9     | 5,297,961         | -                 |
| Cash and bank balances                      |       | -                 | 301,435           |
| Total current assets                        |       | <u>5,297,961</u>  | <u>1,102,726</u>  |
| <b>CURRENT LIABILITIES</b>                  |       |                   |                   |
| Accruals and other payables                 | 10    | 5,450,185         | 1,903,086         |
| Due to the immediate holding company        | 9     | -                 | 3,705             |
| Total current liabilities                   |       | <u>5,450,185</u>  | <u>1,906,791</u>  |
| <b>NET CURRENT LIABILITIES</b>              |       | <u>( 152,224)</u> | <u>( 804,065)</u> |
| Net liabilities                             |       | <u>( 152,224)</u> | <u>( 24,186)</u>  |
| <b>DEFICIENCY IN ASSETS</b>                 |       |                   |                   |
| Share capital                               | 11    | 600,000           | 600,000           |
| Accumulated losses                          |       | ( 752,224)        | ( 624,186)        |
| Total deficiency in assets                  |       | <u>( 152,224)</u> | <u>( 24,186)</u>  |

.....  
Atul Punj  
Director



SEMBAWANG HONG KONG LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 Year ended 31 March 2016

|  | Share<br>capital<br>HK\$ | Accumulated<br>losses<br>HK\$ | Total<br>deficiency<br>in assets<br>HK\$ |
|--|--------------------------|-------------------------------|--|
| At 1 April 2014  | 600,000                  | (507,582)                     | 92,418                                   |
| Loss for the year and total<br>comprehensive loss for the year | <u>-</u>                 | <u>(116,604)</u>              | <u>(116,604)</u>                         |
| At 31 March 2015 and 1 April 2015                              | 600,000                  | (624,186)                     | ( 24,186)                                |
| Loss for the year and total<br>comprehensive loss for the year | <u>-</u>                 | <u>(128,038)</u>              | <u>(128,038)</u>                         |
| At 31 March 2016   | <u>600,000</u>           | <u>(752,224)</u>              | <u>(152,224)</u>                         |



SEMBAWANG HONG KONG LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2016

|  | Notes | 2016<br>HK\$       | 2015<br>HK\$          |
|--|-------|--------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |       |                    |                       |
| Loss before tax  |       | ( 128,038)         | ( 116,604)            |
| Adjustments for:   |       |                    |                       |
| Depreciation   | 4     | -                  | 453,686               |
| Loss on disposal of items of plant and equipment   | 4     | -                  | 12,059                |
|  |       | <u>( 128,038)</u>  | <u>349,141</u>        |
| Decrease in deposits, prepayments and other receivables  |       | 801,291            | 167,327               |
| Increase/(decrease) in accruals and other payables   |       | 3,547,099          | (1,059,017)           |
| Decrease in an amount due from fellow subsidiary   |       | -                  | 416,975               |
| Movement in balance with the immediate holding company   | 12    | <u>(4,521,787)</u> | <u>( 264,266)</u>     |
| Cash used in operations and net<br>cash flow used in operating activities                      |       | <u>( 301,435)</u>  | <u>( 389,840)</u>     |
| <b>CASH FLOWS FROM AN INVESTING ACTIVITY</b>   |       |                    |                       |
| Proceeds from disposal of plant and equipment and<br>net cash flows from an investing activity |       | <u>-</u>           | <u>1,200</u>          |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>   |       | <u>( 301,435)</u>  | <u>( 388,640)</u>     |
| Cash and cash equivalents at beginning of year   |       | <u>301,435</u>     | <u>690,075</u>        |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  |       | <u><u>-</u></u>    | <u><u>301,435</u></u> |
| <b>ANALYSIS OF BALANCES OF CASH<br/>AND CASH EQUIVALENTS</b>                                   |       |                    |                       |
| Cash and bank balances   |       | <u><u>-</u></u>    | <u><u>301,435</u></u> |

# SEMBAWANG HONG KONG LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2016

### 1. CORPORATE INFORMATION

Sembawang Hong Kong Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company was located at 49/F, Hopewell Centre, 183 Queen's Road East, Hong Kong. Pursuant to a resolution passed on 5 May 2016, the registered office was changed to Room 408, 4/F, Weswick Commercial Building, 147-151 Queen's Road East, Wanchai, Hong Kong.

