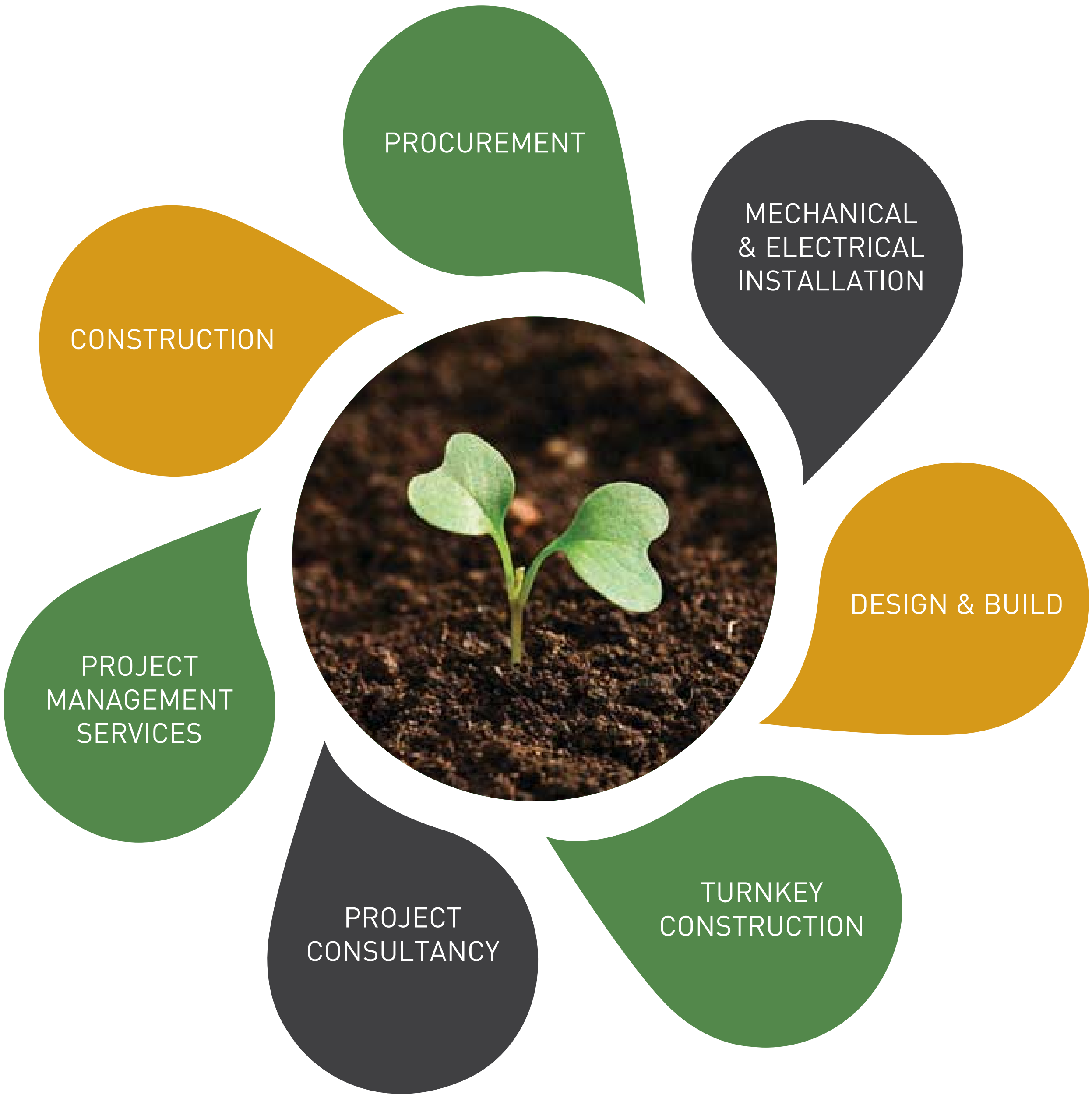
SOILBUILD
CONSTRUCTION GROUP LTD

ANNUAL REPORT 2013



COMMITTED TO EXCELLENCE

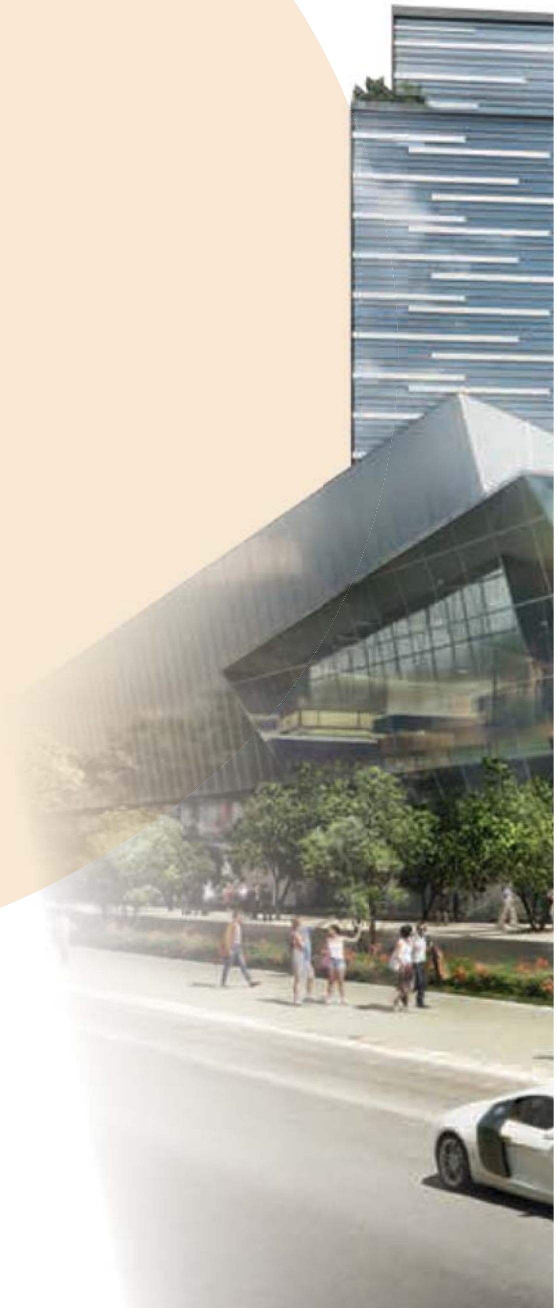
CORPORATE PROFILE

We are a general construction group with over 37 years of experience during which we have handled a wide range of projects, from residential buildings to conservation houses, schools, churches, industrial buildings and business parks. Projects in which our subsidiary, Soil-Build (Pte.) Ltd., acted as the main contractor, have won several architectural and environmental awards over the years.

As at 31 December 2013, our order books based on letters of intent, secured contracts and variation orders amounted to approximately S$323.0 million. Our on-going projects include, amongst others, three public housing projects with HDB in Ang Mo Kio, Bukit Batok and Tampines, a research and development building and an industrial building in Changi Business Park, a mixed development at Lavender Street and three ramp-up developments in Bukit Batok, Mandai and Yishun.

Soil-Build (Pte.) Ltd is graded A1 by the Singapore's Building and Construction Authority. This allows us to tender for public sector projects in Singapore of unlimited contract value. Our track record in public sector projects also puts us in good stead as we compete in future tenders by Singapore's Housing and Development Board and other public agencies.

In connection with the proposed expansion of our construction business into Myanmar, up to the date of this Annual Report, we have secured several contracts to provide professional consultancy and project management services for developments in Myanmar. We intend to further strengthen our presence in Myanmar.



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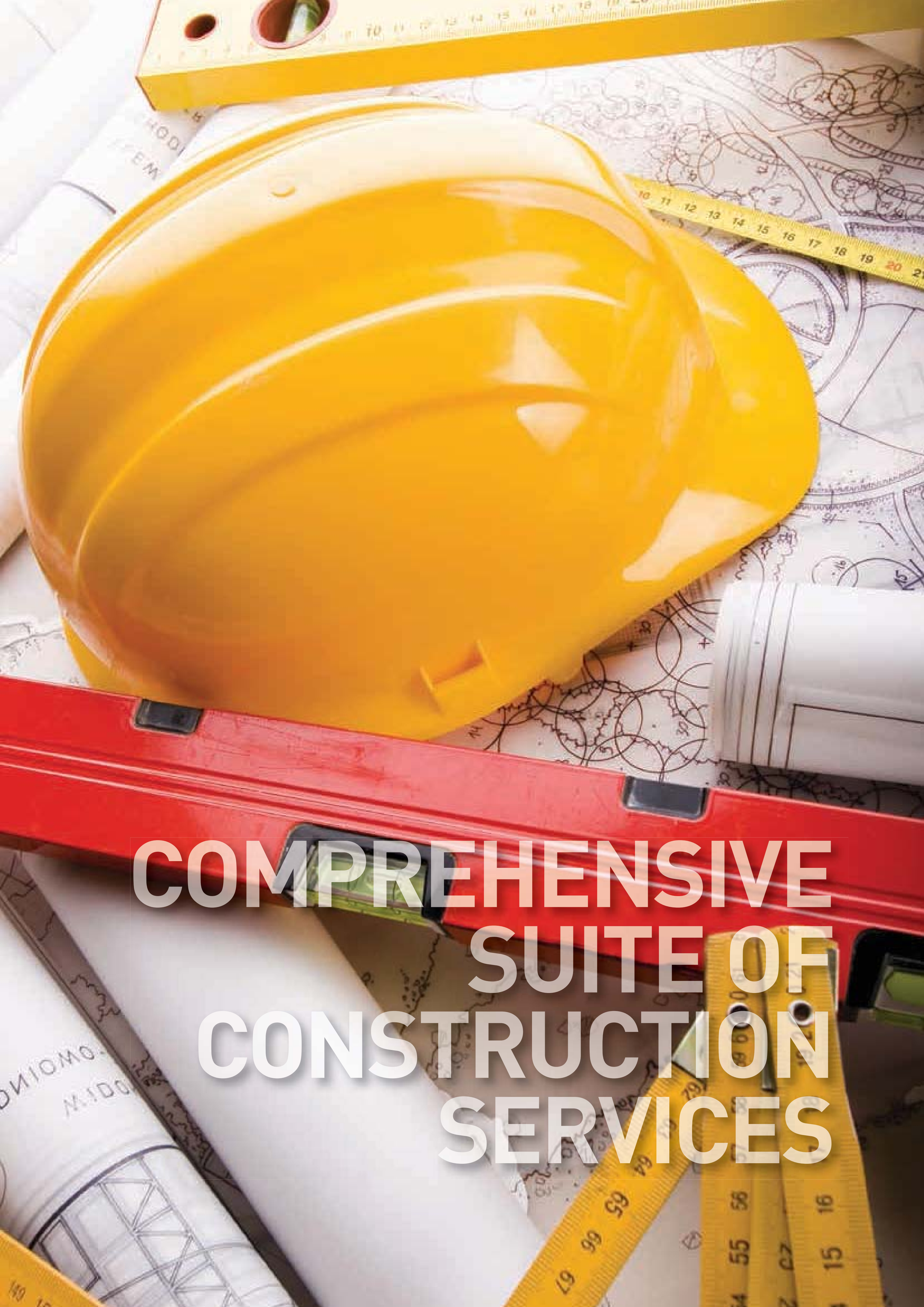
VISION & MISSION STATEMENT

VISION

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

MISSION

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



COMPREHENSIVE SUITE OF CONSTRUCTION SERVICES

CHAIRMAN'S STATEMENT

Dear Shareholders

2013 was an eventful year for the Group as we were listed on the Main Board of the Singapore Exchange Securities Trading Limited on 27 May 2013. The overwhelming response from the investors to the Company's initial public offering amidst volatile capital markets conditions bore testimony to the confidence placed in us by our investors on our core capabilities. Our sterling track record of more than 37 years of experience will continue to cement our market position as we continue to build on our knowledge, understanding and network within the industry.

Committed to being the leading multi-disciplinary construction firm within the sector, we endeavour to deliver quality building workmanship for our partners and customers with our comprehensive suite of construction services.

Entrenching our market position with multi-disciplinary capabilities

While the construction industry remains challenged by rising labour costs, we are diligently exploring various initiatives to improve productivity. The strong uptake of construction technologies and use of precast methods in our work processes not only reduces our reliance on labour but more importantly improves the quality of builds and ensures timely delivery of our projects. From S$0.5 million a year ago to S$7.8 million, the Group has ramped up its investments into plant and equipment, as well as human capital. The Group firmly believes that continual improvements in our productivity are key to remaining competitive in our business.

Further to improving our work processes, it is also the Group's primary target to provide a safe and secure environment both internally and externally. As a reward for our effort, the Group was awarded the "Green and Gracious Builder Award" by the Building and Construction Authority ("BCA") during the year under review. This coincides with our push for a sustainable working environment as in our pursuit for business excellence.

We benefit from the ability to tender for public sector projects in Singapore of unlimited contract value as our subsidiary, Soil-Build (Pte.) Ltd., has an "A1" grading issued by BCA. While engaging in public housing contracts such as our Tampines Greenleaf project forms part of our drive to support national development, this contract award also serve as testimony to our commitment to construction activities of a higher standard. We are pleased to have secured two new public housing contracts during the year under review and will strive to undertake more national construction projects in future.

On the private sector front, we have continued to gain ground in securing business space projects not only from our parent company, Soilbuild Group Holdings Ltd., but also from multinational corporations and corporations in specialised industries such as securing our maiden aerospace-related project with Vector Aerospace. The Group is confident that it is capable of delivering quality industrial buildings and business space that require different designs and functionalities.

We will continue to adopt a multi-property sector approach in our projects to diversify risks, which will give us the flexibility to shift focus when one particular sector experiences a slowdown in demand. Our success thus far has led us to explore the possibilities of introducing civil engineering to our current suite of offerings.

Crossing boundaries to create new growth engines

While the Group is on track to further strengthen its presence in the local construction market, we also seek to grow our footprint overseas in order to develop our business. We prospect actively in the emerging markets such as Myanmar and other South East Asia countries. Since we started to venture into Myanmar, the Group has established a wholly owned subsidiary, Soilbuild (Myanmar) Company Limited ("Soilbuild Myanmar") during the year under review. At the date of this Annual Report, we have a total staff strength of eight construction professionals for Soilbuild Myanmar and we have secured several contracts to provide professional consultancy and project management services for property development. Soilbuild Myanmar is poised to further strengthen our presence in Myanmar and aims to secure more contracts there. Other than expanding our business in Myanmar, the Group is also seeking opportunities in Indonesia to further propel our growth engines.

Remaining resilient to challenging macro environment

Our revenue recorded a 55.2% year-on-year ("yoy") increase to S$331.3 million for the full year ended 31 December 2013 ("FY2013") due to the strong progress of construction projects. In line with the higher revenue being recorded for FY2013, the Group's net profit also improved 9.1% yoy to S$24.0 million.

Despite the growth in our top and bottom-line figures, our gross profit margin moderated from 13.1% in FY2012 to 9.5% in FY2013 as we continue to face challenging conditions in the industry. As such, we remain prudent in our operating cost structure in order to ensure profitability by enhancing productivity and improving efficiency in our business operations.

As at 31 December 2013, we have maintained a strong balance sheet with cash and cash equivalents amounting to S$76.0 million and zero borrowings. Our stable net cash position provides us with a strong foundation to bid for bigger projects in the year ahead and headroom to mitigate any unforeseen circumstances.

Since our listing in May 2013 and up to the date of this statement, we have secured S$156.9 million worth of new projects, bringing our order book size to S$382.6 million, expected to be completed substantially over the next 12 to 24 months.

