

GROWING POTENTIAL  
**SUSTAINING PROGRESS**

ANNUAL REPORT 2015





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# CORPORATE PROFILE

## 40 YEARS OF BUILDING EXCELLENCE

Soilbuild Construction Group Ltd. (the "Group" or "Soilbuild") is a leading builder with a long and successful track record of constructing a sterling award-winning portfolio of residential and business space properties. Since its inception in 1976, Soilbuild charts 40 years of success in offering a full spectrum of real estate services which includes Design and Build, Construction, Turnkey Construction, Project Management Consultancy, Procurement and Mechanical & Electrical Installation.

Soil-Build (Pte.) Ltd., a subsidiary of the Group, is A1-graded under CW01 (General Building) and A2-graded under CW02 (Civil Engineering) by the Singapore's Building and Construction Authority ("BCA"). The A1 grading under CW01 allows us to tender for public sector projects in Singapore of unlimited contract value, while the A2 grading under CW02 allows us to tender for public sector civil engineering projects valued up to S\$90 million. Our track record in public sector projects put us in good stead as we compete in future tenders by the local public agencies including the Housing and Development Board ("HDB") and Land Transport Authority ("LTA").



### 1976

Soil-Build (Pte.) Ltd. was established by Executive Chairman, Mr. Lim Chap Huat, and his co-founders to manage and deliver building construction projects, including industrial buildings, factories, workshops and warehouses



### 1998

Soilbuild was a five-time winner of both the Singapore Enterprise 50 Awards and the Singapore SME 500 and 1000 Awards



### 2000

The Group completed the construction of its first high-rise residential project in Singapore



### 2009

Soil-Build (Pte.) Ltd. was graded A1 under CW01 (General Building) by BCA



### 2010

The Group completed the construction of its award-winning business space project – Solaris



### 2011

The Group secured its first public housing project from the HDB

### 2012

The Group forayed into the emerging market, Myanmar, and started its operations in project consultancy and management. The Group completed the construction of its first industrial building project with GFA exceeding 1 million sqft

### 2013

The Group was officially listed on the Mainboard of Singapore Exchange (SGX)

### 2015

Soilbuild extended its business to local civil works market and awarded the tender for the Integrated Construction and Precast Hub. Soilbuild was also awarded the winner of Heritage Brands category from the Singapore Prestige Brand Award 15

**PROGRESS**

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SUSTAINING PROFITABILITY  
DESPITE CHALLENGES



## VISION

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To be the preferred multi-disciplinary construction company first in Asia Pacific, then global

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## MISSION

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To deliver optimal construction and management solutions to our partners and customers, and to enhance shareholder value

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# CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I present the annual report of Soilbuild Construction Group Ltd. (the "Group") for the financial year ended 31 December 2015 ("FY2015").

FY2015 was a challenging year for many industries in Singapore. In particular, we saw a slowdown in construction demand from the private sector for both residential and industrial buildings whilst public sector projects continue to support overall construction demand in 2015. As a result, competition in tendering for construction projects has also intensified. In FY2015, the Group secured a total of 9 construction contracts and 2 project management contracts with an aggregate contract value of approximately S\$195.0 million (FY2014 : S\$743.5 million). The Group's order book stood at S\$639.0 million as at 31 December 2015.

To mitigate the impact of current market trends, the Group implemented key initiatives to (i) deepen our focus in the Myanmar market, (ii) extend our construction services into the local civil works sector, and (iii) invest in highly automated construction technologies to sharpen our competitive edge.

## Tapping on opportunities in the Myanmar market

During the year under review, the Group secured its maiden construction contract in Myanmar, a Design and Build project for a 24-storey residential development in Yangon. The contract marked an important milestone for the Group's business development in the Myanmar market, where it has been primarily engaged in providing project management services since inception in 2012.

The Group believes that continued economic reforms in Myanmar would stimulate considerable demand for construction works in the near future. To tap on the growing business opportunities, the Group has expanded its services to include main construction works and grew its professional team in Myanmar to a total staff strength of 33 as at 31 December 2015. Based on current resources and projects in the pipeline, the Group is well-positioned to secure more construction projects in Myanmar and grow its order book.

### Foray into the local civil works sector

According to industry estimates, the overall civil engineering construction demand in Singapore is expected to remain strong beyond 2016, supported by major infrastructure projects and related works. These planned infrastructure developments underpin the Group's strategy to extend its construction services into the local civil works sector.

In June 2015, the Group set up its Civil Engineering division to provide general civil engineering construction services to customers including the local authorities. Since its establishment, the division has achieved encouraging results, successfully securing 2 civil works projects from the Land and Transport Authority. The Group is poised to further expand the division with a view to securing more construction contracts in this sector.

### Embark on higher construction productivity

The Group has strategically moved to build up capabilities and capacities in our core business to better serve our customers locally and overseas for long term business sustainability.

In September 2015, the Group was awarded the tender for a 30-year lease of a 20,400 square metres land at Airport Road for the development of an integrated construction and precast hub. The Group intends to invest approximately S\$76.0 million, inclusive of the land premium, for the entire development that would comprise the factory premises for the integrated precast and prefabrication plant, an administrative office and a workers dormitory. The development is expected to be completed in the third quarter of 2017, while the integrated precast and prefabrication plant is scheduled to commence operations by the fourth quarter of 2017. The Group strongly believes that the investment is critical for us to remain successful and to take on a leadership position in the construction industry.

### Review of financial performance

The Group's revenue of S\$328.3 million in FY2015 was 15.1% higher than the previous year as a result of the progressive revenue recognition from on-going construction projects. The Group's net profit of S\$18.6 million in FY2015 was 11.1% lower than the previous year. This is attributable to lower gross profit margins for certain on-going construction projects, coupled with an increase in the administrative expenses in FY2015. The Group's balance sheet remained healthy with zero gearing as at 31 December 2015. Based on the Group's order book as at 31 December 2015, the Group is cautiously optimistic that it will remain profitable for the financial year ending 31 December 2016.

### Appreciation

In view of the Group's financial performance for the year, and to reward our shareholders, we are pleased to recommend a final dividend of S\$0.005 per share and a special dividend of S\$0.010 per share for FY2015. The final and special dividend, once approved by the shareholders in the forthcoming annual general meeting, together with the interim dividend declared and paid to shareholders, would make up a total dividend of S\$0.020 per share for FY2015 (FY2014 : S\$0.020 per share).

### Celebrating our 40th Anniversary

The Group is celebrating its 40th Anniversary in May 2016. Since its beginning in 1976, the Group has grown from a small construction firm to a leading builder in the market today. In this special occasion, I would like to express my gratitude to our management and staff for their dedication, our business partners and customers for their support and trust on us, which have contributed to our success through the years.

**Lim Chap Huat**  
Executive Chairman

23 March 2016

# FIVE-YEAR FINANCIAL HIGHLIGHTS

## BREAKDOWN OF REVENUE

	FY2015		FY2014		FY2013		FY2012		FY2011	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Business space projects	184,869	56.3	190,608	66.8	219,663	66.3	147,098	68.9	90,264	76.9
Residential projects	142,163	43.3	94,052	33.0	110,683	33.4	65,800	30.8	25,990	22.1
Project management	1,238	0.4	589	0.2	986	0.3	603	0.3	1,092	1.0
<b>Total</b>	<b>328,270</b>	<b>100.0</b>	<b>285,249</b>	<b>100.0</b>	<b>331,332</b>	<b>100.0</b>	<b>213,501</b>	<b>100.0</b>	<b>117,346</b>	<b>100.0</b>
Internal projects <sup>1</sup>	15,682	4.8	109,120	38.3	186,234	56.2	124,680	58.4	98,200	83.7
External projects <sup>2</sup>	312,407	95.2	176,129	61.7	145,098	43.8	88,821	41.6	19,146	16.3
<b>Total</b>	<b>328,270</b>	<b>100.0</b>	<b>285,249</b>	<b>100.0</b>	<b>331,332</b>	<b>100.0</b>	<b>213,501</b>	<b>100.0</b>	<b>117,346</b>	<b>100.0</b>

## FINANCIAL RESULTS

	FY2015 S\$'000	FY2014 S\$'000	FY2013 S\$'000	FY2012 S\$'000	FY2011 S\$'000
Revenue	328,270	285,249	331,332	213,501	117,346
Gross profit	30,619	31,175	31,562	28,074	15,613
Profit before income tax	21,180	23,778	27,500	25,683	10,249
Profit after income tax	18,562	20,887	24,037	22,027	9,132
Profit attributable to shareholders	18,616	20,885	24,036	22,027	9,132

## STATEMENT OF FINANCIAL POSITION

	FY2015 S\$'000	FY2014 S\$'000	FY2013 S\$'000	FY2012 S\$'000	FY2011 S\$'000
Property, plant and equipment	17,217	13,664	11,377	4,724	5,150
Land lease prepayment	26,423	-	-	-	-
Cash and cash equivalents	6,721	51,247	75,956	5,267	3,844
Current assets	144,974	124,892	134,598	56,358	84,589
Total assets	212,747	168,251	161,534	71,460	102,669
Current liabilities	121,289	83,320	87,545	55,112	64,935
Total liabilities	121,874	83,782	88,398	55,960	67,227
Working capital	23,685	41,572	47,053	1,246	19,654
Equity attributable to owners of the Company	90,873	84,469	73,136	15,500	35,442

## RATIOS

	FY2015 S\$'000	FY2014 S\$'000	FY2013 S\$'000	FY2012 S\$'000	FY2011 S\$'000
Current ratio (times)	1.20	1.50	1.54	1.02	1.30
Return on equity attributable to owners of the Company (%) <sup>3</sup>	21.17	26.51	54.24	86.48	29.58
Return on assets (%) <sup>3</sup>	9.74	12.67	20.63	25.30	8.45
Basic earnings per share ("EPS") (cents) <sup>4</sup>	2.79	3.15	4.02	4.44	1.84
Net asset value per share ("NAV") (cents) <sup>4</sup>	13.64	12.72	11.01	3.13	7.15

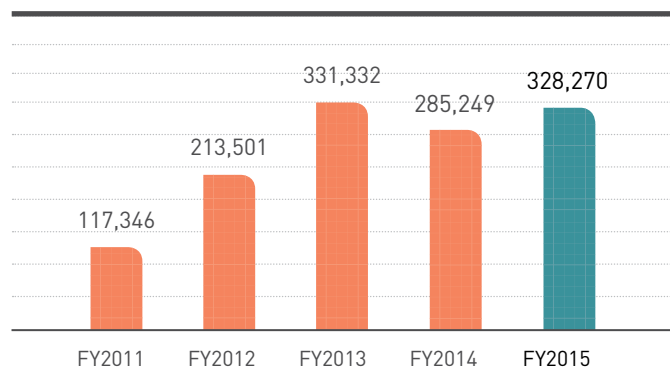
### Notes:

- Internal projects refer to projects awarded by (i) our related companies, Soilbuild Group Holdings Ltd., its subsidiaries and associated companies, excluding our Company, our subsidiaries and joint ventures, and/or (ii) our Company's controlling shareholder and his Associates
- External projects refer to projects awarded by third parties
- In calculating return on equity attributable to owners of the Company and return on assets, the average basis has been used
- In Basic EPS and NAV in cents are calculated based on the net profit and net asset value attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year. The weighted average number of ordinary shares in issued has been adjusted for the Share Split (as mentioned in the prospectus of the company), as if the Share Split had occurred at the beginning of the respective years.



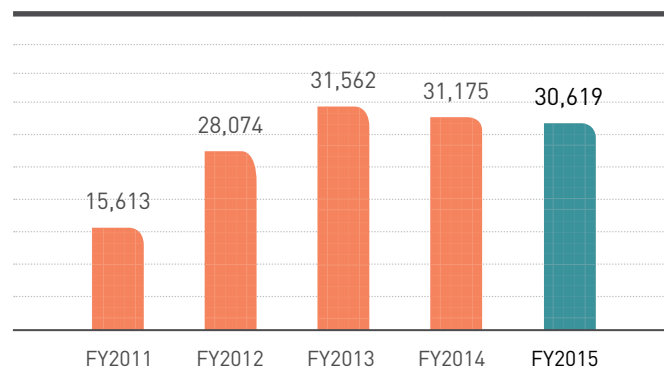
- **REVENUE (S\$'000)**

# 328,270



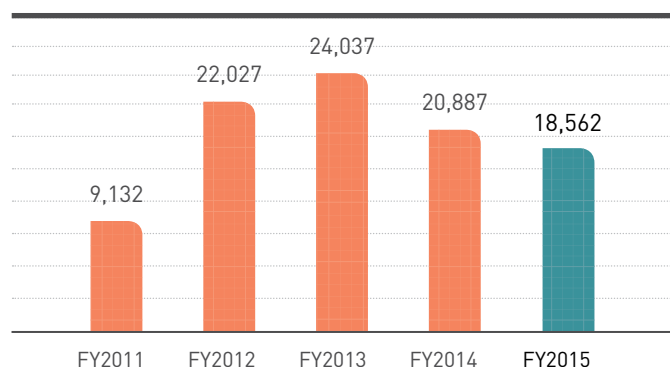
- **GROSS PROFIT (S\$'000)**

# 30,619



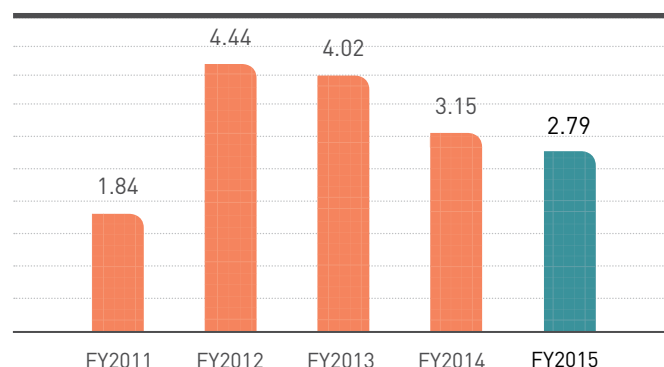
- **PROFIT AFTER INCOME TAX (S\$'000)**

# 18,562



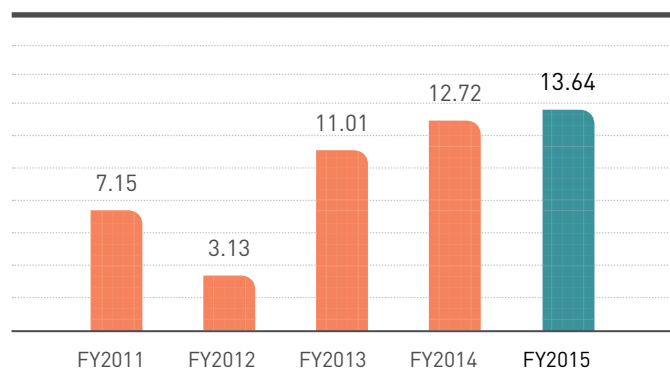
- **BASIC EARNINGS PER SHARE (CENTS)**

# 2.79



- **NET ASSET VALUE (CENTS)**

# 13.64



POTENTIAL

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BRANCHING OUT NEW  
OPPORTUNITIES FOR GROWTH



# OPERATING AND FINANCIAL REVIEW



## OPERATING REVIEW

### (A) Construction contracts

#### (i) Completed projects

During the financial year under review, the Group completed the following construction projects:

	DESCRIPTION	TYPE OF PROJECT	COMPLETION DATE <sup>1</sup>	CONTRACT VALUE (IN MILLION) <sup>2</sup>
1	Northview Bizhub Project - Erection of a multiple-user general industrial development at Yishun Avenue 9	Business space	January 2015	S\$27.7
2	Rosehill Residences Show Unit Project – Construction and completion of a single storey show unit and sale office in Yangon, Myanmar	Residential	February 2015	S\$1.3
3	Rigel Project - Erection of a 6-storey light industrial building at Changi Business Park (Plot 18)	Business space	April 2015	S\$20.5
4	Jalan Lam Huat Excavation and Earthwork Project – Erection of a 7-storey multiple-user general industrial development at Jalan Lam Huat	Business space	April 2015	S\$21.3
5	Bukit Batok BizHub Project - Erection of a multiple-user general light industrial development at Bukit Batok Street 23	Business space	May 2015	S\$35.6
6	Mandai Connection Project - Erection of a 10-storey multiple-user ramp-up light industrial development at Mandai Link	Business space	June 2015	S\$53.0
7	Soo Kee Project – Erection of a 7-storey industrial building at Changi Business Park Vista	Business space	August 2015	S\$25.7
8	Xin Ming Hua Project – Design & erection of a single-user ramp-up industrial development at Tuas Crescent	Business space	December 2015	S\$56.6

#### Notes:

<sup>1</sup> Completion date refers to TOP date or date of completion certificate, where applicable.

<sup>2</sup> Contract value refers to the contract value of building works, architectural works and/or project management services, as applicable, and include any variation orders confirmed or expected as at 31 December 2015

## OPERATING AND FINANCIAL REVIEW



## (ii) On-going projects

During the financial year under review, the Group secured a total of nine new construction projects, comprising four business space construction projects, namely Tellus Marine Project; Tampines Plot 8 Project; Reebonz Project and KH Roberts Project, two civil works projects, comprising construction works of covered linkways and lift shafts to existing pedestrian overhead bridges, and three residential construction projects, namely Wilkinson Road Project; G19D HDB Project and Rosehill Residences (Main Construction) Project. With these new construction projects, the Group's number of on-going construction projects has increased to 18 as at 31 December 2015. The Group expects that these projects will be progressively completed and recognised over the next three years.

DESCRIPTION	TYPE OF PROJECT	EXPECTED YEAR OF COMPLETION	CONTRACT VALUE (IN MILLION) <sup>1</sup>
1 Pepperl+Fuchs Project – Main building works for a Global Distribution Center at Pioneer Turn	Business space	2016	S\$37.8
2 Tellus Marine Project – Erection of 4-storey factory extension at Senoko Way	Business space	2016	S\$1.7
3 Tampines Plot 8 Project – Erection of a single-user 4-storey general warehouse complex at Tampines Industrial Drive	Business space	2016	S\$8.3
4 Reebonz Project – Design and build of an 8-storey single-user E-commerce hub at Tampines North	Business space	2016	S\$25.9
5 Jalan Lam Huat (Main Contract) Project – Erection of a 7-storey multiple-user general industrial development at Jalan Lam Huat	Business space	2016	S\$156.9
6 KH Roberts Project – Erection of a single-user food industrial development at Buroh Lane	Business space	2016	S\$16.4
7 ARC 380 Project – Erection of a 16-storey commercial development at Jalan Besar / Lavender Street	Business space	2016	S\$61.0
8 Covered Linkways Project – Construction of covered linkways to Downtown Line 3 and Tuas West Extension Stations	Civil works	2017	S\$20.3
9 Lift Shafts Project – Construction of lift shafts to existing pedestrian overhead bridges	Civil works	2017	S\$19.9

DESCRIPTION	TYPE OF PROJECT	EXPECTED YEAR OF COMPLETION	CONTRACT VALUE (IN MILLION) <sup>1</sup>
10 Bukit Batok HDB Project - Design and build for an upgrading project at Bukit Batok Street 31 and at Bukit Batok West Avenue 8	Residential	2016	S\$21.6
11 Wilkinson Road Project – Construction works in relation to erection of detached dwelling houses at Wilkinson Road	Residential	2016	S\$3.9
12 Hospice Project – Development of hospice at Thomson Road	Residential	2016	S\$48.1
13 Goodwood Grand Project – Erection of a residential flat development at Balmoral Road	Residential	2016	S\$39.5
14 Ang Mo Kio HDB Project - Erection of a public housing development at Ang Mo Kio Avenue 3/Street 51	Residential	2017	S\$100.0
15 Yishun HDB Project – Erection of a public housing development at Yishun Avenue 4 / Yishun Ring Road	Residential	2017	S\$168.4
16 Sembawang HDB Project – Erection of a public housing development at Sembawang	Residential	2017	S\$128.0
17 G19D HDB Project – Design and build of upgrading projects at Paya Lebar Way / Aljunied Road and Tampines Street 42	Residential	2017	S\$26.0
18 Rosehill Residences (Main Construction) Project – Erection of 24-storey residential development at Yangon, Myanmar	Residential	2018	S\$71.6

Note:

<sup>1</sup> Contract value refers to the contract value of building works, architectural works and/or project management services, as applicable, and includes any variation orders confirmed or expected as at 31 December 2015.



## OPERATING AND FINANCIAL REVIEW

**(B) Project management service contracts**

Leveraging on the Group's experience as a construction company and expertise in the various complementary construction activities, the Group also secured several construction project management service contracts in the local market as well as in Myanmar.

**(i) Local project management service contracts**

During the financial year under review, the Group provided project management services to the following construction projects in Singapore:



DESCRIPTION	TYPE OF PROJECT	CONTRACT VALUE (IN MILLION)
1 Northview Bizhub Project - Erection of a multiple-user general industrial development at Yishun Avenue 9	Business space	S\$0.3
2 Bukit Batok BizHub Project - Erection of a multiple-user general light industrial development at Bukit Batok Street 23	Business space	S\$0.3
3 Mandai Connection Project - Erection of a 10-storey multiple-user ramp-up light industrial development at Mandai Link	Business space	S\$0.5

The above projects have been completed during the year ended 31 December 2015.

**(ii) Myanmar project management service contracts**

During the financial year under review, the Group has been awarded with two new project management service contracts by third party customers in Myanmar, with total contract value of approximately S\$1.1 million. Together with the existing project management service contracts, the Group has a total of nine such contracts on hand with order books value of approximately S\$5.2 million as at 31 December 2015.

The Group is poised to strengthen its presence in Myanmar in FY2016, through tendering and executing construction projects locally.



## FINANCIAL REVIEW

### Review of Consolidated Statement of Comprehensive Income

#### Revenue

In FY2015, the Group's revenue increased by 15.1% from S\$285.2 million in FY2014 to S\$328.3 million. The increase was attributable to revenue contribution from construction projects in FY2015 including Xin Min Hua Project, Jalan Lam Huat (Main Contract) Project, Ang Mo Kio HDB Project, Yishun HDB Project as well as the Pepperl+Fuchs Project.

#### Gross Profit and Gross Profit Margin

Despite recording 15.1% increase in the Group's revenue in FY2015, the Group's gross profit decreased marginally by 1.8% from S\$31.2 million in FY2014 to S\$30.6 million in FY2015, due mainly to revenue recognised for projects that generated relatively lower profit margins.

The Group's gross profit margin was 9.3% in FY2015 as compared with 10.9% FY2014.

#### Other Income

The Group's other income increased from S\$1.4 million in FY2014 to S\$1.5 million in FY2015, due mainly to the increase in service income as well as the receipts of grants under the Productivity Innovative Project scheme, which were partially offset by decrease in rental income and interest income.

#### Other (Losses) / Gains, net

The Group's other losses of S\$0.2 million in FY2015 were attributable to loss on disposal of property, plant and equipment and foreign exchange losses during the year under review. The other gains in FY2014 was due mainly to foreign exchange gains.

#### Administrative Expenses

In FY2015, the Group's administrative expenses increased by S\$1.2 million or 13.9% from S\$8.5 million in FY2014 to S\$9.7 million. The increase in administrative expenses was mainly attributable to the increase in staff salaries and share-based compensation expenses.

## OPERATING AND FINANCIAL REVIEW

Other Operating Expenses

The Group's other operating expenses increased by S\$0.4 million from S\$0.7 million in FY2014 to S\$1.1 million in FY2015. The increase in other operating expenses was mainly due to higher depreciation charges for motor vehicles as well as amortisation charges on the land lease prepayment in FY2015.

Share of Profit of Joint Ventures

The Group's share of profits of joint ventures decreased by approximately S\$278,000 from S\$336,000 in FY2014 to S\$58,000 in FY2015. The decrease was due mainly to the completion of the projects undertaken by the respective joint venture in prior years.

Profit Before Income Tax

The Group's profit before income tax decreased by S\$2.6 million from S\$23.8 million in FY2014 to S\$21.2 million in FY2015. The decrease in the Group's profit before income tax was attributable to the decrease in the Group's gross profit of S\$0.5 million, the increase in the administrative expenses of S\$1.2 million and the increase in other operating expenses of S\$0.4 million.

Income Tax Expenses

The Group's income tax expenses decreased from S\$2.9 million in FY2014 to S\$2.6 million in FY2015.

After adjusting for the Group's share of profits of joint ventures, which was reported net of tax, the Group's effective tax rate for FY2015 and FY2014 were 12.4% and 12.3% respectively. The effective tax rate in FY2015 and FY2014 were lower than the Singapore statutory tax rate of 17% due mainly to the utilisation of tax benefits available to the Group.

Net Profit

The Group's net profit decreased from S\$20.9 million in FY2014 to S\$18.6 million in FY2015 as a result of the decrease in profit before income tax of S\$2.6 million, partially offset by the lower income tax expenses in FY2015.

The Group's net profit margin was 5.7% in FY2015 as compared with 7.3% in FY2014.



## Review of the Group's Balance Sheet

### Current Assets

The Group's current assets increased from S\$124.9 million as at 31 December 2014 to S\$145.0 million as at 31 December 2015. The increase was mainly attributable to the increase in trade and other receivable by S\$64.6 million which was due to construction contracts and progress billings receivable for construction projects.

The increase in current assets discussed above was partly offset by the decrease in cash and cash equivalents by S\$44.5 million in FY2015. The decrease in cash and cash equivalents in FY2015 was due to cash outflow from investing activities and financing activities.

### Non-current Assets

The Group's non-current assets increased from S\$43.4 million as at 31 December 2014 to S\$67.8 million as at 31 December 2015. The increase was mainly attributable to:

- (i) Increase in land lease prepayment by S\$26.4 million. The land lease prepayment was made during FY2015 pursuant to the award of tender to the Group for the lease of land for the development of an integrated construction and precast hub project; and
- (ii) Increase in property, plant and equipment by S\$3.5 million. The increase was mainly attributable to the additions of property, plant and equipment of S\$7.1 million, which was partially offset by the depreciation charge of S\$2.6 million during FY2015.

### Current Liabilities

The Group's current liabilities increased from S\$83.3 million as at 31 December 2014 to S\$121.3 million as at 31 December 2015. The increase was attributable mainly to the increase in trade and other payables of S\$38.7 million, which was resulted from the increase in sub-contractors claims and the increase in payable for purchases of construction materials during the year under review.

### Non-current Liabilities

The Group's non-current liabilities increased to S\$0.1 million mainly due to the increase in deferred income tax liabilities as at 31 December 2015.

### Total Equity

The Group's total equity increased by S\$6.4 million from S\$84.4 million as at 31 December 2014 to S\$90.8 million as at 31 December 2015. The increase was attributable to the net profit after tax of the Group for FY2015 which amounted to S\$18.6 million, partially offset by the dividends declared and paid in FY2015 which amounted to approximately S\$13.3 million.



# CORPORATE SOCIAL RESPONSIBILITY REVIEW



The Group places emphasis on the importance of achieving a good equilibrium between value creation for all stakeholders, including our community, shareholders, customers and employees, and enhancing our role as a leading and responsible corporate citizen.

With an extensive network of all stakeholders, we are committed, amongst others, to:

- (i) create stability in our business and the social environment;
- (ii) achieve continual growth in our financial performance for our shareholders;
- (iii) deliver quality buildings to our customers; and
- (iv) provide a friendly and encouraging work environment for our employees.

## ENVIRONMENTAL AWARENESS

The Group believes in building a greener future and creating a friendlier environment for all our stakeholders by minimising the usage of natural resources and the waste in our operations. We have implemented an environmental management system to identify and manage environmental aspects. These aspects are managed by setting reduction targets and implementing programmes to achieve these targets.

The Group's effort to preserve our environment includes the following:

- (i) monitoring and analysing energy and water usage in construction sites for all projects under construction for any abnormality, for immediate rectification;
- (ii) implementing various measures to reduce energy consumption, including the consideration of energy efficient equipment with the Energy Star1 logo when purchasing new office equipment;

- (iii) using rainwater or recycled water to wash vehicles before they leave the construction sites, and using recycled water for washing before casting. Water-saving devices like thimbles in taps are also installed wherever possible in our project sites and our corporate office; and
- (iv) embarking on a paper usage reduction drive by providing our staff with tips on paper conservation such as reducing printing unless necessary, and reusing and recycling used paper by printing on both sides of the page. Construction waste is separated and placed into the appropriate recycling bins at our project sites.

The Group supports the authorities' efforts in promoting sustainability, environmental protection and considerate practices. Some of the key features adopted include:

- (i) using recycled aggregates for non-structural applications like drains, road kerbs and wheel stoppers;
- (ii) using recycled aggregates and green cement for structural components, where possible;
- (iii) using energy efficient lightings and green label photocopiers in the site offices; and
- (iv) providing covered walkways around the sites where there is heavy usage by the general public

As an endorsement of our environmental management system, the Group has obtained the ISO 14001:2004 certification for the scope of building and civil engineering construction services.

During the year under review, the Group has also been awarded "BCA Construction Productivity Award 2015" by the Building and Construction Authority, as a recognition of the Group's efforts towards designs, construction methods, process and technologies adopted that have significant productivity impact in the construction projects.



BCA Productivity Award 2015



### RESPONSIBILITY TO OUR SHAREHOLDERS

The Group values corporate transparency and strives to uphold high standards of corporate governance and disclosure, in accordance with the principles and guidelines of the Code of Corporate Governance 2012.

We are committed to delivering accurate and timely disclosure of material corporate developments, quarterly and full year results, which are released on SGXNET as well as on our corporate website: [www.soilbuildconstruction.com](http://www.soilbuildconstruction.com). Our corporate website provides information on the Group's background, corporate and management structure, our services as well as our financial information.

We meet up with our shareholders and potential investors at various seminars and briefings as we believe that it is important to provide open and direct communication channels with the shareholder and investor communities in order to facilitate better understanding of the Group's business model and growth strategy, and to address their concerns, if any.

During the year under review, the Group received the "Most Transparent Company Award" under Mainboard Small Caps Category at the Securities Investors Association (Singapore) 16th Investors' Choice Awards 2015. This is the second consecutive year the Group received the award for its efforts in the related area.

### COMMITMENT TO OUR CUSTOMERS

The Group takes pride and places great emphasis on the quality aspects of all projects. We strongly believe in delivering high standards of quality and service levels to our customers which are key to maintaining customer satisfaction.