The Company's principal activities during the year consisted of the provision of engineering, construction and project management services to the group companies. Pursuant to a resolution passed on 28 May 2016, the Company is in progress to file application for deregistration.

The Company is a wholly owned subsidiary of Sembawang Engineers and Constructors Pte. Ltd, which is incorporated in Singapore. In the opinion of the director, the Company's ultimate holding company is Punj Lloyd Limited, a company incorporated in India.

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

#### 3.1 BASIS OF PREPARATION

These financial statements have been prepared on the liquidation basis rather than a going concern basis, because as disclosed in note 1 to the financial statements, the Company is in the progress to file application for deregistration. Accordingly, the assets of the Company have been stated at their estimated net realisable values and have been classified as current assets. The Company has made provision of HK\$5,450,185 for liabilities which may arise from the liquidation process and the immediate holding company of the Company has agreed to finance the Company to settle its outstanding liabilities upon completion of liquidation.

Owing to the change of basis of preparation in the current year, the amounts presented for the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and related notes for current year are not entirely comparable with the comparative amounts for the year ended 31 March 2015 which were prepared on a going concern basis.

The financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK\$").

#### 3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Company has adopted the revised HKFRSs, which are effective for the first time for the current year's financial statements. The adoption of the revised HKFRSs has had no significant effect on these financial statements.

31 March 2016

### 3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2016, in these financial statements. The Company is in the process of making an assessment of the impact of these amendments upon initial application. So far, it is expected that the adoption of the issued but not effective HKFRSs are unlikely to have a significant impact on the financial position or performance of the Company.

### 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other than as adjusted for the adoption of liquidation basis as further explained in note 3.1 to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below:

#### Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company; or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

31 March 2016

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and equipment and depreciation

Items of plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

|                                 |             |
|---------------------------------|-------------|
| Leasehold improvement           | 20%         |
| Furniture and fixtures          | 20%         |
| Office equipment                | 33.3%       |
| Computer equipment and software | 20% - 33.3% |
| Motor vehicle                   | 20%         |

The gain or loss on disposal of items of plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in the statement of profit or loss.

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If such indication exists, the Company makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

An impairment loss is recognised in the statement of profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to the statement of profit or loss in the year in which it arises.

31 March 2016

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Company is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Financial instruments

The Company classifies its financial instruments into the following categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. Purchases and sales of the financial assets are recognised using trade date accounting.

(a) Financial assets

The Company's financial assets include deposits, other receivables, an amount due from the immediate holding company and cash and bank balances are classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Company will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

(b) Financial liabilities

The Company's financial liabilities include an amount due to the immediate holding company and other payables. Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

31 March 2016

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturity of three months or less when acquired, less bank overdrafts.

For the purpose of the statement of financial position, cash and bank equivalents comprise cash on hand and at banks including term deposits, which are not restricted as to use.

Employee benefits

*Retirement benefits scheme*

The Company operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all those employees who are eligible to participate in the MPF Scheme in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

## SEMBAWANG HONG KONG LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2016

## 4. LOSS BEFORE TAX

The Company's loss for the year is arrived at after charging/(crediting):

|  | Note | 2016<br>HK\$     | 2015<br>HK\$     |
|--|------|------------------|------------------|
| Depreciation                                     | 7    | -                | 453,686          |
| Minimum lease payments under operating leases:   |      |                  |                  |
| office equipment                                 |      | -                | 60,144           |
| land and buildings                               |      | 2,663,036        | 2,781,672        |
|  |      | <u>2,663,036</u> | <u>2,841,816</u> |
| Employee benefit expenses:                       |      |                  |                  |
| Wages, salaries and allowances                   |      | 2,722,154        | 9,829,941        |
| Retirement benefits scheme contributions*        |      | 25,315           | 96,346           |
|  |      | <u>2,747,469</u> | <u>9,926,287</u> |
| Foreign exchange difference, net                 |      | ( 6,310)         | ( 73,527)        |
| Auditors' remuneration                           |      | 77,500           | 70,300           |
| Loss on disposal of items of plant and equipment |      | -                | 12,059           |
|  |      | <u>-</u>         | <u>-</u>         |

\* At 31 March 2016, the Company had no forfeited contributions available to reduce its contribution to the retirement benefits scheme in future years.