Appreciation

In order to reward our shareholders and thank them for their vote of confidence, we are pleased to recommend a final dividend per share of S$0.005 and a special dividend of S$0.005. These final and special dividends, if approved by the shareholders in the forthcoming first annual general meeting of the Company, together with the interim dividend declared and paid to the shareholders in FY2013, will make up a total of S$0.015 total dividend for FY2013, representing a yield of 6% when measured against the IPO issue price of S$0.25 per ordinary share.

On behalf of the Board, we would also like to thank our partners, business associates, customers and staff for their continued dedication and support as we look forward to a successful year ahead.

Lim Chap Huat
Executive Chairman
25 March 2014

FINANCIAL HIGHLIGHTS AND SUMMARY

BREAKDOWN OF REVENUE	FY2013		FY2012		FY2011		FY2010	
	S$'000	**%**	**S$'000**	**%**	**S$'000**	**%**	**S$'000**	**%**
Business space projects	**219,663**	**66.3%**	147,098	68.9%	90,264	76.9%	96,354	83.1%
Residential projects	**110,683**	**33.4%**	65,800	30.8%	25,990	22.1%	17,526	15.1%
Project management	**986**	**0.3%**	603	0.3%	1,092	1.0%	2,072	1.8%
Total	**331,332**	**100.0%**	213,501	100.0%	117,346	100.0%	115,952	100.0%
Internal projects[1]	**186,234**	**56.2%**	124,680	58.4%	98,200	83.7%	115,952	100.0%
External projects[2]	**145,098**	**43.8%**	88,821	41.6%	19,146	16.3%	–	–
Total	**331,332**	**100.0%**	213,501	100.0%	117,346	100.0%	115,952	100.0%

1 Internal projects refer to projects awarded by (i) our Parent Group, Soilbuild Group Holdings Ltd., its subsidiaries and associated companies, excluding our Company, our subsidiaries and joint ventures, and/or (ii) our Parent Group's controlling shareholder and his Associates.
2 External projects refer to projects awarded by third parties.

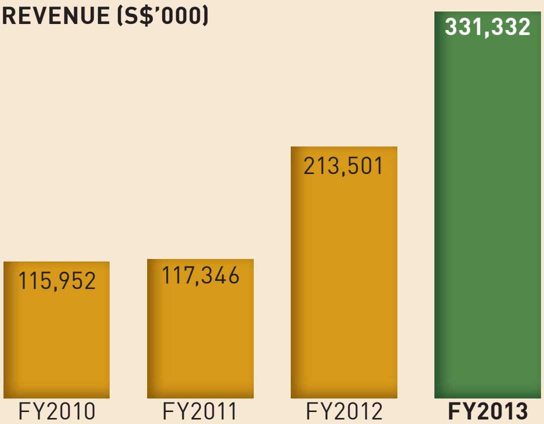
FINANCIAL RESULTS (S$'000)	FY2013	FY2012	FY2011	FY2010
Revenue	**331,332**	213,501	117,346	115,952
Gross profit	**31,562**	28,074	15,613	9,701
Profit before income tax	**27,500**	25,683	10,249	4,606
Profit after income tax	**24,037**	22,027	9,132	3,692
Profit attributable to shareholders	**24,037**	22,027	9,132	3,692

STATEMENT OF FINANCIAL POSITION (S$'000)	FY2013	FY2012	FY2011	FY2010
Property, plant and equipment	**11,377**	4,724	5,150	5,740
Cash and cash equivalents	**75,956**	5,267	3,844	4,822
Current assets	**134,598**	56,358	84,589	94,938
Total assets	**161,534**	71,460	102,669	113,390
Current liabilities	**87,545**	55,112	64,935	83,608
Total liabilities	**88,398**	55,960	67,227	87,080
Working capital	**47,053**	1,246	19,654	11,330
Equity attributable to owners of the company	**73,136**	15,500	35,442	26,310

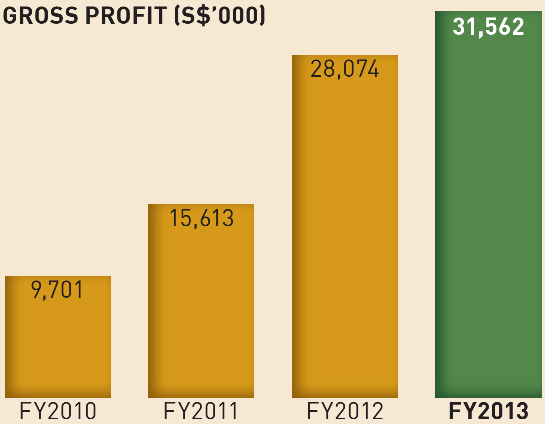
RATIOS	FY2013	FY2012	FY2011	FY2010
Current ratio (times)	**1.54**	1.02	1.30	1.14
Return on equity attributable to owners of the Company (%)*	**54.24**	86.48	29.58	15.25
Return on assets (%)*	**20.63**	25.30	8.45	3.26
Basic earnings per shares (cents)	**4.02**	4.44	1.84	0.74
Net assets value per share (cents)**	**11.01**	3.13	7.15	5.30

* In calculating return on equity attributable to owners of the Company and return on assets, the average basis has been used.
** In calculating the net assets value per share (cents) for FY2010 to FY2012, the number of shares 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.

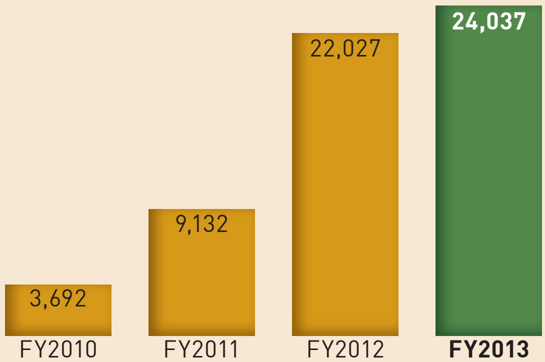
REVENUE (S$'000)



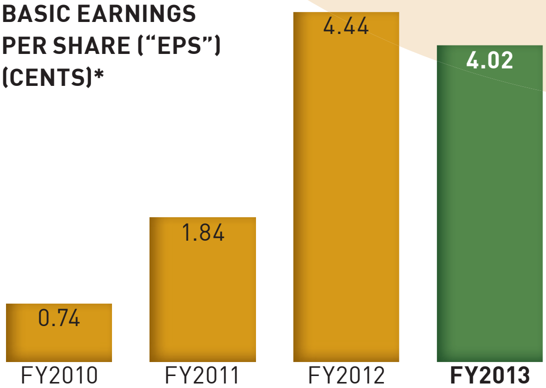
GROSS PROFIT (S$'000)



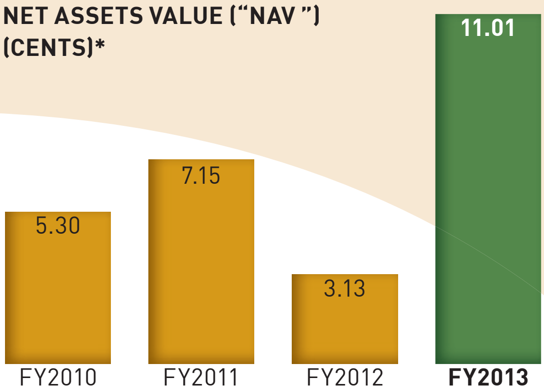
NET PROFIT (S$'000)



BASIC EARNINGS PER SHARE ("EPS") (CENTS)*

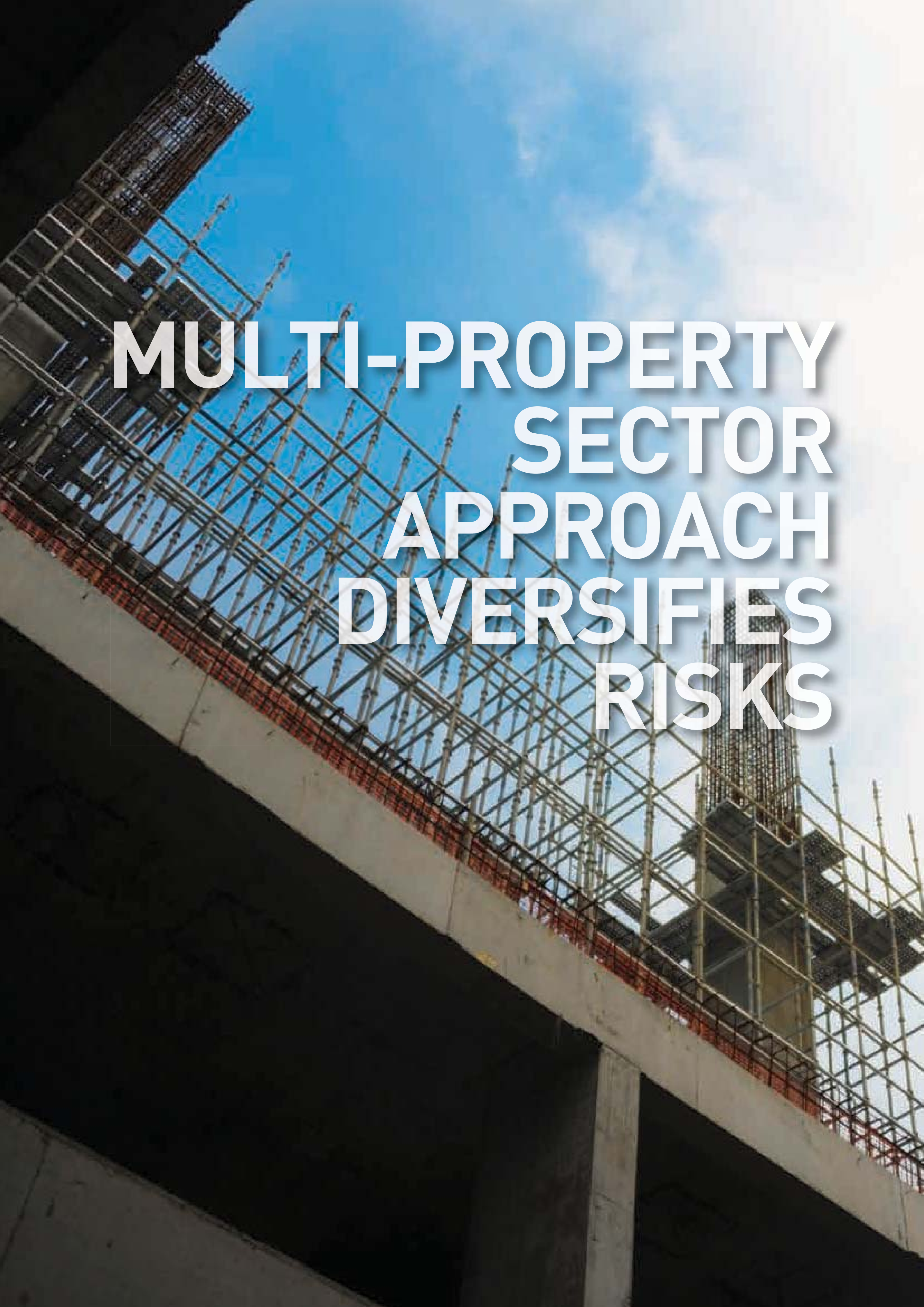


NET ASSETS VALUE ("NAV ") (CENTS)*



* 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.

MULTI-PROPERTY SECTOR APPROACH DIVERSIFIES RISKS



OPERATING & FINANCIAL REVIEW

OPERATING REVIEW

(A) Construction contracts in the local market
(I) Completed projects

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

	Description	Type of Project	Completion Date[1]	Contract Value (In million)
1	Clementi Project – Erection of a 3-storey warehouse with a 4-storey ancillary office of annex block to existing warehouse cum ancillary office at Clementi Avenue 6	Business space	January 2013	S$11.2
2	B-Central Project - Upgrading works of 2 blocks of existing 7-storey flatted factory and a block of existing canteen at Bendemeer Road	Business space	January 2013	S$4.0
3	Solstice Project – Erection of an 8-storey multiple-user light industrial building (total 67 factory units) with substation at New Industrial Road	Business space	April 2013	S$11.5
4	Northspring Bizhub Project – Erection of a multiple-user general industrial development comprising a block of 7-storey ramp-up factory building (total 6 factory units with mezzanine floor and 448 factory units) and staff canteen (total 2 units) and other ancillary facilities at Yishun Industrial Street 1 / Yishun Street 23	Business space	October 2013	S$84.0

[1] *Completion date refers to the TOP date.*

(II) On-going Projects

During the financial year under review, the Group secured six new business space construction projects, namely Bukit Batok BizHub Project, Northview Bizhub Project, Mandai Connection Project, Viking Project, Rigel Project and Vector Aerospace Project, and two new residential construction projects, namely Bukit Batok HDB Project and Ang Mo Kio HDB Project. With these new construction projects, together with those construction projects which the Group had secured in the prior years, the Group's number of on-going construction projects as at 31 December 2013, had increased to thirteen. The Group expects that seven construction projects will be completed in 2014, five construction projects will be completed in 2015 and one construction project will be completed in 2017.

OPERATING & FINANCIAL REVIEW

The Group's on-going construction projects are as follows:

	Description	Type of Project	Expected Completion Date[2]	Contract Value[3] (In million)
1	Changi Business Park Vista Project – Erection of a 7-storey research and development building with a basement at Changi Business Park Central 1	Business space	January 2014	S$32.1
2	Lavender Project - Erection of a mixed-used development comprising a block of 14-storey and a block of 17-storey towers with part 3/4-storey podium at Lavender Street/Kallang Avenue	Business space	February 2014 (extended to May 2014)	S$193.3
3	Bukit Batok BizHub Project - Erection of a multiple-user light industrial development comprising a block of 9-storey ramp-up factory building (total 68 factory units), ancillary staff canteen (total 1 unit) and other ancillary facilities at Bukit Batok Street 23	Business space	February 2015	S$35.4
4	Northview Bizhub Project - Erection of a multiple-user general industrial development comprising a block of 8-storey ramp-up factory building (total 128 factory units), ancillary staff canteen (total 1 unit) and other ancillary facilities at Yishun Avenue 9	Business space	December 2014 (extended to January 2015)	S$27.7
5	Mandai Connection Project - Erection of a 10-storey ramp-up multiple-user light industrial development (total 344 factory units) with a staff canteen and substation at Mandai Link	Business space	May 2015	S$53.1
6	Viking Project - Proposed additions and alterations (A&A) to existing single user factory involving A&A to existing buildings and erection of a new 5-storey block with secondary dormitory (for 386 workers) at 21 & 23 Kian Teck Road	Business space	August 2014	S$5.9
7	Rigel Project - Proposed new erection of a 6-storey light industrial building with roof amenities and semi-basement carpark at Changi Business Park (Plot 18)	Business space	March 2015	S$20.0
8	Vector Aerospace Project - Proposed erection of part single storey & part 2-storey factory building (single user) with ancillary office at 2nd storey	Business space	August 2014	S$13.0
9	Angullia Park Project - Erection of a block of 36-storey condominium housing development (total 54 units) with sky terraces, 2 basement carparks, swimming pool and ancillary facilities at Angullia Park	Residential	September 2013 (extended to March 2014)	S$76.1

	Description	Type of Project	Expected Completion Date[2]	Contract Value[3] (In million)
10	Tampines HDB Project - Erection of a public housing development, comprising 9 blocks of 17-storey residential flats (total 960 units), 1 block of multi-storey carpark with communal facilities and precinct pavilions at Tampines Central 7/Tampines Concourse.	Residential	February 2014 (extended to May 2014)	S$130.1
11	Bukit Batok HDB Project - Design and build for an upgrading project comprising Blocks 360 to 370 at Bukit Batok Street 31 and Blocks 169 to 177 at Bukit Batok West Avenue 8	Residential	March 2015	S$24.5
12	Ang Mo Kio HDB Project - Erection of a public housing development comprising 3 blocks of 31/32-storey residential building (total 712 units) with multi-storey car park, precinct pavilion, and community facilities at Ang Mo Kio Avenue 3/Street 51	Residential	October 2017	S$101.4
13	Ladyhill Project - Proposed new erection of 2-storey detached dwelling house with basement, attic & swimming pool on Lot 1033A TS 25 at 8 Ladyhill Road	Residential	April 2014	S$4.4

[2] *Expected completion date refers to the expected TOP date.*

[3] *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 2013.*

(B) Project management services in the local market

Leveraging on the Group's experience as a construction company and expertise in the various complementary construction activities, in addition to the construction projects as mentioned above where the Group acts as the main contractor, the Group was also awarded certain construction project management services.