The Group has established the following quality objectives:

- (i) to comply and continually improve the effectiveness of the quality management system which satisfies all requirements of ISO 9001:2008 standard requirements, or any relevant statutory and regulatory, customer or other obligations to which the organisation subscribes;
- (ii) to provide total customer satisfaction and encourage repeated patronage by consistently exceeding customers' expectations with reliable quality works;
- (iii) to deliver projects on time and operate within an allocated budget; and
- (iv) to constantly provide training to all staff, and upgrading of work processes to improve our work quality procedure so as to improve efficiency and reduce wastage of resources.

As an endorsement of our quality management system, the Group has obtained the ISO 9001:2008 certification for the scope of building and civil engineering construction services. The attainment of the above certification will strengthen our customers' confidence in the quality of our products and services and differentiate us from our competitors who have not attained such certification.



ISO 9001:2008 certification

### PEOPLE DEVELOPMENT AND CARE FOR OUR EMPLOYEES

We recognise that our employees are invaluable to the success of the Group. We are committed to cultivating a balanced work-life environment for all our employees, as well as to developing the new workforce in our industry.

## CORPORATE SOCIAL RESPONSIBILITY REVIEW

### Training

We offer training to assist employees in achieving a higher level of competency and safety standards, in order to further enhance the quality of our products and services. Such training also aims to build a well-motivated, stable workforce with a high level of team work.

A key objective of training is to develop competencies which would enable our employees to perform their current or future jobs successfully. All our training programmes are geared towards the following objectives:

- (i) strengthening the job skills/ knowledge of employees;
- (ii) improving operational efficiency and productivity; and
- (iii) developing and maximising the potential of employees, to the mutual benefit of the Group and their own respective selves.

### People Development

The Group is committed to develop human capital and industry talent in the built environment through various programmes.

The following are the initiatives that the Group has taken to promote people development:

- (i) continued to take part in the BCA-Industry Built Environment Undergraduate Scholarship programme to offer opportunities to potential awardees to take up a career in the built environment;
- (ii) worked with BCA and overseas academic institutions to offer internship opportunities to students; and
- (iii) initiated a staff mentorship programme and with the objectives of attracting, retaining and motivating talents.

### Employees' Welfare

The Group holds several yearly corporate events, including an annual Chinese New Year lunch, a fruit party and a workers appreciation event, for our staff as part of our efforts to promote a balanced work-life environment. In addition, the Group also held certain health-awareness programme for our staff during the year under review, which included "Soilbuild Haze Awareness Talk" and "Health Screening Program".



Health Talk



Health Screening

### Health and Safety

Health and safety at our workplace is of utmost importance to the Group. We have regular and continuous audits on our workplace health and safety practices to ensure compliance on-site at all times.

The Group is also actively promoting work safety and good environmental awareness by continuously upgrading the skills of our employees in order to increase their knowledge and efficiency in operational safety supervision and management.

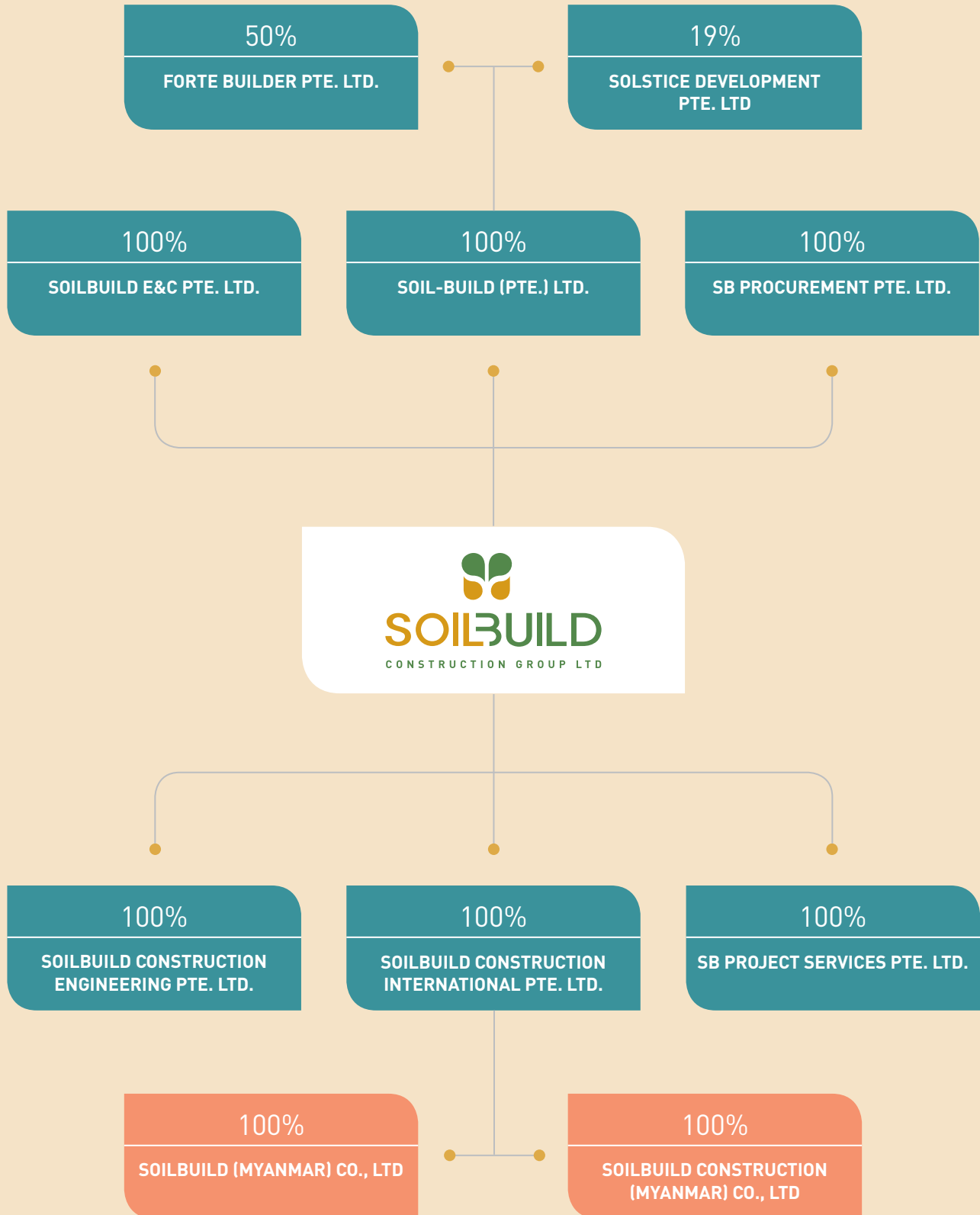
The Group has implemented appropriate procedures and policies to prevent and mitigate the spread of communicable diseases for the corporate office and all construction sites. Furthermore, we are committed to managing occupational health and safety issues, and preference is given to engaging OHSAS 18000-certified or bizSAFE-certified vendors/contractors for our projects. The Group has also been certified by the Workplace Safety and Health Council to have fulfilled the requirements to attain bizSAFE Level Star and obtained the OHSAS 18001:2007 certification for the scope of building and civil engineering construction services.



OHSAS 18001:2007 certification

Our employees are encouraged to report any potentially improper and/or unethical conduct that they become aware of at their workplace or in connection with their work. We believe that we have an environment that enables our employees to raise both legitimate and genuine concerns internally.

# GROUP STRUCTURE



## BOARD OF DIRECTORS



**MR LIM CHAP HUAT**  
Executive Chairman

Age 62, Mr Lim Chap Huat is the Company's Executive Chairman. Mr Lim was appointed to the Board on 14 January 2013 and was last re-elected as Director on 25 April 2014. He charts the Group's strategic direction, business planning and development as well as succession planning. Leveraging on his extensive industry experience, Mr Lim also oversees the Group's operations and provides guidance in project management and tender submission for the Group's various projects.

Mr Lim is a co-founder of Soilbuild Group with nearly 40 years of experience in the construction and property development business. Apart from his role in strategic planning and development of corporate policies, Mr Lim has been involved in all key aspects of the operations and businesses of Soilbuild Group to ensure quality at key planning, design and implementation levels, including the oversight of the tendering and management processes of construction and development projects. He has also established a network of relationships with developers, customers, consultants and architects within the real estate industry.

**Prior experience:**

- Co-founder of Soilbuild Group with nearly 40 years of experience in the construction and property development business

Currently, Mr Lim also serves as the Executive Chairman of Soilbuild Group Holdings Ltd as well as a director on the board of all subsidiaries of Soilbuild Group. He is also a non-executive director of SB REIT Management Pte. Ltd., the manager of Soilbuild Business Space REIT which is listed on the SGX-ST.

Mr Lim holds a Technician Diploma (Civil Engineering) from the Singapore Polytechnic. He is active in community service and currently serves as the Chairman of the Chong Pang Community Club Management Committee. In recognition of his contributions to the community, Mr Lim was conferred the Pingat Bakti Masyarakat (Public Service Medal) and the Bintang Bakti Masyarakat (Public Service Star) by the President of the Republic of Singapore in 2003 and 2009 respectively.

Soilbuild Construction Group Ltd.



**MR HO TOON BAH**  
Executive Director

Age 53, Mr Ho Toon Bah is the Company's Executive Director, and was appointed to the Board on 14 January 2013 and was last re-elected as Director on 24 April 2015. Mr Ho supports the strategic growth of the Group's operations and drives the development and execution of its business strategies, including securing construction contracts through structuring contracts and/or partnerships with potential customers. His responsibilities also include day-to-day operations of the Company, capital management, human resources and investor relations of the Group.

**Prior experience:**

- 2009 to 2013, Executive Director of Soilbuild Group Holdings Ltd.
- 2008 to 2009, Head of Consumer Banking at Standard Chartered Bank in Malaysia
- 2006 to 2008, Head of Consumer Banking at Standard Chartered Bank in Indonesia
- 2004 to 2005, General Manager of SME Banking at Standard Chartered Bank
- 2002 to 2003, General Manager for Wealth Management at Standard Chartered Bank
- 2001 to 2002, General Manager for Mortgages and Auto at Standard Chartered Bank
- 2000 to 2001, Senior Manager for Branch Banking and Direct Sales at Standard Chartered Bank

Mr Ho is also a non-executive director of SB REIT Management Pte. Ltd., the manager of Soilbuild Business Space REIT, and a non-executive director of IREIT Global Group Pte Ltd, the manager of IREIT Global. He was an independent director of Eurotronic Group Ltd from 2 June 2011 to 24 April 2015. Soilbuild Business Space REIT, IREIT Global and Eurotronic Group Ltd, are listed on the SGX-ST.

Mr Ho holds a Bachelor of Business Administration from the National University of Singapore. He is also a Chartered Financial Analyst.



**MS LIM CHENG HWA**  
Non-Executive Director

Age 43, Ms Lim Cheng Hwa is the Company's Non-Executive Director. Ms Lim was appointed to the Board on 8 May 2013 and was last re-elected as Director on 25 April 2014. Ms Lim has nearly 20 years of experience, having served in finance departments of various listed companies.

**Prior experience:**

- Since 2011, Executive Director of Soilbuild Group Holdings Ltd. and also serves as the director of certain subsidiaries of Soilbuild Group Holdings Ltd.
- Since 2010, Director of Capital and Investment Management of Soilbuild Group Holdings Ltd., handling all financial, accounting, tax and treasury matters, business and investment development, corporate communications, human resources and administration of the Group
- 2007 to 2009, Group Financial Controller at Soilbuild Group Holdings Ltd.
- 1999 to 2007, Financial Controller at MTQ Corporation Limited
- 1995 to 1999, Accountant and Senior Accountant at L&M Group Investments Limited

Ms Lim is also a non-executive director of SB REIT Management Pte. Ltd., the manager of Soilbuild Business Space REIT which is listed on the SGX-ST.

Ms Lim holds a Bachelor of Accountancy (Honours) from the Nanyang Technological University.

Pursuant to article 91 of the Company's Constitution, Ms Lim Cheng Hwa will retire by rotation and is eligible for re-election in the forthcoming Third Annual General Meeting of the Company.



### MR POON HON THANG

Lead Independent Director

Age 67, Mr Poon Hon Thang is the Company's Lead Independent Director. Mr Poon was appointed to the Board on 8 May 2013 and was last re-elected as Director on 24 April 2015. Mr Poon is the Chairman of the Audit Committee of the Company, and a member of Nominating and Remuneration Committee of the Company. Mr Poon has more than three decades of experience in the financial industry.

#### Prior experience:

- 1988 to 2006, worked at UOB Bank where he was responsible for consumer banking, corporate banking, commercial banking, corporate finance and international banking. In 2006, Mr Poon retired as Senior Executive Vice President from UOB Bank
- 1979 to 1988, worked at Citibank N.A. where he was responsible for credit, marketing, remedial management and structured finance

Mr Poon has been an independent director of Enviro-Hub Holdings Ltd., which is listed on the SGX-ST, since 2007 and is currently also an independent director of J.P. Nelson Holdings Ltd. which is listed on the Taiwan Gretai Securities Market.

Mr Poon holds a Bachelor of Commerce (Honours) from the Nanyang University of Singapore.



### MR TAN JEE MING

Independent Director

Age 57, Mr Tan Jee Ming is the Company's Independent Director. Mr Tan was appointed to the Board on 8 May 2013 and was last re-elected as Director on 25 April 2014. Mr Tan is the Chairman of the Nominating Committee of the Company, and a member of Audit and Remuneration Committee of the Company. Mr Tan has nearly 30 years of experience in the legal practice.

#### Prior experience:

- Since 2010, Director at Straits Law Practice LLC, practicing general civil and criminal law
- 1996 to 2010, set up own sole proprietorship law firm, Tan Jee Ming & Partners
- 1989 to 1995, practice at various law firms and then became a Partner at Derrick Jeffrey & Ravi
- 1986, commenced legal practice at RCH Lim & Co

Mr Tan is an independent director of PS Group Holdings Ltd. which is listed on the SGX-ST.

Mr Tan holds a Bachelor of Laws (Honours) from the National University of Singapore and is a member of the Singapore Academy of Law, the Law Society of Singapore Compensation Fund Committee, the Law Society of Singapore Inquiry Panel and the Singapore Institute of Directors.

Pursuant to article 91 of the Company's Constitution, Mr Tan Jee Ming will retire by rotation and is eligible for re-election in the forthcoming Third Annual General Meeting of the Company. Upon re-election, Mr Tan Jee Ming will remain as the Chairman of the Nominating Committee of the Company, and a member of Audit and Remuneration Committee of the Company.



### MR TEO CHEE SENG

Independent Director

Age 62, Mr Teo Chee Seng is the Company's Independent Director. Mr Teo was appointed to the Board on 8 May 2013 and was last re-elected as Director on 25 April 2014. Mr Teo is the Chairman of the Remuneration Committee of the Company, and a member of Audit and Nominating Committee of the Company. He has been a lawyer in private practice in Singapore for more than 30 years. He is a member of the Law Society of Singapore Inquiry Panel.

#### Prior experience:

- Since 2006, Managing Director of Able Law Practice LLC
- 1986 to 2006, practicing at Chee & Teo
- 1981 to 1986, practicing at Chee Hee & Teo

Mr Teo is an independent director of Etika International Holdings Limited and Lasseters International Holdings Limited which are listed on the SGX-ST. He is also an independent director of United Overseas Australia Limited, which is listed on both the Australian Securities Exchange and the SGX-ST.

Mr Teo holds a Bachelor of Laws (Honours) from the University of Singapore.

## MANAGEMENT TEAM



**MR LOH CHYE AIK**

Director, Operations

Mr Loh Chye Aik is our Director of Operations and joined the Group in 2012. His responsibilities include strategising operations, managing resources, monitoring of costs, quality assurance and control, environmental sustainability, as well as safety matters. Mr Loh has more than 30 years of experience in the area of construction management in the construction industry.

Prior experience:

- 2011 to 2012, Project Director in charge of construction management at ACP Construction Pte Ltd
- 2008 to 2011, General Manager at Ryobi Kiso Holdings Ltd.
- 2007 to 2008, Business Development Manager at Lai Yew Seng Pte Ltd
- 1997 to 2007, Senior Project Manager at Greatearth Construction Pte Ltd
- 1995 to 1996, General Manager at Kamikaya Sdn Bhd
- 1984 to 1995, Operations Manager at Khian Heng Construction Pte Ltd

Mr Loh Chye Aik graduated from the National University of Singapore with a Bachelor of Engineering (Civil) (First Class Honours) in 1984 and obtained his Master of Business Administration from the National University of Singapore in 1997.



**MR CHOOI YUE CHIONG**

Director, Design And Planning

Mr Chooi Yue Chiong is our Director, Design and Planning. He is involved in the construction design, specifications and drawings in our construction projects to derive cost savings through improvements in construction methods, sequence and/ or material use. Mr Chooi has nearly 30 years of related experience in the construction industry, having worked in various engineering and construction companies.

Prior experience:

- 2011 to 2013, worked for SB Procurement Pte. Ltd., responsible for driving the Group's procurement planning and spearheading improvements in construction methodologies
- 2007 to 2011, General Manager at Soil-Build (Pte.) Ltd., responsible for day-to-day operations of the projects and construction management, and oversees the quantity survey department and the deployment of key staff and project training
- 2006 to 2007, Project Manager at Sunhuan Construction Pte Ltd
- 2003 to 2005, Senior Project Manager at Sanchoon Builder Pte Ltd
- 2001 to 2003, Senior Project Manager at a subsidiary of Soilbuild Group Holdings Ltd, heading the projects and quantity survey departments
- 1992 to 2000, Project Manager at Soil-Build (Pte.) Ltd.

Mr Chooi holds a Diploma in Civil Engineering from Singapore Polytechnic and a Bachelor of Applied Science (Construction Management) with Honours (First Class) from the Royal Melbourne Institute of Technology.



**MR HO CHAN TECK PATRICK**

Director, Projects

Mr Ho Chan Teck Patrick is our Director, Projects and his role includes the overall management of projects to ensure that the relevant project is on time, within budget and adhere to the safety and health standard with acceptable quality, planning and implementing of project work schedules and formulation of construction budgets. Mr Ho has nearly 30 years of experience in the construction industry.

Prior experience:

- 2004 to 2012, Deputy General Manager at Soilbuild Group Holdings Ltd and Head of Soilbuild Group Holdings Ltd's development management division
- 1997 to 2004, Manager/Project Manager at Soil-Build (Pte.) Ltd.
- Prior to 1997, worked in various roles such as a Site Foreman and a Site Manager in various construction companies

Mr Ho obtained a Technician Diploma in Building from Singapore Polytechnic in 1984.




**MR NG KWON HONG**

Director, Projects

Mr Ng Kwoon Hong is our Director, Projects and his key focus is on the Group's government related projects. Leveraging on his previous work experiences, he is currently responsible for managing budgets and ensuring the quality, safety and timely delivery of each project. Mr Ng brings to the Group over 30 years of industry expertise, having worked in both public and private sectors.

Prior experience:

- 2009 to 2013, General Manager and Project Director at Soilbuild Group Holdings Ltd. and Soil-Build (Pte.) Ltd. respectively, overseeing projects to ensure quality builds and timely delivery
- 2007 to 2009, Deputy General Manager at SB Development Pte. Ltd, responsible for reviewing and monitoring with architect and structural engineer for PP, WP and BP submission
- 1986 to 2007, held various positions at Soil-Build (Pte.) Ltd. which includes Senior Site Foreman, Senior Site Manager and Assistant Project Manager
- 1982 to 1986, Site Foreman at Eka General Construction


**MS WINNY MONICA OEI**

Director, Contract & Procurement

Ms Winny Oei is our Director, Contract & Procurement, who leads and monitors the Group's purchasing and procurement procedures in daily operation since 2012. Her other responsibilities include developing and implementing procedures for internal work processes, establishing long-term cooperation with external vendors, maintaining relationship with clients and securing new tenders or jobs for the Group. Having joined the Group in 2000, she brings with her almost 20 years of related experience in the industry.

Prior experience:

- 2000 to Present, since joining the Group, she held a few roles in QS and Contract department and Procurement department
- 1992 to 1994, Senior Cost Estimator at PT Nusa Raya Cipta, Indonesia (previously under Astra Group Indonesia)
- 1990 to 1992, Assistant Project Manager at PT Pan Karib, Indonesia

Ms Winny Oei holds a Bachelor of Science in Civil Engineering (with honours) from the University of HKBP Nommensen Indonesia and is registered as member of Auditor under Ministry of Manpower, Indonesia.


**MR LIM THIAM LAY**

Director, Mechanical & Electrical

Mr Lim Thiam Lay is our Director, M&E and is responsible for the day-to-day operation of all mechanical and electrical ("M&E") related works which include tender bidding and design development. Having worked in various civil engineering and construction companies, Mr Lim brings to the Group more than 24 years of related experience in the construction industry.

Prior experience:

- 2001 to 2014, since joining the Group, he held various positions in the M&E department, including M&E Coordinator, Assistant M&E Manager, M&E Manager, Deputy Head and Senior M&E Manager, and Head of M&E at Soil-Build (Pte.) Ltd.
- Prior to 2001, he had 6 years of experience as M&E Coordinator/ Assistant Manager liaising and coordinating all M&E, structural and architectural works for Toda Corporation, Tekken Corporation and Arab Malaysian Toda Sdn Bhd

Mr Lim obtained a Diploma in Electrical & Electronics Engineering from the Institute Teknologi Jaya, Malaysia in 1992.

## MANAGEMENT TEAM

**MR DING YEN SHEE DANIEL**

Director, Civil Engineering

Mr Ding Yen Shee Daniel is our Director of Civil Engineering. Mr Ding joined the Group in 2015. His responsibilities are to lead the civil engineering division of the Group, strategising the day-to-day operation within the division, leading the tender bidding and overseeing the execution of the civil works projects.

Prior experience:

- 2012 to 2015, Director, Business Development & Investment at Soilbuild Group Holdings Ltd
- 2008 to 2012, Senior Investment Manager at Mapletree Logistics Trust Management Ltd
- 2007 to 2008, Associate at IFS Capital Limited
- 2005 to 2007, Deputy Business Development Manager (Regional) at VSL Singapore Pte Ltd
- 2004 to 2005, Business Development Manager (based in China) at OKP Investment (China) Pte Ltd
- 2002 to 2004, Marketing Engineer at VSL Singapore Pte Ltd

Mr Ding graduated from the Nanyang Technological University of Singapore with a Bachelor of Civil & Environmental Engineering (Honours) in 2002. He obtained his Master of Business Administration (specialized in Strategy) from the Nanyang Technological University of Singapore in 2010.

**MR WONG YOON THIM**

Director, Corporate Services

Mr Wong Yoon Thim is our Director, Corporate Services and is responsible for the execution and day-to-day operation of various functions of the Group which include finance and accounting, human resource and administration, as well as corporate affairs.

Prior experience:

- 2010 to 2013, Group Chief Financial Officer and Company secretary of OTO Holdings Limited
- 2006 to 2010, Chief Financial Officer of CMZ Holdings Ltd
- 2005 to 2006, Finance Manager of Muhibbah Petrochemical Engineering Sdn. Bhd.

Mr Wong is a member of the Institute of Singapore Chartered Accountants.

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# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) is committed to ensuring the highest standards of corporate governance are practised throughout Soilbuild Construction Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”), as a fundamental part of discharging its responsibilities to protect and enhance shareholder value, while seeking to achieve operational excellence and delivering the Group’s long-term strategic objectives. The Board has also established various self-regulatory and monitoring mechanisms, where applicable, to ensure that effective corporate governance is practised.

Set out in the Report are the Group’s corporate governance practices and structures that have been adopted with specific reference to the Code of Corporate Governance 2012 (the “**Code**”) and where applicable, the Listing Manual (“**SGX-ST Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Companies Act (Cap.50 of Singapore) (the “**Companies Act**”) and the Guidebook for Audit Committees in Singapore, focusing on areas such as internal controls, risk management, financial reporting, and internal and external audit.

The Board confirms that for the financial year ended 31 December 2015, the Company has adhered to the principles and guidelines as set out in the Code, where applicable, and has specified and explained any deviations from the Code in this report. The Board considers that the alternative corporate governance practices are sufficient to meet the underlying objective of the Code.

## (A) BOARD MATTERS

### The Board’s Conduct of Affairs

#### Principle 1

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

The Board is primarily responsible for overseeing and supervising the management of the business and corporate affairs, and the overall performance of the Group. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group.

The principal functions of the Board are:

- providing entrepreneurial leadership, reviewing and setting the strategic directions and broad policies, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and monitoring the organisational performance towards them;
- approving the Group’s annual budgets, key operational matters, investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposal of assets and making decisions in the interest of the Group, interested person transactions of a material nature, convening of shareholders’ meetings and major funding proposals;
- establishing and reviewing the adequacy and integrity of the Company’s framework of risk management systems, internal controls and financial reporting systems;
- ensuring the Group’s compliance with relevant laws, regulations, policies, directives, guidelines, internal codes of conduct and obligations to shareholders;
- approving all Board appointments or re-appointments and appointments of any persons who have authority and responsibility for planning, directing and controlling the activities of the Company (“**key management personnel**”) as well as evaluating their performance and reviewing their compensation packages;
- ensuring accurate, adequate and timely reporting to, and communication with shareholders;

# CORPORATE GOVERNANCE REPORT

- setting the Group's values and standards of conduct and assuming the responsibility for the satisfactory fulfilment of social responsibilities of the Group; and
- reviewing the performance of the Group towards achieving adequate shareholder value including but not limited to the declaration of interim and final dividends, if applicable, approval of financial results of the Group and the audited financial statements and timely announcements of material transactions.

To facilitate effective management and assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework, the Board has delegated specific responsibilities to three committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") (collectively, the "Board Committees"), details of which are set out below. These Board Committees have the authority to review and examine particular issues and to report to the Board their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board, which will take into consideration the overall interests of the Company.

The Board has adopted a set of internal guidelines on matters requiring its approval. Matters which are specifically reserved for the Board's decision include those involving corporate plans and budgets, material acquisitions and disposals of assets, corporate strategies, financial restructurings, share issuances, dividends and other returns to shareholders, major financial decisions such as investment and divestment proposals, expenditure beyond a prescribed amount as well as interested person transactions.

The Company conducts an induction programme for newly appointed directors which seeks to familiarise directors with the Group's businesses, board processes, internal controls and governance practices. The induction programme includes meetings with various key management personnel and briefings on key areas of the Company's operations. The Company provides a formal letter to each new director upon his appointment, setting out clearly the director's duties and obligations.

The directors are also provided with updates and/or briefings from time to time by professional advisers, auditors, the management of the Company ("Management") and the Company Secretary in areas such as directors' duties and responsibilities, corporate governance practices, risk management matters and changes in financial reporting standards. The Company also encourages and where it feels appropriate, will arrange for training courses to supplement and keep directors updated on areas such as accounting, legal and industry-specific knowledge. The Company is responsible for funding the training of its directors.

The Board meets at least four times a year with additional meetings convened as and when necessary. Fixed meetings are scheduled at the start of each financial year. The Company's Constitution allows for Board meetings to be conducted by way of telephone conferencing or other methods of simultaneous communication by telegraphic or electronic means, whereby all persons participating in the meeting are able to communicate as a group without requiring the directors' physical presence at the meeting. Each Board member brings with him independent judgment, diversified knowledge and experience when dealing with issues of strategy, performance, resources and standards of conduct.

The matrix on the frequency of the Board and Board Committee meetings and the attendance of directors at these meetings during the financial year ended 31 December 2015 is disclosed below:

Meeting of	Board	AC	NC	RC
Total meetings held	4	4	1	1
Total meetings attended				
Lim Chap Huat	4	4*	1*	–
Ho Toon Bah	4	4*	1*	–
Lim Cheng Hwa	3	3*	1*	1*
Poon Hon Thang	4	4	1	1
Tan Jee Ming	4	4	1	1
Teo Chee Seng	4	4	1	1

\* Attendance by invitation of the relevant Board Committee

# CORPORATE GOVERNANCE REPORT

## Board Composition and Guidance

### Principle 2

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

As at the date of this Annual Report, the Board comprises two Executive Directors, three Independent Directors and one Non-Executive Director. The Board composition is as follows:

### Executive Directors:

Mr Lim Chap Huat (Executive Chairman)

Mr Ho Toon Bah (Executive Director)

### Non-Executive Directors:

Ms Lim Cheng Hwa (Non-Executive Director)

Mr Poon Hon Thang (Lead Independent Director)

Mr Tan Jee Ming (Independent Director)

Mr Teo Chee Seng (Independent Director)

The size and composition of the Board are reviewed by the NC annually to ensure that the current Board size and number of Board Committees facilitates effective decision making, taking into account the size, nature and scope of the Group's present operations.

The NC, with the concurrence of the Board, is of the opinion that the current Board size of six directors is appropriate and that the Board possesses the appropriate mix of gender, nationality, skills, knowledge, expertise and experience to provide core competencies in areas such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge relevant to the Group and to the expansion of the Group. Further details on each director, including their academic and professional qualifications, shareholding in the Company and its subsidiaries, Board Committees served on (as a member or Chairman), dates of first appointment and last re-election as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments or principal commitments, are presented under the "Directors' Statement" and "Board of Directors" sections of this Annual Report.

Of the four Non-Executive Directors, three are independent and make up half of the Board. Therefore, no individual or group is able to dominate the Board's decision-making process. There is also an appropriate balance in the Board because of the presence of Independent and Non-Executive Directors who have the calibre necessary to carry sufficient weight in Board decisions.

The Board and Management fully appreciate that an effective and robust Board whose members engage in open and constructive debate and challenge Management on its assumptions and proposals is fundamental to good corporate governance. Although all the directors have equal responsibilities towards the Group's operations, the role of the Independent and Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management team are fully discussed and examined, and take into account the long-term interests of shareholders as well as employees, customers, suppliers, and the various communities which the Group conducts business with. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Company has adopted initiatives to ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, have unrestricted access to Management, and have sufficient time and resources to discharge their oversight function effectively. These initiatives include regular informal meetings for Management to brief the directors on prospective deals and potential developments at an early stage, and the circulation of relevant information on business initiatives, industry developments, and analyst and media commentaries on matters in relation to the Company and the industries in which it operates.

# CORPORATE GOVERNANCE REPORT

Non-Executive Directors also meet on a need-to basis without the presence of Management to discuss the matters in relation to the corporate development of the Group to ensure effective and independent review of the Management.

The Board also confirms that there is no independent director who has served on the Board beyond nine years from the date of his first appointment.

## **Chairman and Chief Executive Officer/Executive Director**

### Principle 3

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

The Executive Director, Mr Ho Toon Bah assumes the responsibilities of a Chief Executive Officer (“**CEO**”) of the Company, which include the making of strategic proposals to the Board, executing the approved strategies and managing and reviewing the development of strategies.