## 5. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company has available tax losses brought forward from prior years to offset the assessable profits generated during the current and last year.

A reconciliation of the tax position applicable to loss before tax using the statutory rate to the tax position at the effective tax rate is as follows:

|   | 2016<br>HK\$     | 2015<br>HK\$     |
|---|------------------|------------------|
| Loss before tax                           | <u>(128,038)</u> | <u>(116,604)</u> |
| Tax at the statutory tax rate of 16.5%    | ( 21,126)        | ( 19,240)        |
| Tax losses utilised from previous periods | ( 6,048)         | ( 36,525)        |
| Others                                    | <u>27,174</u>    | <u>55,765</u>    |
|   | <u>-</u>         | <u>-</u>         |

SEMBAWANG HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2016

5. INCOME TAX (continued)

The Company had estimated tax losses arising in Hong Kong of approximately HK\$685,000 (2015: HK\$721,000) that are available indefinitely for offsetting against future taxable profits of the Company. Deferred tax assets have not been recognised as in the opinion of the directors, it is not considered probable that sufficient taxable profits will be generated in the future against which the tax losses can be utilised.

6. DIRECTORS' REMUNERATION

No director received any fees or emoluments in respect of their services rendered to the Company during the year (2015: Nil).

7. PLANT AND EQUIPMENT

|   | Computer<br>equipment<br>and software<br>HK\$ | Furniture<br>and fixtures<br>HK\$ | Leasehold<br>improvement<br>HK\$ | Motor<br>vehicle<br>HK\$ | Office<br>equipment<br>HK\$ | Total<br>HK\$      |
|---|---|-----------------------------------|----------------------------------|--------------------------|-----------------------------|--------------------|
| <b>Year ended 31 March 2016</b>                                       |   |                                   |                                  |                          |                             |                    |
| At 31 March 2015 and 1 April 2015,<br>net of accumulated depreciation | 138,145                                       | 50,110                            | 108,214                          | 463,680                  | 19,730                      | 779,879            |
| Transfer to the immediate<br>holding company during the year          | <u>(138,145)</u>                              | <u>( 50,110)</u>                  | <u>(108,214)</u>                 | <u>(463,680)</u>         | <u>( 19,730)</u>            | <u>( 779,879)</u>  |
| At 31 March 2016, net of<br>accumulated depreciation                  | <u>-</u>                                      | <u>-</u>                          | <u>-</u>                         | <u>-</u>                 | <u>-</u>                    | <u>-</u>           |
| At 31 March 2016:   |   |                                   |                                  |                          |                             |                    |
| Cost  | -   | -                                 | -                                | -                        | -                           | -                  |
| Accumulated depreciation  | <u>-</u>                                      | <u>-</u>                          | <u>-</u>                         | <u>-</u>                 | <u>-</u>                    | <u>-</u>           |
| Net carrying amount   | <u>-</u>                                      | <u>-</u>                          | <u>-</u>                         | <u>-</u>                 | <u>-</u>                    | <u>-</u>           |
| <b>Year ended 31 March 2015</b>                                       |   |                                   |                                  |                          |                             |                    |
| At 1 April 2014,<br>net of accumulated depreciation                   | 191,807                                       | 74,344                            | 321,450                          | 618,240                  | 40,983                      | 1,246,824          |
| Disposals   | ( 2,103)                                      | -                                 | ( 10,102)                        | -                        | ( 1,054)                    | ( 13,259)          |
| Depreciation provided during the year                                 | <u>( 51,559)</u>                              | <u>( 24,234)</u>                  | <u>(203,134)</u>                 | <u>(154,560)</u>         | <u>(20,199)</u>             | <u>( 453,686)</u>  |
| At 31 March 2015, net of<br>accumulated depreciation                  | <u>138,145</u>                                | <u>50,110</u>                     | <u>108,214</u>                   | <u>463,680</u>           | <u>19,730</u>               | <u>779,879</u>     |
| At 31 March 2015:   |   |                                   |                                  |                          |                             |                    |
| Cost  | 644,960                                       | 164,719                           | 893,026                          | 772,800                  | 258,468                     | 2,733,973          |
| Accumulated depreciation  | <u>(506,815)</u>                              | <u>(114,609)</u>                  | <u>(784,812)</u>                 | <u>(309,120)</u>         | <u>(238,738)</u>            | <u>(1,954,094)</u> |
| Net carrying amount   | <u>138,145</u>                                | <u>50,110</u>                     | <u>108,214</u>                   | <u>463,680</u>           | <u>19,730</u>               | <u>779,879</u>     |



SEMBAWANG HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2016

8. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

None of the above assets was either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

9. BALANCES WITH THE IMMEDIATE HOLDING COMPANY

The balances with the immediate holding company are unsecured, interest-free and have no fixed terms of repayment.