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

	Description of construction projects for project management services	Type of Project	Contract Value (In million)
1	Northspring Bizhub Project – Erection of a multiple-user general industrial development comprising a block of 7-storey ramp-up factory building (total 6 factory units with mezzanine floor and 448 factory units) and staff canteen (total 2 units) and other ancillary facilities at Yishun Industrial Street 1 / Yishun Street 23	Business space	S$1.0
2	Bukit Batok BizHub Project - Erection of a multiple-user light industrial development comprising a block of 9-storey ramp-up factory building (total 68 factory units), ancillary staff canteen (total 1 unit) and other ancillary facilities at Bukit Batok Street 23	Business space	S$0.3

	Description of construction projects for project management services	Type of Project	Contract Value (In million)
3	Northview Bizhub Project - Erection of a multiple-user general industrial development comprising a block of 8-storey ramp-up factory building (total 128 factory units), ancillary staff canteen (total 1 unit) and other ancillary facilities at Yishun Avenue 9	Business space	S$0.3
4	Mandai Connection Project - Erection of a 10-storey ramp-up multiple-user light industrial development (total 344 factory units) with a staff canteen and substation at Mandai Link	Business space	S$0.5

(C) Project management services in the overseas market

The Group is poised to expand its construction business to the overseas market, in particular Myanmar and other countries in South East Asia.

During the financial year under review, the Group has made further progress in its expansion in Myanmar. The Group's wholly-owned subsidiary, Soilbuild (Myanmar) Company Limited ("Soilbuild Myanmar") has been granted a Permit to Trade in respect of, among others, the provision of construction and related services (including general engineering management and consulting services) for the period from 15 May 2013 to 14 May 2018 and is subject to renewal thereafter.

In July 2013, Soilbuild Myanmar was awarded a consultancy and project management contract by a third party customer in Myanmar for the proposed new erection of a 24-storey residential tower in Myanmar, with a total contract sum of approximately S$1.4 million.

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FINANCIAL REVIEW

Review of Consolidated Statement of Comprehensive Income

Revenue

Our Group's revenue grew by 55.2% from S$213.5 million in FY2012 to S$331.3 million in FY2013. The significant increase in the Group's revenue was achieved on the back of progressive recognition of the construction projects, particularly for the Lavender Project, as well as the maiden recognition of revenue in respect of the following projects:

- Changi Business Park Vista Project;
- Mandai Connection Project;
- Bukit Batok BizHub Project; and
- Northview Bizhub Project.

The increase in the Group's revenue for FY2013 was partially offset by lower revenue contribution from Northspring BizHub Project in FY2013 which was completed during the year under review, as well as the absence in revenue contributions from projects which had been completed in FY2012.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 12.4% from S$28.1 million in FY2012 to S$31.6 million in FY2013, which is in line with the increase in the Group's revenue.

Despite recording a higher revenue in FY2013 as compared with that of FY2012, the Group's gross profit margin declined from 13.1% in FY2012 to 9.5% in FY2013. The higher gross profit margin in FY2012 was mainly attributable to the recognition of variation orders for the West Park BizCentral Project which was completed in the last quarter of FY2011 following the finalisation of the project account with the customer, and a comparatively higher gross profit margin for a residential project in FY2012.

Other Income

The Group's other income decreased marginally from S$0.8 million in FY2012 to S$0.7 million in FY2013, as a result of the comparatively lower income from sales of materials and lower interest income in FY2013, which was partially offset by a slight increase in income from service income and rental income.

OPERATING & FINANCIAL REVIEW

Other Gains

The Group's other gains decreased significantly from S$1.6 million in FY2012 to S$0.03 million in FY2013. The significant decrease in other gains in FY2013 was mainly attributable to the absence of the fair value gain on an investment property at Jalan Lokam in FY2013 following the disposal of the investment property in the same year. The fair value gain on the investment property amounted to S$1.6 million in FY2012.

Administrative Expenses

The Group's administrative expenses increased by S$2.7 million or 59.8% from S$4.5 million in FY2012 to S$7.2 million in FY2013. The increase in administrative expenses in FY2013 was mainly attributable to the increase in share issue expenses as a result of the initial public offering of the Company in FY2013, as well as the increase in directors' remuneration, professional fees, fixed asset expenses, rental expenses and staff payroll due to the increase in business activities.

Finance Expenses

The Group's finance expenses decreased from S$0.2 million in FY2012 to S$0.06 million in FY2013. The decrease in finance expenses in FY2013 was mainly attributable to the full repayment of the Group's borrowings in FY2013.

Other Operating Expenses

The Group's other operating expenses increased by S$0.1 million from S$0.4 million in FY2012 to S$0.5 million in FY2013. The increase in other operating expenses in FY2013 was mainly due to higher travelling expenses incurred during the year as a result of the Group's expansion of business to overseas market which including Myanmar.

Share of Profit of Joint Ventures

The Group's share of profits of joint ventures increased significantly by S$2.6 million from S$0.4 million in FY2012 to S$3.0 million in FY2013. The increase in the Group's share of profits of joint ventures in FY2013 was mainly due to its share of higher profits recognised by Solstice Development Pte. Ltd., following the completion of its fully sold development project, Solstice

Business Centre. The Group's share of profits in Forte Builder Pte. Ltd., which is the main contractor for the Angullia Park Project, also increased in FY2013 compared with that of FY2012, due mainly to the progress in its stage of completion in FY2013.

Profit Before Income Tax

The Group's profit before income tax increased by S$1.8 million from S$25.7 million in FY2012 to S$27.5 million in FY2013. The increase in the Group's profit before income tax in FY2013 was attributable to the increase in the Group's gross profit of S$3.5 million as well as the increase in the Group's share of profit of joint venture of S$2.6 million, which were partially offset by the increase in the administrative expenses of S$2.7 million and the decrease in other gains of S$1.6 million in FY2013.

Income Tax Expenses

The Group's income tax expenses decreased marginally from S$3.7 million in FY2012 to S$3.5 million in FY2013.

After adjusting for the Group's share of profits of joint ventures, which were reported net of tax, the Group's effective tax rate for FY2013 and FY2012 were 14.1% and 14.5% respectively. The effective tax rate in FY2013 and FY2012 were lower than the Singapore statutory tax rate of 17% which were due mainly to the utilisation of tax benefits available to the Group.

Net Profit

The Group's net profit increased from S$22.0 million in FY2012 to S$24.0 million in FY2013 as a result of the increase in profit before income tax of S$1.8 million in FY2013, coupled with the lower income tax expenses in FY2013.

The Group's net profit margin was 7.3% in FY2013, compared with 10.3% in FY2012.

Review of the Group's Balance Sheet

Current Assets

The Group's current assets increased from S$56.4 million as at 31 December 2012 to S$134.6 million as at 31 December 2013. The increase was mainly attributable to:

(I) an increase in cash and cash equivalent by S$70.7 million. The significant increase in cash and cash equivalent mainly resulted from the net cash proceeds from the issuance of shares of the Company following the initial public offering of the Company as well as the cash generated from operating activities during FY2013;

(II) an increase in trade and other receivables by S$8.1 million. The increase in trade and other receivables was due to the increase in progress billings for construction projects not received as at 31 December 2013 by S$10.4 million, increase in retentions receivable from customers by S$2.2 million, increased in construction contract work-in-progress by S$1.8 million, increase in other receivables of S$1.6 million, which were partially offset by the decrease in accrued revenue of S$7.9 million following the final account of certain completed projects in FY2013; and

(III) an increase in other current assets by S$1.9 million. The increase in other current assets was due to the increase in deposits by S$1.9 million which mainly arose from the deposit paid from purchase of plant and equipment.

OPERATING & FINANCIAL REVIEW

The increase in current assets discussed above was partially offset by the decrease in investment property classified as held-for-sale in FY2013 by S$2.5 million, which was due to the disposal of the asset in FY2013.

Non-current Assets

The Group's non-current assets increased from S$15.1 million as at 31 December 2012 to S$26.9 million as at 31 December 2013. The increase was mainly attributable to:

(I) an increase in non-current trade and other receivables by S$3.3 million. The increase was mainly attributable to the increase of the non-current portion amount of retention receivable from customers for construction projects;

(II) an increase in investments in joint ventures by S$1.8 million. The increase was attributable to the Group's share of profit of joint ventures in FY2013, which was partially offset by the dividend received from a joint venture that amounted to S$1.2 million in FY2013; and

(III) an increase in property, plant and equipment by S$6.7 million. The increase was mainly attributable to the additions of property, plant and equipment of S$7.9 million, which was partially offset by the depreciation charge of S$1.3 million during FY2013.

Current Liabilities

The Group's current liabilities increased from S$55.1 million as at 31 December 2012 to S$87.5 million as at 31 December 2013. The increase was mainly attributable to the increase in trade and other payables of S$34.2 million which was in turn due to the increase in trade payables of S$9.5 million as a result of the increase in purchasing activities, as well as the increase in accrued construction cost of S$27.3 million as a result of the increase in construction activities.

The increase in trade and other payables was partially offset by the marginal decrease in current income tax liabilities and the decrease in borrowings of S$1.2 million. The Group's repaid all its borrowings during FY2013.

Non-current Liabilities

The Group's non-current liabilities as at 31 December 2013 increased marginally to S$0.9 million due mainly to the increase in deferred income tax liabilities of S$0.4 million as at 31 December 2013 which was partially offset by the decrease in non-current borrowings by S$0.4 million, as a result of full settlement of the Group's borrowing in FY2013.

Total equity

The Group's total equity increased by S$57.6 million from S$15.5 million as at 31 December 2012 to S$73.1 million as at 31 December 2013. The significant increase was attributable to:

(I) Issuance of ordinary shares of the Company pursuant to the initial public offering; and

(II) Net profit after tax of the Group for FY2013 which amounted to S$24.0 million.

The increase in total equity discussed above was partially offset by the dividend declared and paid in FY2013 amounting to S$7.3 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 all, to create stability in our business and the social environment, to achieve continual growth in our financial performance for our shareholders, to deliver quality buildings to our customers and to provide friendly and encouraging working environment for our employees.

Environmental awareness
The Group believes in building a greener future by minimising our carbon footprint in our operations, and helping to protect the environment to our best endeavours.

We have embarked on environmental sustainability efforts through a multi-pronged approach. We have implemented an environmental management system to identify and manage environmental aspects. These aspects are managed by setting reduction targets and implementing programs to achieve these targets.

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

Energy and water usage
Energy and water usage in construction sites for all projects under construction are monitored and analysed for any abnormality for immediate rectification.

Energy conservation measures
Implemented various measures to reduce energy consumption and also considers energy efficient equipment with the Energy Star1 logo when purchasing new office equipment.

Water conservation measures
Use of rainwater or recycled water to wash vehicles before they leave the construction sites, and the use of 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.

Paper conservation
Embarked 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) use of recycled aggregates for non-structural applications like drains, road kerbs and wheel stoppers;
(II) use of recycled aggregates and green cement for structural components where possible;
(III) use of 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.

The Group was awarded the "Green and Gracious Builder Award" by the Singapore's Building and Construction Authority ("BCA") during the year.

Responsibility to our shareholders
The Group values corporate transparency as well as constant and effective communication of our corporate development to better manage expectations and address the concerns of our shareholders and potential investors. We believe that it is important to provide open and direct communication channels with the shareholders and investor community to facilitate better understanding of the Group's business model and growth strategy.

We are committed to deliver accurate and timely disclosure of material corporate development, quarterly and full year results, which are released on the SGXNET as well as our corporate website: 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.

In additional to the above, the Group has also engaged external investor relations ("IR") specialists to assist the Group in all its IR matters.

Commitment to 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 is key to 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 repeat patronage by consistently exceeding customer 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 ISO 9001:2008 certification for our business operations. 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.

People development and care for our employees
We recognised that our employees are an invaluable asset to the success of our Group. We are committed to cultivate a balanced work-life environment for all our employees, as well as developing new workforce to our industry.

CORPORATE SOCIAL RESPONSIBILITY REVIEW

Training
To assist employees in achieving a higher level of competency and higher safety standards to deliver our products and services with better quality, we offer training with the aim of building a well-motivated, stable workforce with a high level of team work.

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

(I) strengthening the job skills/ knowledge of employees;
(II) improving operational efficiency and productivity; and
(III) developing the potential of employees for maximising mutual benefit to both individuals and our Group.

People development
The Group is also committed to develop human capital and industry talent in the built environment through its scholarship programmes. The Group was one of the 2013 industry sponsors of the BCA-Industry Built Environment Undergraduate Scholarship which represents the efforts of the BCA and industry players to offer opportunities to potential awardees to take up a career in the built environment.

We also work with the BCA and certain local academic institutions to offer internship opportunities to students. In addition, we also offer skill upgrading opportunities through our sponsorship scheme to our eligible employees whereby part of the skill upgrading costs is subsidised by us.

Employees' welfare
The Group holds several yearly corporate events, which include Annual Chinese New Year lunch and Annual Company trip, for our staff as part of our effort to promote balanced work-life environment.