There is a clear separation of the roles and responsibilities between the Executive Chairman and the Executive Director of the Company.

### Role of the Chairman

Mr Lim Chap Huat is the Executive Chairman of the Company.

The Executive Chairman charts the Group's strategic direction, and the business planning and development. The Executive Chairman also ensures that Board meetings are held as and when necessary and approves the Board meeting agenda in consultation with the Executive Director, Mr Ho Toon Bah. The Executive Chairman reviews the Board papers together with the Executive Director, before they are presented to the Board, and ensures that Board members are provided with complete, adequate and timely information. Management staff who have prepared the papers or can provide additional insight into the matters to be discussed are invited to present the papers or attend the relevant Board meetings. The Executive Chairman monitors communications and relations between the Company and its shareholders, between the Board and Management, between Executive and Non-Executive Directors and between Independent and Non-Independent Directors, with a view to encourage constructive relations and dialogue amongst them. The Executive Chairman also works to facilitate the effective contribution of Non- Executive Directors and assists to ensure procedures are introduced to comply with the Company's guidelines on corporate governance.

### Role of the Executive Director

Mr Ho Toon Bah is the Executive Director of the Company.

The role of the Executive Director includes:

- running the day to day operations of the Company; and
- implementing the Company's strategies and policies.

The Executive Chairman and the Executive Director are not related. In line with corporate governance best practices, the duties and responsibilities of the Executive Chairman and the Executive Director have been formalised in writing and approved by the Board.

# CORPORATE GOVERNANCE REPORT

## *Lead Independent Director*

As the Executive Chairman and Executive Director are both part of the management team, the Board has appointed Mr Poon Hon Thang as Lead Independent Director to lead and co-ordinate the activities of the Independent Directors of the Company. The Lead Independent Director assists the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company.

Led by the Lead Independent Director, the Independent Directors meet regularly without the presence of other directors to discuss matters such as board processes, corporate governance initiatives, succession and leadership development planning, and remuneration matters. Feedback on the outcomes of these discussions is provided to the Executive Chairman after such meetings.

## **Board Membership**

### Principle 4

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

The Company has established an NC to, among other things, make recommendations to the Board on all Board appointments and oversee the Company's succession and leadership development plans.

The NC, regulated by a set of written terms of reference, comprises the following three members, all of whom, including the Chairman, are Independent Directors:

Mr Tan Jee Ming (Chairman)  
Mr Poon Hon Thang  
Mr Teo Chee Seng

The Lead Independent Director is a member of the NC.

The NC is responsible for the following under its terms of reference:

- reviewing the structure, size and composition of the Board and Board Committees and making recommendations to the Board, where appropriate;
- giving full consideration to succession planning for directors and other key management and senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- to establish procedures for and make recommendations to the Board on all board nominations and re-nominations;
- reviewing and recommending to the Board the nomination of retiring directors and those appointed during the year standing for re-election at the Company's annual general meeting ("**AGM**"), having regard to the director's contribution and performance;
- reviewing and evaluating whether or not a director is able to and has been adequately carrying out his duties as a director of the Company, particularly when he has multiple board representations;
- reviewing and determine annually if a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;



# CORPORATE GOVERNANCE REPORT

- deciding how the Board's performance may be evaluated and propose objective performance criteria, which allow for comparison with industry peers and address how the Board has enhanced long term shareholders' value, for approval by the Board;
- implementing a process to assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board of Directors;
- ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings; and
- such other duties or functions as may be delegated by the Board or required by regulatory authorities.

The NC has had one meeting during the financial year ended 31 December 2015. The matrix on the frequency of meetings and the attendance of directors at these meetings is disclosed on page 27 of this Annual Report.

In its search and selection process for new directors, the NC considers the attributes of the existing Board members, such as balance and diversity of skills, knowledge and experience on the Board, and the requirements of the Group. In the light of such evaluation and in consultation with Management, the NC determines the role and the desirable competencies and experience that an incoming director should possess.

The NC will tap on the resources of directors' personal contacts for recommendations of potential candidates and appraises the nominees independently to ensure that the candidates possess the desirable competencies and experience. Independent external help such as executive recruitment consultants that are not affiliated with the Group or any of its directors may be used to source for potential candidates if required.

New directors are appointed by way of a Board resolution, upon their nomination by the NC. Newly appointed executive directors will be provided with service agreements setting out their term of office and terms of appointment. The service agreement is subject to the NC's recommendations, and may be renewed for such period as the Board may decide after the expiry of its first term of appointment, unless terminated by either party. For Non-Executive Directors, formal letters of appointment setting out their terms of appointment will be issued to new appointees to the Board.

The NC has adopted the Code's definition of an independent director and guidelines as to relationships, 10% shareholding in the Company and the period of the appointment in determining the independence of a director. In addition the NC requires each Non-Executive Director to state whether he considers himself to be independent despite the relationships, 10% shareholding in the Company and the period of appointment identified in the Code which would deem him not to be independent, if any.

During the financial year ended 31 December 2015, the NC has reviewed the independence of the Board members with reference to the guidelines set out in the Code and has determined Mr Poon Hon Thang, Mr Tan Jee Ming and Mr Teo Chee Seng to be independent and free from any of the relationships and relevant shareholding in the Company's shares, as outlined in the Code. Each of the directors has also confirmed his independence. The Board has concurred with the NC's views.

During the financial year ended 31 December 2015, the NC has also conducted an annual review of the performance of Mr Lim Chap Huat, the Executive Chairman of the Company, including whether Mr Lim is able to and has been adequately carrying out his duties as Executive Chairman of the Company, and has made such recommendations to the Board as appropriate. The NC is satisfied and the Board has concurred that Mr Lim Chap Huat had carried out his duties as Executive Chairman of the Company.

Save as disclosed, none of the directors on the Board are related and do not have any relationship with the Company or its related companies or its officers which could interfere or be reasonably perceived to interfere with the exercise of their independent judgement.

# CORPORATE GOVERNANCE REPORT

The NC is also responsible for making recommendations to the Board on the re-nomination of directors, having regard to the director's contribution and performance including, if applicable, as an independent director.

Pursuant to the Company's Constitution, at least one-third of the Board, including executive and non-executive Directors, must retire from office by rotation and are subject to re-election at every AGM. All directors are required to retire at least once every three years. Newly appointed directors are subject to retirement and re-election at the AGM immediately following their appointment. This will enable all shareholders to exercise their rights in selecting all board members.

At the forthcoming AGM, Mr Tan Jee Ming and Ms Lim Cheng Hwa will retire and seek re-election pursuant to article 91 of the Company's Constitution.

The Board does not encourage the appointment of alternate directors. No alternate director is appointed to the Board.

The NC also considers annually whether directors who serve on multiple boards are able to commit the necessary time to discharge their responsibilities as directors of the Company. The NC has taken into account the results of the assessment of the effectiveness of the individual director, and the respective director's actual conduct on the Board in making this determination and is satisfied that sufficient time and attention are being given by each director to the affairs of the Group, notwithstanding that some of the directors may have multiple board representations. In view of the foregoing, the NC does not consider it necessary to determine a maximum number of listed company board representations which any director may hold.

The Group recognises that its Executive Directors may be invited to become non-executive directors of other companies and that exposure to such non-executive duties can broaden the experience and knowledge of its Executive Directors which will benefit the Group. Executive Directors are therefore allowed, with the Board's consent, to accept non-executive appointments, as long as these are non-competing companies and are not likely to lead to conflicts of interest. Executive Directors are allowed to retain the fees received.

The directors are also kept updated on revisions to relevant laws and regulations through presentations and workshops organised by the Management. The Board supports directors receiving further relevant training in connection with their duties, particularly on relevant new laws and regulations. In addition, Management facilitates attendance at such training sessions by disseminating information on the availability of such training sessions to each director.

The key information and profile of the directors are disclosed in pages 20 and 21 of this Annual Report.

## **Board Performance**

### Principle 5

*There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committee and the contribution by each director to the effectiveness of the Board.*

The Company has adopted a system to assess the performance of the Board as a whole.

The NC, together with the Board, assesses the effectiveness of each director, the Board as a whole and the Board Committees on an annual basis. In this aspect, both qualitative and quantitative criteria are adopted. The quantitative performance criteria includes return on assets, return on equity and profitability on capital employed. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic and long-term objectives set by the Board. The NC considers the required mix of skills and experience of the members including core competencies which the Non-Executives Directors should bring to the Board, during this assessment. The NC and the Board endorse the performance criteria.

The NC then presents the results and conclusions to the Board and an action plan is drawn up to address any areas for improvement.

# CORPORATE GOVERNANCE REPORT

The NC is generally satisfied with the results of the board performance for the financial year ended 31 December 2015, which indicated areas of strengths and those that could be improved further. The NC, with the concurrence of the Board, is of the opinion that the Board has met its performance objectives. No significant problems were identified. The NC had discussed the results with Board members who agreed to work on those areas that could be improved further. The NC will continue to evaluate the process for such review and its effectiveness from time to time.

## 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.*

Board reports are provided to the directors prior to the Board meetings. This is issued in sufficient time prior to the meeting to enable the directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board report includes, among others, the following details:

- minutes of meetings of all Board Committees;
- background and explanations of proposals submitted to the Board for approval;
- relevant budgets, forecasts and projections, including explanations on any material variances between the projections and actual results;
- copies of disclosure documents;
- major operational and financial information issues;
- updates on corporate developments; and
- market responses to the Group's strategies.

All analyst and media reports on the Group, if any, are forwarded to the directors on an on-going basis. The Board receives financial highlights of the Group's performance and development which are presented on a quarterly basis at Board meetings. The Group's Executive Director and key management personnel are present at these presentations to address any queries which the Board may have.

All directors have separate and independent access to the Group's key management personnel, senior management and the Company Secretary. All directors are provided with complete and adequate information prior to Board meetings and on an on-going basis. The Company Secretary provides secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary attends all Board and Board Committee meetings. The appointment and removal of the Company Secretary are subject to the approval of the Board.

Where decisions to be taken require expert opinion or specialised knowledge, the directors, whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointments of such independent professional advisors are subject to approval by the Board.

# CORPORATE GOVERNANCE REPORT

## (B) REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

#### Principle 7

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

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual directors, the CEO and key management personnel.

The RC, regulated by a set of written terms of reference, comprises the following three members, all of whom, including the Chairman, are Independent and Non-Executive Directors:

Mr Teo Chee Seng (Chairman)  
Mr Tan Jee Ming  
Mr Poon Hon Thang

The RC is responsible for the following under its terms of reference:

- recommending to the Board, in consultation with the Executive Chairman, for endorsement, a comprehensive remuneration policy framework and guidelines for computation of directors' fees, as well as remuneration of Executive Directors and the key management personnel. For Executive Directors and the key management personnel, the framework covers all aspects of executive remuneration (including but not limited to directors' fees, salaries, allowances, benefits in kind, bonuses, incentive payments and share options or other share awards);
- in the case of service agreements, reviewing the Company's obligations arising in the event of termination of the Executive Director and key management personnel's service agreements, to ensure that such service agreements contain reasonable termination clauses which are not overly generous with a view to be fair and avoid rewarding poor performance;
- approve performance targets for assessing the performance of each of the key management personnel and recommend such targets as well as employee specific remuneration packages for each of such key management personnel, for endorsement by the Board;
- periodically consider and review remuneration packages in order to maintain their attractiveness, to retain and motivate (a) the directors to provide good stewardship of the Company and (b) key management personnel to successfully manage the Company, and to align the level and structure of remuneration with the long-term interest and risk policies of the Company, such as through the participation in the respective options plans, share plans and/or other equity based plans (collectively, the "**share plans**") implemented or that may be implemented by the Group;
- administering the performance bonus scheme and share-based schemes for the employees of the Group, in particular, the Soilbuild Construction Employee Share Option Scheme and Soilbuild Construction Performance Share Plan ("**PSP**"); and
- ensuring that, to the extent applicable, all provisions regarding disclosure of remuneration as set out in the Code are fulfilled.

In setting remuneration packages, the employment and pay conditions within the industry and in comparable companies are taken into consideration. Where necessary, the RC will seek both internal and external expert advice on the remuneration of directors and key management personnel. The remuneration policy recommended by the RC is submitted for approval by the Board.

# CORPORATE GOVERNANCE REPORT

During the financial year ended 31 December 2015, the RC made recommendations regarding the framework of remuneration for the directors and submitted them for endorsement by the entire Board. The RC's recommendations covered all aspects of remuneration, including but not limited to the directors' fees, salaries and benefits in kind. In setting remuneration packages, the RC has taken into account the performance of the Group, as well as the performance of individual directors and key management personnel in order to align their interests with those of the shareholders and to promote the long-term success of the Company, linking their remuneration to corporate and individual performance. In the course of deliberations, the RC has taken into consideration industry practices and norms in compensation. The RC has also reviewed the remuneration of key management personnel during the year under review. No director was involved in deciding his own remuneration.

The RC has had one meeting during the financial year ended 31 December 2015. The matrix on the frequency of meetings and the attendance of directors at these meetings is disclosed on page 27 of this Annual Report.

## 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 adopted the objectives as recommended by the Code to determine the framework and levels of remuneration for directors and key management personnel so as to ensure that the Company sets an appropriate level of remuneration to attract, retain and motivate the directors and key management personnel needed to run the Group successfully, without being excessive.

The component parts of remuneration are structured so as to link rewards to the performance of the Group, the respective business units and individual performance, and to align the interests of the directors and key management personnel with those of shareholders. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and time spent by the particular Non-Executive Director concerned.

Remuneration paid/payable to Executive Directors are determined by the Board after considering the performance of the individual and the Company against comparable organisations. The fees paid/payable to Non-Executive Directors take into account factors such as effort and time spent and responsibilities of these directors. Each director is paid a basic fee. In addition, Non-Executive Directors who serve as members of the Board Committees are paid additional fees, with the Chairman of each Board Committee being paid a higher fee in view of the heavier responsibilities carried by that office.

The Non-Executive Directors do not have service agreements and are required to seek nomination and re-election at regular intervals. If the Non-Executive Director occupies a position for part of the financial year, the fees payable will be pro-rated accordingly. No compensation is payable for the early termination of a Non-Executive Director. The directors' fees for directors are subject to the approval of shareholders at the AGM.

The Company has a service agreement with:

- Mr Lim Chap Huat, which commenced on 27 May 2013 and lasts for a period of three (3) years, unless otherwise terminated by not less than six (6) months' notice in writing by either party; and
- Mr Ho Toon Bah, which commenced on 27 May 2013 and lasts for a period of three (3) years, unless otherwise terminated by not less than six (6) months' notice in writing by either party.

# CORPORATE GOVERNANCE REPORT

The total remuneration package of Executive Directors and key management personnel comprises a fixed cash component, annual performance incentive and long-term incentive. The annual fixed cash component comprises the annual basic salary, statutory employer's contributions to the Central Provident Fund and other fixed allowances. The annual performance incentive is tied to the performance of the Group, business unit and individual employee. To align the interests of the directors and executives of the Group with the interests of shareholders, the Group also has adopted the Soilbuild Construction Employee Share Option Scheme and PSP. Further details on the Soilbuild Construction Employee Share Option Scheme and the PSP are presented under the "Directors' Statement" section of this Annual Report.

During the financial year ended 31 December 2015, share awards in respect of an aggregate of up to 6,782,000 ordinary shares in the Company have been granted under the PSP to the Executive Directors and key management personnel. Details of the share awards granted are set out in pages 49 to 52 of this Annual Report.

The RC has reviewed the level and mix of remuneration for the Executive Directors during the financial year ended 31 December 2015 as well as that of the key management personnel (other than the directors) of the Company to ensure that the levels and mix are appropriate to attract, retain and motivate the required talents for the Group and are sufficiently linked to performance. While the remuneration components are regularly benchmarked against those of comparable companies, the RC remains mindful that there is a general correlation between increased remuneration and performance improvements.

## 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.*

## Level and Mix of Remuneration

The following information relates to the level and mix of remuneration of the directors and key management executives (other than directors) of the Group during the financial year ended 31 December 2015:

Name of directors	Fee S\$'000	Salaries S\$'000	Variable / Performance bonus S\$'000	Benefits in kind S\$'000	Long-term incentives <sup>1</sup> S\$'000	Total S\$'000
<b>Executive Directors:</b>						
Mr Lim Chap Huat	70	252	491	7	493	1,313
Mr Ho Toon Bah	40	432	460	60	514	1,506
<b>Non-executive Directors:</b>						
Mr Poon Hon Thang	70	-	-	-	-	70
Mr Tan Jee Ming	60	-	-	-	-	60
Mr Teo Chee Seng	60	-	-	-	-	60
Ms Lim Cheng Hwa	40	-	-	-	-	40

# CORPORATE GOVERNANCE REPORT

Name of key management personnel:	Salaries	Variable / Performance bonus	Benefits in kind	Long-term incentives <sup>2</sup>	Total
	%	%	%	%	%
<b>S\$200,000 to S\$400,000</b>					
Mr Loh Chye Aik	70	21	4	5	100
Mr Chooi Yue Chiong	66	22	6	6	100
Mr Ho Chan Teck Patrick	67	21	6	6	100
Mr Ng Kwoon Hong	67	22	5	6	100
Ms Winny Monica Oei	63	25	6	6	100
Mr Lim Thiam Lay	63	25	6	6	100
Mr Ding Yen Shee, Daniel	60	34	6	–	100
Mr Wong Yoon Thim	67	23	5	5	100
Mr William Koh Hock Ann <sup>3</sup>	93	–	5	2	100

<sup>1</sup> Long term incentives relate to awards granted to the Directors pursuant to the Soilbuild Construction Performance Share Plan during the financial year ended 31 December 2015 and 2014.

<sup>2</sup> Long term incentives relate to awards granted to the employees pursuant to the Soilbuild Construction Performance Share Plan during the financial year ended 31 December 2015 and 2014.

<sup>3</sup> Mr Willian Koh Hock Ann resigned from the Group on 31 July 2015.

The aggregate total remuneration paid to top nine key management personnel (who are not directors or the CEO of the Company) amounted to S\$2,085,428 for the financial year ended 31 December 2015.

Although Guideline 9.1 recommends the disclosure of the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel of the Company and Guideline 9.3 of the Code recommends the disclosure of the remuneration of each individual key management personnel in the bands of S\$250,000, the Board believes that disclosure in such detail may be prejudicial to the business interest of the Group given the highly competitive environment it is operating in as well as competitive pressures in the market.

There were no employees of the Group who are immediate family members of a Director or the CEO for the financial year ended 31 December 2015.

## (C) ACCOUNTABILITY AND AUDIT ACCOUNTABILITY

### Principle 10

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

The Board is responsible for providing a balanced and understandable assessment of the Group's financial performance, position and prospects to the shareholders. Financial results are released on a quarterly basis to the shareholders within the timeline stipulated in the SGX-ST Listing Manual. All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the Singapore Financial Reporting Standards and approved by the Board before being released to the SGX-ST and the public through SGXNET.

In line with the SGX-ST Listing Manual, negative assurance statements were issued by the Board to accompany its quarterly financial results announcements, confirming to the best of its knowledge that, nothing had come to their attention which would render the Company's quarterly results to be false or misleading. The Company is not required to issue negative assurance statements for its full-year results announcement.

# CORPORATE GOVERNANCE REPORT

Management provides the Board with information on the Group's performance, position and prospects on quarterly basis to ensure that they effectively discharge their duties. This is supplemented by updates on matters affecting the financial performance and business of the Group, if such events occurs.

## **Risk Management and Internal Controls**

### Principle 11

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

The Board recognises the importance of sound system of risk management and internal controls for good corporate governance. The Board affirms its overall responsibility for the Group's system of risk management and internal controls, including financial, operational, compliance, sustainability and information technology controls, and risk management policies and systems to safeguard shareholders' interest and maintain accountability of its assets, and for reviewing the adequacy and integrity of those systems on an annual basis. However, due to the inherent nature of risk management and control systems, it should be noted that such systems are meant to provide reasonable and not absolute assurance against material misstatement of loss, safeguarding of assets, maintenance of proper accounting records, reliability of financial information and compliance with relevant legislation.

The Group has adopted a balanced risk approach that spans across the organisational structure, from the Board to all operating business units. In this way, risks can be assessed and managed across the Group by leveraging on the expertise within each business unit and the sharing of best practices.

While the Board has overall responsibility for establishing the objectives and underlying principles of risk management for the Group, the AC is tasked with providing an oversight for the entire risk management system, including the setting up of risk management strategies, regularly enhancing the risk management assessments and processes, reviewing its comprehensiveness and effectiveness, business continuity planning as well as guiding Management in the formulation of risk policies, procedures and processes to prioritise, manage, mitigate and monitor risks arising from its business. The AC also ensures that adequate resources and expertise are available and allocated for the risk management process and evaluates the need to engage independent external advisers to supplement such efforts.

The AC has set up a risk management team, comprised mainly of key management personnel and led by the Executive Director, to establish and implement the Group's overall risk management framework. Key indicators of such risks will be monitored and reported on a regular basis to the AC and the Board. Where necessary, these will also be circulated outside of the regular Board and AC meetings. Each business unit also identifies the risks pertaining to the respective units and is accountable for the integration and embedding of risk management into their business operations and processes.

The Group's internal and external auditors conduct an annual review of the effectiveness of the Group's material internal controls, including internal financial controls, operational and compliance controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect.

During the financial year ended 31 December 2015, the AC and the Board have reviewed the adequacy and effectiveness of the Group's risk management procedures and internal controls established by the Management and the regular audits, monitoring and reviews performed by the internal and external auditors. Based on the above, the Board, with the concurrence of the AC, is satisfied that the Group's risk management system and internal controls, including financial, operational, compliance, sustainability and information technology controls, are effective and are adequate to meet the needs of the Group in its current business environment.

The Executive Director and the key management personnel have provided their confirmation to the Board that to the best of their knowledge, the risk management and internal control system is effective, the financial records have been properly maintained and the financial statements give a true and fair view of the Group and its operations and finances.



# CORPORATE GOVERNANCE REPORT

The Board, together with the AC and Management, will continue to enhance and improve the existing risk management and internal control framework to identify and mitigate any relevant risks.

## Audit Committee

Principle 12

*The board should establish an Audit Committee (“AC”) with written terms of reference which clearly set out its authority and duties.*

The AC, regulated by a set of written terms of reference, comprises the following three members, all of whom, including the Chairman, are Independent and Non-Executive Directors:

Mr Poon Hon Thang (Chairman)  
Mr Tan Jee Ming  
Mr Teo Chee Seng

The AC meets at least four times a year, as and when deemed appropriate to carry out its function.

The AC has had four meetings during the financial year ended 31 December 2015. The matrix on the frequency of the meetings and the attendance of directors at these meetings is disclosed on page 27 of this Annual Report. The meetings were also attended by the Executive Chairman, Executive Director and Non-Executive Directors, as well as the internal and external auditors.

The AC has explicit authority from the Board to investigate any matter within its terms of reference. It has unrestricted access to any information pertaining to the Group, full access to the internal and external auditors, and all employees of the Group, and has full discretion to invite any director or executive officer to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly and is also authorised by the Board to obtain external legal or other independent professional advice when necessary and at the expense of the Group.

The AC is responsible for the following under its terms of reference:

- reviewing the external auditor’s audit plan and audit report, and the external auditor’s evaluation of the system of internal accounting controls, with the external auditor, as well as the assistance given by Management to the external auditor, and reviewing and assessing the annual internal audit plan;
- reviewing the procedures to ensure co-ordination between internal and external auditors, co-operation from Management and assistance given to facilitate their respective audits and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the internal and external auditors may wish to discuss (in the absence of Management, where necessary);
- reviewing the quarterly and full-year financial results announcements of the Group 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, compliance with accounting standards and compliance with the SGX-ST Listing Manual and other relevant statutory or regulatory requirements;
- reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have material impact on the Company’s operating results or financial position;
- reviewing annually the cost effectiveness of the audit and the independence, objectivity and performance of the external auditors and reviewing the adequacy and effectiveness of the internal audit function;

# CORPORATE GOVERNANCE REPORT

- reviewing arrangements under which staff of the Group may in confidence, raise concerns about possible wrongdoing in financial reporting or, other matters;
- nominating and reviewing the appointment or re-appointment of the external auditors and the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced, and matters relating to the resignation or dismissal of the auditors, if any;
- reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual; and
- reviewing conflicts or potential conflicts of interest, if any, and ensuring that appropriate measures are put in place to mitigate such conflicts of potential conflicts.

The AC has met with the Group's internal and external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that effective internal controls and risk management systems are maintained by the Group.

During the financial year ended 31 December 2015, the AC has carried out its functions which included the following:

- reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits;
- met up with the Group's internal and external auditors without the presence of Management to discuss their findings set out in their respective reports to the AC. Both the internal and external auditors have confirmed that they had access to and received full co-operation and assistance from Management and no restrictions were placed on the scope of auditors;
- reviewed and approved the consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, statement of consolidated cash flows and auditors' reports; and
- conducted a review of the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit before confirming their re-nomination.

## *External Auditors*

The Company has engaged PricewaterhouseCoopers LLP as its external auditor, to audit the accounts of the Company and its subsidiaries. The report of the external auditor is set out in the Independent Auditor's Report section of this Annual Report.

During the financial year ended 31 December 2015, the aggregate amount of fees paid to the external auditors amounted to S\$246,000, comprising S\$187,000 in audit fees and S\$59,000 in non-audit fees.

The AC has undertaken a review of all the non-audit services provided by the external auditors for the financial year ended 31 December 2015, which pertained mainly to the Company's income tax advisory services. In the AC's opinion, the provision of such non-audit services does not affect the independence and objectivity of PricewaterhouseCoopers LLP as the external auditor.

After considering the adequacy of the resources and experience of the current auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the particular audit, the AC has recommended the re-appointment of PricewaterhouseCoopers LLP as the external auditor for the Company at the forthcoming AGM.

In relation to its appointment of auditing firms, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual, as PricewaterhouseCoopers LLP has been appointed as the external auditor for the Company as well as the Company's Singapore-incorporated subsidiaries.

# CORPORATE GOVERNANCE REPORT

## *Whistle-blowing Policy*

The Group has put in place a whistle-blowing programme which provides well-defined and accessible channels in the Group through which employees, suppliers, sub-contractors and vendors may in confidence, raise concerns about possible wrongdoing in financial reporting, fraudulent activities, malpractices or improper conduct within the Group, in a responsible and effective manner. There were no whistle-blowing reports received for the financial year ended 31 December 2015.

## **Internal Audit**

### Principle 13

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

The Group has outsourced its internal audit function to a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit function is independent and reports directly to the AC Chairman on audit matters and to the Executive Director on administrative matters. The internal auditor assists the AC in ensuring that the Company maintains a sound system of internal controls through regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular audits of high-risk areas.

The AC also reviewed and approved the internal auditor's plan during the AC meeting of each financial year to ensure that the scope of the internal auditor's plan is adequate and covers the reviewing of the significant internal controls of the Group, including financial, operational, compliance, sustainability and information technology controls. Audits were carried out on all significant business functions of the Group and all internal audit findings and reports were submitted to the AC for deliberation with copies of these reports extended to the Executive Chairman, the Executive Director, and relevant key management personnel. The internal auditor's summary of findings and recommendations are discussed at the AC meetings.

The AC has reviewed the adequacy and effectiveness of the internal audit function and is satisfied that the team is adequately resourced and has appropriate standing within the Company.

## **(D) SHAREHOLDERS' 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.*

### **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.*

### **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.*

# CORPORATE GOVERNANCE REPORT

The Group values dialogue with investors and believes in regular, effective and fair communication with its shareholders, and is committed to hearing shareholders' views and addressing their concerns where possible. The Group adopts the practice of regularly communicating major developments in its business and operations through SGXNET and news releases and, where appropriate, directly to shareholders, other investors, analysts, the media, the public and its employees.

Relevant key management personnel are tasked to deal with all investor relations ("IR") matters of the Group, including managing the dissemination of corporate information to the media, institutional investors and public shareholders and facilitating effective and regular communication with such parties. Contact details of the Group's IR representative are also provided in the news releases and on the Group's website, <http://www.soilbuildconstruction.com>.

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Quarterly and full-year results as well as the annual reports are announced or issued within the mandatory period. However, any information that may be regarded as undisclosed material information about the Group will not be given. The Group issues announcements and news releases on an immediate basis where required under the SGX-ST Listing Manual. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that the stakeholders and the public have fair access to the information.

Briefings and meetings for analysts and the media generally coincide with the release of the Group's quarterly and full-year results. Presentations are made, as appropriate, to explain the Group's strategies, performance and major developments.

The Group believes in encouraging shareholder participation at general meetings. All shareholders of the Group receive the annual report, circulars and notices of all shareholders' meetings. The notices are advertised in the newspapers and made available on both SGXNET and the Company's website.

Shareholders are invited during such meetings to put forth any questions they may have on the motions to be debated and decided upon. Pursuant to the The Companies (Amendment) Act 2014 (the "**Amendment Act**"), which was passed in Parliament on 8 October 2014 and took effect in phases on 1 July 2015 and 3 January 2016 respectively, the multiple proxies regime was introduced to enfranchise indirect investors and Central Provident Fund investors. "Relevant intermediaries" (as defined in the Companies Act), including certain nominee companies, custodian banks and the Central Provident Fund Board, are now allowed to appoint more than two proxies so that these indirect investors can be appointed as proxies to participate in shareholders' meetings. To align with the changes to the Companies Act introduced pursuant to the Amendment Act, the Company is proposing to amend its Constitution in the forthcoming AGM. There is no change of position for a shareholder who is not a "relevant intermediary" who is unable to attend such meetings, the Constitution allows the shareholder to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

The Board is not implementing absentia voting methods by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactory resolved.

At each general meeting, separate resolutions will be proposed for each substantially separate issue. This is consistent with the Code's recommendation that companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. The Board also encourages shareholders to participate during the question and answer session.

The Executive Chairman of the Board, the AC, the NC and the RC, will be present at the AGM, and other general meetings held by the Company, if any, to address shareholders' queries. The external auditors have also been invited to attend the AGM and will be available to address shareholders' queries on the conduct of the audit and the preparation and content of the auditors' report. Appropriate key management personnel will also be present at general meetings to respond, if necessary, to operational questions from shareholders.

# CORPORATE GOVERNANCE REPORT

The proceedings of the general meeting will be properly recorded, including substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. Minutes of such meetings will be made available to shareholders upon their request.