10. ACCRUALS AND OTHER PAYABLES

Other payables are interest-free and repayable within one year.

11. SHARE CAPITAL

|   | 2016<br>HK\$   | 2015<br>HK\$   |
|---|----------------|----------------|
| Issued and fully paid:                  |                |                |
| 600,000 (2015: 600,000) ordinary shares | <u>600,000</u> | <u>600,000</u> |

12. NOTES TO THE STATEMENT CASH FLOWS

Major non-cash transaction

During the year, land and building of HK\$779,879 was settled through the current account with the immediate holding company of the Company.

13. OPERATING LEASE ARRANGEMENTS

The Company leased its office premises under operating lease arrangement with terms of two years.

At the end of the reporting period, the Company had total future minimum lease payments under non-cancellable operating lease falling due as follows:

|                 | 2016<br>HK\$ | 2015<br>HK\$     |
|-----------------|--------------|------------------|
| Within one year | <u>-</u>     | <u>2,218,827</u> |

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NOTES TO FINANCIAL STATEMENTS

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14. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Company has the following material transactions with related parties during the year:

|  | Notes | 2016<br>HK\$      | 2015<br>HK\$ |
|--|-------|-------------------|--------------|
| Reimbursement from the immediate holding company                 | (i)   | 14,432,355        | 34,198,714   |
| Transfer of plant and equipment to the immediate holding company | (ii)  | <u>( 779,879)</u> | <u>-</u>     |

Notes:

- (i) The reimbursement was based on the actual cost incurred.
- (ii) The plant and equipment were transferred to the immediate holding company at their net book values.
- (b) Details of the Company's balance with the immediate holding company as at the end of the reporting period are set out in note 9 to the financial statements.

15. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

The Company's financial assets as at the end of each reporting period are categorised as loans and receivables.

Financial liabilities

The Company's financial liabilities as at the end of each reporting period are categorised as financial liability at amortised cost.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and bank balances and balances with group companies. The Company has various other financial assets and liabilities such as deposits and other payables arise directly from its operations.

The main risk arising from the Company's financial instruments is liquidity risk. The board reviews and agrees policies for managing each of this risk and it is summarised below.

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16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk*

The Company's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Company is not exposed to significant liquidity risk as the ultimate holding company subject to necessary compliance with the local regulations/ banks intend to provide adequate funds to enable the Company to meet its liability as when they fall due.

The maturity profile of the Company's financial liabilities as at the end of each reporting period, based on the contracted undiscounted payments, was as follows:

|                                      | On demand<br>HK\$ | Within<br>one year<br>HK\$ | Total<br>HK\$    |
|--------------------------------------|-------------------|----------------------------|------------------|
| Year ended 31 March 2016             |                   |                            |                  |
| Accruals and other payables          | <u>-</u>          | <u>5,450,185</u>           | <u>5,450,185</u> |
| Year ended 31 March 2015             |                   |                            |                  |
| Accruals and other payables          | -                 | 1,903,086                  | 1,903,086        |
| Due to the immediate holding company | <u>3,705</u>      | <u>-</u>                   | <u>3,705</u>     |
|                                      | <u>3,705</u>      | <u>1,903,086</u>           | <u>1,906,791</u> |

*Capital management*

The primary objective of the Company's capital management is to safeguard the Company's ability to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Company does not have specific policies for managing capital but it will continue to utilise funding from its shareholder and the immediate holding company to maintain a healthy capital ratio.

The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. The Company's capital structure is dependent on the support from Sembawang Engineers and Constructors Pte. Ltd., the immediate holding company, to provide adequate funds to enable the Company to meets its liabilities as and when they fall due.

In the opinion of directors, since the Company manages its capital structure through the support from the immediate holding company, the presentation of the quantitative management analysis would provide no additional useful information to the user of the financial statement.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 5 July 2016.