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

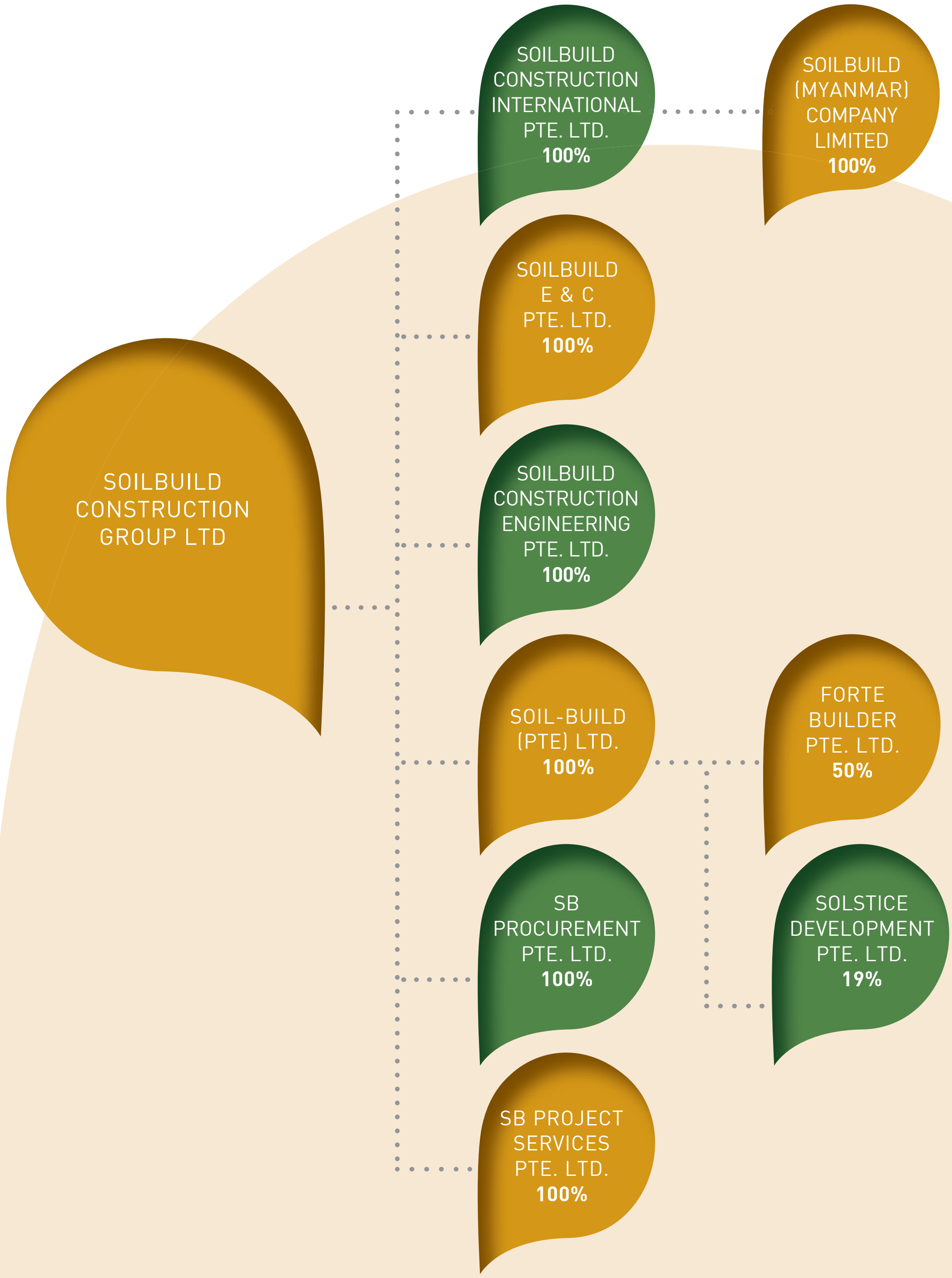
The Group is also actively promoting work safety and good environmental awareness through continuously upgrading the skills of our employees in order to increase their knowledge and efficiency in operational safety supervision and management.

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 in 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 Workspace Safety and Health Council to have fulfilled the requirements to attain bizSAFE Level Star and obtained the BS 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 that our employees to raise both legitimate and genuine concerns internally.

EFFECTIVE COST-CONTROL AND OPERATIONAL EFFICIENCY KEEP THE GROUP COMPETITIVE

GROUP STRUCTURE



BOARD OF DIRECTORS

MR LIM CHAP HUAT
EXECUTIVE CHAIRMAN

Mr Lim Chap Huat is the Company's Executive Chairman, and was appointed to the Board on 14 January 2013. He charts our Group's strategic direction, business planning and development. Mr Lim also oversees our Group's operations and management of projects. Apart from long-term planning of our Group's business strategy and overall direction, he oversees our Group's succession planning. He also provides introduction to business contacts and contributes his experience and provides guidance in project management and tender submission for our Group's various development and construction projects.

Mr Lim is a co-founder of Soilbuild Group with more than 35 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 business of Soilbuild Group to ensure quality at both 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 more than 35 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 Soilbuild Business Space REIT when 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.

Pursuant to Articles 91 of the Company's Articles of Association, Mr Lim Chap Huat will retire by rotation and is eligible for re-election in the forthcoming First Annual General Meeting of the Company.

MR HO TOON BAH
EXECUTIVE DIRECTOR

Mr Ho Toon Bah is the Company's Executive Director, and was appointed to the Board on 14 January 2013. Mr Ho, leveraging on the complementary expertise and experience of Mr Lim Chap Huat, 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 capital management, human resources and investor relations of our 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 in Indonesia
- 2002 to 2003, General Manager for Wealth Management at Standard Chartered Bank in Indonesia
- 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 an independent director of Europtronic Group Ltd and a non-executive director of Soilbuild Business Space REIT, both 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.

BOARD OF DIRECTORS

MS LIM CHENG HWA
NON-EXECUTIVE DIRECTOR

Ms Lim Cheng Hwa is the Company's Non-Executive Director, and was appointed to the Board on 8 May 2013. Ms Lim has more than 17 years of experience, having served in finance departments of various listed companies.

Prior experience:

- Since 2011, Executive Director of Soilbuild Group Holding Ltd. and also serves as the board of certain subsidiaries of Soilbuild Group Holding 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 parent 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 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 Articles 97 of the Company's Articles of Association, Ms Lim Cheng Hwa will retire and is eligible for re-election in the forthcoming First Annual General Meeting of the Company.

MR POON HON THANG
LEAD INDEPENDENT DIRECTOR

Mr Poon Hon Thang is the Company's Lead Independent Director, and was appointed to the Board on 8 May 2013. 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.

Pursuant to Articles 97 of the Company's Articles of Association, Mr Poon Hon Thang will retire and is eligible for re-election in the forthcoming First Annual General Meeting of the Company. Upon re-election, Mr Poon Hon Thang will remain as the Chairman of the Audit Committee of the Company, and a member of Nominating and Remuneration Committee of the Company.

MR TAN JEE MING

INDEPENDENT DIRECTOR

Mr Tan Jee Ming is the Company's Independent Director, and was appointed to the Board on 8 May 2013. 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 over 25 years of experience in the legal practice.

Prior experience:

- Since 2010, Director at Straits Law Practice LLC, practicing general civic 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 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 Articles 97 of the Company's Articles of Association, Mr Tan Jee Ming will retire and is eligible for re-election in the forthcoming First 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

Mr Teo Chee Seng is the Company's Independent Director, and was appointed to the Board on 8 May 2013. 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.

Pursuant to Articles 97 of the Company's Articles of Association, Mr Teo Chee Seng will retire and is eligible for re-election in the forthcoming First Annual General Meeting of the Company. Upon re-election, Mr Teo Chee Seng will remain as the Chairman of the Remuneration Committee of the Company, and a member of Audit and Nominating Committee of the Company.

MANAGEMENT TEAM

DR TSE TZE KWONG, DAVID
CHIEF EXECUTIVE OFFICER

Dr David Tse is the Company's Chief Executive Officer. He joined our Group in November 2013. With more than 24 years of experience in the construction industry, he is responsible for the overall planning and execution of construction projects of the Group, leading the projects tendering and value engineering activities of the Group and to spearhead the Group's expansion into the new construction sectors that include civil engineering.

Prior experience:
- 2012 to 2013, Director of Infrastructure at China Jingye Engineering Corporate, while based in Singapore
- 2006 to 2012, President of Jurong Primewide Ltd.
- 2005 to 2006, Managing Director at Arup Singapore Ltd.
- 1998 to 2005, Vice President and Director at Parsons Brinkerhoffs Ltd.

Dr David Tse is a recognised Chartered Engineer in the UK, Australia and Singapore. He holds a Bachelor of Engineering (with honours) and a Doctor of Philosophy from Monash University.

MR LOH CHYE AIK
DIRECTOR, OPERATIONS

Mr Loh Chye Aik is our Director of Operations and joined our Group in 2012. His responsibilities include strategising operations, managing resources, monitoring of costs, 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 WILLIAM KOH HOCK ANN
DIRECTOR, DESIGN AND BUILD/ INTERNATIONAL BUSINESS

Mr William Koh Hock Ann is our Director, Design and Build/ International Business. He joined our Group in 2012 and is responsible for spearheading our Group's expansion beyond Singapore. Mr Koh has been involved in the construction industry and in project management for more than 17 years.

Prior experience:
- 2006 to 2012, Senior Project Manager at Boustead Singapore Limited
- 2002 to 2006, Deputy Construction Manager at Dragages Singapore Pte Ltd
- 2000 to 2002, Assistant Project Manager at First Green Engineering Pte Ltd
- 1995 to 2000, Senior Supervisor at Weltech Construction Pte Ltd

Mr Koh holds a Bachelor of Science in Construction Management from Heriot-Watt University, an Advanced Diploma in Building from Portman Management Centre and a Diploma in Construction Management from MMC Professional Development Centre and Asia Pacific International Institutes.

MR CHOOI YUE CHIONG

DIRECTOR, DESIGN AND PLANNING

Mr Chooi Yue Chiong is our Director, Design and Planning (redesignated from Head of Special Projects effective from 1 December 2013). 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 more than 26 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 more than 26 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 KWOON 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 32 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.
- 2005 to 2007: Assistant Project Manager at Soil-Build (Pte.) Ltd.
- 2002 to 2004: Senior Site Manager at Soil-Build (Pte.) Ltd.
- 1982 to 1986: Manager and Site Forean at Eka General Construction.

MANAGEMENT TEAM

MS WINNY MONICA OEI
DIRECTOR, CONTRACT & PROCUREMENT

Ms Winny Oei is our Director, Contract & Procurement (redesignated from Head of QS & Procurement effective from 1 December 2013), 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 and establishing long-term cooperation with external vendors. Having joined the Group since 2000, she brings with her almost 20 years of related experience in the industry.

Prior Experience:

- 2006 to 2011: Senior Purchasing Manager at Soil-Build (Pte.) Ltd., leading the Group's procurement department in local and overseas sourcing
- 2002 to 2006: Purchasing Manager and Senior QS at Soil-Build (Pte.) Ltd., responsible for analysing project budgeting and negotiations with sub-contractors and suppliers
- 2000 to 2002: Quantity Surveyor at Soil-Build (Pte.) Ltd.
- 1992 to 1994: Senior Cost Estimaor at PT Nusa Raya Cipta, Indonesia
- 1990 to 1992: Assistant Project Manager at PT Pan Karib, Indonesia

Ms Winny Oei holds a Basic Accounting Certification from National Ministry of Manpower, Indonesia and a Bachelor of Science in Civil Engineering (with honours) from the University of HKBP Nommensen Medan, Indonesia.

MR WONG YOON THIM
DIRECTOR, CORPORATE SERVICES

Mr Wong Yoon Thim is our Director, Corporate Services (redesignated from Group Chief Financial Officer effective from 1 December 2013) and is responsible for the execution and day-to-day operation of various functions of the Group which include the finance and accounting, human resource and administration, as well as the corporate affairs.

Prior experience:

- 2010–2013, Group Chief Financial Officer and Company secretary of OTO Holdings Limited
- 2006–2010, Chief Financial Officer of CMZ Holdings Ltd
- 2005–2006, Finance Manager of Muhibbah Petrochemical Engineering Sdn. Bhd.
- 2003–2005, Director, Tim Gloss Marketing Sdn. Bhd.

Mr Wong is a member of the Institute of Singapore Chartered Accountants and a fellow member of The Association of Chartered Certified Accountants.

MS LIM HUI HUA
CHIEF FINANCIAL OFFICER

Ms Lim Hui Hua is our Chief Financial Officer, and joined our Group in December 2009 as a Finance Manager. She oversees the financial, accounting and tax-related matters, as well as corporate affairs.

Prior experience:

- 2003 to 2009, Audit Manager at PricewaterhouseCoopers LLP

Ms Lim graduated in 2003 and holds a Bachelor of Accountancy from the Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants, as well as a certified internal auditor under the Institute of Internal Auditors.

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 its subsidiaries (together with the Company, 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. In view of this, the Board fully supports the Code of Corporate Governance 2012 (the "**Code**"), where they are relevant, applicable and practical to the Group. 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 since 27 May 2013, being the date of the listing of the Company's shares on the Singapore Exchange Securities Trading Limited (the "**Listing Date**"), to 31 December 2013 (the "**Period**"), with specific reference to 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 Audit Committee Guidance Committee ("**ACGC**") Guidebook, focusing on areas such as internal controls, risk management, financial reporting, internal and external audit.

(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 the CEO and other 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;

- 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 Committee**"), 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 strategy, financial restructuring, share issuances, dividend 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 executives of the Management 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 directors. During the financial year ended 31 December 2013, training has been conducted for the Board on topics including the duties and responsibilities of directors, reviews of financial reporting standards and the Code.

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 Articles of Association ("**Articles**") allow 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 Period is disclosed below.

Meeting of	**Board**	**AC**	**NC**	**RC**
Total meetings held for the Period	2	2	1	1
Total meetings attended for the Period				
Mr Lim Chap Huat	2	–	–	–
Mr Ho Toon Bah	2	–	–	–
Ms Lim Cheng Hwa	2	–	–	–
Mr Poon Hon Thang	2	2	1	1
Mr Tan Jee Ming	2	1	1	1
Mr Teo Chee Seng	2	2	1	1

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 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 that are relevant to the direction of 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 the last re-election as a directors, 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' Report" and "Board of Directors" sections of this Annual Report.

As the four Non-Executive Directors, three of whom are independent, make up half of the Board, 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, completed 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.

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

Chairman and Chief Executive Officer

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

There is a clear separation of the roles and responsibilities between the Executive Chairman and the Chief Executive Officer (the "**CEO**") 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, and the CEO. 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 who can provided additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during the 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 CEO

Dr Tse Tze Kwong is the CEO of the Company.

The role of the CEO includes:

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

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

Lead Independent Director
As the Executive Chairman and CEO 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 Non-Executive 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 recommendation 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;
- 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 by 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;

- 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 Period. The matrix on the frequency of meetings and the attendance of directors at these meetings is disclosed on page 31 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 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 to ensure that the candidates possess the desirable competencies and experience. External help such as executive recruitment consultants 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 renewed and subject to the RC's recommendations, 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 required each Non-Executive Director to state whether he considers himself to be independent despite having any of 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 Period, 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, outlined in the Code. Each of the directors has also confirmed his independence. The Board has concurred with the NC's views.

During the Period, the NC had 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 make such recommendations to the Board as appropriate. The NC is satisfied and the Board had 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 who could interfere or to be reasonably perceived to interfere with the exercise of their independent judgements.

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 Articles, 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 Lim Chap Huat will retire and seek re-election pursuant to Article 91 of the Company's Articles and each of Mr Poon Hon Thang, Mr Tan Jee Ming, Mr Teo Chee Seng and Ms Lim Cheng Hwa will cease to hold office and seek re-election pursuant to Article 97 of the Company's Articles.

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.

The Group recognised 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 in 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.

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 the Board as a whole and the Board Committees on an annual basis. In this aspect, both qualitative and quantitative criteria were adopted. The quantitative performance criteria include 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 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.

The NC is generally satisfied with the results of the board performance for the Period, which indicated areas of strengths and those that could be improved further. 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 analysts' and media reports, if any, on the Group are forwarded to the directors on an on-going basis. The Board receives financial highlights of the Group's performance and development are presented on a quarterly basis at Board meetings. The Group's CEO and the 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 appointment of such independent professional advisors are subject to approval by the Board.

(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 Directors and key management personnel's service agreements, to ensure that such service agreements contain fair and 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 managerial personnel and recommend such targets as well as employee specific remuneration packages for each of such key managerial 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 respective option plans, share plans and/or other equity based plans ("**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; 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 CEO. The remuneration policy recommended by the RC is submitted for approval by the Board.

During the financial year ended 31 December 2013, 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 shareholders and to promote the long-term success of the Company, linking their remuneration to corporate and individual performance. In the course of its deliberations, the RC takes 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 is involved in deciding his own remuneration.