Pursuant to the SGX-ST Listing Manual and in order to promote greater transparency in general meetings and shareholders' engagement, with effect from 1 August 2015, the Company has conducted and will continue to conduct poll voting for all resolutions to be passed at the annual and extraordinary general meetings of the Company. The detailed voting results of each of the resolutions tabled will be announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions will also be announced after the meetings via SGXNET.

## **(E) OTHER CORPORATE GOVERNANCE MATTERS**

### **Dealing in Securities**

Pursuant to Rule 1207(19) of the SGX-ST Listing Manual regarding compliance with best practices in respect of dealings in securities, the Group has adopted an internal code of conduct which prohibits the directors, key management personnel of the Group and their connected persons from dealing in the Company's shares during the "black-out" period commencing two weeks and one month immediately preceding the announcement of the Company's quarterly and full-year financial statements respectively, or if they are in possession of unpublished price-sensitive information of the Group. In addition, directors, key management personnel and their connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading periods. They are also discouraged from dealing in the Company's shares on short-term considerations.

### **Material Contracts**

Pursuant to Rule 1207(8) of the SGX-ST Listing Manual, the Company confirms that there were no material contracts of the Group involving the interests of any director or controlling shareholders, either still subsisting at the end of the financial year ended 31 December 2015 or if not then subsisting, entered into since the end of the financial year ended 31 December 2014.

### **Interested Person Transactions**

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the AC at its quarterly meetings to ensure that such transactions are conducted on an arm's length basis and are not prejudicial to the interests of the minority shareholders.

# CORPORATE GOVERNANCE REPORT

The AC with the concurrence of the Board has confirmed that no other interested person transactions have been entered into during the financial year ended 31 December 2015, save for those disclosed below pursuant to the disclosure under Rule 920 of the SGX-ST Listing Manual:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$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 S\$100,000)
	S\$'000	S\$'000
<b>Construction contract awarded during the financial year:</b>		
Rose Hill Soilbuild Co., Ltd.	–	71,568
SB (Tampines) Investment Pte. Ltd.	–	8,306
Family members of Mr Lim Chap Huat, a director and controlling shareholder of the Company	–	3,928
<b>Renovation/property reinstatement services and Service income</b>		
Soilbuild Group Holdings Ltd. and its subsidiaries	–	242
<b>Rental of office premises</b>		
Soilbuild Group Holdings Ltd.	–	723

## Use of Proceeds from the Initial Public Offering (“IPO”)

Pursuant to the IPO, the Company received net proceeds from the issue of the new shares of approximately S\$39.4 million after deducting the actual issue expenses of S\$2.6 million as set out below. The utilisation of the net proceeds from the IPO is as follows:

Use of IPO proceeds	Amount allocated S\$'000	Amount utilised as at 31 December 2015	Amount unutilised as at 31 December 2015
		S\$'000	S\$'000
Investment in productivity improvements	Up to 10,000	10,000	–
Expansion of construction business to certain countries in Asia	Up to 5,000	2,268	2,732
Working capital purposes	24,400	24,400	–
Total	39,400	36,668	2,732

The Company will continue to make periodic announcements on the use of the balance of the proceeds through SGXNET as and when the proceeds are materially disbursed.

# CORPORATE GOVERNANCE REPORT

## Non-Competition Deeds

As disclosed in the Company's prospectus dated 17 May 2013, to mitigate the potential conflicts of interest arising from Mr Lim Chap Huat's executive roles in both Soilbuild Group Holdings Ltd and the Company as well as Ms Lim Cheng Hwa's directorships in both Soilbuild Group Holdings Ltd and the Company, Soilbuild Group Holdings Ltd. entered into a non-competition deed with the Company ("**Parent Non-Competition Deed**"). In addition to the Parent Non-Competition Deed, Mr Lim Chap Huat has a non-competition provision in his service agreement with the Company ("**Service Agreement**") which is similar to the scope of the Parent Non-Competition Deed. Mr Lim has also provided a personal non-competition deed ("**Personal Non-Competition Deed**"), with the same terms and substance as the non-competition provision in his Service Agreement, which shall be in force for so long as he is a director or controlling shareholder of the Company.

The Board had received and noted the written confirmations of adherence to the terms and conditions of each of the Parent Non-Competition Deed from Soilbuild Group Holdings Ltd. and the Personal Non-Competition Deed from Mr Lim Chap Huat.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 55 to 100 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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.

## **DIRECTORS**

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

Mr Lim Chap Huat  
Mr Ho Toon Bah  
Ms Lim Cheng Hwa  
Mr Poon Hon Thang  
Mr Tan Jee Ming  
Mr Teo Chee Seng

## **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share plans" in this statement.



# DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2015	At 1.1.2015	At 31.12.2015	At 1.1.2015
<b>Company</b>				
<u>(No. of ordinary shares)</u>				
Mr Lim Chap Huat	489,743,000	800,000	-	488,000,000
Mr Ho Toon Bah	8,938,000	8,000,000	-	-
Ms Lim Cheng Hwa	200,000	200,000	-	-
Mr Tan Jee Ming	300,000	200,000	-	-
Mr Teo Chee Seng	200,000	200,000	-	-
<b>Ultimate Holding Company - Soilbuild Group Holdings Ltd.<sup>1</sup></b>				
<u>(No. of ordinary shares)</u>				
Mr Lim Chap Huat	526,285,812	526,285,812	-	-

- <sup>1</sup> Mr Lim Chap Huat held the entire issued share capital of Soilbuild Group Holdings Ltd. ("Soilbuild Group"). Prior to 25 May 2015, Soilbuild Group held 488,000,000 shares of the Company and Mr Lim Chap Huat is deemed to have an interest in the shares held by Soilbuild Group. On 25 May 2015, Soilbuild Group transferred its entire interest of 488,000,000 shares of the Company to Mr Lim Chap Huat. Following the transfer, Mr Lim Chap Huat directly holds the shares of the Company. Accordingly, Soilbuild Group ceased to be the ultimate holding company but continued to be a related company of the Company.

- (b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year were granted contingent awards of performance shares pursuant to the Soilbuild Construction Performance Share Plan, details of which are set out below and under "Share Plans" in this statement.

	No. of unissued ordinary shares arising from contingent awards of performance shares	
	At 31.12.2015	At 1.1.2015
<u>Mr Lim Chap Huat</u>		
2014 PSP Award <sup>1</sup>	1,414,712	Up to 2,621,000
2015 PSP Award <sup>2</sup>	Up to 2,730,000	-
<u>Mr Ho Toon Bah</u>		
2014 PSP Award <sup>1</sup>	1,408,240	Up to 2,688,000
2015 PSP Award <sup>2</sup>	Up to 2,800,000	-

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

(b) (continued)

- <sup>1</sup> Contingent awards of up to 6,269,000 shares pursuant to the 2014 PSP Awards were granted on 22 August 2014, of which 2,621,000 shares, 2,688,000 shares and 960,000 shares were granted to Mr Lim Chap Huat, Mr Ho Toon Bah and the other participants respectively.

Subsequent to the financial year ended 31 December 2014, the grant of 2014 PSP Awards were reviewed by the RC on 16 February 2015, taking into consideration, among others, the performance of the participants of the 2014 PSP Awards for the financial year ended 31 December 2014. Based on such review, the number of shares awarded under the 2014 PSP Awards amounted to 5,663,952 shares, of which 2,357,712 shares, 2,346,240 shares and 960,000 shares were granted to Mr Lim Chap Huat, Mr Ho Toon Bah and the other participants respectively. More details on the Soilbuild Construction Performance Share Plan are disclosed under "**Share Plans**" in this statement.

- <sup>2</sup> Contingent awards of up to 6,782,000 shares pursuant to the 2015 PSP Awards were granted on 31 March 2015, of which 2,730,000 shares, 2,800,000 shares and 1,252,000 shares were granted to Mr Lim Chap Huat, Mr Ho Toon Bah and the other participants respectively.

Subsequent to the financial year ended 31 December 2015, the grant of 2015 PSP Awards were reviewed by the RC on 24 February 2016, taking into consideration, among others, the performance of the participants of the 2015 PSP Awards for the financial year ended 31 December 2015. Based on such review, the number of shares awarded under the 2015 PSP Awards amounted to 3,874,327 shares, of which 2,003,782 shares and 1,870,545 shares were granted to Mr Lim Chap Huat and Mr Ho Toon Bah respectively. More details on the Soilbuild Construction Performance Share Plan are disclosed under "Share Plans" in this statement.

- (c) Mr Lim Chap Huat, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries.
- (d) The directors' interests in the ordinary shares of the Company as at 21 January 2016 were the same as those as at 31 December 2015.

## SHARE PLANS

The Remuneration Committee ("**RC**") comprises the following directors and is responsible for administering the Soilbuild Construction Employee Share Option Scheme and the Soilbuild Construction Performance Share Plan:

Mr Teo Chee Seng (Chairman)  
Mr Poon Hon Thang  
Mr Tan Jee Ming

- (a) Soilbuild Construction Employee Share Option Scheme

The Soilbuild Construction Employee Share Option Scheme ("**Scheme**") was approved by members of the Company at an extraordinary general meeting ("**EGM**") held on 9 May 2013. The Scheme will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The number of options to be offered to a participant of the Scheme shall be determined by the RC, which takes into account (where applicable) criteria such as the rank, past performance, years of service and potential for future development of the participant.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

## SHARE PLANS (CONTINUED)

### (a) Soilbuild Construction Employee Share Option Scheme (continued)

Under the Scheme, share options to subscribe for the ordinary shares of the Company may be granted to executive directors and employees of the Group and its associated companies ("**Group Employees**") and non-executive directors of the Group. Options that are granted under the Scheme may have exercise prices that are, at the RC's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for a share on the Official List of the SGX-ST for the five consecutive market days immediately preceding the date on which an offer to grant an option is made or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price ("**Market Price Option**") may be exercised after the first anniversary of the date on which an offer to grant that option is made while options exercisable at a discount to the Market Price may be exercised after the second anniversary from the date on which an offer to grant that option is made ("**Incentive Option**").

Options granted under the Scheme will have a life span of 10 years for options granted to Group Employees (other than non-executive directors and/or employees of associated companies) and five years for options granted to non-executive directors and/or employees of associated companies.

The aggregate number of shares over which the RC may grant options on any date, when added to the number of shares issued and issuable or transferred and to be transferred in respect of all options granted under the Scheme and the number of shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) on the day immediately preceding the date on which an offer to grant an option is made.

The Scheme shall continue in operation for a maximum period of ten years commencing from 9 May 2013, and may be continued for any further period thereafter with the approval of our shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Save as provided under the Scheme, the persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company.

No options have been granted under the Scheme since its commencement up to the end of the financial year. Accordingly, there are no share options outstanding as at the end of the financial year.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

### (b) Soilbuild Construction Performance Share Plan

The Soilbuild Construction Performance Share Plan ("**PSP**") was approved by members of the Company at an EGM held on 9 May 2013. It was established to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees and non-executive directors to achieve increased performance and to foster a greater ownership culture amongst key senior management, senior executives and non-executive directors.

Awards represent the right of a participant to receive fully paid shares free of charge, provided that certain prescribed performance targets (if any) are met at the expiry of the prescribed performance period. Executive directors and employees of the Group and its associated companies who have attained the age of twenty-one (21) years and hold such rank as may be designated by the RC from time to time ("**Group Executives**"), and non-executive directors (including the Independent Directors) of the Group, shall be eligible to participate in the PSP. Controlling shareholders of the Company or associates of such controlling shareholders are eligible to participate in the PSP if their participation and awards are approved by independent shareholders in separate resolutions for each such person and for each such award.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

## SHARE PLANS (CONTINUED)

### (b) Soilbuild Construction Performance Share Plan (continued)

While the RC has the discretion to grant awards at any time in the year, it is currently anticipated that awards would, in general, be made once a year. The selection of a participant and the number of shares which are the subject of each award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of the RC, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, the participant's contribution to the success and development of the Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

Awards granted under the PSP are principally performance-based with performance targets to be set over a performance period and may vary from one performance period to another performance period and from one grant to another grant. Performance targets set by the RC are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance targets and performance periods will be set according to the specific roles of each participant, and may differ from participant to participant. The performance targets are stretched targets aimed at sustaining long-term growth. These targets will be tied in with our Company's corporate key performance indicators. The RC has the discretion to impose a further vesting period after the performance period to encourage participants to continue serving the Group for a further period of time.

As soon as reasonably practicable after the end of each performance period, the RC shall review the performance targets specified in respect of each award and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that the relevant participant has continued to be a Group executive or a non-executive director up to the end of the performance period, shall release to the relevant participant all or part (as determined by the RC at its discretion in the case where the RC has determined that there has been partial satisfaction of the performance target) of the shares to which the relevant award relates in accordance with the release schedule specified in respect of the relevant award.

The RC shall have the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the RC shall have the right to make computational adjustments to the audited results of our Company or our Group, to take into account such factors as the RC may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the RC decides that a changed performance target would be a fairer measure of performance.

The total number of shares which may be issued or transferred pursuant to awards granted under the PSP, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time.

The PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years commencing from 9 May 2013, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

## SHARE PLANS (CONTINUED)

### (b) Soilbuild Construction Performance Share Plan (continued)

Details of the awards granted under the PSP are as follows:

	Aggregate number of shares under the PSP granted since commencement of the PSP to 31 December 2015	Aggregate number of shares under the PSP Awards as at 1 January 2015	Aggregate number of shares under the PSP Awards granted during the financial year ended 31 December 2015 <sup>1</sup>	Aggregate number of shares under the PSP Awards lapsed during the financial year ended 31 December 2015	Aggregate number of shares under the PSP Awards released upon vesting during the financial year ended 31 December 2015	Aggregate number of shares under the PSP Awards outstanding as at 31 December 2015
<b>Controlling shareholders and/or their associates</b>						
<u>Mr Lim Chap Huat</u>						
2014 PSP Award	2,357,712	Up to 2,621,000	-	263,288	943,000	1,414,712
2015 PSP Award	Up to 2,730,000	-	Up to 2,730,000	-	-	Up to 2,730,000
<b>Director of the Company</b>						
<u>Mr Ho Toon Bah</u>						
2014 PSP Award	2,346,240	Up to 2,688,000	-	341,760	938,000	1,408,240
2015 PSP Award	Up to 2,800,000	-	Up to 2,800,000	-	-	Up to 2,800,000
<b>Other Participants</b>						
2014 PSP Award	960,000	Up to 960,000	-	72,000	384,000	504,000
2015 PSP Award	Up to 1,252,000	-	Up to 1,252,000	-	-	Up to 1,252,000

<sup>1</sup> The aggregate number of ordinary shares to be awarded to the participants will be up to a maximum of 6,782,000 based on the achievement of certain predetermined performance targets as determined by the RC or otherwise in accordance with the rules of the PSP. For the avoidance of doubt, no shares will be awarded to the participants pursuant to the PSP if the Group is unprofitable during the relevant performance period.

### (i) *Performance share awards granted during the financial year ended 31 December 2014 ("2014 PSP Awards")*

During the financial year ended 31 December 2014, 2014 PSP Awards in respect of an aggregate of up to 6,269,000 ordinary shares in the Company were granted to the relevant participants on 22 August 2014. The grant of the 2014 PSP Award to Mr Lim Chap Huat, a controlling shareholder of the Company, was conditional on independent shareholders' approval for the participation by and grant of the 2014 PSP Award to him. Such approval was obtained on 10 October 2014. The 2014 PSP Awards are subject to the accomplishment of certain performance targets set over the performance period for the financial year ended 31 December 2014. Arising from the 2014 PSP Awards, ordinary shares will be released provided the respective participants have remained in the employment of the Group up to the respective release dates.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

## SHARE PLANS (CONTINUED)

### (b) Soilbuild Construction Performance Share Plan (continued)

#### (i) *Performance share awards granted during the financial year ended 31 December 2014 ("2014 PSP Awards")* (continued)

Subsequent to the financial year ended 31 December 2014, the grant of 2014 PSP Awards were reviewed by the RC on 16 February 2015, taking into consideration, among others, the performance of the participants of the 2014 PSP Awards for the financial year ended 31 December 2014. Based on such review, the number of shares awarded under the 2014 PSP Awards amounted to 5,663,952 shares and 605,048 shares under the 2014 PSP Awards have lapsed.

The vesting period of the respective tranches of the 2014 PSP Awards amounting to 40%, 30% and 30% is from 22 August 2014 to their release dates which are within one month from the issuance of the audited financial statement of the Group for FY2014, FY2015 and FY2016 respectively. The 2014 PSP Awards will be released provided the respective participants have remained in the employment of the Group up to the respective release dates. As at 31 December 2014, no shares under the 2014 PSP Awards have been released upon vesting.

During the financial year ended 31 December 2015, 2,265,000 shares have been issued by virtue of the release of the awards under the 2014 PSP Awards.

During the financial year ended 31 December 2015, 72,000 shares under the 2014 PSP Awards have lapsed following the cessation of employment of a participant.

#### (ii) *Performance share awards granted during the financial year ended 31 December 2015 ("2015 PSP Awards")*

During the financial year ended 31 December 2015, 2015 PSP Awards in respect of an aggregate of up to 6,782,000 ordinary shares in the Company were granted to the relevant participants on 31 March 2015. The grant of the 2015 PSP Award to Mr Lim Chap Huat, a controlling shareholder of the Company, was conditional on independent shareholders' approval for the grant of the 2015 PSP Award to him. Such approval was obtained on 24 April 2015. The 2015 PSP Awards are subject to the accomplishment of certain performance targets set over the performance period for the financial year ended 31 December 2015. Arising from the 2015 PSP Awards, ordinary shares or cash at the discretion of the RC will be released provided the respective participants have remained in the employment of the Group up to the respective release dates.

Subsequent to the financial year ended 31 December 2015, the grant of 2015 PSP Awards were reviewed by the RC on 24 February 2016, taking into consideration, among others, the performance of the participants of the 2015 PSP Awards for the financial year ended 31 December 2015. Based on such review, the number of shares awarded under the 2015 PSP Awards amounted to 3,874,327 shares and 2,907,673 shares under the 2015 PSP Awards have lapsed.

The vesting period of the respective tranches of the 2015 PSP Awards amounting to 40%, 30% and 30% is from 31 March 2015 to their release dates which are within one month from the issuance of the audited financial statement of the Group for FY2015, FY2016 and FY2017 respectively. The 2015 PSP Awards will be released provided the respective participants have remained in the employment of the Group up to the respective release dates. As at 31 December 2015, no shares under the 2015 PSP Awards have been released upon vesting.

During the financial year ended 31 December 2015, no shares have been issued by virtue of the release of the awards under the 2015 PSP Awards.

Other than Mr Lim Chap Huat, none of the participants in relation to the PSP Awards are controlling shareholders of the Company and their associates and none of the participants have received 5% or more of the total number of shares under the PSP.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

## AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr Poon Hon Thang (Chairman)  
Mr Tan Jee Ming  
Mr Teo Chee Seng

All members of the Audit Committee were independent directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, Cap. 50 of Singapore. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

## INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

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Lim Chap Huat  
Director

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Ho Toon Bah  
Director

23 March 2016

# INDEPENDENT AUDITOR'S REPORT

To The Members of Soilbuild Construction Group Ltd.

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Soilbuild Construction Group Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 55 to 100, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial 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.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants

Singapore, 23 March 2016

Soilbuild Construction Group Ltd.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Revenue	4	328,270	285,249
Cost of sales		(297,651)	(254,074)
<b>Gross profit</b>		30,619	31,175
Other income	7	1,536	1,436
Other (losses)/gains - net	8	(179)	36
Expenses			
– Administrative		(9,723)	(8,535)
– Marketing		(79)	(12)
– Others		(1,052)	(658)
Share of profit of joint ventures		58	336
<b>Profit before income tax</b>		21,180	23,778
Income tax expense	9	(2,618)	(2,891)
<b>Net profit</b>		18,562	20,887
<b>Other comprehensive income/(loss):</b>			
Items that may be classified subsequently to profit or loss:			
Currency translation differences arising from consolidation		54	(2)
<b>Total comprehensive income</b>		18,616	20,885
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		18,616	20,885
<b>Earnings per share attributable to equity holders of the Company (cents per share)</b>	10		
– Basic		2.79	3.15
– Diluted		2.75	3.14

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

# BALANCE SHEETS

As at 31 December 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	6,721	51,247	228	28,073
Trade and other receivables	12	136,976	72,395	53,488	22,936
Other current assets	14	1,277	1,250	14	18
		144,974	124,892	53,730	51,027
<b>Non-current assets</b>					
Trade and other receivables	12	11,135	16,800	-	-
Other non-current assets	14	10,000	10,000	-	-
Investments in subsidiaries	15	-	-	19,770	19,770
Investments in joint ventures	16	2,774	2,716	-	-
Property, plant and equipment	17	17,217	13,664	-	-
Intangible assets	18	224	179	-	-
Land lease prepayment	19	26,423	-	-	-
		67,773	43,359	19,770	19,770
<b>Total assets</b>		212,747	168,251	73,500	70,797
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	20(a)	117,506	78,761	1,433	1,619
Current income tax liabilities	9	2,432	3,167	125	41
Provision for other liabilities	20(b)	1,351	1,392	-	-
		121,289	83,320	1,558	1,660
<b>Non-current liabilities</b>					
Deferred income tax liabilities	21	585	462	-	-
		585	462	-	-
<b>Total liabilities</b>		121,874	83,782	1,558	1,660
<b>NET ASSETS</b>		90,873	84,469	71,942	69,137
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	22	58,047	57,490	58,047	57,490
Capital reserve	23	(1,070)	(1,070)	-	-
Currency translation reserve		51	(3)	-	-
Performance share plan reserve	24	964	408	964	408
Retained profits	25	32,881	27,644	12,931	11,239
<b>TOTAL EQUITY</b>		90,873	84,469	71,942	69,137

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

← Attributable to equity holders of the Company →						
Note	Share capital \$'000	Capital reserve \$'000	Currency translation reserve \$'000	Performance share plan reserve \$'000	Retained profits \$'000	Total equity \$'000
<b>2015</b>						
<b>Beginning of financial year</b>	57,490	(1,070)	(3)	408	27,644	84,469
Profit for the year	–	–	–	–	18,562	18,562
Other comprehensive income for the year	–	–	54	–	–	54
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>54</b>	<b>–</b>	<b>18,562</b>	<b>18,616</b>
Issuance of shares pursuant to the Soilbuild Performance Share Plan	22, 24 557	–	–	(557)	–	–
Share-based compensation expenses	24 –	–	–	1,113	–	1,113
Dividends paid	26 –	–	–	–	(13,325)	(13,325)
<b>Total transactions with owners, recognised directly in equity</b>	<b>557</b>	<b>–</b>	<b>–</b>	<b>556</b>	<b>(13,325)</b>	<b>(12,212)</b>
<b>End of financial year</b>	<b>58,047</b>	<b>(1,070)</b>	<b>51</b>	<b>964</b>	<b>32,881</b>	<b>90,873</b>
<b>2014</b>						
<b>Beginning of financial year</b>	57,490	(1,070)	(1)	–	16,717	73,136
Profit for the year	–	–	–	–	20,887	20,887
Other comprehensive loss for the year	–	–	(2)	–	–	(2)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>(2)</b>	<b>–</b>	<b>20,887</b>	<b>20,885</b>
Share-based compensation expenses	24 –	–	–	408	–	408
Dividends paid	26 –	–	–	–	(9,960)	(9,960)
<b>Total transactions with owners, recognised directly in equity</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>408</b>	<b>(9,960)</b>	<b>(9,552)</b>
<b>End of financial year</b>	<b>57,490</b>	<b>(1,070)</b>	<b>(3)</b>	<b>408</b>	<b>27,644</b>	<b>84,469</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Net profit		18,562	20,887
Adjustments for:			
– Amortisation of intangible assets		56	26
– Depreciation of property, plant and equipment		2,597	2,094
– Amortisation of land lease prepayment		222	–
– Share-based compensation expense		1,113	408
– Interest income		(222)	(292)
– Income tax expense		2,618	2,891
– Loss on disposal of property, plant and equipment		119	–
– Share of profit of joint ventures		(58)	(336)
Operating cash flows before working capital changes		25,007	25,678
Changes in working capital:			
– Trade and other receivables		(58,916)	(20,846)
– Other current assets		(27)	1,502
– Other non-current assets		–	(10,000)
– Trade and other payables		38,745	(4,407)
– Provision for other liabilities		(41)	391
Cash generated from/(used in) operations		4,768	(7,682)
Income tax paid		(3,230)	(3,491)
<b>Net cash provided by/(used in) operating activities</b>		<b>1,538</b>	<b>(11,173)</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(7,076)	(4,381)
Additions of intangible assets		(101)	(131)
Proceeds from sale of property, plant and equipment		810	–
Additions of land lease prepayment		(26,645)	–
Dividends received from a joint venture		–	646
Interest received		222	292
<b>Net cash used in investing activities</b>		<b>(32,790)</b>	<b>(3,574)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to equity holders of the Company	26	(13,325)	(9,960)
<b>Net cash used in financing activities</b>		<b>(13,325)</b>	<b>(9,960)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(44,577)</b>	<b>(24,707)</b>
Cash and cash equivalents at beginning of financial year	11	51,247	75,956
Effects of currency translation on cash and cash equivalents		51	(2)
<b>Cash and cash equivalents at end of financial year</b>	11	<b>6,721</b>	<b>51,247</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

## 1. GENERAL INFORMATION

Soilbuild Construction Group Ltd. (the "Company") is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is incorporated and domiciled in Singapore. The address of its registered office is 25 Changi South Street 1, Singapore 486059.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 15.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

#### Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

### 2.2 Revenue recognition

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

- (a) Revenue from construction contracts

Please refer to Note 2.8 for the accounting policy for revenue from construction contracts.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition (continued)

(b) Rendering of services

Revenue from rendering of project management services is recognised over the period in which the services are rendered.

(c) Rental income

Rental income from operating leases on investment properties (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(d) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

### 2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Acquisition of businesses

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

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

Acquisition-related costs are expensed as incurred.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting (continued)

#### (a) Subsidiaries (continued)

##### *(ii) Acquisition of businesses (continued)*

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

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

##### *(iii) Disposals of subsidiaries or businesses*

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.9 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

#### (b) Joint ventures

Joint ventures are entities over which the Group has joint control as a result of contractual arrangement and rights to the net assets of the entities.

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

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

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting (continued)

#### (b) Joint ventures (continued)

Investments in joint ventures are derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.

Please refer to Note 2.9 for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

#### (c) Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Company applies the same accounting policy on joint operations in its separate financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Property, plant and equipment

#### (a) Measurement

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.10).

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

#### (b) Depreciation

Building under construction is not depreciated.

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

	<u>Useful lives</u>
Plant and equipment	5 - 10 years
Motor vehicles	5 years
Renovation, furniture and equipment	5 years
Computers	3 years
Containers	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each financial year. The effects of any revision are recognised in profit or loss when the changes arise.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/losses - net".

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Land lease prepayment

Land lease prepayment is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the lease term of 30 years.

### 2.6 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as expenses when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses (Note 2.10). These costs are amortised to profit or loss using the straight-line method over the shorter of their estimated economic life of five years and the licence period.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each financial year. The effects of any revision are recognised in profit or loss when the changes arise.

### 2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

### 2.8 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Construction contracts (continued)

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

The stage of completion is measured by reference to the value of work performed relative to the total contract value as determined by the architects' certificates. The value of work performed is determined by the architects based on physical surveys of the construction works completed. Costs incurred in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the end of each financial year, the aggregated costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts, within "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts, within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

### 2.9 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are stated at cost less accumulated impairment losses (Note 2.10) in the Company's balance sheet. On disposal of investments in such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.10 Impairment of non-financial assets

Intangible assets  
Land lease prepayment  
Property, plant and equipment  
Investments in subsidiaries and joint ventures

Intangible assets, land lease prepayment, property, plant and equipment and investments in subsidiaries and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Impairment of non-financial assets (continued)

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

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

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

### 2.11 Loans and receivables

Cash and cash equivalents  
Trade and other receivables  
Deposits

Cash and cash equivalents, trade and other receivables and deposits are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

### 2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.14 Fair value estimation of financial assets and liabilities

The fair values of financial assets and liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.15 Leases

#### (a) When the Group is the lessee:

The Group leases a premise comprising a production area for minor works, a warehouse, a workers' accommodation and an office premises from a related company, and state lands from a non-related party.

#### *Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases net of any incentives received from the lessors are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

#### (b) When the Group is the lessor:

The Group leases state lands under operating leases to non-related parties.

#### *Operating leases*

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of financial year.

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

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of financial year; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of financial year, to recover or settle the carrying amounts of its assets and liabilities.

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

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

### 2.17 Provisions

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

The Group recognises the estimated liability to rectify defects still under warranty at the balance sheet date. The provision is calculated based on historical experience of the level of defects.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Employee compensation

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

#### (a) Defined contribution plans

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

#### (b) Short-term compensated absences

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

#### (c) Bonus plans

The Group recognised a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to equity holders of the Company after certain adjustments. The Group recognises a provision where contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

#### (d) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of shares is recognised as an expense with a corresponding increase in the share-based compensation reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the performance shares granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under the share-based compensation plan that are expected to be released on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under the share-based compensation plan that are expected to be released on the vesting date and recognises the impact of the revision of the estimates in the statement of comprehensive income, with a corresponding adjustment to the Performance Share Plan reserve over the remaining vesting period.

When the shares are released, the related balance previously recognised in the share-based compensation reserve are credited to share capital account, when new ordinary shares are issued, or to the treasury shares account, when treasury shares are re-issued to the employees.

### 2.19 Currency translation

#### (a) Functional and presentation currency

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Currency translation (continued)

#### (b) Transactions and balances

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

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

#### (c) Translation of Group entities' financial statements

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

### 2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to senior management who are responsible for allocating resources and assessing performance of the operating segments.

### 2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, and deposits with financial institutions which are subject to an insignificant risk of change in value.

### 2.22 Share capital

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

### 2.23 Dividends

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgement is used to estimate the estimated total construction contract costs, recoverable variation works and liquidated damages that will affect the revenue and profit margins recognised from construction contracts. In making the judgement, the Group evaluates and place reliance on past experience, estimates from quantity surveyors and value of work performed as determined by the architects.