The RC has had one meeting during the Period. The matrix on the frequency of meetings and the attendance of directors at these meetings is disclosed on page 31 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;

- 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; and

- Dr Tse Tze Kwong, which commenced on 18 November 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;

The total remuneration package of Executive Directors and key management personnel comprises a fixed cash component, annual performance incentives and long-term incentives. 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 stewards and executives of the Group with the interests of shareholders, the Group also has adopted the Soilbuild Construction Employee Share Option Scheme and Soilbuild Construction Performance Share Plan.

The RC has reviewed the level and mix of remuneration for the Executive Directors during the financial year ended 31 December 2013 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 personnel (other than directors) of the Group during the financial year ended 31 December 2013:

Name of directors	Fee S$'000	Salaries S$'000	Variable/ Performance bonus S$'000	Benefits in kind S$'000	Long-term incentives[1] S$'000	Total S$'000
Executive Directors:						
Mr Lim Chap Huat[2]	47	152	412	7	–	618
Mr Ho Toon Bah[2]	27	260	364	49	–	689
Non-executive Directors:						
Mr Poon Hon Thang[3]	40	–	–	–	–	40
Mr Tan Jee Ming[3]	33	–	–	–	–	33
Mr Teo Chee Seng[3]	33	–	–	–	–	33
Ms Lim Cheng Hwa[3]	27	–	–	–	–	27

Name of key management personnel:	Salaries %	Variable/ Performance bonus %	Benefits in kind %	Long-term incentives[4] %	Total %
Below S$250,000					
Dr Tse Tze Kwong[5]	87	–	13	–	100
Mr Loh Chye Aik	67	28	5	–	100
Mr William Koh Hock Ann	64	30	6	–	100
Mr Chooi Yue Chiong	69	26	5	–	100
Mr Ho Chan Teck Patrick	68	26	6	–	100
Mr Ng Kwoon Hong	69	26	5	–	100
Ms Winny Monica Oei	68	23	9	–	100
Mr Wong Yoon Thim[6]	83	11	6	–	100
Ms Lim Hui Hua	65	25	10	–	100

Note:

1 Long-term incentives relate to options or awards granted pursuant to the Soilbuild Construction Employee Share Option Scheme and the Soilbuild Construction Performance Share Plan respectively during the Period. These were no options or awards granted to the Directors by the Company during the Period.

2 Remuneration for Mr Lim Chap Huat and Mr Ho Toon Bah for the financial year ended 31 December 2013 covered the duration of the Period.

3 Directors' fees for Mr Poon Hon Thang, Mr Tan Jee Ming, Mr Teo Chee Seng and Ms Lim Cheng Hwa for the financial year ended 31 December 2013 covered the duration of the Period.

4 Long-term incentives relate to options or awards granted pursuant to the Soilbuild Construction Employee Share Option Scheme and the Soilbuild Construction Performance Share Plan. There were no options or awards granted to the employees by the Company during the Period.

5 Dr Tse Tze Kwong joined the Company on 18 November 2013.

6 Mr Wong Yoon Thim joined the Company on 1 August 2013.

The aggregate total remuneration paid to top five key management personnel (who are not directors or the CEO of the Company) amounted to S$1,184,225 for the financial year ended 31 December 2013.

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 2013.

(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.

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 event 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 a 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 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, it should be noted that such systems are designed to manage rather than to eliminate all risks. It should be noted that any system can provide only reasonable and not absolute assurance against material misstatements of loss, safeguarding of assets, maintenance of proper accounting records, reliability of financial information and compliance with relevant legislation.

The Group 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 the 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.

Since the Listing Date, the AC has set up a risk management project team, comprised mainly of key management personnel and led by the CEO, to establish and implement the Group's overall risk management framework. There are mainly three phases in the establishment of the Group's risk management framework, which include the following activities:

- Discussion with Management for the introduction, research and initial build-up of the risk management profile;
- Identify new and potential risks, and existing risks within each business unit that could affect the Group's strategic objective, taking into account changes in the business and regulatory environment;
- Assess and prioritise the effects of such identified risks based on the likelihood and impact of their occurrences and the time frame which such risks are expected to emerge;
- Recommend preventive and remedial risk responses and assign management responsibility to ensure timely and effective implementation of such responses;

- Conduct post-implementation appraisals of the adequacy of risk management measures to address such risks;
- Develop business continuity planning; and
- Ensure that best practices are shared across all business units.

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 Board expects that the Group's overall framework and policy to be completed and implemented during the financial year ending 31 December 2014.

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 Period, 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 and information technology controls, are adequate to meet the needs of the Group in its current business environment.

The CEO and Group Chief Financial Officer have provided their confirmation to the Board that to the best of their knowledge, the system of risk management and internal controls is adequate, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

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 and, as and when deemed appropriate to carry out its functions.

The AC had two meetings during the Period. The matrix on the frequency of the meetings and the attendance of directors at these meetings is disclosed on page 31 of this Annual Report. The meetings were also attended by the Executive Chairman, Executive Director, Non-Executive Directors and CEO, 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, both 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 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;

- 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 in 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 systems of internal control and risk management are maintained in the Group.

Since the Listing Date, the AC has carried out its functions which include 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 during the year under review without the presence of Management to discuss their findings set out in their respective reports to the AC. Both the internal and external auditors had confirmed that they had access to and received full cooperation 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, 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 all 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 2013, the aggregate amount of fees paid to the external auditors amounted to S$473,852, comprising S$240,000 in audit fees and S$233,853 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 2013, which pertained mainly to the Company's initial public offering and listing on the SGX-ST. 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.

Whistle-blowing Policy
The Group has put in place a whistle-blowing programme ("Whistle-blowing Policy") 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 whistleblowing reports received for the financial year ended 31 December 2013.

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 on audit matters and to the CEO 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 and compliance 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, Executive Director and CEO and the 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.

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 also directly to shareholders, other investors, analysts, the media, the public and its employees.

External investor relations ("IR") specialists are engaged to assist the Group in all IR matters, 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 IR consultants are also provided in the news releases and on the Company's website.

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. If any shareholders are unable to attend, the Articles allow the shareholder to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

The Company's Articles allow all shareholders the right to appoint up to two proxies to attend and vote on their behalf in shareholders' meetings. The Board is not implementing absentia voting methods by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily 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, AC, NC and 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.

The proceedings of the general meetings 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.

The Board noted that the SGX-ST had on 31 July 2013 introduced new listing rules to promote greater transparency in general meetings and support listed companies in enhancing their shareholders' engagement. Pursuant to these rules, the Company would be required to conduct its voting at general meetings by poll effective from 1 August 2015 where shareholders are accorded rights proportionate to the shareholding and all votes are counted. The Board has noted that the new rule will enhance transparency of the voting process and encourage greater shareholder participation. Taking into account of the effective date of the new ruling and considering the cost efficiency and effectiveness, the Company will conduct poll voting for all resolutions to be passed from the general meeting subsequent to the forthcoming AGM. The detailed voting results of each of the resolutions tabled will also 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

Save for the Parent Non-Competition Deed (as defined below), the Personal Non-Competition Deed (as defined below) and the service agreements entered into by Mr Lim Chap Huat, Mr Ho Toon Bah and Dr Tse Tze Kwong with the Company, since the Listing Date, the Company and its subsidiaries have not entered into any material contracts involving the interests of the CEO, each director or controlling shareholders and no such material contract is subsisting at the end of the financial year ended 31 December 2013.

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.

The AC with the concurrence of the Board has confirmed that there were no other interested person transactions entered into during the Period, save for those disclosed below pursuant to 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
Project management contracts awarded during the Period:		
SB (Mandai) Investment Pte. Ltd.	–	542
SB (Westview) Investment Pte. Ltd.	–	336
SB (Northview) Investment Pte. Ltd.	–	286
Rental of office premises		
Soilbuild Group Holdings Ltd.	–	672

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$'000	Amount utilised as at 31 December 2013 S$'000	Amount unutilised as at 31 December 2013 S$'000
Investment in productivity improvements	Up to 10,000	6,100	3,900
Expansion of construction business to certain countries in Asia	Up to 5,000	–	Up to 5,000
Working capital purposes	24,400	5,800	18,600
Total	39,400	11,900	27,500

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.

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.

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2013 and balance sheet of the Company as at 31 December 2013.

Directors

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

Mr Lim Chap Huat	(appointed on 14 January 2013)
Mr Ho Toon Bah	(appointed on 14 January 2013)
Ms Lim Cheng Hwa	(appointed on 8 May 2013)
Mr Poon Hon Thang	(appointed on 8 May 2013)
Mr Tan Jee Ming	(appointed on 8 May 2013)
Mr Teo Chee Seng	(appointed on 8 May 2013)

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 report.

Directors' interests in shares or debentures

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 31.12.2013	**At date of incorporation or date of appointment, if later**	**At 31.12.2013**	**At date of incorporation or date of appointment, if later**
Company				
(No. of ordinary shares)				
Mr Lim Chap Huat	**800,000**	–	**488,000,000**	1
Mr Ho Toon Bah	**8,000,000**	–	–	–
Ms Lim Cheng Hwa	**200,000**	–	–	–
Mr Tan Jee Ming	**200,000**	–	–	–
Mr Teo Chee Seng	**200,000**	–	–	–
Ultimate Holding Company – Dolphin Acquisitions Pte. Ltd.				
(No. of ordinary shares)				
Mr Lim Chap Huat	**244,946,213**	1	**–**	–

Mr Lim Chap Huat, by virtue of his interest in the issued share capital of the Ultimate Holding Company, is deemed to have an interest in the whole of the share capital of the Ultimate Holding Company's wholly owned subsidiaries.

The directors' interests in the shares of the Company as at 21 January 2014 were the same as those as at 31 December 2013.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

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 our 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 that participant.

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 our 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.

Share plans (cont'd)

(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 upon 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.

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, his 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 their 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.

Share plans (cont'd)

(b) Soilbuild Construction Performance Share Plan (cont'd)

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.

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

No shares have been issued during the financial year by virtue of the vesting of awards under the PSP.

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 Singapore Companies Act. 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;

Audit Committee (cont'd)

- 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 2013 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

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

Lim Chap Huat	**Ho Toon Bah**
Director	Director

25 March 2014

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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 59 to 101 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors

Lim Chap Huat	**Ho Toon Bah**
Director	Director

25 March 2014

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 59 to 101, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2013, 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 profit and loss accounts and balance sheets 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 state of affairs of the Group and of the Company as at 31 December 2013, and of the results, 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 subsidiaries 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, 25 March 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Revenue	5	**331,332**	213,501
Cost of sales		**(299,770)**	(185,427)
Gross profit		**31,562**	28,074
Other income	8	**743**	781
Other gains – net	9	**26**	1,579
Expenses			
– Administrative		**(7,205)**	(4,508)
– Marketing		**(13)**	–
– Finance	10	**(59)**	(218)
– Others		**(547)**	(439)
Share of profit of joint ventures		**2,993**	414
Profit before income tax		**27,500**	25,683
Income tax expense	11	**(3,463)**	(3,656)
Net profit		**24,037**	22,027
Other comprehensive loss, net of tax		**(1)**	–
Total comprehensive income		**24,036**	22,027
Net profit and total comprehensive income attributable to:			
Equity holders of the Company		**24,036**	22,027
Earnings per share attributable to equity holders of the Company			
(Cents per share)			
– Basic and Diluted	12	**4.02**	4.44

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

BALANCE SHEETS

AS AT 31 DECEMBER 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company[1] 2013 $'000
ASSETS				
Current assets				
Cash and cash equivalents	13	**75,956**	5,267	**30,927**
Trade and other receivables	14	**55,890**	47,773	**20,707**
Other current assets	16	**2,752**	852	**17**
		134,598	53,892	**51,651**
Investment property classified as held-for-sale	20	**–**	2,466	**–**
		134,598	56,358	**51,651**
Non-current assets				
Trade and other receivables	14	**12,459**	9,117	**–**
Investments in subsidiaries	17	**–**	–	**17,270**
Investments in joint ventures	18	**3,026**	1,220	**–**
Property, plant and equipment	19	**11,377**	4,724	**–**
Intangible assets	21	**74**	41	**–**
		26,936	15,102	**17,270**
Total assets		**161,534**	71,460	**68,921**
LIABILITIES				
Current liabilities				
Trade and other payables	22	**83,168**	48,974	**1,833**
Current income tax liabilities	11	**3,376**	3,934	**10**
Borrowings	23	**–**	1,242	**–**
Provision for other liabilities		**1,001**	962	**–**
		87,545	55,112	**1,843**
Non-current liabilities				
Borrowings	23	**–**	350	**–**
Deferred income tax liabilities	25	**853**	498	**–**
		853	848	**–**
Total liabilities		**88,398**	55,960	**1,843**
NET ASSETS		**73,136**	15,500	**67,078**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	26	**57,490**	15,500	**57,490**
Capital reserve	27	**(1,070)**	–	**–**
Currency translation reserve		**(1)**	–	**–**
Retained profits		**16,717**	–	**9,588**
TOTAL EQUITY		**73,136**	15,500	**67,078**

[1] There is no comparative statement for the preceding financial year for the Company as it was incorporated on 14 January 2013 with paid-up capital of S$1.00 comprising one (1) ordinary share at the date of incorporation.

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 2013

	Note	Share capital $'000	Capital reserve $'000	Currency translation reserve $'000	Retained profits $'000	Total equity $'000
		Attributable to equity holders of the Company				
2013						
Beginning of financial year		**15,500**	**–**	**–**	**–**	**15,500**
Share swap pursuant to the Restructuring	26	(15,500)	–	–	–	(15,500)
Issuance of shares pursuant to the Restructuring	26	16,570	(1,070)	–	–	15,500
Issuance of new shares pursuant to the initial public offering	26	42,000	–	–	–	42,000
Share issue expenses	26	(1,080)	–	–	–	(1,080)
Dividends relating to 2013 paid	29	–	–	–	(7,320)	(7,320)
Total comprehensive income for the year		–	–	(1)	24,037	24,036
End of financial year		**57,490**	**(1,070)**	**(1)**	**16,717**	**73,136**
2012						
Beginning of financial year		15,500	–	–	19,942	35,442
Dividends relating to 2012 paid	29	–	–	–	(41,969)	(41,969)
Total comprehensive income for the year		–	–	–	22,027	22,027
End of financial year		15,500	–	–	–	15,500

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

CONSOLIDATED STATEMENT
OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Net profit		**24,037**	22,027
Adjustments for:			
– Amortisation of intangible assets		**18**	20
– Depreciation of property, plant and equipment		**1,260**	953
– Fair value gain on investment property		**–**	(1,621)
– Finance expenses		**59**	218
– Interest income		**(83)**	(157)
– Income tax expense		**3,463**	3,656
– Share issue expenses	26	**889**	629
– (Gain)/loss on disposal of property, plant and equipment		**(21)**	42
– Share of profit of joint ventures		**(2,993)**	(414)
Operating cash flows before working capital changes		**26,629**	25,353
Changes in working capital:			
– Trade and other receivables		**(11,459)**	(194)
– Other current assets		**(1,900)**	(555)
– Trade and other payables		**34,194**	(13,270)
– Provision for other liabilities		**39**	(40)
Cash generated from operations		**47,503**	11,294
Income tax paid		**(3,666)**	(912)
Net cash provided by operating activities		**43,837**	10,382
Cash flows from investing activities			
Additions to property, plant and equipment		**(7,918)**	(616)
Additions of intangible assets		**(51)**	(15)
Proceeds from sale of property, plant and equipment		**26**	47
Proceeds from sale of investment property		**2,466**	–
Proceeds from sale of intangible assets		**–**	47
Dividends received from a joint venture		**1,187**	–
Repayment of loan by a joint venture		**–**	931
Interest received		**83**	157
Loans due from immediate holding company		**–**	(6,971)
Net cash used in investing activities		**(4,207)**	(6,420)
Cash flows from financing activities			
Proceeds from issuance of shares	26	**42,000**	–
Share issue expenses	26	**(1,969)**	–
Proceeds from bank loans		**–**	5,000
Repayment of bank loans		**(1,338)**	(7,010)
Proceeds from loans due to immediate holding company		**–**	16,562
Repayment of loans due to immediate holding company		**–**	(16,430)
Repayments of finance lease liabilities		**(254)**	(441)
Dividends paid to equity holders of the Company	29	**(7,320)**	–
Interest paid		**(59)**	(220)
Net cash provided by/(used in) financing activities		**31,060**	(2,539)
Net increase in cash and cash equivalents		**70,690**	1,423
Cash and cash equivalents at beginning of financial year	13	**5,267**	3,844
Effects of currency translation on cash and cash equivalents		**(1)**	–
Cash and cash equivalents at end of financial year	13	**75,956**	5,267

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

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 17.