If the estimated total construction cost of uncompleted contracts increase/decrease by 5% from management's estimates, the effects on the Group's net profit after tax will be as follows:

	Increase/(Decrease)	
	2015	2014
	\$'000	\$'000
Estimated total construction cost		
– increased by 5%	(11,385)	(7,112)
– decreased by 5%	11,911	7,511

If the estimated total construction revenue of uncompleted contracts increase/decrease by 5% from management's estimates, the effects on the Group's net profit after tax will be as follows:

	Increase/(Decrease)	
	2015	2014
	\$'000	\$'000
Estimated total construction revenue		
– increased by 5%	13,079	8,556
– increased by 5%	(12,552)	(8,156)

## 4. REVENUE

	Group	
	2015	2014
	\$'000	\$'000
Revenue from construction contracts	327,032	284,660
Revenue from rendering of project management services	1,238	589
<b>Total revenue</b>	<b>328,270</b>	<b>285,249</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 5. EXPENSES BY NATURE

	Group	
	2015 \$'000	2014 \$'000
Materials, sub-contractors and other construction costs	261,125	225,616
Amortisation of intangible assets (Note 18)	56	26
Amortisation of land lease prepayment (Note 19)	222	-
Depreciation of property, plant and equipment (Note 17)	2,597	2,094
Total depreciation and amortisation	2,875	2,120
Employee compensation (Note 6)	39,811	30,462
Auditors' fees:		
Fees on audit services paid/payable to:		
– Auditor of the Company	187	185
– Other auditors	5	2
Fees on non-audit services paid/payable to:		
– Auditor of the Company	60	48
– Other auditors	33	46
Rental expense	1,065	1,048
Transportation expenses	437	442
Bad debts written off	-	9
Other expenses	2,907	3,301
Total cost of sales, administrative, marketing and other operating expenses	308,505	263,279

## 6. EMPLOYEE COMPENSATION

	Group	
	2015 \$'000	2014 \$'000
Wages and salaries	36,856	28,644
Employer's contribution to Central Provident Fund	1,842	1,410
Share-based compensation expense (Note 24)	1,113	408
Employee compensation recognised in profit or loss (Note 5)	39,811	30,462

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 7. OTHER INCOME

	Group	
	2015	2014
	\$'000	\$'000
Income from sale of materials	33	14
Interest income	222	292
Service income	471	370
Rental income	289	333
Others	521	427
	1,536	1,436

## 8. OTHER (LOSSES)/GAINS - NET

	Group	
	2015	2014
	\$'000	\$'000
Loss on disposal of property, plant and equipment	(119)	-
Foreign exchange (loss)/gain - net	(60)	36
	(179)	36

## 9. INCOME TAXES

(a) Income tax expense

	Group	
	2015	2014
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Profit from current financial year:		
– Current income tax	2,372	3,024
– Deferred income tax (Note 21)	79	142
	2,451	3,166
Under/(over) provision in prior financial years:		
– Current income tax	123	258
– Deferred income tax (Note 21)	44	(533)
	2,618	2,891

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 9. INCOME TAXES (CONTINUED)

### (a) Income tax expense (continued)

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

	Group	
	2015 \$'000	2014 \$'000
Profit before tax	21,180	23,778
Share of profit of joint ventures, net of tax	(58)	(336)
Profit before tax and share of profit of joint ventures	21,122	23,442
Tax calculated at tax rate of 17% (2014: 17%)	3,591	3,985
Effects of:		
– different tax rates in other countries	36	2
– Singapore statutory stepped income exemption	(90)	(129)
– tax incentives	(1,415)	(910)
– income not subject to tax	(73)	(137)
– expenses not deductible for tax purposes	402	352
– deferred tax assets not recognised	–	3
– Under/(over) provision of tax	167	(275)
Tax charge	2,618	2,891

### (b) Movements in current income tax liabilities

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Beginning of financial year	3,167	3,376	41	10
Tax expense	2,372	3,024	121	41
Income tax paid	(3,230)	(3,491)	(40)	(12)
Under provision in prior financial years	123	258	3	2
End of financial year	2,432	3,167	125	41

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 10. EARNINGS PER SHARE

### (a) Basic earnings per share

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

	2015	2014
Net profit attributable to equity holders of the Company (\$'000)	18,562	20,887
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	665,649	664,000
Basic earnings per share (cents per share)	2.79	3.15

### (b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has a category of dilutive potential ordinary share: Soilbuild Construction Performance Share Plan ("PSP").

For the PSP, the weighted average number of shares on issue has been adjusted as if all dilutive shares were granted and vested. The number of shares that could have been issued upon the vesting of all dilutive shares is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

	2015	2014
Net profit attributable to equity holders of the Company (\$'000)	18,562	20,887
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	674,607	665,595
Diluted earnings per share (cents per share)	2.75	3.14

## 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	6,721	31,065	228	7,891
Short-term bank deposits	–	20,182	–	20,182
	6,721	51,247	228	28,073

The short-term bank deposits with financial institutions as at 31 December 2014 had a maturity of less than 6 months from the balance sheet date with weighted average effective interest rate of 1.31% per annum.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<u>Current</u>				
Trade receivables				
– Related companies	–	7,045	–	–
– A related party*	422	–	–	–
– Subsidiaries	–	–	6	1,691
– Joint venture	–	1,275	–	–
– A joint operator	6,369	–	–	–
– Non-related parties	28,860	25,651	–	–
	35,651	33,971	6	1,691
Less: Allowance for impairment of receivables – non-related parties [Note 28(b)]	(50)	(50)	–	–
Trade receivables - net	35,601	33,921	6	1,691
Construction contracts				
– Due from customers (Note 13)	61,489	14,860	–	–
– Due from related companies (Note 13)	2,109	4,007	–	–
– Due from a joint operator (Note 13)	9,459	–	–	–
– Due from a related party* (Note 13)	48	–	–	–
	73,105	18,867	–	–
Retentions				
– Related companies (Note 13)	2,899	3,562	–	–
– A related party* (Note 13)	64	–	–	–
– Joint venture (Note 13)	3,810	1,952	–	–
– Non-related parties (Note 13)	11,791	6,781	–	–
	18,564	12,295	–	–
Accrued revenue				
– Related companies	451	113	–	–
– Non-related parties	7,471	5,396	–	–
	7,922	5,509	–	–
Amount due from ultimate holding company (non-trade)	–	2	–	–
Amounts due from related companies (non-trade)	330	203	–	–
Amounts due from subsidiaries (non-trade)	–	–	13,245	9,579
Loan due from subsidiaries	–	–	40,152	11,573
Other receivables	1,454	1,598	85	93
	136,976	72,395	53,488	22,936
<u>Non-current</u>				
Retentions				
– Related companies (Note 13)	–	5,147	–	–
– A related party* (Note 13)	64	–	–	–
– Joint venture (Note 13)	–	1,952	–	–
– A joint operator (Note 13)	1,940	–	–	–
– Non-related parties (Note 13)	9,131	9,701	–	–
	11,135	16,800	–	–
Total trade and other receivables	148,111	89,195	53,488	22,936

\* Related party pertains to family members of a director of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group has non-trade amounts due from the ultimate holding company and related companies which are unsecured, interest-free and are repayable on demand.

The Company has non-trade amounts due from subsidiaries which are unsecured, interest-free and are repayable on demand, and interest bearing loans due from subsidiaries of \$40,152,000 (2014: \$11,573,000) which are unsecured, repayable on demand, interest-bearing at the rate of 1.82% per annum (2014: 1.83% per annum) over Singapore Interbank Rate ("SIBOR"), and has an average effective interest rate of 3.02% (2014: 2.57%) per annum as at 31 December 2015.

## 13. CONSTRUCTION CONTRACTS

	Group	
	2015 \$'000	2014 \$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date	335,266	206,843
Less: Progress billings	(265,098)	(192,347)
	70,168	14,496
Presented as:		
Due from customers on construction contracts (Note 12)	61,489	14,860
Due from related companies on construction contracts (Note 12)	2,109	4,007
Due from a joint operator on construction contract (Note 12)	9,459	-
Due from a related party on construction contract* (Note 12)	48	-
Due to customers on construction contracts (Note 20(a))	(2,937)	(3,975)
Due to a related company on construction contracts (Note 20 (a))	-	(396)
	70,168	14,496
Retentions on construction contracts (Note 12)	29,699	29,095

\* Related party pertains to family members of a director of the Company.

## 14. OTHER ASSETS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<u>Current</u>				
Deposits	1,072	1,050	-	-
Prepayments	205	200	14	18
	1,277	1,250	14	18
<u>Non-current</u>				
Deposits	10,000	10,000	-	-

Other non-current asset pertains to security deposit given to a customer in relation to a construction contract and is not expected to be recovered within twelve months from the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 \$'000	2014 \$'000
<i>Equity investments at cost</i>		
Beginning of financial year	19,770	17,270
Subscription of new ordinary shares of a subsidiary	–	2,500
End of financial year	19,770	19,770

During the financial year ended 31 December 2014, the Company increased its investment in the share capital of its wholly-owned subsidiary, SB Procurement Pte. Ltd., by subscribing for an additional 2,500,000 ordinary shares in cash amounting to an aggregate consideration of \$2,500,000.

The subsidiaries in the Group are:

Name of subsidiaries	Principal activities	Country of business/ incorporation	Equity holding	
			2015 %	2014 %
<b>HELD BY THE COMPANY:</b>				
Soil-Build (Pte.) Ltd. <sup>(a)</sup>	Building contractors	Singapore	100	100
SB Procurement Pte. Ltd. <sup>(a)</sup>	Construction and procurement services	Singapore	100	100
SB Project Services Pte. Ltd. <sup>(a)</sup>	Project and construction management services	Singapore	100	100
Soilbuild Construction International Pte. Ltd. <sup>(a)</sup>	Project and construction management services	Singapore	100	100
Soilbuild Construction Engineering Pte. Ltd. <sup>(a)</sup>	Building contractors	Singapore	100	100
Soilbuild E&C Pte. Ltd. <sup>(a)</sup>	Building contractors	Singapore	100	100
<b>HELD BY A SUBSIDIARY:</b>				
Soilbuild (Myanmar) Company Limited <sup>(b)</sup>	Project management	Myanmar	100	100
Soilbuild Construction (Myanmar) Company Limited <sup>(c)</sup>	Construction and procurement services	Myanmar	100	–

<sup>(a)</sup> Audited by PricewaterhouseCoopers LLP, Singapore

<sup>(b)</sup> Audited by EY UTW (Myanmar) Limited (Certified Public Accountants, Myanmar)

<sup>(c)</sup> Incorporated during the financial year, no audited financial statements required for the financial year ended 31 December 2015



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 16. INVESTMENTS IN JOINT VENTURES

	Group	
	2015 \$'000	2014 \$'000
Beginning of financial year	2,716	3,026
Dividends received from a joint venture	–	(646)
Share of profits	58	336
End of financial year	2,774	2,716

Set out below are the joint ventures of the Group as at 31 December 2015, which, in the opinion of the directors, are material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Place of business/ country of incorporation	% of ownership interest	
		2015	2014
Forte Builder Pte. Ltd. <sup>(a)</sup>	Singapore	50	50
Solstice Development Pte. Ltd. <sup>(b)</sup>	Singapore	19*	19*

<sup>(a)</sup> Audited by Nexia TS Public Accounting Corporation

<sup>(b)</sup> Audited by Ken Tan & Co.

\* Although the Group has only 19% ownership in Solstice Development Pte. Ltd., decisions about the relevant activities of Solstice Development Pte. Ltd. require the unanimous consent of the Group and the other joint venture partners. Accordingly, the Group has joint control over Solstice Development Pte. Ltd..

Forte Builder Pte. Ltd. is a general contractor for construction of buildings, including major upgrading works in Singapore. Forte Builder Pte. Ltd. is a strategic partnership entered into with the joint venture partner, providing the Group with access to a construction project for a residential property.

Solstice Development Pte. Ltd. is in the business of investment in properties, development of properties for sale and management of properties in Singapore. Solstice Development Pte. Ltd. is a strategic partnership entered into with the joint venture partner, providing the Group with access to a construction contract and the development of an industrial building.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 16. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures

Set out below are the summarised financial information for Forte Builder Pte. Ltd. and Solstice Development Pte. Ltd..

Summarised balance sheet

	Forte Builder Pte. Ltd.		Solstice Development Pte. Ltd.		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>	11,530	11,188	170	206	11,700	11,394
Includes:						
– Cash and cash equivalents	4,751	5,022	170	206	4,921	5,228
<b>Current liabilities</b>	6,042	5,789	11	120	6,053	5,909
Includes:						
– Financial liabilities (including trade payables)	6,038	5,666	10	12	6,048	5,678
<b>Non-current assets</b>	–	–	–	–	–	–
<b>Net assets</b>	5,488	5,399	159	86	5,647	5,485

Summarised statement of comprehensive income

	Forte Builder Pte. Ltd.		Solstice Development Pte. Ltd.		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	1,118	11,194	–	–	1,118	11,194
Interest income	31	16	–	1	31	17
<b>Profit from continuing operations</b>	65	699	(41)	228	24	927
Income tax expense	24	(92)	114	(59)	138	(151)
<b>Post-tax profit from continuing operations</b>	89	607	73	169	162	776
<b>Other comprehensive income</b>	–	–	–	–	–	–
<b>Total comprehensive income</b>	89	607	73	169	162	776
<b>Dividends received from joint ventures</b>	–	–	–	3,400	–	3,400

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 16. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint ventures.

	Forte Builder Pte. Ltd. As at 31 December		Solstice Development Pte. Ltd. As at 31 December		Total As at 31 December	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net Assets</b>						
<b>At 1 January</b>	5,399	4,792	86	3,317	5,485	8,109
Profit for the year	89	607	73	169	162	776
Dividend paid	-	-	-	(3,400)	-	(3,400)
<b>At 31 December</b>	5,488	5,399	159	86	5,647	5,485
Interest in joint ventures (50%; 19%)	2,744	2,700	30	16	2,774	2,716
<b>Carrying value</b>	2,744	2,700	30	16	2,774	2,716
<b>Carrying value of Group's interest in joint ventures</b>					2,774	2,716

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 17. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment \$'000	Motor vehicles \$'000	Renovation, furniture and equipment \$'000	Computers \$'000	Containers \$'000	Building in construction \$'000	Total \$'000
<b>Group</b>							
<b>2015</b>							
<i>Cost</i>							
Beginning of financial year	20,123	153	217	566	269	-	21,328
Additions	5,169	1,142	6	77	135	547	7,076
Disposal	(2,359)	-	-	-	-	-	(2,359)
Currency translation differences	-	3	-	-	-	-	3
End of financial year	22,933	1,298	223	643	404	547	26,048
<i>Accumulated depreciation</i>							
Beginning of financial year	6,729	117	215	444	159	-	7,664
Depreciation charge (Note 5)	2,296	151	*	89	61	-	2,597
Disposals	(1,430)	-	-	-	-	-	(1,430)
Currency translation differences	-	*	*	*	-	-	*
End of financial year	7,595	268	215	533	220	-	8,831
<b>Net book value</b>							
<b>End of financial year</b>	15,338	1,030	8	110	184	547	17,217
<b>Group</b>							
<b>2014</b>							
<i>Cost</i>							
Beginning of financial year	15,881	153	214	490	209	-	16,947
Additions	4,242	-	3	76	60	-	4,381
End of financial year	20,123	153	217	566	269	-	21,328
<i>Accumulated depreciation</i>							
Beginning of financial year	4,788	101	214	346	121	-	5,570
Depreciation charge (Note 5)	1,941	16	1	98	38	-	2,094
End of financial year	6,729	117	215	444	159	-	7,664
<b>Net book value</b>							
<b>End of financial year</b>	13,394	36	2	122	110	-	13,664

\* Less than \$1,000

Assets under construction

The Group's property, plant and equipment included \$547,000 (2014: Nil) which relate to expenditure directly attributable for construction of a building located at Airport Road.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 18. INTANGIBLE ASSETS

Acquired computer software licences

	Group	
	2015 \$'000	2014 \$'000
<i>Cost</i>		
Beginning of financial year	313	182
Additions	101	131
End of financial year	414	313
<i>Accumulated amortisation</i>		
Beginning of financial year	134	108
Amortisation charge (Note 5)	56	26
End of financial year	190	134
Net book value	224	179

Amortisation of intangible assets of \$56,000 (2014: \$26,000) was recognised in the statement of comprehensive income under "Expenses - Others".

## 19. LAND LEASE PREPAYMENT

	Group	
	2015 \$'000	2014 \$'000
<i>Cost</i>		
Beginning of financial year	-	-
Additions	26,645	-
End of financial year	26,645	-
<i>Accumulated amortisation</i>		
Beginning of financial year	-	-
Amortisation charge (Note 5)	222	-
End of financial year	222	-
Net book value	26,423	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 19. LAND LEASE PREPAYMENT (CONTINUED)

	Group	
	2015 \$'000	2014 \$'000
Amount to be amortised:		
– Not later than one year	888	–
– Later than one year but not later than five years	3,553	–
– Later than five years	21,982	–

Land lease prepayment relates to the lease of a parcel of land located at Airport Road, Singapore, acquired by the Group during the financial year. The lease will expire in 2045.

## 20. TRADE AND OTHER PAYABLES & PROVISION FOR OTHER LIABILITIES

### (a) Trade and other payables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables:				
– Non-related parties	67,247	37,443	–	–
– Related companies	–	3	–	–
– Joint venture	333	130	–	–
	67,580	37,576	–	–
Due to customers on construction contracts (Note 13)	2,937	3,975	–	–
Due to a related company on construction contracts (Note 13)	–	396	–	–
Rental deposits	31	–	–	–
Accrued operating expenses	4,875	9,091	1,247	1,420
Accrued construction costs	34,962	20,087	–	–
Other payables	7,078	7,592	177	189
Amounts due to				
– Ultimate holding company (non-trade)	–	6	–	–
– Related companies (non-trade)	43	38	9	–
– A subsidiary (non-trade)	–	–	–	10
Total trade and other payables	117,506	78,761	1,433	1,619

The non-trade amounts due to ultimate holding company, related companies and a subsidiary are unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 20. TRADE AND OTHER PAYABLES & PROVISION FOR OTHER LIABILITIES (CONTINUED)

### (b) Provision for other liabilities

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Provision for cost of defects	989	1,122	-	-
Other provisions	362	270	-	-
	1,351	1,392	-	-

Movement in provision for cost of defects is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Beginning of financial year	1,122	798	-	-
Provision made	509	1,172	-	-
Over provision	(642)	(848)	-	-
End of financial year	989	1,122	-	-

Movement in other provisions is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Beginning of financial year	270	203	-	-
Provision made	112	95	-	-
Provision utilised	(20)	(28)	-	-
End of financial year	362	270	-	-

## 21. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2015 \$'000	2014 \$'000
<b>Deferred income tax liabilities</b>		
- To be settled within one year	-	-
- To be settled after one year	585	462
	585	462

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 21. DEFERRED INCOME TAXES (CONTINUED)

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

### Group

#### Deferred income tax assets

	Provisions \$'000	Tax losses \$'000	Total \$'000
<b>2015</b>			
Beginning of financial year	(267)	(390)	(657)
Charged/(credited) to profit or loss	2	(46)	(44)
End of financial year	(265)	(436)	(701)
<b>2014</b>			
Beginning of financial year	–	(127)	(127)
Credited to profit or loss	(267)	(263)	(530)
End of financial year	(267)	(390)	(657)

### Group

#### Deferred income tax liabilities

	Accelerated tax depreciation \$'000
<b>2015</b>	
Beginning of financial year	1,119
Charged to profit or loss	167
End of financial year	1,286
<b>2014</b>	
Beginning of financial year	980
Charged to profit or loss	139
End of financial year	1,119

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$ Nil (2014: \$16,000) at the balance sheet date which can be carried forward and used to offset against future taxable income. The tax losses have expiry date of 3 years.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 22. SHARE CAPITAL

	Issued share capital	
	No. of ordinary shares	Amount
	'000	\$'000
<b>Group and Company</b>		
<b>2015</b>		
Beginning of financial year	664,000	57,490
Issuance of shares pursuant to the Performance Share Plan <sup>(a)</sup>	2,265	557
End of financial year	666,265	58,047
<b>2014</b>		
Beginning and end of financial year	664,000	57,490

<sup>(a)</sup> On 10 April 2015, the Company allotted and issued 2,265,000 new shares (Note 24) pursuant to the Performance Share Plan.

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

The newly issued shares rank pari passu in all aspects with the previously issued shares.

## 23. CAPITAL RESERVE

	Group	
	2015	2014
	\$'000	\$'000
Beginning and end of financial year	1,070	1,070

During the financial year ended 31 December 2013, pursuant to a restructuring exercise, the Company entered into a sales and purchase agreement with the ultimate holding company to acquire the entire equity interests of Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Projects Services Pte Ltd.

The capital reserve represents the difference between the purchase consideration amounting to \$16,570,000 which is entirely satisfied by the allotment and issuance of shares and the carrying value of the net assets acquired amounting to \$15,500,000.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 24. PERFORMANCE SHARE PLAN RESERVE

	Group and Company	
	2015	2014
	\$'000	\$'000
Beginning of financial year	408	-
Share-based compensation expenses (Note 6)	1,113	408
Issuance of shares	(557)	-
End of financial year	964	408

The Soilbuild Construction Performance Share Plan ("PSP") was approved by the members of the Company at an EGM held on 9 May 2013. The details of the plan are as disclosed under "Share Plans" in the Directors' Statement.

(a) Performance share awards granted during the financial year ended 31 December 2014 ("**2014 PSP Awards**")

During the financial year ended 31 December 2014, 2014 PSP Awards in respect of an aggregate of up to 6,269,000 ordinary shares in the Company were granted to the relevant participants on 22 August 2014. The grant of the 2014 PSP Award to Mr Lim Chap Huat, a controlling shareholder of the Company, was conditional on independent shareholders' approval for the participation by and grant of the 2014 PSP Award to him. Such approval was obtained on 10 October 2014. The 2014 PSP Awards are subject to the accomplishment of certain performance targets set over the performance period for the financial year ended 31 December 2014. Arising from the 2014 PSP Awards, ordinary shares will be released provided the respective participants have remained in the employment of the Group up to the respective release dates.

Subsequent to the financial year ended 31 December 2014, the grant of 2014 PSP Awards were reviewed by the RC on 16 February 2015, taking into consideration, among others, the performance of the participants of the 2014 PSP Awards for the financial year ended 31 December 2014. Based on such review, the number of shares awarded under the 2014 PSP Awards amounted to 5,663,952 shares and 605,048 shares under the 2014 PSP Awards have lapsed.

The vesting period of the respective tranches of the 2014 PSP Awards amounting to 40%, 30% and 30% is from 22 August 2014 to their release dates which are within one month from the issuance of the audited financial statements of the Group for FY2014, FY2015 and FY2016 respectively. The 2014 PSP Awards will be released provided the respective participants have remained in the employment of the Group up to the respective release dates. As at 31 December 2014, no shares under the 2014 PSP Awards have been released upon vesting.

During the financial year ended 31 December 2015, 2,265,000 shares have been issued by virtue of the release of the awards under the 2014 PSP Awards.

During the financial year ended 31 December 2015, 72,000 shares under the 2014 PSP Awards have lapsed following the cessation of employment of a participant.

Further details of the 2014 PSP Awards which include the movement during the financial year ended 31 December 2014 and the number outstanding as at 31 December 2014 are as disclosed under 'Share Plans' in the Directors' Statement. The fair value of the 2014 PSP Awards was determined using the Black Scholes Valuation Model. The significant inputs into the model were the share price of \$0.25 and \$0.24 per share at the grant dates of 22 August 2014 and 10 October 2014 respectively, the standard deviation of expected share price returns of 37%, the dividend yield of 6%, the vesting period of the 2014 PSP Awards as disclosed above, and annual risk-free interest rate of 2.3%. The volatility measured as the standard deviation of expected share price returns was estimated based on statistical analysis of share prices from the listing date to 31 December 2014.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 24. PERFORMANCE SHARE PLAN RESERVE (CONTINUED)

- (b) Performance share awards granted during the financial year ended 31 December 2015 (“**2015 PSP Awards**”)

During the financial year ended 31 December 2015, 2015 PSP Awards in respect of an aggregate of up to 6,782,000 ordinary shares in the Company were granted to the relevant participants on 31 March 2015. The grant of the 2015 PSP Award to Mr Lim Chap Huat, a controlling shareholder of the Company, was conditional on independent shareholders’ approval for the grant of the 2015 PSP Award to him. Such approval was obtained on 24 April 2015.

The 2015 PSP Awards are subject to the accomplishment of certain performance targets set over the performance period for the financial year ended 31 December 2015. Arising from the 2015 PSP Awards, ordinary shares or cash at the discretion of the RC will be released provided the respective participants have remained in the employment of the Group up to the respective release dates.

Subsequent to the financial year ended 31 December 2015, the grant of 2015 PSP Awards were reviewed by the RC on 24 February 2016, taking into consideration, among others, the performance of the participants of the 2015 PSP Awards for the financial year ended 31 December 2015. Based on such review, the number of shares awarded under the 2015 PSP Awards amounted to 3,874,327 shares and 2,907,673 shares under the 2015 PSP Awards have lapsed.

The vesting period of the respective tranches of the 2015 PSP Awards amounting to 40%, 30% and 30% is from 31 March 2015 to their release dates which are within one month from the issuance of the audited financial statements of the Group for FY2015, FY2016 and FY2017 respectively. The 2015 PSP Awards will be released provided the respective participants have remained in the employment of the Group up to the respective release dates. As the release dates are yet to be due, no shares under the 2015 PSP Awards have been released upon vesting.

During the financial year ended 31 December 2015, no shares have been issued by virtue of the release of the awards under the 2015 PSP Awards.

Further details of the 2015 PSP Awards which include the movement during the financial year ended 31 December 2015 and the number outstanding as at 31 December 2015 are as disclosed under ‘Share Plans’ in the Directors’ Statement.

The fair value of the 2015 PSP Awards was determined using the Black Scholes Valuation Model. The significant inputs into the model were the share price of \$0.231 and \$0.245 per share at the grant dates of 31 March 2015 and 24 April 2015 respectively, the standard deviation of expected share price returns of 29.4%, the dividend yield of 8%, the vesting period of the 2015 PSP Awards as disclosed above, and annual risk-free interest rate of 2.63%. The volatility measured as the standard deviation of expected share price returns was estimated based on statistical analysis of share prices from the listing date to 31 December 2015.

## 25. RETAINED PROFITS

Movement in retained profits for the Company is as follows:

	Company	
	2015 \$'000	2014 \$'000
Beginning of financial year	11,239	9,588
Total comprehensive income for the year	15,017	11,611
Dividends paid (Note 26)	(13,325)	(9,960)
End of financial year	12,931	11,239

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 26. DIVIDENDS

	Group and Company	
	2015 \$'000	2014 \$'000
<i>Ordinary dividends paid</i>		
Final dividends paid in respect of the prior financial year		
- Soilbuild Construction Group Ltd. of \$0.005 (2014: \$0.005) per share	3,331	3,320
Special dividends paid in respect of the prior financial year		
- Soilbuild Construction Group Ltd. of \$0.010 (2014: \$0.005) per share	6,663	3,320
Interim dividends paid in respect of the current financial year		
- Soilbuild Construction Group Ltd. of \$0.005 (2014: \$0.005) per share	3,331	3,320
	13,325	9,960

At the Annual General Meeting on 26 April 2016, a final dividend of \$0.005 per share amounting to \$3,331,000 and a special dividend of \$0.010 per share amounting to \$6,663,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits for the financial year ending 31 December 2016.

## 27. COMMITMENTS

- (a) Operating lease commitments - where the Group is a lessor

Operating lease commitments as at 31 December 2015 and 31 December 2014, pertain to lease of state land by the Group to a supplier for the purpose of erecting a concrete batching plant.

	Group	
	2015 \$'000	2014 \$'000
Not later than one year	240	240

- (b) Operating lease commitments - where the Group is a lessee.

The Group leases a premise comprising a production area for minor works, a warehouse, a workers' accommodation and an office premises for its own use from a related company and state lands from a non-related party.

The future minimum lease payable under operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2015 \$'000	2014 \$'000
Not later than one year	1,285	1,326
Between one and five years	3	959
	1,288	2,285

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 28. FINANCIAL RISK MANAGEMENT

### *Financial risk factors*

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

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors. Financial risk management is carried out by management in accordance with the policies set.

#### (a) Market risk

##### (i) Currency risk

The Group and the Company are not exposed to significant currency risk as it mainly operates in Singapore and transacts mainly in Singapore Dollars ("SGD").

##### (ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group and the Company are not exposed to any significant price risks.

##### (iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group is not exposed to any significant interest rate risks.

The Company has interest bearing loans due from subsidiaries at variable rates on which effective hedges have not been entered into. If the interest rates had been higher/lower by 0.50% (2014:0.50%) with all other variables including tax rate being held constant, the profit after tax would be higher/lower by \$167,000 (2014:\$48,000) as a result of higher/lower interest income on these loans due from subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

*Financial risk factors (continued)*

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and Company's major classes of financial assets are cash and cash equivalents, trade and other receivables and deposits.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral or deposits where appropriate to mitigate credit risk. In addition, receivable balances and payment profile of the debtors are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The trade receivables of the Group comprise 4 debtors (2014: 3 debtors) that individually represented 10 – 23% (2014: 11 – 22%) of the trade receivables.

#### Exposure to credit risk

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

#### Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables and deposits that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

#### Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Past due 0 to 30 days	13,761	6,722	–	–
Past due 31 to 90 days	2,507	4,198	–	–
Past due 91 days	1,165	374	–	–
	17,433	11,294	–	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

*Financial risk factors (continued)*

### (b) Credit risk (continued)

#### Financial assets that are past due and/or impaired (continued)

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Gross amount	50	50	-	-
Less: Allowance for impairment (Note 12)	(50)	(50)	-	-
	-	-	-	-
Beginning and end of financial year	50	50	-	-

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

### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group will constantly raise committed funding from financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows. Trade and other payables due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Not later than 1 year \$'000	More than 1 year \$'000
<u>Group</u>		
<b>At 31 December 2015</b>		
Trade and other payables	(117,506)	-
<b>At 31 December 2014</b>		
Trade and other payables	(78,761)	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Note later than 1 year \$'000	More than 1 year \$'000
<b>Company</b>		
<b>At 31 December 2015</b>		
Trade and other payables	(1,433)	–
<b>At 31 December 2014</b>		
Trade and other payables	(1,619)	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholder, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The Group is required by the banks to maintain gearing ratio of not exceeding 125% (2014:125%). The gearing ratio is calculated as net debt divided by shareholder funds. Net debt is calculated as gross borrowings less cash and cash equivalents. Shareholder funds represent all equity attributable to the equity holders of the Group. As the Group has no borrowings, it has no gearing ratio and it effectively uses no debt financing in its overall capital structure.