2. GROUP RESTRUCTURING

For the purpose of the listing of the Company on the SGX-ST, the Company was incorporated on 14 January 2013 as a new holding company. Thereafter, the Company entered into a restructuring exercise (the "Restructuring") as set out below:

(a) On 31 December 2012, Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. declared their retained profits as interim dividends in respect of the financial year ended 31 December 2012 amounting to $36,469,000 ($2.43 per share), $2,996,000 ($5.99 per share) and $2,504,000 ($2,504,000 per share) respectively to immediate holding company Soilbuild Group Holdings Ltd. ("SBGH") which have been settled via netting of intercompany balances as disclosed in Note 29.

(b) On 24 April 2013, Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. declared their retained profits as interim dividends in respect of the financial year ended 31 December 2013 amounting to $3,595,000 ($0.24 per share), $349,000 ($0.70 per share) and $56,000 ($56,000 per share) respectively to SBGH which have been settled via cash as disclosed in Note 29.

(c) On 6 May 2013, the Company entered into a sales and purchase agreement with SBGH to acquire the entire equity interest of Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. for purchase consideration of $15,899,000, $590,000 and $81,000 respectively, which is entirely satisfied by the allotment and issuance of shares as disclosed in Note 17.

Upon completion of the Restructuring, the Company holds Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. as subsidiaries. The Company and its subsidiaries (the "Group") formed an independent construction group, distinct from the principal property development and investment activities of SBGH and its subsidiaries.

2. GROUP RESTRUCTURING (CONT'D)

The acquisition of Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. by the Company has been accounted for as a capital reorganisation as the entities transferred were managed as a single business. Accordingly, the consolidated financial statements of the Group are presented as follows:

(i) The consolidated balance sheets of the Group as at 31 December 2012 and 31 December 2013, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the financial years ended 31 December 2012 and 31 December 2013 have been prepared as if the Company had been the holding company of the Group throughout the financial years ended 31 December 2012 and 31 December 2013 rather than from the date on which the Restructuring was completed.

(ii) The assets and liabilities of Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. are brought into the Group's books based on their existing carrying values in the consolidated financial statements of the immediate holding company, SBGH. No adjustments are made to the carrying values of those assets and liabilities, as the financial statements of the Group, Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. have been prepared using consistent accounting policies.

(iii) The share capital of the Group would reflect the share capital of the Company on the date which the Restructuring was completed and is measured based on the deemed cost of acquiring Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd., being the existing carrying values of the net assets acquired. The retained profits of the Group will be the combined retained profits of Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd.. The resulting differences are recognised separately as a component of equity.

(iv) All significant intra-group transactions and balances have been eliminated on combination.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

All financial information are presented in Singapore dollars and have been rounded to the nearest thousand, unless otherwise stated.

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 4.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of preparation (cont'd)

Interpretations and amendments to published standards effective in 2013

On 1 January 2013, 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.

3.2 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 collectibility 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 3.7 for the accounting policy for revenue from construction contracts.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which 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

Other than the acquisition undertaken through the Restructuring as described in Note 2, 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 the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

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.

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 net identifiable assets acquired is recorded as goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Group accounting (cont'd)

(a) *Subsidiaries (cont'd)*

(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 3.9 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Joint ventures*

The Group's joint ventures are entities over which the Group has contractual arrangement to jointly share the control over the economic activity of the entities with one or more parties. The Group's interest is accounted for in the consolidated financial statements using equity accounting.

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, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the joint ventures.

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.

Investments in joint ventures are derecognised when the Group loses joint control. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost and its fair value is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Group accounting (cont'd)

(b) Joint ventures (cont'd)

Gains and losses arising from partial disposals or dilutions in investments in joint ventures in which joint control is retained are recognised in profit or loss.

Please refer to Note 3.9 for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

3.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) Components of costs

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

Depreciation on 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:

	Useful lives
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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

(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 – net".

3.5 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 3.10). 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.

3.6 Borrowing costs

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

3.7 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Construction contracts (cont'd)

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".

3.8 Investment property

Investment property comprise property that is held for long-term rental yields and/or capital appreciation and are not occupied by the Group. Investment property also include property that are being constructed or developed for future use as investment property.

Investment property is initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

3.9 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are stated at cost less accumulated impairment losses (Note 3.10) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of non-financial assets

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

Intangible assets, 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.

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.

3.11 Loans and receivables

Cash and cash equivalents
Trade and other receivables

Cash and cash equivalents and trade and other receivables 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Loans and receivables (cont'd)

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.

3.12 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.

3.13 Trade and other payables

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

3.14 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.

3.15 Leases

(a) When the Group is the lessee:

The Group leases motor vehicles and certain plant and equipment under finance leases from non-related parties.

Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Leases (cont'd)

(a) When the Group is the lessee: (cont'd)

Finance leases (continued)
Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) When the Group is the lessor:
The Group leases investment property under operating leases to non-related parties.

Operating leases
Leases of investment property 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.

3.16 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, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Income taxes (cont'd)

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.

3.17 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.

3.18 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 absence

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) Profit-sharing and bonus plans

The Group recognised a liability and an expense for bonuses and profit-sharing, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 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.

(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.

3.20 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 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.

3.22 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.

3.23 Dividends

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

3.24 Investment property classified as held-for-sale

Investment property is classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The asset is not depreciated or amortised while it is classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

4. 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 required in determining the estimated total construction costs that will affect the profit margins recognised from these construction contracts. In making the judgement, the Group evaluates by relying on past experience.

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

	Increase/(Decrease)	
	2013	2012
	$'000	$'000
Estimated total construction cost		
– increased by 5%	**(14,062)**	(6,020)
– decreased by 5%	**13,415**	5,113

5. REVENUE

	Group 2013 $'000	Group 2012 $'000
Revenue from construction contracts	**330,346**	212,898
Revenue from rendering of project management services	**986**	603
Total revenue	**331,332**	213,501

6. EXPENSES BY NATURE

	Group 2013 $'000	Group 2012 $'000
Materials, direct labour, sub-contractors and other construction costs	**276,369**	170,035
Amortisation of intangible assets (Note 21)	**18**	20
Depreciation of property, plant and equipment (Note 19)	**1,260**	953
Total depreciation and amortisation	**1,278**	973
Employee compensation (Note 7)	**25,694**	17,042
Auditors' fees:		
Fees on audit services paid/payable to:		
– Auditor of the Company	**240**	69
Fees on non-audit services paid/payable to:		
– Auditor of the Company	**234**	188
Less amount deducted against share capital *	**(64)**	–
	170	188
Rental expense	**783**	589
Transportation expenses	**416**	282
(Write back of allowance)/allowance for trade receivables, net	**(79)**	23
Bad debts written off	**89**	–
Other expenses	**2,575**	1,173
Total cost of sales, administrative, marketing and other operating expenses	**307,535**	190,374

* The non-audit fees being deducted against the share capital of the Company is included in the share issue expenses of $1,080,000 in Note 26(d).

7. EMPLOYEE COMPENSATION

	Group	
	2013	2012
	$'000	$'000
Wages and salaries	**24,422**	15,970
Employer's contribution to Central Provident Fund	**1,272**	1,072
Employee compensation recognised in profit or loss (Note 6)	**25,694**	17,042

8. OTHER INCOME

	Group	
	2013	2012
	$'000	$'000
Income from sale of materials	**58**	190
Interest income	**83**	157
Service income	**178**	146
Rental income from investment property (Note 20)	**29**	39
Other rental income	**74**	–
Others	**321**	249
	743	781

9. OTHER GAINS – NET

	Group	
	2013	2012
	$'000	$'000
Gain/(Loss) on disposal of property, plant and equipment	**21**	(42)
Fair value gain on investment property (Note 20)	**–**	1,621
Foreign exchange gain	**5**	–
	26	1,579

10. FINANCE EXPENSES

	Group	
	2013	2012
	$'000	$'000
Interest expense		
– Bank loans	**34**	128
– Finance lease liabilities	**25**	45
– Loans due to immediate holding company	**–**	41
– Others	**–**	4
Finance expenses recognised in profit or loss	**59**	218

11. INCOME TAXES

(a) Income tax expense

	Group	
	2013	2012
	$'000	$'000
Tax expense attributable to profit is made up of:		
Profit from current financial year:		
– Current income tax	**3,280**	3,751
– Deferred income tax (Note 25)	**159**	(176)
	3,439	3,575
(Over)/under provision in prior financial years:		
– Current income tax	**(172)**	85
– Deferred income tax (Note 25)	**196**	(4)
	3,463	3,656

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	
	2013	2012
	$'000	$'000
Profit before tax	**27,500**	25,683
Share of profit of joint ventures, net of tax	**(2,993)**	(414)
Profit before tax and share of profit of joint ventures	**24,507**	25,269
Tax calculated at tax rate of 17% (2012: 17%)	**4,166**	4,296
Effects of:		
– different tax rates in other countries	**(5)**	–
– Singapore statutory stepped income exemption	**(162)**	(78)
– tax incentives	**(931)**	(428)
– income not subject to tax	**(58)**	(284)
– expenses not deductible for tax purposes	**413**	69
– deferred tax assets not recognised	**16**	–
Tax charge	**3,439**	3,575

(b) Movements in current income tax liabilities

	Group		Company
	2013	2012	**2013**
	$'000	$'000	**$'000**
Beginning of financial year	**3,934**	1,010	**–**
Tax expense	**3,280**	3,751	**10**
Income tax paid	**(3,666)**	(912)	**–**
(Over)/under provision in prior financial years	**(172)**	85	**–**
End of financial year	**3,376**	3,934	**10**

12. 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.

	2013	2012
Net profit attributable to equity holders of the Company ($'000)	**24,037**	22,027
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**598,462**	496,000
Basic and diluted earnings per share (cents per share)	**4.02**	4.44

Earnings per share is calculated based on the net profit attributable to equity holders of the Company as set out above, divided by the weighted average number of ordinary shares issued during the financial year. The weighted average number of shares has been adjusted for the Share Split (Note 26 (b)), as if the Share Split had occurred at the beginning of the respective financial year.

There are no ordinary shares with potential dilutive effects during the financial years ended 31 December 2013 and 2012. Accordingly, the diluted earnings per share is the same as the basis earnings per share.

13. CASH AND CASH EQUIVALENTS

	Group		**Company**
	2013	2012	**2013**
	$'000	$'000	**$'000**
Cash at bank and on hand	**60,956**	5,267	**15,927**
Short-term bank deposits	**15,000**	–	**15,000**
	75,956	5,267	**30,927**

The short-term bank deposits with financial institutions have a maturity of less than 6 months (2012: Nil) from the balance sheet date with weighted average effective interest rate of 0.74% (2012: Nil) per annum.

14. TRADE AND OTHER RECEIVABLES

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000
Current			
Trade receivables			
– Related companies	**9,668**	6,111	**–**
– A related party*	**12,803**	4,036	**–**
– Subsidiaries	**–**	–	**1,664**
– Non-related parties	**4,536**	6,504	**–**
	27,007	16,651	**1,664**
Less: Allowance for impairment of receivables – non-related parties Note 31(b)	**(50)**	(129)	**–**
Trade receivables – net	**26,957**	16,522	**1,664**
Construction contract			
– Due from customers (Note 15)	**5,763**	9,973	**–**
– Due from related companies (Note 15)	**8,012**	2,003	**–**
	13,775	11,976	**–**
Retentions			
– Related companies (Note 15)	**3,524**	8,557	**–**
– A related party* (Note 15)	**5,256**	–	**–**
– Non-related parties (Note 15)	**3,883**	1,948	**–**
	12,663	10,505	**–**
Accrued revenue			
– Related companies	**547**	8,429	**–**
– Non-related parties	**21**	21	**–**
	568	8,450	**–**
Amount due from immediate holding company (non-trade)	**11**	14	**–**
Amounts due from related companies (non-trade)	**26**	4	**–**
Amounts due from a subsidiary (non-trade)	**–**	–	**7,137**
Loans due from a subsidiary	**–**	–	**11,900**
Other receivables	**1,890**	302	**6**
	55,890	47,773	**20,707**
Non-current			
Retentions			
– Related companies (Note 15)	**4,410**	3,830	**–**
– A related party* (Note 15)	**5,256**	2,501	**–**
– Non-related parties (Note 15)	**2,793**	2,786	**–**
	12,459	9,117	**–**
Total trade and other receivables	**68,349**	56,890	**20,707**

* Related party pertains to a company which is wholly-owned by a director of the Company.

14. TRADE AND OTHER RECEIVABLES (CONT'D)

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

The Company has non-trade amounts due from related companies which are unsecured, interest-free and are repayable on demand, and an interest bearing loan due from a related company of $11,900,000 which bears interest at an average effective interest rate of 2.01% per annum as at 31 December 2013.

15. CONSTRUCTION CONTRACTS

	Group	
	2013	2012
	$'000	$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date	**380,611**	166,499
Less: Progress billings	**(369,340)**	(159,176)
	11,271	7,323
Presented as:		
Due from customers on construction contracts (Note 14)	**5,763**	9,973
Due from related companies on construction contracts (Note 14)	**8,012**	2,003
Due to customers on construction contracts (Note 22)	**(2,154)**	(480)
Due to a related company on construction contracts (Note 22)	**–**	(165)
Due to a related party on construction contracts* (Note 22)	**(350)**	(4,008)
	11,271	7,323
Retentions on construction contracts (Note 14)	**25,122**	19,622

* Related party pertains to a company which is wholly-owned by a director of the Company.

16. OTHER CURRENT ASSETS

	Group		Company
	2013	2012	**2013**
	$'000	$'000	**$'000**
Deposits	**2,681**	809	**–**
Prepayments	**71**	43	**17**
	2,752	852	**17**

17. INVESTMENTS IN SUBSIDIARIES

	Company 2013 $'000
Equity investments at cost	
At date of incorporation on 14 January 2013	–
Acquisition pursuant to the Restructuring (Note 2)	16,570
Incorporation of subsidiaries	700
End of financial year	17,270

The subsidiaries in the Group are:

Name of subsidiaries	Principal activities	Country of business/ incorporation	Equity holding 2013 %	Equity holding 2012 %
HELD BY THE COMPANY:				
Soil-Build (Pte.) Ltd. [(a)]	Building contractors	Singapore	**100**	100
SB Procurement Pte. Ltd. [(a)]	Construction and procurement services	Singapore	**100**	100
SB Project Services Pte. Ltd. [(a)]	Project and construction management services	Singapore	**100**	100
Soilbuild Construction International Pte. Ltd. [(a), (b)]	Project and construction management services	Singapore	**100**	–
Soilbuild Construction Engineering Pte. Ltd. [(a), (b)]	Building contractors	Singapore	**100**	–
Soilbuild E&C Pte. Ltd. [(a), (b)]	Building contractors	Singapore	**100**	–
Soilbuild (Myanmar) Company Limited [(b), (c)]	Project management	Myanmar	**100**	–

(a) Audited by PricewaterhouseCoopers LLP, Singapore.
(b) Incorporated during the financial year.
(c) Not required to be audited for the financial year ended 31 December 2013.