The Group is also in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2015.

(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Loans and receivables	165,904	151,492	53,716	51,009
Financial liabilities at amortised cost	117,506	78,761	1,433	1,619

(f) Fair value measurements

The carrying amounts of non-current trade receivables and non-current assets as disclosed in Note 12 and Note 14 respectively approximate their fair values.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 29. RELATED PARTY TRANSACTIONS

- (a) In addition to the related party information shown elsewhere in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed by the parties:

	Group	
	2015	2014
	\$'000	\$'000
Revenue from construction contracts from related companies <sup>#</sup>	14,161	108,694
Revenue from construction contracts from a joint operator	29,543	1,807
Revenue from construction contracts from joint ventures	–	9,099
Revenue from construction contracts from related parties <sup>*</sup>	1,527	–
Revenue from rendering of project management services to related companies	173	426
Rental expense charged by ultimate holding company (Note 32)	723	724
Renovation/reinstatement services received/receivable from ultimate holding company (Note 32)	4	168
Renovation/reinstatement services received/receivable from related companies <sup>#</sup>	32	–
Other service income received/receivable from ultimate holding company (Note 32)	42	–
Other service income received/receivable from related companies <sup>#</sup>	164	147
Purchase of property, plant and equipment from a related company <sup>#</sup>	74	–
Share of common overheads paid/payable to ultimate holding company (Note 32)	41	59
Share of common overheads paid/payable to related companies <sup>#</sup>	18	–
Share of common overheads received/receivable from ultimate holding company (Note 32)	8	6

\* Related parties pertain to family members of a director of the Company.

# Related companies pertain to companies which are wholly-owned by a director of the Company.

- (b) Key management personnel compensation

The key management personnel compensation is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Salaries and other short-term employee benefits	3,886	4,629
Other long term benefits – share based compensation	1,113	408
Contribution to Central Provident Fund	135	151
	5,134	5,188

Details on directors' remuneration are discussed in the Corporate Governance Report.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 30. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by senior management that are used to make strategic decisions. Senior management comprises the Executive Chairman and Executive Director, and is the Group's Chief operating decision-maker.

Senior management considers the business of the Group from the geographical perspective. Geographically, senior management manages and monitors the business in the two primary geographic areas namely Singapore and Myanmar. All geographic areas are engaged mainly in the construction business.

Although the Myanmar segment does not meet the quantitative thresholds required by FRS 108 for reportable segments, management has concluded that this segment should be reported, as it is closely monitored by the senior management as a potential growth area and is expected to materially contribute to Group revenue in the future.

The segment information provided to senior management for the reportable segment is as follows:

<u>Group</u>	<u>Singapore</u>	<u>Myanmar</u>	<u>Elimination</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>2015</b>				
<b>Revenue</b>				
External customers	327,206	1,064	-	328,270
Inter-segment revenue	-	192	(192)	-
	327,206	1,256	(192)	328,270
<b>Result</b>				
Segment result before interest	20,499	459	-	20,958
Interest income				222
Profit before tax				21,180
Tax				(2,618)
Profit after tax				18,562
<b>Segment results include:</b>				
- Depreciation of property, plant and equipment	2,590	7	-	2,597
- Amortisation of intangible assets	56	-	-	56
- Amortisation of land lease prepayment	222	-	-	222
Share of profit of joint ventures	58	-	-	58
<b>Segment assets</b>	212,015	1,506	(774)	212,747
Segment assets includes:				
Investment in joint ventures	2,774	-	-	2,774
Additions to:				
- Property, plant and equipment	7,058	18	-	7,076
- Intangible assets	101	-	-	101
- Land lease prepayment	26,645	-	-	26,645
<b>Segment liabilities</b>	(121,728)	(1,084)	938	(121,874)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 30. SEGMENT INFORMATION (CONTINUED)

<u>Group</u>	<u>Singapore</u>	<u>Myanmar</u>	<u>Elimination</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>2014</b>				
<b>Revenue</b>				
External customers	285,086	163	-	285,249
Inter-segment revenue	-	737	(737)	-
	285,086	900	(737)	285,249
<b>Result</b>				
Segment result before interest	23,464	22	-	23,486
Interest income				292
Profit before tax				23,778
Tax				(2,891)
Profit after tax				20,887
<b>Segment results include:</b>				
- Depreciation of property, plant and equipment	2,090	4	-	2,094
- Amortisation of intangible assets	26	-	-	26
Share of profit of joint ventures	336	-	-	336
<b>Segment assets</b>	167,732	1,296	(777)	168,251
Segment assets includes:				
Investment in joint ventures	2,716	-	-	2,716
Additions to:				
- Property, plant and equipment	4,377	4	-	4,381
- Intangible assets	131	-	-	131
<b>Segment liabilities</b>	(83,307)	(1,308)	833	(83,782)

Revenue between segments are recognised at market terms. The revenue from external parties reported to the senior Management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Senior management assesses the performance of the operating segments based on net profit whereby the amounts are prepared on the same basis as the financial statements. Accordingly, there are no reconciling items to be disclosed.

The amounts reported to senior management with respect to total assets and total liabilities have been prepared on the same basis as the financial statements. Accordingly, there are no reconciling items to be disclosed.

Revenues of \$200,002,000 (2014:\$70,568,000) are derived from 4 external customers (2014: 2 related companies). These revenues are attributable to the Singapore segment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 31. JOINT OPERATIONS

On 28 May 2014, SB Procurement Pte. Ltd. ("SB Procurement"), a wholly-owned subsidiary of the Company, under a consortium with Leong Hin Builders Pte. Ltd. ("Leong Hin"), has been awarded a construction contract amounting to approximately \$179,500,000 by Kranji Development Pte. Ltd. in relation to an industrial development at 60 Jalan Lam Huat, Singapore. SB Procurement and Leong Hin had entered into a deed of agreement dated 28 May 2014, to govern their rights and obligations in respect of the construction contract. Based on the deed of agreement, SB Procurement has 60% interest in the rights to the assets and obligations for the liabilities, in respect of the construction contract.

As decisions about the relevant activities of the construction contract require the unanimous consent of both SB Procurement and Leong Hin under the deed of agreement, SB Procurement and Leong Hin has joint control over the arrangement. Accordingly, the arrangement is a joint arrangement under FRS 111 *Joint Arrangements*. As the joint arrangement is not carried out through a separate legal entity, the arrangement has been accounted for as a joint operation in the Group's consolidated financial statements.

Please refer to Note 2.3(c) for the accounting policy on joint operations.

## 32. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate and ultimate holding company was Soilbuild Group Holdings Ltd., incorporated in Singapore. During the financial year ended 31 December 2015, Soilbuild Group Holdings Ltd. transferred its entire interest in the Company to Mr. Lim Chap Huat, a director of the Company. Following the transfer, Mr Lim Chap Huat directly holds the shares of the Company and Soilbuild Group Holdings Ltd. ceased to be the ultimate holding company but continued to be a related company of the Company.

## 33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 or later periods and which the Group has not early adopted:

- FRS 16 Property, plant and equipment and FRS 38 Intangible assets  
(effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The amendment is not expected to have any significant impact on the financial statements of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- FRS 111 Joint arrangements

(effective for annual periods beginning on or after 1 January 2016)

This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 110 Consolidated financial statements and FRS 28 Investment in associates and joint ventures

(effective for annual periods beginning on or after 1 January 2016)

These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 1 Presentation of financial statements

(effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 115 Revenue from contracts with customers

(effective for annual periods beginning on or after 1 January 2017)

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- FRS 115 Revenue from contracts with customers  
(effective for annual periods beginning on or after 1 January 2017) (continued)

An entity recognises revenue in accordance with that core principle by applying the following steps:

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

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required by is different to that currently prepared under FRS 39.

This amendment is not expected to have any significant impact on the financial statements of the Group.

## 34. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Soilbuild Construction Group Ltd. on 23 March 2016.

# STATISTICS OF SHAREHOLDERS

As At 8 March 2016

Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
No. of Issued Shares ("Shares")	:	666,265,000

There are no treasury shares held in the issued capital of the Company.

## Analysis of Shareholders

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital
1 - 99	-	-	-	-
100 - 1,000	259	16.86	254,397	0.04
1,001 - 10,000	501	32.62	3,010,300	0.45
10,001 - 1,000,000	754	49.09	65,816,903	9.88
1,000,001 - and above	22	1.43	597,183,400	89.63
	1,536	100.00	666,265,000	100.00

## Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Lim Chap Huat	489,743,000	73.51	-	-

# STATISTICS OF SHAREHOLDERS

As At 8 March 2016

## Twenty Largest Shareholders

No.	Name of Shareholders	Number of Shares	% of Issued Share Capital
1.	Lim Chap Huat	489,743,000	73.51
2.	Lim Han Ren (Lin Hanren)	27,250,000	4.09
3.	DBS Vickers Securities (Singapore) Pte Ltd	11,097,100	1.67
4.	Raffles Nominees (Pte) Ltd	9,153,900	1.37
5.	Ho Toon Bah	8,938,000	1.34
6.	DBS Nominees Pte Ltd	7,079,200	1.06
7.	Maybank Kim Eng Securities Pte Ltd	6,990,000	1.05
8.	Lim Han Feng (Lin Hanfeng)	6,300,000	0.95
9.	Lim Han Qin	6,300,000	0.95
10.	Ho Kiat Chong	3,133,000	0.47
11.	Ng Hock Kon	3,000,000	0.45
12.	OCBC Securities Private Ltd	2,527,000	0.38
13.	Ng Siew Lan	2,420,000	0.36
14.	Lee Chee Seng	2,000,000	0.30
15.	Tan Hee Nam	2,000,000	0.30
16.	Chia Cheng Liang	1,600,000	0.24
17.	Chong Ah Lan	1,545,000	0.23
18.	Lim Sze Pheng	1,500,000	0.23
19.	Wire & Metal Products (Pte) Ltd	1,260,000	0.19
20.	Surja Teruna Bahari	1,200,000	0.18
		<u>595,036,200</u>	<u>89.32</u>

## Shareholding Held in the Hands of Public

Based on the information provided, to the best knowledge of the Directors and the substantial shareholders of the Company, 18.85% of the issued share capital of the Company was held in the hands of public as at 8 March 2016. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.



# NOTICE OF THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of Soilbuild Construction Group Ltd. (the “**Company**”) will be held at 25 Changi South Street 1, Singapore 486059 on Tuesday, 26 April 2016 at 9.30 a.m. to transact the following business:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Directors’ Statement and Independent Auditor’s Report thereon. **(Resolution 1)**
2. To declare a final (tax exempt one-tier) dividend of 0.50 cents per share and a special (tax exempt one-tier) dividend of 1.00 cent per share for the financial year ended 31 December 2015. **(Resolution 2)**
3. To approve the Directors’ fees of S\$340,000.00 for the financial year ending 31 December 2016 (2015:S\$340,000.00).  
*(See Explanatory Note 1)* **(Resolution 3)**
4. To re-elect the following Directors retiring by rotation pursuant to Article 91 of the Company’s Constitution:
  - (i) Ms Lim Cheng Hwa (Article 91) *(see Explanatory Note 2)* **(Resolution 4)**
  - (ii) Mr Tan Jee Ming (Article 91) *(see Explanatory Note 3)* **(Resolution 5)**

Mr Tan Jee Ming will upon re-election as Director of the Company, remain as the Chairman of the Nominating Committee and a Member of the Audit and Remuneration Committees, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
5. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, of which Resolutions 7, 8, 9, 10 and 11 will be proposed as ordinary resolutions and Resolution 12 will be proposed as a special resolution, with or without modifications:

## ORDINARY RESOLUTIONS

6. **Authority to allot and issue shares**
  - (a) That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
    - (i) issue shares of the Company whether by way of rights, bonus or otherwise;
    - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and
    - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

# NOTICE OF THIRD ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that:

- (1) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a *pro rata* basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company. Unless prior shareholder approval is required under the Listing Manual, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

For the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

- (a) new shares arising from the conversion or exercise of convertible securities;
- (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and
- (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares; and
- (2) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

*(See Explanatory Note 4) (Resolution 7)*

## 7. Authority to grant options and to allot and issue shares under the Soilbuild Construction Employee Share Option Scheme

That authority be and is hereby given to the Directors of the Company to:

- (a) offer and grant options in accordance with the provisions of the Soilbuild Construction Employee Share Option Scheme (the "**Scheme**"); and
- (b) allot and issue from time to time such number of fully-paid ordinary shares of the Company as may be required to be issued pursuant to the exercise of options granted or to be granted under the Scheme,

provided always that the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, and (ii) existing ordinary shares (including shares held in treasury) delivered and/or to be delivered, pursuant to the Scheme and the Soilbuild Construction Performance Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time, as determined in accordance with the provisions of the Scheme.

*(See Explanatory Note 5) (Resolution 8)*

## 8. Authority to grant awards and to allot and issue shares under the Soilbuild Construction Performance Share Plan

That authority be and is hereby given to the Directors of the Company to:

- (a) grant awards in accordance with the provisions of the Soilbuild Construction Performance Share Plan (the "**PSP**"); and

# NOTICE OF THIRD ANNUAL GENERAL MEETING

- (b) allot and issue from time to time such number of fully-paid ordinary shares of the Company as may be required to be issued pursuant to the vesting of awards granted under the PSP,

provided always that the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, and (ii) existing ordinary shares (including shares held in treasury) delivered and/or to be delivered, pursuant to the PSP and the Soilbuild Construction Employee Share Option Scheme, shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time, as determined in accordance with the provisions of the PSP.

*(See Explanatory Note 6) (Resolution 9)*

## 9. Proposed Renewal of the General Mandate for Interested Person Transactions

That:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Chapter 9**”), for the Company, its subsidiaries and associated companies that are considered to be “**entities at risk**” (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of Mandated Interested Person Transactions described in the Appendix to the Notice of Third Annual General Meeting (the “**Appendix**”) which is enclosed with the Company’s Annual Report 2015, with any party who is of the class of Mandated Interested Persons described in the Appendix, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for Mandated Interested Person Transactions (the “**IPT Mandate**”) as set out in the Appendix;
- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

*(See Explanatory Note 7) (Resolution 10)*

## 10. Proposed Grant of Award to a Controlling Shareholder under the Soilbuild Construction Performance Share Plan

That:

- (a) the grant of a contingent award (the “**2016 Award**”) comprising up to 2,916,000 shares to Mr Lim Chap Huat (who is regarded as a controlling shareholder in relation to the Company) by the Remuneration Committee of the Company administering the Soilbuild Construction Performance Share Plan, be and is hereby approved; and
- (b) the Directors of the Company be and are hereby authorised to allot and issue shares, or transfer existing shares procured by the Company, upon the release of the 2016 Award.

*(See Explanatory Note 8) (Resolution 11)*

## SPECIAL RESOLUTION

### 11. Proposed Adoption of the New Constitution

That the regulations contained in the new Constitution submitted to this Meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the new Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution.

*(See Explanatory Note 9) (Resolution 12)*

# NOTICE OF THIRD ANNUAL GENERAL MEETING

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

BY ORDER OF THE BOARD

**Lee Bee Fong (Ms)**

Company Secretary

Singapore, 4 April 2016

### Explanatory Notes:

1. The ordinary resolution proposed in item 3 above is to seek approval for the payment of Directors' fees for the financial year ending 31 December 2016.

The amount of the Directors' fees has been computed based on the current fees structure reported in the Corporate Governance Report section of the Company's Annual Report 2015.

2. In relation to the ordinary resolution proposed in item 4(i) above, there is no relationship (including immediate family relationships) between Ms Lim Cheng Hwa and the other Directors and the Company or its 10% shareholder and detailed information on Ms Lim Cheng Hwa is set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's Annual Report 2015.
3. In relation to the ordinary resolution proposed in item 4(ii) above, there is no relationship (including immediate family relationships) between Mr Tan Jee Ming and the other Directors and the Company or its 10% shareholder and detailed information on Mr Tan Jee Ming is set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's Annual Report 2015.
4. The ordinary resolution proposed in item 6 above is to authorise the Directors of the Company from the date of the Meeting until the next Annual General Meeting to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of the Company, of which the total number of shares (including shares to be issued in pursuance of instruments made or granted) issued other than on a *pro rata* basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited currently provides that the total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
5. The ordinary resolution proposed in item 7 above, if passed, will empower the Directors of the Company to offer and grant options under the Soilbuild Construction Employee Share Option Scheme (the "**Scheme**") in accordance with and pursuant to the rules of the Scheme and to allot and issue from time to time such number of fully-paid shares as may be required to be allotted and issued pursuant to the exercise of such options under the Scheme, provided always that the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, and (ii) existing ordinary shares (including treasury shares) delivered and/or to be delivered, pursuant to options granted under the Scheme and awards granted under the Soilbuild Construction Performance Share Plan (the "**PSP**") shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.
6. The ordinary resolution proposed in item 8 above, if passed, will empower the Directors of the Company to grant awards under the PSP in accordance with and pursuant to the rules of the PSP and to allot and issue from time to time such number of fully-paid shares as may be required to be allotted and issued pursuant to the vesting of such awards under the PSP, provided always that the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, and (ii) existing ordinary shares (including treasury shares) delivered and/or to be delivered, pursuant to awards granted under the PSP and options granted under the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.

# NOTICE OF THIRD ANNUAL GENERAL MEETING

7. The ordinary resolution proposed in item 9 above, if passed, will renew, effective until the conclusion of the next Annual General Meeting, the mandate (the “**IPT Mandate**”) to enable the Company, its subsidiaries and associated companies which are considered “**entities at risk**” to enter in the ordinary course of business into certain types of interested person transactions with specific classes of the Company’s interested persons. Particulars of the IPT Mandate are set out in the Appendix to this Notice of Third Annual General Meeting (the “**Appendix**”) which is enclosed with the Company’s Annual Report 2015.
8. The ordinary resolution proposed in item 10 above, if passed, will empower the Remuneration Committee of the Company administering the PSP to grant a contingent award (the “**2016 Award**”) of up to 2,916,000 shares to Mr Lim Chap Huat under the PSP in accordance with and pursuant to the rules of the PSP and to allot and issue from time to time such number of fully-paid shares as may be required to be allotted and issued pursuant to the vesting of such award under the PSP. Particulars of the 2016 Award are set out in the Appendix which is enclosed with the Company’s Annual Report 2015.
9. The special resolution proposed in item 11 above is to adopt a new Constitution following the wide-ranging changes to the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) introduced pursuant to the Companies (Amendment) Act 2014 (the “**Amendment Act**”). The new Constitution will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016, and incorporate amendments to (*inter alia*) take into account the changes to the Companies Act introduced pursuant to the Amendment Act. Please refer to the Appendix which is enclosed with the Company’s Annual Report 2015 for more details.

## Notes:

1. The Chairman of the Annual General Meeting will be exercising his right under Article 61 of the Constitution of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the Third Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Third Annual General Meeting will be voted on by way of a poll.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member’s form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act.

3. A proxy need not be a member of the Company.
4. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
5. The instrument appointing a proxy must be deposited at the office of the Company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 not less than 48 hours before the time appointed for the Meeting.

## Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the “**Purposes**”), (b) 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 or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) 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.

# NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed at 5.00 p.m. on 6 May 2016, for the purpose of determining members' entitlements to the final (tax exempt one-tier) dividend of 0.50 cents per share and the special (tax exempt one-tier) dividend of 1.00 cent per share for the financial year ended 31 December 2015 (the "**Proposed Dividends**").

Duly completed registrable transfers in respect of ordinary shares of the Company ("**Shares**") received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) of 80 Robinson Road #02-00 Singapore 068898, up to 5.00 p.m. on 6 May 2016 (the "**Book Closure Date**") will be registered to determine members' entitlements to the Proposed Dividends. The Proposed Dividends, if approved at the Annual General Meeting to be held on 26 April 2016, will be paid on 24 May 2016.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on the Book Closure Date will be entitled to the Proposed Dividends.

BY ORDER OF THE BOARD

**Lee Bee Fong (Ms)**

Company Secretary

Singapore, 4 April 2016

**SOILBUILD CONSTRUCTION GROUP LTD.**  
 (Company Registration No. 201301440Z)  
 (Incorporated in the Republic of Singapore)

**PROXY FORM**

**IMPORTANT**

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Third Annual General Meeting dated 4 April 2016.

\*I/We \_\_\_\_\_

\*NRIC/Passport/Co. Reg No. \_\_\_\_\_ of \_\_\_\_\_

being \*a member/members of SOILBUILD CONSTRUCTION GROUP LTD. (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No	Proportion of shareholdings to be represented by proxy (%)

\*and/or, failing him/her

Name	Address	NRIC/ Passport No	Proportion of shareholdings to be represented by proxy (%)

as \*my/our \*proxy/proxies to attend, speak and vote for \*me/us on \*my/our behalf at the Third Annual General Meeting of the Company to be held at 25 Changi South Street 1, Singapore 486059 on Tuesday, 26 April 2016 at 9.30 am and at any adjournment thereof.

\*I/We direct \*my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting (of which Resolution Nos. 1 to 11 will be proposed as ordinary resolutions and Resolution No. 12 will be proposed as a special resolution) as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the \*proxy /proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the Annual General Meeting.

NOTE: The Chairman of the Annual General Meeting will be exercising his right under Article 61 of the Constitution of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of a poll.

No	ORDINARY RESOLUTIONS	For	Against
<b>Ordinary Business</b>			
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015 and the Directors' Statement and Independent Auditor's Report thereon.		
2.	To declare a final (tax exempt one-tier) dividend of 0.50 cents per share and a special (tax exempt one-tier) dividend of 1.00 cent per share for the financial year ended 31 December 2015.		
3.	To approve the Directors' fees for the financial year ending 31 December 2016.		
4.	To re-elect Ms Lim Cheng Hwa retiring by rotation pursuant to Article 91 of the Company's Constitution.		
5.	To re-elect Mr Tan Jee Ming retiring pursuant to Article 91 of the Company's Constitution.		
6.	To re-appoint PricewaterhouseCoopers LLP as auditor of the Company and to authorise the Directors to fix their remuneration.		
<b>Special Business</b>			
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST").		
8.	To authorise Directors to offer and grant options and to allot and issue shares pursuant to the Soilbuild Construction Employee Share Option Scheme.		
9.	To authorise Directors to grant awards and to allot and issue shares pursuant to the Soilbuild Construction Performance Share Plan.		
10.	To authorise the Company, its subsidiaries and associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST.		
11.	To approve the proposed grant of award to a controlling shareholder under the Soilbuild Construction Performance Share Plan.		
<b>SPECIAL RESOLUTION</b>			
<b>Special Business</b>			
12.	To approve the proposed adoption of the new Constitution.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature(s) of Member(s)/Common Seal of Corporate Shareholder

\* Delete accordingly

**IMPORTANT:** Please read notes overleaf

<b>Total Number of Shares Held</b>

**Notes:**

1. If the member has shares entered against his name in The Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he 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 the member.
  2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
  3. A proxy need not be a member of the Company.
  4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 not less than 48 hours before the time appointed for holding the meeting.
  5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
  6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
  7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
  8. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
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AFFIX  
STAMP

**The Company Secretary**  
**SOILBUILD CONSTRUCTION GROUP LTD.**  
**c/o Tricor Barbinder Share Registration Services**  
**80 Robinson Road #11-02**  
**Singapore 068898**



**If you are in any doubt as to the contents herein or as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

**APPENDIX TO THE  
NOTICE OF THIRD ANNUAL GENERAL MEETING  
DATED 4 APRIL 2016**

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## DEFINITIONS

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In this Appendix, the following definitions apply throughout unless otherwise stated:

<b>“AGM”</b>	:	The Annual General Meeting of the Company to be held on 26 April 2016
<b>“Associate”</b>	:	An associate as defined under the Listing Manual
<b>“Audit Committee”</b>	:	The audit committee of the Company, comprising Mr Poon Hon Thang, Mr Tan Jee Ming and Mr Teo Chee Seng
<b>“Auditor”</b>	:	The auditor of the Company for the time being
<b>“Award”</b>	:	A contingent award of Shares granted under the Soilbuild Construction Performance Share Plan
<b>“Award Date”</b>	:	In relation to an Award, the date on which the Award is granted under the Soilbuild Construction Performance Share Plan
<b>“Board”</b>	:	The board of directors of the Company
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Committee”</b>	:	The Remuneration Committee of the Company
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore
<b>“Company”</b>	:	Soilbuild Construction Group Ltd.
<b>“Control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<b>“Controlling Shareholder”</b>	:	A person who holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares) in the Company (unless otherwise determined by the SGX-ST that a person who satisfies this sub-paragraph is not a Controlling Shareholder), or in fact exercises Control over the Company
<b>“Director”</b>	:	A director of the Company for the time being
<b>“FY”</b>	:	Financial year ended or, as the case may be, ending 31 December
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Group Executive”</b>	:	Any employee of the Group and the Company’s associated companies over which the Company has Control (including any Group Executive Director who meets the relevant criteria and who shall be regarded as a Group Executive for the purposes of the Soilbuild Construction Performance Share Plan) selected by the Committee to participate in the Soilbuild Construction Performance Share Plan in accordance with the provisions thereof

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## DEFINITIONS

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<b>“Group Executive Director”</b>	:	A director of the Company and/or any of its subsidiaries and/or any of its associated companies over which the Company has Control, as the case may be, who performs an executive function
<b>“Latest Practicable Date”</b>	:	18 March 2016, being the latest practicable date prior to the printing of this Appendix
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Market Value”</b>	:	In relation to a Share, on any day: <ul style="list-style-type: none"> <li>(a) the volume-weighted average price of a Share on the SGX-ST over the five (5) immediately preceding Market Days; or</li> <li>(b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditor (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable</li> </ul>
<b>“Non-executive Director”</b>	:	A director of the Company and/or its subsidiaries, other than one who performs an executive function
<b>“Participant”</b>	:	A Group Executive or a Non-executive Director who has been granted an Award
<b>“Securities Account”</b>	:	Securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
<b>“SFA”</b>	:	Securities and Futures Act, Chapter 289 of Singapore
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders of Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register maintained by CDP. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
<b>“Shares”</b>	:	Ordinary shares of the Company
<b>“Soilbuild Construction Performance Share Plan”</b>	:	The Soilbuild Construction Performance Share Plan adopted by the Company at an extraordinary general meeting of the Company held on 9 May 2013, as the same may be modified or altered from time to time
<b>“S\$”</b>	:	Singapore dollars
<b>“%”</b>	:	Percentage or per centum

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## DEFINITIONS

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The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them in the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, or any statutory modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts listed and the totals thereof are due to rounding.

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## APPENDIX TO THE NOTICE OF THIRD ANNUAL GENERAL MEETING

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### 1. INTRODUCTION

- 1.1 The Company refers to Resolutions 10, 11 and 12 of the Notice of Third Annual General Meeting of the Company (“**AGM**”). Resolutions 10 and 11 are ordinary resolutions to be proposed at the AGM for (i) the renewal of the Company’s general mandate for interested person transactions (the “**IPT Mandate**”) and (ii) the approval of a contingent award of shares (“**Award**”) to a Controlling Shareholder, respectively. Resolution 12 is a special resolution to be proposed at the AGM for the adoption of the New Constitution (as defined in paragraph 4.2 below).
- 1.2 The purpose of this Appendix is to provide Shareholders with information relating to Resolutions 10, 11 and 12.

### 2. PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

#### 2.1 Background

At the second annual general meeting of the Company held on 24 April 2015 (the “**2015 AGM**”), Shareholders had approved the renewal of the IPT Mandate for the purposes of the Listing Manual. The terms of the IPT Mandate were set out in the Appendix to the Notice of Second Annual General Meeting dated 9 April 2015.

The IPT Mandate enables the Company, its subsidiaries and associated companies that are considered to be “entities at risk” within the meaning of Chapter 9 of the Listing Manual (the “**SBC Group**”), to enter in the ordinary course of business into any of the mandated transactions with specified classes of the Company’s interested persons, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Mr Lim Chap Huat is considered a controlling shareholder of the Company, and Mr Lim Chap Huat and his Associates, including Soilbuild Group Holdings Ltd. (“**Soilbuild Group Holdings**”), are regarded as “interested persons” of the Company for the purposes of Chapter 9 of the Listing Manual.

#### 2.2 Annual Renewal of the IPT Mandate

The IPT Mandate renewed at the 2015 AGM was expressed to be effective until the conclusion of the forthcoming AGM of the Company. Hence, the IPT Mandate will continue in force only until the conclusion of the forthcoming AGM, which is to be held on 26 April 2016. Accordingly, it is proposed that the IPT Mandate be renewed at the forthcoming AGM, to take effect until the conclusion of the next annual general meeting of the Company.

#### 2.3 Particulars of the IPT Mandate to be renewed

The nature of the interested person transactions and the classes of interested persons in respect of which the IPT Mandate is sought to be renewed remain unchanged. Particulars of the IPT Mandate, including the rationale for the IPT Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of interested persons, are set out in paragraph 2.6 of this Appendix.

#### 2.4 Audit Committee’s Confirmation

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices have not changed since the 2015 AGM; and
- (b) the methods and procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Mandated Transactions (as defined below) carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

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## APPENDIX TO THE NOTICE OF THIRD ANNUAL GENERAL MEETING

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### 2.5 Chapter 9 of the Listing Manual

2.5.1 Chapter 9 of the Listing Manual governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be “at risk”, with the listed company’s interested persons.

2.5.2 Except for any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company’s latest audited consolidated net tangible assets (“**NTA**”)), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the transaction. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5% of the listed company’s latest audited consolidated NTA; or
- (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

Based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2015, the consolidated NTA of the Company was S\$90.9 million. Accordingly, in relation to the Company, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until the audited consolidated financial statements of the Company for the financial year ending 31 December 2016 are published, 5% of the Company’s latest audited consolidated NTA would be S\$4.5 million.

2.5.3 Chapter 9 of the Listing Manual, however, allows the Company to seek a mandate from its Shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of the Company’s day-to-day operations.