18. INVESTMENTS IN JOINT VENTURES

	Group 2013 $'000	Group 2012 $'000
Beginning of financial year	**1,220**	806
Dividends received from a joint venture	**(1,187)**	–
Share of profits	**2,993**	414
End of financial year	**3,026**	1,220

The summarised financial information of joint ventures, adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group 2013 $'000	Group 2012 $'000
– Assets	**8,294**	6,729
– Liabilities	**5,268**	5,455
– Revenue	**30,899**	8,666
– Net profit	**2,940**	461

Details of the joint ventures are as follows:

Name of joint ventures held by its subsidiary	Principal activities	Country of business/ incorporation	Equity holding 2013 %	Equity holding 2012 %
Forte Builder Pte. Ltd. [(a)]	Construction	Singapore	**50**	50
Solstice Development Pte. Ltd. [(b)]	Property development	Singapore	**19**	19

(a) Audited by Nexia TS Public Accounting Corporation
(b) Audited by Ken Tan & Co.

19. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment $'000	Motor vehicles $'000	Renovation, furniture and equipment $'000	Computers $'000	Containers $'000	Total $'000
Group						
2013						
Cost						
Beginning of financial year	8,131	118	214	388	209	9,060
Additions	7,750	35	–	102	31	7,918
Disposals	–	–	–	–	(31)	(31)
End of financial year	15,881	153	214	490	209	16,947
Accumulated depreciation						
Beginning of financial year	3,654	87	211	273	111	4,336
Depreciation charge (Note 6)	1,134	14	3	73	36	1,260
Disposals	–	–	–	–	(26)	(26)
End of financial year	4,788	101	214	346	121	5,570
Net book value						
End of financial year	**11,093**	**52**	**–**	**144**	**88**	**11,377**
Group						
2012						
Cost						
Beginning of financial year	7,759	142	214	375	151	8,641
Additions	469	–	–	89	58	616
Disposals	(97)	(24)	–	(76)	–	(197)
End of financial year	8,131	118	214	388	209	9,060
Accumulated depreciation						
Beginning of financial year	2,857	98	205	250	81	3,491
Depreciation charge (Note 6)	836	13	6	68	30	953
Disposals	(39)	(24)	–	(45)	–	(108)
End of financial year	3,654	87	211	273	111	4,336
Net book value						
End of financial year	4,477	31	3	115	98	4,724

The carrying amounts of plant and equipment held under finance leases are $Nil (2012: $1,312,000) at the balance sheet date.

20. INVESTMENT PROPERTY CLASSIFIED AS HELD-FOR-SALE

	Group	
	2013	2012
	$'000	$'000
Investment property		
Beginning of financial year	**–**	845
Change in fair value recognised in profit or loss (Note 9)	**–**	1,621
Reclassed to investment property classified as held-for-sale	**–**	(2,466)
End of financial year	**–**	–
Investment property classified as held-for-sale		
Beginning of financial year	**2,466**	–
Reclassed from investment property	**–**	2,466
Disposals	**(2,466)**	–
End of financial year	**–**	2,466

The investment property pertains to a commercial shop unit in a mixed development property. In 2012, the mixed development property has been identified for collective sale and the sale was expected to take place during the financial year ended 31 December 2013. Accordingly, the investment property has been reclassed to investment property classified as held for sale as at 31 December 2012. As at 31 December 2012, the investment property is carried at fair value based on the apportionment of the expected sales proceeds from the collective sales of the mixed development property as determined by independent professional valuers based on the market value and the strata floor area of the respective units.

The disposal of the investment property was completed on 11 April 2013 for a consideration of $2,466,000. There was no gain or loss arising from the disposal of the investment property.

Prior to the disposal, the investment property was leased to non-related parties under operating leases (Note 30) and was mortgaged to banks as security for bank borrowings.

The following amounts have been recognised in profit or loss in respect of the investment property:

	Group	
	2013	2012
	$'000	$'000
Rental income (Note 8)	**29**	39
Direct operating expenses	**(1)**	(5)

21. INTANGIBLE ASSETS

Acquired computer software licences

	Group	
	2013	2012
	$'000	$'000
Cost		
Beginning of financial year	**131**	178
Additions	**51**	15
Disposals	**–**	(62)
End of financial year	**182**	131
Accumulated amortisation		
Beginning of financial year	**90**	85
Amortisation charge (Note 6)	**18**	20
Disposals	**–**	(15)
End of financial year	**108**	90
Net book value	**74**	41

Amortisation of intangible assets of $18,000 (2012: $20,000) was recognised in the statement of comprehensive income under "Expenses – Others".

22. TRADE AND OTHER PAYABLES

	Group		Company
	2013	2012	**2013**
	$'000	$'000	**$'000**
Trade payables:			
– non-related parties	**42,099**	32,678	**–**
– related companies	**29**	–	**–**
	42,128	32,678	**–**
Due to customers on construction contracts (Note 15)	**2,154**	480	**–**
Due to a related company on construction contracts (Note 15)	**–**	165	**–**
Due to a related party on construction contracts* (Note 15)	**350**	4,008	**–**
Rental deposits	**37**	35	**–**
Accrued operating expenses	**2,250**	3,239	**1,172**
Accrued construction costs	**31,429**	4,086	**–**
Other payables	**4,663**	2,603	**153**
Amounts due to			
– immediate holding company (non-trade)	**75**	1,680	**–**
– related companies (non-trade)	**69**	–	**–**
– a related party* (non-trade)	**13**	–	**–**
– a subsidiary (non-trade)	**–**	–	**508**
Total trade and other payables	**83,168**	48,974	**1,833**

* Related party pertains to a company which is wholly-owned by a director of the Company.

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

23. BORROWINGS

	Group	
	2013	2012
	$'000	$'000
Current		
Bank loans	–	1,000
Finance lease liabilities (Note 24)	–	242
	–	1,242
Non-current		
Bank loans	–	338
Finance lease liabilities (Note 24)	–	12
	–	350
Total borrowings	–	1,592

(a) Security granted

Included in the borrowings are the following secured liabilities:

	Group	
	2013	2012
	$'000	$'000
Bank loans	–	1,338
Finance lease liabilities (Note 24)	–	254

(i) The bank loans are secured by a corporate guarantee from the immediate holding company.

(ii) The finance lease liabilities are secured over the leased plant and machinery as well as motor vehicles acquired, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities (Note 19).

(b) Carrying amounts and fair values

The fair values of bank loans and finance lease liabilities approximate their carrying values.

24. FINANCE LEASE LIABILITIES

The Group leases certain plant and equipment, and motor vehicles from non-related parties under finance leases.

	Group	
	2013	2012
	$'000	$'000
Minimum lease payments due:		
– Not later than one year	**–**	268
– Between one and five years	**–**	13
	–	281
Less: Future finance charges	**–**	(27)
Present value of finance lease liabilities	**–**	254

The present values of finance lease liabilities are analysed as follows:

	Group	
	2013	2012
	$'000	$'000
Not later than one year (Note 23)	**–**	242
Between one and five years (Note 23)	**–**	12
	–	254

25. 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	
	2013	2012
	$'000	$'000
Deferred income tax liabilities		
– To be settled within one year	**1**	–
– To be settled after one year	**852**	498
	853	498

25. DEFERRED INCOME TAXES (CONT'D)

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	Unrealised profits on construction contracts $'000	Tax losses $'000	Total $'000
2013				
Beginning of financial year	–	(166)	–	(166)
Charged/(credited) to profit or loss	–	166	(127)	39
End of financial year	**–**	**–**	**(127)**	**(127)**
2012				
Beginning of financial year	(31)	(11)	–	(42)
Charged/(credited) to profit or loss	31	(155)	–	(124)
End of financial year	–	(166)	–	(166)

Deferred income tax liabilities

	Accelerated tax depreciation $'000
2013	
Beginning of financial year	664
Charged to profit or loss	316
End of financial year	**980**
2012	
Beginning of financial year	720
Credited to profit or loss	(56)
End of financial year	664

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 $63,000 (2012: $Nil) 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.

26. SHARE CAPITAL

	Share capital	
	No. of ordinary shares '000	Amount $'000
Group		
2013		
Beginning of financial year [(a)]	15,500	15,500
Share swap pursuant to the Restructuring (Note 2)	(15,500)	(15,500)
Issuance of shares pursuant to the Restructuring (Note 2)	15,500	16,570
Share split [(b)]	480,500	–
Issuance of new shares pursuant to the initial public offering [(c)]	168,000	42,000
Share issue expenses [(d)]	–	(1,080)
End of financial year	**664,000**	**57,490**
2012		
Beginning and end of financial year [(a)]	15,500	15,500
Company		
2013		
Balance as at date of incorporation on 14 January 2013 [(e)]	–	–
Issuance of shares pursuant to the Restructuring (Note 2)	15,500	16,570
Share split [(b)]	480,500	–
Issuance of new shares pursuant to the initial public offering [(c)]	168,000	42,000
Share issue expenses [(d)]	–	(1,080)
Balance as at 31 December 2013	**664,000**	**57,490**

(a) The share capital of the Group prior to the Restructuring will reflect the share capital of the Company, Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd., as if the Group had been in existence throughout the reporting periods.

(b) On 9 May 2013, the Company undertook a share split exercise pursuant to which each ordinary share in the issued share capital of the Company was sub-divided into thirty-two ordinary shares (the "Share Split").

(c) On 23 May 2013, the Company allotted 168,000,000 new shares for issuance pursuant to its initial public offering (the "IPO"). The Company was listed on SGX-ST on 27 May 2013.

(d) Share issue expenses amounted to $1,080,000 (2012: $Nil) which was directly attributable to the issuance of new shares were deducted against the share capital. The remaining balance of $889,000 (2012: $629,000) was charged to profit or loss within "administrative expenses".

26. SHARE CAPITAL (CONT'D)

(e) Issued and paid up capital as at the date of incorporation of Soilbuild Construction Group Ltd. was S$1.00 comprising of one ordinary share.

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.

27. CAPITAL RESERVE

	Group	
	2013	2012
	$'000	$'000
Beginning of financial year	**–**	–
Issuance of shares pursuant to the Restructuring (Note 2)	**(1,070)**	–
End of financial year	**(1,070)**	–

28. RETAINED PROFITS

Movement in retained profits for the Company is as follows:

	Company
	2013
	$'000
Balance as at date of incorporation on 14 January 2013	**–**
Total comprehensive income for the period	**12,908**
Dividends relating to 2013 paid (Note 29)	**(3,320)**
	9,588

29. DIVIDENDS

	Group		Company
	2013	2012	**2013**
	$'000	$'000	**$'000**
Ordinary dividends paid			
Interim dividends paid in respect of the current financial year			
– Soil-Build (Pte.) Ltd. of $0.24 (2012:$2.43) per share (Note 2(b))	**3,595**	36,469	**–**
– SB Procurement Pte. Ltd. of $0.70 (2012:$5.99) per share (Note 2(b))	**349**	2,996	**–**
– SB Project Services Pte. Ltd. of $56,000 (2012: $2,504,000) per share (Note 2(b))	**56**	2,504	**–**
– Soilbuild Construction Group Ltd. of $0.005 (2012:Nil) per share (Note 28)	**3,320**	–	**3,320**
	7,320	41,969	**3,320**

29. DIVIDENDS (CONT'D)

Prior to the Restructuring

On 31 December 2012, Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte Ltd. declared their retained profits as interim dividends in respect of the financial year ended 31 December 2012 amounting to $36,469,000 ($2.43 per share), $2,996,000 ($5.99 per share) and $2,504,000 ($2,504,000 per share) respectively to immediate holding company Soilbuild Group Holdings Ltd. ("SBGH") which have been settled via netting of intercompany balances.

On 24 April 2013, Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte Ltd. declared their retained profits as interim dividends in respect of the financial year ended 31 December 2013 amounting to $3,595,000 ($0.24 per share), $349,000 ($0.70 per share) and $56,000 ($56,000 per share) respectively to SBGH which have been settled via cash.

Subsequent to the Restructuring

On 2 August 2013, the Company declared its retained profits as interim dividends in respect of the financial year ended 31 December 2013, amounting to $3,320,000 ($0.005 per share).

At the Annual General Meeting on 25 April 2014, a final dividend of $0.005 per share amounting to $3,320,000 and a special dividend of $0.005 per share amounting to $3,320,000 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 2014.

30. COMMITMENTS

Operating lease commitments – where the Group is a lessor

Operating lease commitments as at 31 December 2013 pertains to lease of state land by the Group to a supplier for the purpose of erecting a concrete batching plant.

Operating lease commitments as at 31 December 2012 pertains to lease of investment property to non-related parties.

	Group		Company
	2013	2012	**2013**
	$'000	$'000	**$'000**
Not later than one year	**171**	11	**–**

30. COMMITMENTS (CONT'D)

Operating lease commitments – where the Group is a lessee

The Group leases a premise comprising of a production area for minor works, warehouse, workers' accommodation and office premises for its own use and a piece of state land which is sub-leased out to a supplier.

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

	Group	
	2013	2012
	$'000	$'000
Not later than one year	**894**	–
Between one and five years	**1,374**	–
	2,268	–

31. 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. The 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 the Group Chief Financial Officer in accordance with the policies set.

(a) Market risk

(i) Currency risk

The Group is 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 is not exposed to any significant price risks.

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(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's exposure to cash flow interest rate risks arises mainly from interest income from short-term bank deposits and interest expenses from current and non-current variable-rate borrowings. The Group's policy is to maintain an effective borrowing combination of both floating as well as fixed rate instruments.

Sensitivity analysis for interest rate risk

For borrowings at floating interest rates

At 31 December 2013, if SGD interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's net finance expenses would decrease/increase by $Nil (2012: $8,000) respectively. This arose mainly from lower/higher interest expense on floating-rate bank borrowings. Accordingly, the Group's overall net profit would increase/decrease by $Nil (2012: $7,000) respectively.

(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 exposure to credit risk arises primarily from bank deposits and trade receivables.

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.

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.

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

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 receivables 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
	2013	2012	**2013**
	$'000	$'000	**$'000**
Past due 0 to 30 days	**164**	1,849	–
Past due 31 to 90 days	**153**	6	–
Past due 91 days	**124**	301	–
	441	2,156	–

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
	2013	2012	**2013**
	$'000	$'000	**$'000**
Gross amount	**51**	138	–
Less: Allowance for impairment (Note 14)	**(50)**	(129)	–
	1	9	–
Beginning of financial year	**129**	106	–
Allowance made	**–**	23	–
Allowance written back	**(79)**	–	–
End of financial year	**50**	129	–

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.

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(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	Between 1 and 5 years $'000
Group		
At 31 December 2013		
Trade and other payables	**(83,168)**	**–**
At 31 December 2012		
Trade and other payables	(48,974)	–
Borrowings	(1,373)	(290)
	(50,347)	(290)
Company		
At 31 December 2013		
Trade and other payables	**(1,833)**	**–**

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(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.

Management monitors capital based on gearing ratio and reports to the Board of Directors on a quarterly basis. 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 Company.

The Company has no borrowings as at 31 December 2013, and it effectively uses no debt financing in its overall capital structure. The Company is not subjected to any externally imposed capital requirements for the financial year ended 31 December 2013.