2.5.4 For the purposes of Chapter 9 of the Listing Manual:

- (a) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (b) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- (c) an “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

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## APPENDIX TO THE NOTICE OF THIRD ANNUAL GENERAL MEETING

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- (d) an “**entity at risk**” means:
- (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (e) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (f) an “**interested person transaction**” means a transaction between an entity at risk and an interested person;
- (g) a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly; and
- (h) in interpreting the term “**same interested person**” for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905 and 906 of the Listing Manual, the following applies:
- (i) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
  - (ii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

### 2.6 Renewal of the IPT Mandate

2.6.1 **Introduction.** The Company anticipates that the SBC Group would, in the ordinary course of business, continue to enter into certain transactions with its interested persons (as such term is defined in the Listing Manual), including but not limited to those categories of transactions described below. In view of the time-sensitive and recurrent nature of commercial transactions, it would be advantageous for the Company to obtain an IPT Mandate to enter into certain interested person transactions in the normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. As the SBC Group is principally engaged in general construction services, such services would fall under the scope of recurrent transactions of a revenue nature, thereby allowing the Company to obtain an IPT Mandate pursuant to Rule 920(1) of the Listing Manual.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of its day-to-day operations.



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## APPENDIX TO THE NOTICE OF THIRD ANNUAL GENERAL MEETING

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The IPT Mandate will take effect from the passing of Resolution 10 relating thereto, and will continue in force until the conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next annual general meeting and each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of the Company of its continued application to the Mandated Transactions.

- 2.6.2 **Rationale for and Benefits of the IPT Mandate.** The SBC Group will benefit from transacting with Mandated Interested Persons (as defined below), in addition to non-Mandated Interested Persons, in an expeditious manner. The IPT Mandate and its subsequent renewal on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions with a specific class of Mandated Interested Persons arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the SBC Group.

The IPT Mandate is intended to facilitate transactions in the normal course of the SBC Group's business which are transacted from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out in accordance with the procedures outlined in this Appendix and on normal commercial terms and are not prejudicial to the Company and its minority Shareholders.

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will: (a) disclose in the Company's annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT Mandate continues to be in force); and (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

- 2.6.3 **Entities at Risk.** For the purposes of the IPT Mandate, an "Entity At Risk" means:

- (a) the Company;
- (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or
- (c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Company and its interested person(s) have control over the associated company.

- 2.6.4 **Classes of Mandated Interested Persons.** The IPT Mandate will apply to the transactions that are carried out with Soilbuild Group Holdings, the Company's Directors and their respective Associates (the "Mandated Interested Persons").

- 2.6.5 **Categories of Mandated Interested Person Transactions.** The types of transactions to which the IPT Mandate will apply (the "Mandated Transactions"), and the benefits to be derived therefrom, are set out below:

- (a) Construction Transactions

This category of transactions pertains to the construction business of the SBC Group ("Construction Transactions"). The transactions within this category comprise:

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## APPENDIX TO THE NOTICE OF THIRD ANNUAL GENERAL MEETING

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- (i) the tender by the SBC Group for (whether by way of public tender, invitation or otherwise) and/or obtaining by the SBC Group of the award of contracts from the Mandated Interested Persons as main contractors, subcontractors, suppliers and/or consultants for construction, building, engineering, architectural, retro-fitting and/or alteration and addition works for residential, commercial, industrial, institutional, recreational, infrastructural and other projects, turnkey projects and design and build projects ("**Construction Services**");
- (ii) the provision of renovation services (such as fitting-out, upgrading and tenancy works) ("**Renovation Services**") by the SBC Group to the Mandated Interested Persons;
- (iii) the provision and/or obtaining of property-linked services (such as project management, property marketing, property and rental valuation services, building maintenance services and security services) ("**Property-linked Services**") by the SBC Group to and/or from the Mandated Interested Persons; and
- (iv) the provision and/or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (iii) above, by the SBC Group to and/or from the Mandated Interested Persons.

(b) General Transactions

This category of transactions pertains to the general business transactions for services and products arising in the day-to-day operations of various companies in the SBC Group ("**General Transactions**"). The transactions within this category comprise:

- (i) the leasing and/or rental of properties, other than as envisaged in any lease agreement in force between the SBC Group and the Mandated Interested Persons; and
- (ii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraph (i) above.

**2.6.6 Review Procedures for Mandated Transactions with Mandated Interested Persons.** The Company has an internal control system in place to ensure that Mandated Transactions with the Mandated Interested Persons are made on normal commercial terms and consistent with the SBC Group's usual policies and practices.

(a) The internal control system includes the following procedures:

Provision of Construction Services, Renovation Services and Property-linked Services

In relation to the provision of Construction Services, Renovation Services or Property-linked Services, the payments made by the Mandated Interested Person will be based on the higher tender price determined by the following approaches:

- (i) Comparable third party contracts approach: At least two recent contracts, for the same or substantially the same nature of Construction Services, Renovation Services or Property-linked Services, entered into by the SBC Group with third parties will be used as a basis of comparing and determining the tender price and commercial terms (including the credit terms) to be offered to the Mandated Interested Person, after taking into account, *inter alia*, if applicable, factors such as but not limited to, the complexity of the services rendered, the Mandated Interested Person's project specifications, the delivery schedule, the sufficiency and availability of resources, creditworthiness of the Mandated Interested Person, engineering and technical expertise requirements, soil conditions, and prevailing estimated project costs determined by quantity surveyor(s). The Company will compare and determine the tender price in the following manner:

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## APPENDIX TO THE NOTICE OF THIRD ANNUAL GENERAL MEETING

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- (1) as the main drivers affecting construction costs are floor area and installations required, the contracts of a similar nature will be analysed on a cost per square feet or cost per installation basis. After analysing the costs in specific detail, the Company will then derive a meaningful contract sum for the Mandated Interested Person. For example in the construction of flatted factories, it is envisaged that the core materials and services required, as well as the construction method will generally be similar, hence, the detailed costing methodology will also be similar;
  - (2) for all projects, the Company will perform the internal costing and budgetary evaluations according to the design and specifications in the technical drawings. This process includes, *inter alia*, quantification and costing of materials, equipment, labour and services requirements, and where necessary, obtaining quotations from external suppliers and/or service providers to justify the costing; and
  - (3) adjustments to the contract sum will be made based on the assessment by the Company to account for differences between the comparable third party contracts and the transaction with the Mandated Interested person, as described above.
- (ii) Appropriate gross profit margins approach: Where it is impractical or impossible to compare against recent contracts entered into by the SBC Group with third parties, the tender price will be determined based on internal costing and budgetary evaluations of the arm's length project costs determined by a project director and quantity surveyor(s) marked up with an appropriate gross profit margin which will not be more favourable to the Mandated Interested Person than those extended to third parties, in line with the SBC Group's usual business and pricing policies (including the SBC Group's gross profit margin policies for contracting with third parties). For instance, it is impractical to adopt the comparable third party contracts approach when there are projects of a unique nature to be awarded by the Mandated Interested Person. In such situations, the Company may not have executed projects of a similar nature with third parties. For example, the Company has not been involved in the construction of major infrastructure projects and there are no meaningful comparable third party contracts available. In such instances, the Company will have to rely on the appropriate gross margins approach which utilises a bottom up methodology to derive a reasonable tender price based on costing and budgetary fundamental factors and marked up with an acceptable gross profit margin.

In determining the appropriate gross profit margin, the Company will take into account, *inter alia*, if applicable, factors such as but not limited to, the complexity of the services rendered, the Mandated Interested Person's specifications, the delivery schedule, the sufficiency and availability of resources, creditworthiness of the Mandated Interested Person, engineering and technical expertise requirements, and soil conditions. In addition, the Audit Committee or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose will check that the appropriate gross profit margin is in line with those reported by certain construction companies deemed relevant for the purposes of comparison based on the nature of business, business segments and geographical segments of such companies.

### Others

Except for the provision of Construction Services, Renovation Services or Property-linked Services, in relation to Construction Transactions and General Transactions, any transaction proposed to be carried out with a Mandated Interested Person for the obtaining or provision of the services or products described above shall be made at the prevailing rates/prices of the service or product provider which (in relation to services or products to be provided to a Mandated Interested Person) are no more favourable to the Mandated Interested Person than those extended to third parties, or (in relation to services or products to be obtained from a Mandated Interested Person) are no less favourable than those extended by the Mandated Interested Person to third parties, and on the service or product provider's usual commercial terms or otherwise in accordance (where applicable) with industry norms.

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For the above purposes, market rates will be reviewed where applicable. As a basis for comparison to determine whether the price and terms offered to the Mandated Interested Person are no more favourable than those extended to third parties, at least two recent contracts for the same or substantially the same types of transactions entered into by the SBC Group with third parties will be used. As a basis for comparison to determine whether the terms offered by the Mandated Interested Person are fair and reasonable (taking into account, where relevant, factors such as pricing, delivery schedule, rebates or discounts accorded for bulk purchases), quotes will be obtained wherever possible from at least two third party suppliers, for the same or substantially similar quantities and quality of products and/or services. Where it is impractical or not possible for such contracts or (as the case may be) quotes to be obtained:

- (i) in relation to the sale of goods or services to the Mandated Interested Person, the terms of supply will be determined in accordance with the SBC Group's usual business practice and consistent with the margins obtained by the SBC Group in its business operations; and
  - (ii) in relation to the purchase of goods or services from the Mandated Interested Person, the terms of supply will be compared to those for the same or substantially the same types of transactions entered into between the Mandated Interested Persons and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Mandated Interested Person to its customers for such services or products and be based on the commercial merits of the transaction. Where it is impractical or not possible to compare the terms of supply with those for the same or substantially the same types of transactions entered into between the Mandated Interested Persons and third parties, the Relevant Authorised Persons (as referred to in sub-paragraph (b) below) will determine whether the terms of supply are fair and reasonable. This would include taking into account, where known, among other matters as may be necessary, the nature and duration of the transaction, the cost and margins of the relevant project (if any) and the quality of the items or services to be purchased.
- (b) The following review and approval procedures will apply to the Mandated Transactions:
- (i) Transactions equal to or exceeding S\$100,000 each in value but below the Financial Limit (as defined below) each in value, will be reviewed and approved by either the Company's Executive Chairman or the Company's Executive Director, together with the Audit Committee or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose (collectively, the "**Relevant Authorised Persons**"), and tabled for review by the Audit Committee on a quarterly basis.
  - (ii) Transactions equal to or exceeding the Financial Limit each in value will be reviewed and approved by the Audit Committee.
  - (iii) Any of the Relevant Authorised Persons, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including requesting for an independent financial adviser's opinion and/or the obtaining of valuations from independent professional valuers.

For the purposes of sub-paragraphs (i) and (ii) above, the Financial Limit shall be the amount equivalent to 5% of the Group's audited consolidated NTA for the time being, as determined by reference to the Group's latest announced audited consolidated financial statements.

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- (c) The following will apply to the review and approval process for all categories of Mandated Transactions:
- (i) If any of the Relevant Authorised Persons has an interest in the transaction or is a nominee for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by the remaining Relevant Authorised Persons who do not have an interest in the transaction or is a nominee for the time being of the Mandated Interested Person, save that if both of Mr Lim Chap Huat, the Executive Chairman of the Company, or Mr Ho Toon Bah, the Executive Director of the Company, has an interest in the transaction or is a nominee for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by the Audit Committee or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose.
  - (ii) If all of the Relevant Authorised Persons have an interest in the transaction or are nominees for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Mandated Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose.
  - (iii) If a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.
  - (iv) If a member of the Audit Committee (who is not a nominee of the Mandated Interested Person and has no interest in the transaction) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit Committee in relation to a transaction with that Mandated Interested Person, he will abstain from participating on any decision before the board or committee of that Mandated Interested Person with respect to such transaction.
- (d) The Company will maintain a register of Mandated Transactions carried out with Mandated Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of all Mandated Transactions entered into in the relevant financial year pursuant to the IPT Mandate.

The Audit Committee will review the internal audit reports on Mandated Transactions to ascertain that the internal control procedures and review procedures for Mandated Transactions have been complied with.

- (e) If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the SBC Group or the Mandated Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based on new internal control procedures and review procedures so that the Mandated Transactions will be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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### 3. PROPOSED GRANT OF AWARD TO A CONTROLLING SHAREHOLDER UNDER THE SOILBUILD CONSTRUCTION PERFORMANCE SHARE PLAN

3.1 On 18 March 2016, the Company announced the grant of an Award ("**2016 Award**") to Mr Lim Chap Huat (the Executive Chairman and who is regarded as a Controlling Shareholder in relation to the Company) under the Soilbuild Construction Performance Share Plan (as defined in paragraph 3.2 below), subject to the approval by independent Shareholders for the grant of such Award to such Controlling Shareholder.

#### 3.2 Background

The Soilbuild Construction Performance Share Plan, adopted by the Company at an extraordinary general meeting of the Company held on 9 May 2013 (the "**Soilbuild Construction Performance Share Plan**"), was implemented to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate participants, being Group Executives or Non-executive Directors who have been granted Awards ("**Participants**"), to achieve increased performance and to further strengthen the Company's competitiveness in attracting and retaining superior local and foreign talent. It allows the Company to target specific performance objectives and to provide an incentive for Participants to achieve these targets. It also provides the Company with a flexible approach to provide performance incentives to its Participants, including its staff, and, consequently, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst its Participants, including key management and senior executives.

Under the Listing Manual and the rules of the Soilbuild Construction Performance Share Plan, Controlling Shareholders of the Company or their Associates are eligible to participate in the Soilbuild Construction Performance Share Plan if their participation and Awards are approved by independent Shareholders in separate resolutions for each such person and for each such Award.

One of the objectives of the Soilbuild Construction Performance Share Plan is to motivate Participants to achieve key financial and operational goals of the Company and/or their respective business units. The objectives of the Soilbuild Construction Performance Share Plan apply equally to employees who are Controlling Shareholders or their Associates because the Company believes that all deserving and eligible employees should be motivated, regardless of whether or not they are Controlling Shareholders or their Associates. The Company is therefore of the view that employees who are Controlling Shareholders or their Associates should be entitled to the same benefits as other employees and should not be excluded from benefiting under the Soilbuild Construction Performance Share Plan by virtue of their level of shareholdings in the Company. The Company also believes that the application of the Soilbuild Construction Performance Share Plan would not unduly favour Controlling Shareholders or their Associates over other eligible employees. In respect of the determination of eligibility and grant of Awards, the terms of the Soilbuild Construction Performance Share Plan do not differentiate between employees who are Controlling Shareholders or their Associates and other employees who are not Controlling Shareholders or their Associates.

In accordance with the Listing Manual and the rules of the Soilbuild Construction Performance Share Plan, the participation of Mr Lim Chap Huat, who is a Controlling Shareholder and the Executive Chairman of the Company, has been approved by independent Shareholders at an extraordinary general meeting of the Company held on 10 October 2014.

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### 3.3 Grant of Award to a Controlling Shareholder under the Soilbuild Construction Performance Share Plan

The Company has granted the 2016 Award to Mr Lim Chap Huat, subject to the approval by independent Shareholders for the grant of such Award to Mr Lim Chap Huat, on the following terms:

Aggregate number of Shares under the 2016 Award	Release and Vesting of the 2016 Award <sup>(2)</sup>
Up to 2,916,000 <sup>(1)</sup>	40% in 2017 <sup>(3)</sup> , 30% in 2018 <sup>(4)</sup> and 30% in 2019 <sup>(5)</sup>

**Notes:**

- <sup>(1)</sup> The aggregate number of Shares to be finally awarded to Mr Lim Chap Huat will be based on the achievement of certain predetermined performance targets as determined by the Committee administering the Soilbuild Construction Performance Share Plan or otherwise in accordance with the rules of the Soilbuild Construction Performance Share Plan.
- <sup>(2)</sup> The Shares which are the subject of the 2016 Award will be released to Mr Lim Chap Huat after the vesting period if certain predetermined performance targets as determined by the Committee administering the Soilbuild Construction Performance Share Plan are achieved or otherwise in accordance with the rules of the Soilbuild Construction Performance Share Plan. The Committee may determine to make a release of the 2016 Award, wholly or partly, in the form of cash rather than Shares which would otherwise have been released to Mr Lim Chap Huat on the relevant vesting date, in which event the Company shall pay to Mr Lim Chap Huat as soon as practicable after such vesting date, in lieu of all or part of such Shares, the aggregate Market Value of such Shares on such vesting date.
- <sup>(3)</sup> Within one month from the issuance of the Group's audited financial statements for FY2016.
- <sup>(4)</sup> Within one month from the issuance of the Group's audited financial statements for FY2017.
- <sup>(5)</sup> Within one month from the issuance of the Group's audited financial statements for FY2018.

As is the case for other Participants, the aggregate number of Shares under the 2016 Award has been determined after taking into account, *inter alia*, Mr Lim Chap Huat's rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance targets within the performance period.

The Shares which are the subject of the 2016 Award will be released to Mr Lim Chap Huat after the vesting period if certain predetermined performance targets as determined by the Committee are achieved or otherwise in accordance with the rules of the Soilbuild Construction Performance Share Plan.

Awards granted under the Soilbuild Construction Performance Share Plan are principally performance-based with performance targets to be set over a performance period. Performance targets set are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance targets will be set according to the specific roles of each Participant, and may differ from Participant to Participant. The performance targets are stretched targets aimed at sustaining long-term growth. These targets will be tied in with the Company's corporate key performance indicators.

The performance targets for Mr Lim Chap Huat will be based on, *inter alia*, (a) the Group's profit for FY2016; (b) the Group's return on equity for FY2016; (c) the Group's order books and new construction contracts secured in FY2016; and (d) various qualitative non-financial performance targets such as the expansion of the Group's business in Myanmar as well as in the civil engineering sector in the local market and demonstration of leadership in securing and executing projects.

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As soon as reasonably practicable after the end of the relevant performance period, the Committee shall review the performance targets and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that Mr Lim Chap Huat has continued to be in the employment of the Group from the Award Date up to the end of the relevant performance period, shall release to Mr Lim Chap Huat all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the performance targets) of the Shares to which the 2016 Award relates in accordance with the release schedule specified in respect of the 2016 Award.

The Committee may determine to make a release of the 2016 Award, wholly or partly, in the form of cash rather than Shares which would otherwise have been released to Mr Lim Chap Huat on the relevant vesting date, in which event the Company shall pay to Mr Lim Chap Huat as soon as practicable after such vesting date, in lieu of all or part of such Shares, the aggregate Market Value of such Shares on such vesting date.

In accordance with the Listing Manual and the rules of the Soilbuild Construction Performance Share Plan, the grant of the 2016 Award to Mr Lim Chap Huat is subject to the approval of independent Shareholders at the forthcoming AGM.

### 3.4 Rationale for the Grant of Award to Mr Lim Chap Huat under the Soilbuild Construction Performance Share Plan

Mr Lim Chap Huat is a co-founder of Soilbuild Group Holdings and the Group with nearly 40 years of experience in the construction and property development business. He is the Executive Chairman of the Company, was appointed to the Board on 14 January 2013 and was last re-elected as a Director on 25 April 2014. Mr Lim Chap Huat charts the Group's strategic direction, and business planning and development as well as succession planning. Leveraging on his extensive industry experience, he also oversees the Group's operations and provides guidance in project management and tender submissions for the Group's various projects.

The leadership provided by Mr Lim Chap Huat is critical to the Group's future success. His experience and proven track record illustrates the value of his leadership and vision. For FY2015, the Group reported a profit before tax of S\$21.2 million with an order book of S\$639.0 million as at 31 December 2015 (as compared to S\$785.4 million as at 31 December 2014). At the operating level, the Group's gross profit in FY2015 remained stable at S\$30.6 million while the gross profit margin in FY2015 moderated to 9.3% in FY2015 as compared with 10.9% in FY2014 as a result of revenue recognised for projects that generated comparatively lower profit margins in FY2015.

The Group's continued success is dependent on its ability to retain key management. Particularly, the loss of the services of Mr Lim Chap Huat without an adequate, suitable and timely replacement could have an adverse impact on the Group's business, operations, financial performance and financial condition. Although Mr Lim Chap Huat has a controlling interest in the Company, the extension of the Soilbuild Construction Performance Share Plan to him would ensure that he is equally entitled with the other employees who are not Controlling Shareholders or their Associates to take part in and benefit from this system of remuneration, thereby further enhancing his long term commitment to the Company, and allow the Company to reward and recognise his contributions to the Group.

As at the Latest Practicable Date, Mr Lim Chap Huat holds a direct interest of 73.5% in the Company's issued Shares (excluding treasury shares). Please also see paragraph 5 below for more details. The 2016 Award would provide Mr Lim Chap Huat with an opportunity to strengthen his shareholding interest in the Company and thereby align his interests more closely with the interests of the Company. In this way, the Company believes that Mr Lim Chap Huat will be more encouraged and motivated to continue his efforts and contribution towards the Group's long term objectives.



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Despite the substantial shareholding held by Mr Lim Chap Huat, the Company is of the view that the 2016 Award will motivate him to further create higher shareholders' value in order to realise the benefits of the 2016 Award. Furthermore, as such Award may not be released until after the vesting period and the achievement of certain predetermined performance targets as determined by the Committee administering the Soilbuild Construction Performance Share Plan or otherwise in accordance with the rules of the Soilbuild Construction Performance Share Plan, the rewards to be reaped from the grant of the 2016 Award would not be immediate. The value of the 2016 Award would be best realised only when the results and prospects of the Group's long term performances and growth translate directly into higher share price and higher shareholders' wealth.

In view of the above reasons, the Company has granted to Mr Lim Chap Huat the 2016 Award of up to 2,916,000 Shares, subject to the approval by independent Shareholders for the grant of such Award to Mr Lim Chap Huat. The aggregate number of Shares to be finally awarded to Mr Lim Chap Huat will be based on the achievement of certain predetermined performance targets as determined by the Committee administering the Soilbuild Construction Performance Share Plan or otherwise in accordance with the rules of the Soilbuild Construction Performance Share Plan. As at the Latest Practicable Date, the total number of issued Shares (excluding treasury shares) is 666,265,000. The total number of Shares which may be issued or transferred pursuant to Awards granted under the Soilbuild Construction Performance Share Plan, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time, which limit is equivalent to 99,939,750 Shares as at the Latest Practicable Date. The maximum number of Shares under the 2016 Award in relation to Mr Lim Chap Huat represents approximately 0.44% of the total number of issued Shares (excluding treasury shares) and approximately 2.92% of the maximum number of Shares available under the Soilbuild Construction Performance Share Plan. As such, the Company believes that the 2016 Award in relation to Mr Lim Chap Huat is fair and not excessive.

For FY2015, the remuneration to Mr Lim Chap Huat for his services to the Company was S\$1,313,000. The remuneration included directors' fees, fixed salary, variable/performance bonus, benefits in kind as well as long term incentive comprising Awards granted in FY2014 and FY2015 under the Soilbuild Construction Performance Share Plan.

- 3.5 As at the Latest Practicable Date, Awards in respect of an aggregate of up to 17,831,000 Shares (other than the 2016 Award granted to Mr Lim Chap Huat) have been granted under the Soilbuild Construction Performance Share Plan.

<b>Participants</b>	<b>Aggregate number of Shares under Awards granted</b>	<b>Aggregate number of Shares lapsed</b>	<b>Aggregate number of Shares released upon vesting</b>
Participants who are not Controlling Shareholders or their Associates	Up to 12,480,000	2,595,215	1,322,000
Participants who are Controlling Shareholders or their Associates	Up to 5,351,000 (other than the 2016 Award)	989,506	943,000
<b>Total</b>	Up to 17,831,000	3,584,721	2,265,000

The aggregate number of Shares to be finally awarded to the Participants will be based on the achievement of certain predetermined performance targets as determined by the Committee administering the Soilbuild Construction Performance Share Plan or otherwise in accordance with the rules of the Soilbuild Construction Performance Share Plan.

Under the rules of the Soilbuild Construction Performance Share Plan, the aggregate number of Shares which may be issued or transferred pursuant to Awards to Participants who are Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Soilbuild Construction Performance Share Plan. Based on 666,265,000 Shares in issue (excluding treasury shares) as at the Latest Practicable Date, Awards in respect of an aggregate of up to 24,984,937 Shares may be granted to Participants who are Controlling Shareholders or their Associates.

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The details of the Awards that have been granted under the Soilbuild Construction Performance Share Plan to Participants who are Directors, Controlling Shareholders or their Associates (other than the 2016 Award granted to Mr Lim Chap Huat) are as follows:

Name	Award Date	Aggregate number of Shares under Awards granted	Aggregate number of Shares lapsed	Aggregate number of Shares released upon vesting
Lim Chap Huat	22 August 2014	Up to 2,621,000 <sup>(1)</sup>	263,288	943,000
	31 March 2015	Up to 2,730,000 <sup>(1)</sup>	726,218	The Award has not been released.
Ho Toon Bah	22 August 2014	Up to 2,688,000 <sup>(1)</sup>	341,760	938,000
	31 March 2015	Up to 2,800,000 <sup>(1)</sup>	929,455	The Award has not been released.
	18 March 2016	Up to 3,005,000 <sup>(1)</sup>	–	The Award has not been released.

Note:

<sup>(1)</sup> The aggregate number of Shares to be finally awarded to the Participants will be based on the achievement of certain predetermined performance targets as determined by the Committee administering the Soilbuild Construction Performance Share Plan or otherwise in accordance with the rules of the Soilbuild Construction Performance Share Plan.

#### 4. PROPOSED ADOPTION OF THE NEW CONSTITUTION

- 4.1 **Companies (Amendment) Act 2014.** The Companies (Amendment) Act 2014 (the “**Amendment Act**”), which was passed in Parliament on 8 October 2014 and took effect in phases on 1 July 2015 and 3 January 2016 respectively, introduced wide-ranging changes to the Companies Act. The changes aim to reduce regulatory burden on companies, provide for greater business flexibility and improve the corporate governance landscape in Singapore. The key changes include the introduction of a multiple proxies regime to enfranchise indirect investors and Central Provident Fund investors, provisions to facilitate the electronic transmission of notices and documents, and the merging of the memorandum and articles of association of a company into one document called the “constitution”.
- 4.2 **New Constitution.** The Company is accordingly proposing to adopt a new constitution (the “**New Constitution**”), which will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016 (the “**Existing Constitution**”), and incorporate amendments to take into account the changes to the Companies Act introduced pursuant to the Amendment Act. The proposed New Constitution also contains updated provisions which are consistent with the listing rules of the SGX-ST prevailing as at the Latest Practicable Date, in compliance with Rule 730(2) of the Listing Manual. In addition, the Company is taking this opportunity to include provisions in the New Constitution to address the personal data protection regime in Singapore, and also to streamline and rationalise certain other provisions.
- 4.3 **Summary of Principal Provisions.** The following is a summary of the principal provisions of the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions:

##### 4.3.1 Companies Act

The following articles include provisions which are in line with the Companies Act, as amended pursuant to the Amendment Act:

- (a) **Article 1 (Article 2 of Existing Constitution).** Article 1, which is the interpretation section of the New Constitution, includes the following additional/revised provisions:

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- (i) a revised definition of “in writing” to make it clear that this expression includes any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether physical or electronic. This would facilitate, for example, a proxy instrument being in either physical or electronic form;
  - (ii) new definitions of “registered address” and “address” to make it clear that these expressions mean, in relation to any Shareholder, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly specified;
  - (iii) a revised provision stating that the expressions “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in the SFA. This follows the migration of the provisions in the Companies Act which relate to the Central Depository System to the SFA pursuant to the Amendment Act; and
  - (iv) a new provision stating that the expressions “current address”, “electronic communication” and “relevant intermediary” shall have the meanings ascribed to them respectively in the Companies Act. This follows the introduction of new provisions facilitating electronic communication and the multiple proxies regime pursuant to the Amendment Act.
- (b) **Article 6(B).** Article 6(B) is a new provision which provides that new shares may be issued for no consideration. This is in line with new section 68 of the Companies Act, which clarifies that a company having a share capital may issue shares for which no consideration is payable to the issuing company.
- (c) **Article 12 (Article 9 of Existing Constitution).** Article 12, which relates to the Company’s power to alter its share capital, has new provisions which:
- (i) empower the Company, by ordinary resolution, to convert its share capital or any class of shares from one currency to another currency. This is in line with new section 73 of the Companies Act, which sets out the procedure for such re-denominations; and
  - (ii) empower the Company, by special resolution, to convert one class of shares into another class of shares. This is in line with new section 74A of the Companies Act, which sets out the procedure for such conversions.
- (d) **Article 19 (Article 16 of Existing Constitution).** The requirement to disclose the amount paid on the shares in the share certificate relating to those shares has been removed in article 19, which relates to share certificates. A share certificate need only state (*inter alia*) the number and class of the shares, whether the shares are fully or partly paid up, and the amount (if any) unpaid on the shares. This follows the amendments to section 123(2) of the Companies Act pursuant to the Amendment Act.
- (e) **Article 56 (Article 53 of Existing Constitution).** Article 56, which relates to the routine business that is transacted at an Annual General Meeting, has been revised to:
- (i) substitute the references to “accounts” with “financial statements”, and references to “reports of the Directors” with “Directors’ statement”, for consistency with the updated terminology in the Companies Act;
  - (ii) expand the routine business items to include, in addition to the re-appointment of the retiring Auditor, the appointment of a new Auditor; and
  - (iii) clarify the types of Directors’ remuneration which will be subject to Shareholder approval as routine business.

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- (f) **Article 64(B) (Article 61 of Existing Constitution).** Article 64(B), which relates to the method of voting at a general meeting where mandatory polling is not required, has been revised to reduce the threshold for eligibility to demand a poll from 10% to 5% of the total voting rights of the members having the right to vote at the meeting, or of the total sum paid up on all the shares conferring that right. This is in line with section 178 of the Companies Act, as amended pursuant to the Amendment Act.
- (g) **Articles 68, 74 and 76(A) (Articles 65, 71 and 73 of Existing Constitution).** Articles 68, 74 and 76(A), which relate to the voting rights of Shareholders and the appointment and deposit of proxies, have new provisions which cater to the multiple proxies regime introduced by the Amendment Act. The multiple proxies regime allows “relevant intermediaries”, such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, to appoint more than two proxies to attend, speak and vote at general meetings. In particular:
- (i) article 74(A) provides that save as otherwise provided in the Companies Act, a Shareholder who is a “relevant intermediary” may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder, and where such Shareholder’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed must be specified in the form of proxy. This is in line with new section 181(1C) of the Companies Act;
  - (ii) article 74(B) provides that the Company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 (previously 48) hours before the time of the relevant general meeting. Consequential changes have also been made in articles 68 and 74(B) to make it clear that the number of votes which a Depositor or his proxy can cast on a poll is the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting. This is in line with new section 81SJ(4) of the SFA;
  - (iii) article 68 provides that in the case of a Shareholder who is a “relevant intermediary” and who is represented at a general meeting by two or more proxies, each proxy shall be entitled to vote on a show of hands. This is in line with new section 181(1D) of the Companies Act; and
  - (iv) the cut-off time for the deposit of proxies has been extended from 48 to 72 hours before the time appointed for holding the general meeting in article 76(A). This is in line with section 178(1)(c) of the Companies Act, as amended pursuant to the Amendment Act.
- (h) **Article 96 (Article 93 of Existing Constitution).** Article 96, which relates to the filling of the office vacated by a retiring Director in default circumstances except in certain cases, has been revised to remove the event of a Director attaining any applicable retiring age as an exception to a deemed re-election to office. This follows the repeal of section 153 of the Companies Act and removal of the 70-year age limit for directors of public companies and subsidiaries of public companies.
- (i) **Article 113 (Article 110 of Existing Constitution).** Article 113, which relates to the general powers of the Directors to manage the Company’s business, clarifies that the business and affairs of the Company are to be managed by, or under the direction of or, additionally, under the supervision of, the Directors. This is in line with section 157A of the Companies Act, as amended pursuant to the Amendment Act.
- (j) **Articles 122, 141 and 142 (Articles 119, 138 and 139 of Existing Constitution).** Article 142, which relates to the sending of the Company’s financial statements and related documents to Shareholders, additionally provides that such documents may, subject to the listing rules of the SGX-ST, be sent less than 14 days before the date of the general meeting with the agreement of all persons entitled to receive notices of general meetings. This is in line with new section 203(2) of the Companies Act, which provides that the requisite financial statements

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## APPENDIX TO THE NOTICE OF THIRD ANNUAL GENERAL MEETING

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and other related documents may be sent less than 14 days before the date of the general meeting at which they are to be laid if all the persons entitled to receive notice of general meetings of the company so agree. Notwithstanding this proviso, the Company is currently required to comply with Rule 707(2) of the Listing Manual, which provides that an issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting. The requirement to send these documents to debenture holders has also been removed in article 142.

The references to the Company's "accounts", "profit and loss account(s)" and Directors' "reports" have also been updated/substituted in articles 122, 141 and 142 with references to "financial statements" and Directors' "statements", as appropriate, for consistency with the updated terminology in the Companies Act.

- (k) **Article 145 (Article 142 of Existing Constitution).** Article 145, which relates to the service of notices to Shareholders, has new provisions to facilitate the electronic transmission of notices and documents following the introduction of simplified procedures for the sending of notices and documents electronically pursuant to new section 387C of the Companies Act.

Under new section 387C, notices and documents may be given, sent or served using electronic communications with the express, implied or deemed consent of the member in accordance with the constitution of the company.

There is express consent if a shareholder expressly agrees with the company that notices and documents may be given, sent or served on him using electronic communications. There is deemed consent if the constitution (a) provides for the use of electronic communications and specifies the mode of electronic communications, and (b) specifies that shareholders will be given an opportunity to elect, within a specified period of time, whether to receive electronic or physical copies of such notices and documents, and the shareholder fails to make an election within the specified period of time. There is implied consent if the constitution (a) provides for the use of electronic communications and specifies the mode of electronic communications, and (b) specifies that shareholders agree to receive such notices or documents by way of electronic communications and do not have a right to elect to receive physical copies of such notices and documents. Certain safeguards for the use of the deemed consent and implied consent regimes are prescribed under new regulation 89C of the Companies Regulations.

New section 387C was introduced to give effect to recommendations by the Steering Committee for Review of the Companies Act to ease the rules for the use of electronic transmission and to make them less prescriptive, and these recommendations were accepted by the Ministry of Finance ("MOF"). In accepting these recommendations, the MOF noted the concerns of some shareholders who would prefer to have an option to receive physical copies of the notices and documents, notwithstanding that the company adopts the implied consent regime, and indicated that such shareholders could highlight their concerns when a company proposes amendments to its constitution to move to an implied consent regime.

Shareholders who are supportive of the new deemed consent and implied consent regimes for electronic communications may vote in favour of the adoption of the New Constitution, which incorporates new provisions (contained in article 145) to facilitate these regimes, while Shareholders who are not supportive of the new regimes may vote against it.

Article 145 provides that:

- (i) notices and documents may be sent to Shareholders using electronic communications either to a Shareholder's current address (which may be an email address) or by making it available on a website;

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## APPENDIX TO THE NOTICE OF THIRD ANNUAL GENERAL MEETING

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- (ii) for these purposes, a Shareholder is deemed to have agreed to receive such notice or document by way of electronic communications and shall not have a right to elect to receive a physical copy of such notice or document (this is the implied consent regime permitted under the new section 387C); and
- (iii) notwithstanding sub-paragraph (ii) above, the Directors may decide to give Shareholders an opportunity to elect to opt out of receiving such notice or document by way of electronic communications, and a Shareholder is deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity but failed to opt out within the specified time (this is the deemed consent regime permitted under the new section 387C).

Article 145 additionally provides for when service is effected in the case of notices or documents sent by electronic communications. In particular, where a notice or document is made available on a website, it is deemed served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Companies Act and/or other applicable regulations or procedures. Further, in the case of service on a website, the Company must give separate notice of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by (1) sending such separate notice to Shareholders personally or by post, and/or (2) sending such separate notice to Shareholders' current addresses (which may be email addresses), and/or (3) by way of advertisement in the daily press, and/or (4) by way of announcement on the SGX-ST.

Under new regulation 89D of the Companies Regulations, notices or documents relating to take-over offers and rights issues are excluded from the application of section 387C and therefore cannot be transmitted by electronic means pursuant to section 387C.

As at the Latest Practicable Date, the outcome of a public consultation by the SGX-ST on (*inter alia*) whether listed issuers should be allowed to send notices and documents to shareholders electronically under the new regimes permitted under the Companies Act is not known yet. In its consultation, the SGX-ST had also asked for comments on additional safeguards in relation to the new regimes. There is no certainty that the listing rules will be amended to allow electronic transmission of notices and documents under the new regimes. Going forward, for so long as the Company is listed on the SGX-ST, the Company will not make use of the new regimes to transmit notices or documents electronically to Shareholders unless the SGX-ST's listing rules allow it, and the Company will comply with the SGX-ST's listing rules on the subject.

- (l) **Article 152 (Article 149 of Existing Constitution).** Article 152, which relates to Directors' indemnification, has been expanded to permit the Company, subject to the provisions of and so far as may be permitted by the Companies Act, to indemnify a Director against losses "to be incurred" by him in the execution of his duties. This is in line with new sections 163A and 163B of the Companies Act, which permit a company to lend, on specified terms, funds to a director for meeting expenditure incurred "or to be incurred" by him in defending court proceedings or regulatory investigations.

### 4.3.2 Listing Manual

Rule 730(2) of the Listing Manual provides that if an issuer amends its articles or other constituent documents, they must be made consistent with all the listing rules prevailing at the time of amendment.

The following articles have been updated to ensure consistency with the listing rules of the SGX-ST prevailing as at the Latest Practicable Date, in compliance with Rule 730(2) of the Listing Manual:

- (a) **Article 6(A).** Article 6(A) is a new provision which provides that the rights attaching to shares of a class other than ordinary shares must be expressed in the constitution. This is in line with paragraph (1)(b) of Appendix 2.2 of the Listing Manual.

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## APPENDIX TO THE NOTICE OF THIRD ANNUAL GENERAL MEETING

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- (b) **Articles 64, 65, 66 and 67 (Articles 61, 62, 63 and 64 of Existing Constitution).** Article 64, which relates to the method of voting at general meetings, has new provisions to make it clear that, if required by the listing rules of the SGX-ST, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the SGX-ST). Consequential changes have been made to articles 65, 66 and 67. These changes are in line with Rule 730A of the Listing Manual.

4.3.3 **PDPA.** In general, under the Personal Data Protection Act 2012, an organisation can only collect, use or disclose the personal data of an individual with the individual's consent, and for a reasonable purpose which the organisation has made known to the individual. The new article 154 specifies, *inter alia*, the purposes for which the Company and/or its agents and service providers would collect, use and disclose personal data of Shareholders and their appointed proxies or representatives.

4.3.4 **General.** The following articles have been updated, streamlined and rationalised generally:

- (a) **Article 52 (Article 49 of Existing Constitution).** Article 52, which relates to the time-frame for holding Annual General Meetings, has been revised to make it clear that an Annual General Meeting shall be held once in every year within a period of not more than 15 months after the last preceding Annual General Meeting, but that this is save as otherwise permitted under the Companies Act. This will provide the Company with the flexibility, if the need to do so should arise, to apply for an extension of the 15-month period between Annual General Meetings in accordance with the provisions of the Companies Act, notwithstanding that the period may extend beyond the calendar year.
- (b) **Articles 75 and 76 (Articles 72 and 73 of Existing Constitution).** Article 75, which relates to the execution of proxies, has new provisions to facilitate the appointment of a proxy through electronic means online. In particular, it provides that a Shareholder can elect to signify his approval for the appointment of a proxy via electronic communication, through such method and in such manner as may be approved by the Directors, in lieu of the present requirement of signing, or where applicable, the affixation of the corporate Shareholder's common seal.

For the purpose of accommodating the deposit by Shareholders, and receipt by the Company, of electronic proxy instructions by Shareholders who elect to use the electronic appointment process, article 76, which relates to the deposit of proxies, has new provisions which authorise the Directors to prescribe and determine the manner of receipt by the Company of the instrument appointing a proxy through digital means.

- (c) **Articles 78 and 93(e) (Articles 75 and 90(e) of Existing Constitution).** These articles have been updated to substitute the references to insane persons and persons of unsound mind with references to persons who are mentally disordered and incapable of managing themselves or their affairs, following the enactment of the Mental Health (Care and Treatment) Act, Chapter 178A of Singapore, which repealed and replaced the Mental Disorders and Treatment Act.
- (d) **Article 139 (Article 136 of Existing Constitution).** Article 139, which relates to the Directors' power to issue free shares and/or to capitalise reserves for share-based incentive plans, has been expanded to empower the Directors to do the same for the benefit of non-executive Directors as part of their Directors' remuneration. This will enable the Company, if it so desires, to remunerate its non-executive Directors by way of Directors' fees in the form of shares, or in a combination of cash and shares, using these methods.

4.4 **Annex A.** The text of the principal provisions in the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, is set out in Annex A to this Appendix and the main differences are blacklined. The proposed adoption of the New Constitution is subject to Shareholders' approval.

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## APPENDIX TO THE NOTICE OF THIRD ANNUAL GENERAL MEETING

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### 5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders of the Company in the issued share capital of the Company can be found on pages 47 and 101 of the Company's Annual Report 2015.

### 6. ABSTENTION FROM VOTING

Mr Lim Chap Huat, the Executive Chairman of the Company, is also a director of Soilbuild Group Holdings. Ms Lim Cheng Hwa, a Non-Executive Director of the Company, is also a director of Soilbuild Group Holdings. As Soilbuild Group Holdings is an interested person in relation to the IPT Mandate, each of Mr Lim Chap Huat and Ms Lim Cheng Hwa has abstained from making any recommendation to Shareholders in relation to the proposed renewal of the IPT Mandate.

Mr Lim Chap Huat, Ms Lim Cheng Hwa, the Independent Directors (as defined below), Soilbuild Group Holdings and their respective Associates, which or who are interested persons in relation to the renewal of the IPT Mandate, will also abstain from voting their Shares, if any, at the AGM in respect of Resolution 10 relating to the renewal of the IPT Mandate, and will also decline to accept appointment as proxy for any Shareholders to vote in respect of Resolution 10 unless that Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Resolution 10.

Mr Lim Chap Huat and his Associates will abstain from voting their Shares at the AGM in respect of Resolution 11 relating to the grant of the 2016 Award to Mr Lim Chap Huat ("**Grant of 2016 Award**"), and will also decline to accept appointment as proxy for any Shareholders to vote in respect of Resolution 11 unless that Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Resolution 11.

Shareholders who are eligible to participate in the Soilbuild Construction Performance Share Plan are also required to abstain from voting their Shares at the AGM in respect of Resolution 11 relating to the Grant of 2016 Award and shall not accept appointment as proxy for any Shareholders to vote in respect of Resolution 11 unless that Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Resolution 11.

### 7. DIRECTORS' RECOMMENDATIONS

#### 7.1 Proposed Renewal of the General Mandate for Interested Person Transactions

Notwithstanding that all the Directors are Mandated Interested Persons (as described in paragraph 2.6.4 above), it is anticipated that none of Mr Ho Toon Bah, Mr Poon Hon Thang, Mr Tan Jee Ming and Mr Teo Chee Seng (the "**Independent Directors**") (or their respective Associates) will enter into any Mandated Transactions (as described in paragraph 2.6.5 above), with the SBC Group (as described in paragraph 2.1 above). Accordingly, the Independent Directors are considered independent for the purposes of the proposed renewal of the IPT Mandate. Having considered the terms of the IPT Mandate, the Independent Directors are of the opinion that the entry by the SBC Group into the Mandated Transactions with the Mandated Interested Persons in the ordinary course of business will enhance the efficiency of the SBC Group, and is in the interests of the Company. For the reasons set out in paragraphs 2.6.1 and 2.6.2 above, they recommend that minority Shareholders vote in favour of Resolution 10 relating to the renewal of the IPT Mandate at the AGM.



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### 7.2 Proposed Grant of Award to a Controlling Shareholder under the Soilbuild Construction Performance Share Plan

Under the rules of the Soilbuild Construction Performance Share Plan, all the Directors are eligible to participate in the Soilbuild Construction Performance Share Plan. Accordingly, the Directors have refrained from making any recommendation as to how Shareholders should vote in respect of Resolution 11 relating to the Grant of the 2016 Award at the AGM.

### 7.3 Proposed Adoption of the New Constitution

The Directors are of the view that the proposed adoption of the New Constitution is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Resolution 12 relating to the proposed adoption of the New Constitution at the AGM.

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, the Grant of 2016 Award and the proposed adoption of the New Constitution (the "**Proposals**"), and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

## 9. INSPECTION OF DOCUMENTS

The following documents may be inspected at the registered office of the Company during normal business hours from the date hereof up to and including the date of the AGM:

- (a) the Existing Constitution;
- (b) the proposed New Constitution; and
- (c) the rules of the Soilbuild Construction Performance Share Plan.

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**THE PRINCIPAL PROVISIONS IN THE NEW CONSTITUTION  
WHICH ARE SIGNIFICANTLY DIFFERENT FROM  
EQUIVALENT PROVISIONS IN THE EXISTING CONSTITUTION**

Set out below are the principal provisions in the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, with the main differences blacklined:

**1. Article 1**

21. ~~In these Articles~~ this Constitution (if not inconsistent with the subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively. Interpretation

“Act”	The Companies Act, Chapter 50.
“in writing”	Written or produced by any substitute for writing or partly one and partly another <u>and shall include (except where otherwise expressly specified in this Constitution or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Statutes) any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.</u>
“Market Day”	A day on which the Singapore Exchange Securities Trading Limited is open for trading in securities.
“month”	Calendar month.
“Office”	The registered office of the Company for the time being.
“paid”	Paid or credited as paid.
<u>“registered address” or “address”</u>	<u>In relation to any member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly provided in this Constitution.</u>
“Seal”	The Common Seal of the Company.
“Statutes”	The Act and every other act for the time being in force concerning companies and affecting the Company.
<del>“these Articles</del> <u>this Constitution”</u>	<del>These Articles of Association</del> <u>This Constitution</u> as from time to time altered.
“Year”	Calendar year.

The expressions “Depositor”, “Depository”, “Depository Agent”; and “Depository Register” and “treasury shares” shall have the meanings ascribed to them respectively in the Securities and Futures Act, Chapter 289.

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The expressions “current address”, “electronic communication”, “relevant intermediary” and “treasury shares” shall have the meanings ascribed to them respectively in the Act.

References in ~~these Articles~~ this Constitution to “holders” of shares or a class of shares shall:

- (a) exclude the Depository or its nominee (as the case may be) except where otherwise expressly provided in ~~these Articles~~ this Constitution or where the term “registered holders” or “registered holder” is used in ~~these Articles~~ this Constitution;
- (b) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of those shares; and
- (c) except where otherwise expressly provided in ~~these Articles~~ this Constitution, exclude the Company in relation to shares held by it as treasury shares,

and “holding” and “held” shall be construed accordingly.

References in ~~these Articles~~ this Constitution to “member” shall, where the Act requires, exclude the Company where it is a member by reason of its holding of its shares as treasury shares.

The expression “Secretary” shall include any person appointed by the Directors to perform any of the duties of the Secretary and where two or more persons are appointed to act as Joint Secretaries shall include any one of those persons.

All such of the provisions of ~~these Articles~~ this Constitution as are applicable to paid-up shares shall apply to stock, and the words “share” and “shareholder” shall be construed accordingly.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include corporations.

Any reference in ~~these Articles~~ this Constitution to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Subject as aforesaid any words or expression defined in the Act shall (if not inconsistent with the subject or context) bear the same meanings in ~~these Articles~~ this Constitution.

A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of ~~these Articles~~ this Constitution.

The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of ~~these Articles~~ this Constitution.

## 2. Article 6

6. (A) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.

Shares of a class other than ordinary shares

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(B) The Company may issue shares for which no consideration is payable to the Company. Issue of shares for no consideration

**3. Article 12**

912. (A) The Company may by Ordinary Resolution:

- (a) consolidate and divide all or any of its shares;
- (b) subdivide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and
- (c) subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.

Power to consolidate, sub-divide and ~~convert~~ redenominate shares

(eB) The Company may by Special Resolution, subject to the provisions of and in accordance with the Statutes, convert ~~anyone~~ class of shares into ~~any other~~another class of shares.

Power to convert shares

**4. Article 19**

1619. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates ~~and, whether the amount~~ shares are fully or partly paid up, and the amount (if any) unpaid thereon and shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors. No certificate shall be issued representing shares of more than one class.

Share certificates

**5. Article 52**

4952. ~~An~~ Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.

Annual general meeting and extraordinary general meeting

**6. Article 56**

5356. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:

Routine business

- (a) declaring dividends;
- (b) receiving and adopting the ~~accounts~~ financial statements, ~~the reports of the Directors' statement, the Auditor's report and Auditors~~ and other documents required to be attached ~~or annexed~~ to the ~~accounts~~ financial statements;

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- (c) appointing or reappointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) ~~appointing or re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting)~~Auditor;
- (e) fixing the remuneration of the ~~Auditors~~Auditor or determining the manner in which such remuneration is to be fixed; and
- (f) fixing the remuneration of the Directors proposed to be paid in respect of their office as such under ~~Article 79~~article 82 and/or article 83(A).

**7. Article 64, 65, 66 and 67**

~~64~~64. (A) If required by the listing rules of any stock exchange upon which shares in the Company may be listed, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such stock exchange). Mandatory polling

(B) ~~At~~Subject to article 64(A), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by: Method of voting where mandatory polling not required

- (a) the chairman of the meeting; or
- (b) not less than two members present in person or by proxy and entitled to vote at the meeting; or
- (c) a member present in person or by proxy and representing not less than ~~one-tenth~~ five per cent. of the total voting rights of all the members having the right to vote at the meeting; or
- (d) a member present in person or by proxy and holding ~~not less than 10 per cent. of the total number of paid-up shares of the Company (excluding treasury shares);~~ shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid up on all the shares conferring that right.

~~62:~~ A demand for a poll made pursuant to this article 64(B) may be withdrawn only with the approval of the chairman of the meeting. Unless a poll is required, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. Taking a poll

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~~65.~~ ~~If~~Where a poll is ~~required~~taken, it shall be ~~required~~taken in such manner (including the use of ballot or voting papers) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was ~~demande~~taken. The chairman of the meeting may (and, if required by the listing rules of any stock exchange upon which shares in the Company may be listed or if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

Taking a poll

~~6466.~~ A poll ~~demande~~ on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll ~~demande~~ on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. ~~The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.~~

Continuance of business after demand for a poll  
Timing for taking a poll

~~6367.~~ In the case of an equality of votes, whether on a poll or on a show of hands ~~or on a poll~~, the chairman of the meeting at which the poll or show of hands takes place ~~or at which the poll is demanded~~ shall be entitled to a casting vote.

Casting vote of chairman

## 8. Article 68

~~6568.~~ Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to ~~Article 5~~Article 13(C), each member entitled to vote may vote in person or by proxy. ~~On a show of hands, every~~Every member who is present in person or by proxy shall:

How members may vote

(a) on a poll, have one vote for every share which he holds or represents; and

(b) on a show of hands, have one vote ~~(provided,~~ Provided always that:

- (i) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the ~~Chairman~~chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; ~~and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents.~~
- (ii) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at ~~48~~72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

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**9. Article 74**

74. (A) Save as otherwise provided in the Act:

Appointment of proxies

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

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

(B) In any case where a ~~Provided that if the~~ member is a Depositor, the Company shall be entitled and bound:

Shares entered in Depository Register

(a) ~~to reject any instrument of proxy lodged if the~~ by that Depositor ~~if he~~ is not shown to have any shares entered against his name in the Depository Register as at ~~48~~72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by ~~the~~that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at ~~48~~72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(BC) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

Notes and instructions

(C) ~~In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.~~

~~Proportion of shareholdings to be represented by proxies~~

(D) A proxy need not be a member of the Company.

Proxy need not be a member

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**10. Article 75**

7275. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and: Execution of proxies

- (a) in the case of an individual, shall be:
  - (i) signed by the appoint or or his attorney if the instrument is delivered personally or sent by post; or
  - (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and
- (b) in the case of a corporation, shall be:
  - (i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or sent by post; or
  - (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of articles 75(A)(a)(ii) and 75(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

(B) The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article article 76(A), failing which the instrument may be treated as invalid. Witness and authority

(C) The Directors may, in their absolute discretion:

- (a) approve the method and manner for an instrument appointing a proxy to be authorised; and
  - (b) designate the procedure for authenticating an instrument appointing a proxy,
- Directors may approve method and manner, and designate procedure, for electronic communications

as contemplated in articles 75(A)(a)(ii) and 75(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), article 75(A)(a)(i) and/or (as the case may be) article 75(A)(b)(i) shall apply.



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**11. Article 76**

7376. (A) An instrument appointing a proxy;

Deposit of proxies

(a) if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or

(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting.

and in either case, not less than 4872 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this article 76 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

(B) The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 76(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), article 76(A)(a) shall apply.

Directors may specify means for electronic communications

**12. Article 78**

7578. A vote cast by proxy shall not be invalidated by the previous death or insanitarymental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made, Provided always that no intimation in writing of such death, insanitarymental disorder or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

Intervening death or insanitarymental disorder

**13. Article 93(e)**

9093. The office of a Director shall be vacated in any of the following events, namely:

When office of Director to be vacated

(a) ...

(b) ...

(c) ...

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- (d) ...
- (e) if he becomes ~~of unsound mind~~ mentally disordered and incapable of managing himself or his affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or

**14. Article 96**

~~93~~96. The Company at the meeting at which a Director retires under any provision of ~~these Articles~~ this Constitution may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been reelected except in any of the following cases: Filling vacated office

- (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (b) where such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
- (c) where such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or
- (d) where the default is due to the moving of a resolution in contravention of the next following ~~Article~~ article.
- (e) ~~where such Director has attained any retiring age applicable to him as Director.~~

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

**15. Article 113**

~~110~~113. The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors. The Directors may exercise all such powers of the Company as are not by the Statutes or by ~~these Articles~~ this Constitution required to be exercised by the Company in General Meeting. The Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking unless such proposals have been approved by the Company in General Meeting. The general powers given by this ~~Article~~ article shall not be limited or restricted by any special authority or power given to the Directors by any other ~~Article~~ article. General powers of Directors to manage Company's business

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**16. Article 122**

~~119~~122. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents ~~and~~, accounts and financial statements relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents ~~or~~, accounts or financial statements are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting. Any authentication or certification made pursuant to this ~~Article~~article may be made by any electronic means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

Power to authenticate documents

**17. Article 139**

~~136~~139. In addition and without prejudice to the powers provided for by ~~Article 135~~article 138, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue;

Power to issue free shares and/or to capitalise reserves for ~~employee~~ share-based incentive plans and Directors' remuneration

- (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or
- (b) be held by or for the benefit of non-executive Directors as part of their remuneration under article 82 and/or article 83(A) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

**18. Article 141**

~~138~~141. In accordance with the provisions of the Act, the Directors shall cause to be prepared and to be laid before the Company in General Meeting such ~~profit and loss accounts~~financial statements, balance sheets, ~~group accounts (if any) and reports, statements and other documents~~ as may be necessary. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months (or such other period as may be permitted by the Act).

Presentation of ~~accounts~~financial statements

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**19. Article 142**

~~139~~142. A copy of every ~~the~~ financial statements and, if required, the balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto), which is duly audited and which is to be laid before the Company in General Meeting accompanied by a copy of the Auditor's report thereon, shall not less than 14 days before the date of the meeting be sent to every member of, ~~and every holder of debentures of~~, the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statutes or of ~~these Articles~~ this Constitution; Provided always that:

Copies of accounts  
financial statements

- (a) these documents may, subject to the listing rules of any stock exchange upon which shares in the Company may be listed, be sent less than 14 days before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree; and
- (b) this Article ~~article 142~~ shall not require a copy of these documents to be sent to more than one ~~or~~ any joint holders or to any person of whose address the Company is not aware, but any member ~~or holder of debentures~~ to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

**20. Article 145**

~~142~~145.(A) Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it through the post in a prepaid cover addressed to such member at his registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company or (as the case may be) supplied by him to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.

Service of notices

(B) Without prejudice to the provisions of ~~Article 142(A)~~ article 145(A), but subject otherwise to the Act and any regulations made thereunder and (where applicable) the listing rules of any stock exchange upon which shares in the Company may be listed, relating to electronic communications, any notice or document (including, without ~~limitations~~ limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under the Act or under ~~these Articles~~ this Constitution by the Company, or by the Directors, to a member ~~or an officer or Auditor of the Company~~ may be given, sent or served using electronic communications:

Electronic  
communications

- (a) to the current address of that person; or
- (b) by making it available on a website prescribed by the Company from time to time,

in accordance with the provisions of, ~~or as otherwise provided by, the Statutes~~ this Constitution, the Act and/or any other applicable regulations or procedures.

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(C) For the purposes of article 145(B) above, a member shall be deemed to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document.

Implied consent

(D) Notwithstanding article 145(C) above, the Directors may, at their discretion, at any time give a member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.

Deemed consent

(E) Such notice or document shall be deemed to have been duly given, sent or served upon transmission of the electronic communication to the current address of such person or as otherwise provided under the Statutes and/or any other applicable regulations or procedures. Where a notice or document is given, sent or served by electronic communications:

When notice given by electronic communications deemed served

- (a) to the current address of a person pursuant to article 145(B)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act and/or any other applicable regulations or procedures; and
- (b) by making it available on a website pursuant to article 145(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Act and/or any other applicable regulations or procedures.

(F) Where a notice or document is given, sent or served to a member by making it available on a website pursuant to article 145(B)(b), the Company shall give separate notice to the member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:

Notice to be given of service on website

- (a) by sending such separate notice to the member personally or through the post pursuant to article 145(A);
- (b) by sending such separate notice to the member using electronic communications to his current address pursuant to article 145(B)(a);
- (c) by way of advertisement in the daily press; and/or
- (d) by way of announcement on any stock exchange upon which shares in the Company may be listed.

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**21. Article 152**

~~149~~152. Subject to the provisions of and so far as may be permitted by the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto ~~including any liability by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court.~~ Without prejudice to the generality of the foregoing, no Director, ~~Manager,~~ Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

Indemnity

**22. Article 154**

154. (A) A member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:

Personal data of members

- (a) implementation and administration of any corporate action by the Company (or its agents or service providers);
- (b) internal analysis and/or market research by the Company (or its agents or service providers);
- (c) investor relations communications by the Company (or its agents or service providers);
- (d) administration by the Company (or its agents or service providers) of that member's holding of shares in the Company;
- (e) implementation and administration of any service provided by the Company (or its agents or service providers) to its members to receive notices of meetings, annual reports and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;
- (f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any General Meeting (including any adjournment thereof);

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- (g) implementation and administration of, and compliance with, any provision of this Constitution;
  - (h) compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines; and
  - (i) purposes which are reasonably related to any of the above purpose.
- (B) Any member who appoints a proxy and/or representative for any General Meeting and/or any adjournment thereof is deemed to have warranted that where such member discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in articles 154(A)(f) and 154(A)(h), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member's breach of warranty.
- Personal data of proxies and/or representatives

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr Lim Chap Huat (Executive Chairman)  
Mr Ho Toon Bah (Executive Director)  
Ms Lim Cheng Hwa (Non-Executive Director)  
Mr Poon Hon Thang (Lead Independent Director)  
Mr Tan Jee Ming (Independent Director)  
Mr Teo Chee Seng (Independent Director)

## AUDIT COMMITTEE

Mr Poon Hon Thang (Chairman)  
Mr Tan Jee Ming  
Mr Teo Chee Seng

## NOMINATING COMMITTEE

Mr Tan Jee Ming (Chairman)  
Mr Poon Hon Thang  
Mr Teo Chee Seng

## REMUNERATION COMMITTEE

Mr Teo Chee Seng (Chairman)  
Mr Tan Jee Ming  
Mr Poon Hon Thang

## COMPANY SECRETARY

Ms Lee Bee Fong, ACIS

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

25 Changi South Street 1  
SB Building  
Singapore 486059  
Tel: (65) 6542 2882  
Fax: (65) 6542 1818  
Website: [www.soilbuildconstruction.com](http://www.soilbuildconstruction.com)

## SHARE REGISTRAR

**Tricor Barbinder Share Registration Services**  
(a division of Tricor Singapore Pte. Ltd.)  
80 Robinson Road #02-00  
Singapore 068898

## AUDITORS

**PricewaterhouseCoopers LLP**  
**Public Accountants and Chartered Accountants**  
8 Cross Street  
#17-00 PWC Building  
Singapore 048424  
Partner-in-charge: Ms Rebekah Khan  
Financial year appointed: 31 December 2014

## PRINCIPAL BANKERS

**United Overseas Bank Limited**  
80 Raffles Place  
UOB Plaza  
Singapore 048624

**Oversea-Chinese Banking Corporation Limited**  
65 Chulia Street #09-00  
OCBC Centre  
Singapore 049513

**DBS Bank Ltd.**  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

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

**Malayan Banking Berhad**  
2 Battery Road  
Maybank Tower  
Singapore 049907

**The Hongkong and Shanghai Banking Corporation Limited**  
21 Collyer Quay  
HSBC Building  
Singapore 049320

## INVESTOR RELATIONS

**For enquiries, please contact:**  
**Mr Wong Yoon Thim**  
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