The Group has no borrowings as at 31 December 2013, and its borrowings are lower than its cash and cash equivalents as at 31 December 2012. The Group effectively uses no debt financing in its overall capital structure. The Group is not subjected to any externally imposed capital requirements for the financial year ended 31 December 2013 and is in compliance with all externally imposed capital requirements for the financial year ended 31 December 2012.

(e) Financial instruments by category

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

	Group		Company
	2013	2012	**2013**
	$'000	$'000	**$'000**
Loans and receivables	**146,986**	62,966	**51,634**
Financial liabilities at amortised cost	**83,168**	50,566	**1,833**

32. 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	
	2013	2012
	$'000	$'000
Revenue from construction contracts from related companies	**61,414**	88,008
Revenue from construction contracts from joint ventures	**43,662**	33,111
Revenue from construction contracts from a related party*	**124,006**	36,069
Revenue from rendering of project management services to related companies	**815**	603
Rental expense charged by immediate holding company	**672**	589
Share of common overheads paid/payable to the immediate holding company	**30**	211
Share of common overheads received/receivable from the immediate holding company	**6**	178

* Related party pertains to a company which is wholly-owned by a director of the Company.

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	Group	
	2013	2012
	$'000	$'000
Salaries and other short-term employee benefits	**3,039**	1,476
Contribution to Central Provident Fund	**129**	56
	3,168	1,532

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

33. 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, Executive Director and Chief Executive Officer.

Senior management considers the business of the Group from the business segment perspective. The Group derives revenue mainly from the construction segment and there is no other business segregation. There is also no geographical segregation as business operations are currently mainly centered in Singapore.

As the Group operates only in a single business segment and currently operates mainly in a single geographical location, no other segment information is presented.

Senior management assesses the performance of the operating segments based on a measure of profit before income tax.

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

34. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate holding company is Soilbuild Group Holdings Ltd., incorporated in Singapore. The ultimate holding company is Dolphin Acquisitions Pte. Ltd., incorporated in Singapore.

On 24 February 2014, Dolphin Acquisitions Pte. Ltd. amalgamated with Soilbuild Group Holdings Ltd. to become Soilbuild Group Holdings Ltd.. After the amalgamation, Soilbuild Group Holdings Ltd. became the ultimate holding company of the Company.

35. 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 2014 or later periods and which the Group has not early adopted:

- FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)

  FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group has yet to assess the full impact of FRS 110 and intends to apply the standard from 1 January 2014.

35. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

- FRS 111 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2014)

  FRS 111 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

  The Group has yet to assess the full impact of FRS 111 and intends to adopt the standard from 1 January 2014.

- FRS 112 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)

  FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Group has yet to assess the full impact of FRS 112 and intends to adopt the standard from 1 January 2014.

36. 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 25 March 2014.

STATISTICS OF SHAREHOLDERS
AS AT 13 MARCH 2014

Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
No. of Issued Shares ("Shares")	:	664,000,000

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 – 999	2	0.11	1,000	0.00
1,000 – 10,000	882	48.57	4,003,000	0.60
10,001 – 1,000,000	914	50.33	74,013,000	11.15
1,000,001 – and above	18	0.99	585,983,000	88.25
	1,816	100.00	664,000,000	100.00

Substantial Shareholders
(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Soilbuild Group Holdings Ltd[1]	488,000,000	73.49	–	–
Lim Chap Huat[2]	800,000	0.12	488,000,000	73.49

Notes:

1 Soilbuild Group Holdings Ltd. ("Soilbuild Group") is a company incorporated in Singapore. It is a property developer with a development portfolio of residential properties and business space properties.

2 Prior to the amalgamation exercise of Dolphin Acquisitions Pte. Ltd. ("Dolphin") with Soilbuild Group on 24 February 2014 ("Amalgamation"), Dolphin holds the entire issued share capital of Soilbuild Group. Accordingly, Dolphin is deemed to have an interest in the Shares held by Soilbuild Group. Dolphin is an investment holding company which was incorporated in Singapore. Mr Lim Chap Huat holds the entire issued share capital of Dolphin and he is deemed to have an interest in the Shares held by Soilbuild Group. Following the completion of the Amalgamation, Mr Lim Chap Huat will hold the entire issued share capital of Soilbuild Group and he is deemed to have an interest in the Shares held by Soilbuild Group.

STATISTICS OF SHAREHOLDERS
AS AT 13 MARCH 2014

Twenty Largest Shareholders

No.	Name of Shareholders	Number of Shares	% of Issued Share Capital
1.	Soilbuild Group Holdings Ltd	488,000,000	73.49
2.	DBS Vickers Securities (Singapore) Pte Ltd	40,885,000	6.16
3.	Maybank Kim Eng Securities Pte Ltd	14,621,000	2.20
4.	Ho Toon Bah	8,000,000	1.20
5.	Lim Han Qin	6,300,000	0.95
6.	OCBC Securities Private Ltd	5,300,000	0.80
7.	Raffles Nominees (Pte) Ltd	3,003,000	0.45
8.	Kuah Ann Thia	2,850,000	0.43
9.	Chong Ah Lan	2,335,000	0.35
10.	HSBC (Singapore) Nominees Pte Ltd	2,236,000	0.34
11.	Phillip Securities Pte Ltd	2,194,000	0.33
12.	Tan Hee Nam	2,000,000	0.30
13.	DBS Nominees Pte Ltd	1,828,000	0.28
14.	CIMB Securities (Singapore) Pte Ltd	1,391,000	0.21
15.	Ho Kiat Chong	1,350,000	0.20
16.	Tam Siew Foong	1,325,000	0.20
17.	Surja Teruna Bahari	1,200,000	0.18
18.	UOB Kay Hian Pte Ltd	1,165,000	0.18
19.	Chew Chiao Kee	1,000,000	0.15
20.	Citibank Nominees Singapore Pte Ltd	976,000	0.15
		587,959,000	88.55

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, 24.15% of the issued share capital of the Company was held in the hands of public as at 13 March 2014. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF FIRST
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of Soilbuild Construction Group Ltd. (the "**Company**") will be held at 25 Changi South Street 1, Singapore 486059 on Friday, 25 April 2014 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts of the Company for the financial period ended 31 December 2013 and the Directors' Report 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 0.50 cents per share for the financial period ended 31 December 2013. **(Resolution 2)**

3. To approve the Directors' fees of S$206,666.67 for the financial period ended 31 December 2013. **(Resolution 3)**

4. To approve the Directors' fees of S$310,000.00 for the financial year ending 31 December 2014. *(See Explanatory Note 1)* **(Resolution 4)**

5. To re-elect the following Directors retiring pursuant to Articles 91 and 97 of the Company's Articles of Association:

(i)	Mr Lim Chap Huat	(Article 91)	*(See Explanatory Note 2(a))* **(Resolution 5a)**
(ii)	Ms Lim Cheng Hwa	(Article 97)	*(See Explanatory Note 2(b))* **(Resolution 5b)**
(iii)	Mr Poon Hon Thang	(Article 97)	*(See Explanatory Note 2(c))* **(Resolution 5c)**
(iv)	Mr Tan Jee Ming	(Article 97)	*(See Explanatory Note 2(d))* **(Resolution 5d)**
(v)	Mr Teo Chee Seng	(Article 97)	*(See Explanatory Note 2(e))* **(Resolution 5e)**

Mr Poon Hon Thang will upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and a Member of the Nominating 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 (the "**SGX-ST**").

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 SGX-ST.

Mr Teo Chee Seng will upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a Member of the Audit and Nominating Committees, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

6. To re-appoint PricewaterhouseCoopers LLP as auditors 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 ordinary resolutions with or without modifications:

7. **Authority to allot and issue shares**

(a) That pursuant to Section 161 of the Singapore Companies Act (Cap. 50), and the Listing Rules of 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 in the capital 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;

(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

(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

(i) 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 Rules, 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, or

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 of the SGX-ST, and

c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) 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 3) **(Resolution 7)**

8. **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 in the capital 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 PSP (as defined below) shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time, as determined in accordance with the provisions of the Scheme.

(See Explanatory Note 4) **(Resolution 8)**

9. **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

(b) allot and issue from time to time such number of fully-paid ordinary shares in the capital 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 Scheme, shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time, as determined in accordance with the provisions of the PSP.

(See Explanatory Note 5) **(Resolution 9)**

10. **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 ("**Chapter 9**") of the SGX-ST, 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 First Annual General Meeting (the "**Appendix**") which is enclosed with the Company's Annual Report, 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 6) **(Resolution 10)**

11. **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, 10 April 2014

NOTICE OF FIRST ANNUAL GENERAL MEETING

Explanatory Notes:

1. The ordinary resolution proposed in item 4 above is to seek approval for the payment of Directors' fees for the financial year ending 31 December 2014.

   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 2013.

2(a). In relation to the ordinary resolution proposed in item 5(i) above, Mr Lim Chap Huat is the Executive Director and sole shareholder of Soilbuild Group Holdings Ltd., a substantial shareholder of the Company. Apart from that, there is no relationship (including immediate family relationships) between Mr Lim Chap Huat and the other Directors and the Company and the detailed information on Mr Lim Chap Huat is set out in the section entitled "Board of Directors" and in the Corporate Governance Report of the Company's 2013 Annual Report.

2(b). In relation to the ordinary resolution proposed in item 5(ii) above, Ms Lim Cheng Hwa is the Executive Director of Soilbuild Group Holdings Ltd., a substantial shareholder of the Company. Apart from that, there is no relationship (including immediate family relationships) between Ms Lim Cheng Hwa and the other Directors and the Company and the detailed information on Ms Lim Cheng Hwa is set out in the section entitled "Board of Directors" and in the Corporate Governance Report of the Company's 2013 Annual Report.

2(c). In relation to the ordinary resolution proposed in item 5(iii) above, there is no relationship (including immediate family relationships) between Mr Poon Hon Thang and the other Directors and the Company or its 10% shareholder and the detailed information on Mr Poon Hon Thang is set out in the section entitled "Board of Directors" and in the Corporate Governance Report of the Company's 2013 Annual Report.

2(d). In relation to the ordinary resolution proposed in item 5(iv) 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 the detailed information on Mr Tan Jee Ming is set out in the section entitled "Board of Directors" and in the Corporate Governance Report of the Company's 2013 Annual Report.

2(e). In relation to the ordinary resolution proposed in item 5(v) above, there is no relationship (including immediate family relationships) between Mr Teo Chee Seng and the other Directors and the Company or its 10% shareholder and the detailed information on Mr Teo Chee Seng is set out in the section entitled "Board of Directors" and in the Corporate Governance Report of the Company's 2013 Annual Report.

3. The ordinary resolution in item 7 above is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company 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 and convertible securities 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 SGX-ST 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 of convertible securities or share options on issue 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.

4. The ordinary resolution proposed in item 8 above, if passed, will empower the Directors of the Company to offer and grant options under the Scheme in accordance with the provisions 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 or to be granted under the Scheme and awards granted under the PSP shall not exceed 15% of the total number of issued shares excluding treasury shares from time to time.

5. The ordinary resolution proposed in item 9 above, if passed, will empower the Directors of the Company to grant awards under the PSP in accordance with the provisions 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 or to be granted under the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

6. The ordinary resolution proposed in item 10 above, if passed, will renew, effective until the conclusion of the next Annual General Meeting, 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 First Annual General Meeting which is enclosed with the Company's Annual Report 2013.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

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

3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 25 Changi South Street 1, Singapore 486059 not less than 48 hours before the time appointed for the Meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that the Share Transfer Book and the Register of Members of the Company will be closed at 5.00 p.m. on 7 May 2014, 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 0.50 cents per share for the financial period ended 31 December 2013 (the "Proposed Dividends").

Duly completed registrable transfers in respect of Ordinary Shares in the Capital 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 7 May 2014 (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 25 April 2014, will be paid on 27 May 2014.

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, 10 April 2014

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

PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____

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 (%)

or failing *him/her/them, the Chairman of the meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the First Annual General Meeting of the Company to be held at 25 Changi South Street 1, Singapore 486059 on Friday, 25 April 2014 at 10.00 am and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting 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.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Accounts for the financial period ended 31 December 2013 and the Directors' Report 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 0.50 cents per share for the financial period ended 31 December 2013.		
3.	To approve the Directors' fees for the financial period ended 31 December 2013.		
4.	To approve the Directors' fees for the financial year ending 31 December 2014.		
5a.	To re-elect Mr Lim Chap Huat retiring by rotation pursuant to Article 91 of the Company's Articles of Association.		
5b.	To re-elect Ms Lim Cheng Hwa retiring pursuant to Article 97 of the Company's Articles of Association.		
5c.	To re-elect Mr Poon Hon Thang retiring pursuant to Article 97 of the Company's Articles of Association.		
5d.	To re-elect Mr Tan Jee Ming retiring pursuant to Article 97 of the Company's Articles of Association.		
5e.	To re-elect Mr Teo Chee Seng retiring pursuant to Article 97 of the Company's Articles of Association.		
6.	To re-appoint PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act (Cap. 50) and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").		
8.	To authorise Directors to 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 and to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST.		

Dated this ______________ day of ______________ 2014

Total Number of Shares Held

____

Signature(s) of Member(s)/Common Seal of Corporate Shareholder
**Delete accordingly*

IMPORTANT: Please read notes overleaf

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Cap. 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 25 Changi South Street 1, Singapore 486059 not less than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the 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 of the Company, 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 of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

AFFIX
STAMP

The Company Secretary
SOILBUILD CONSTRUCTION GROUP LTD.
25 Changi South Street 1
Singapore 486059

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 FIRST ANNUAL GENERAL MEETING DATED 10 APRIL 2014

DEFINITIONS

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

"Audit Committee"	:	The audit committee of the Company, comprising Mr Poon Hon Thang, Mr Tan Jee Ming and Mr Teo Chee Seng
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	Companies Act, Chapter 50 of Singapore
"Company"	:	Soilbuild Construction Group Ltd.
"Directors"	:	Directors of the Company
"Group"	:	The Company and its subsidiaries
"Listing Manual"	:	The listing manual of the SGX-ST, as amended and modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the capital of the Company
"Shareholders"	:	Persons (other than CDP) who are for the time being registered as holders of Shares in the Register of Members maintained by the Company and Depositors who have Shares entered against their names in the Depository Register
"%" or "per cent."	:	Per centum
"S$"	:	The lawful currency of Singapore

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them in Section 130A of the Companies Act.

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.

PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

1.1 The Company refers to Resolution 10 of the Notice of First Annual General Meeting of the Company ("**AGM**"). Resolution 10 is an ordinary resolution to be proposed at the AGM for the renewal of the Company's general mandate for interested person transactions (the "**IPT Mandate**"). The purpose of this Appendix is to provide Shareholders with information relating to Resolution 10.

1.2 **Background.** At an extraordinary general meeting of the Company held on 9 May 2013 (the "**2013 EGM**"), Shareholders had approved the adoption of the IPT Mandate for the purposes of the Listing Manual of the SGX-ST. The terms of the IPT Mandate were set out in the section entitled "Interested Person Transactions and Potential Conflicts of Interests – Shareholders' Mandate for Interested Person Transactions" in the Company's prospectus dated 17 May 2013.

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. Soilbuild Group Holdings Ltd. ("**Soilbuild Group Holdings**"), Mr Lim Chap Huat and their respective associates are regarded as "interested persons" of the Company for the purposes of Chapter 9 of the Listing Manual, and each of Soilbuild Group Holdings and Mr Lim Chap Huat is considered a controlling shareholder of the Company.

1.3 **Annual Renewal of the IPT Mandate.** Pursuant to Rule 920(2) of the Listing Manual, the IPT Mandate adopted at the 2013 EGM was expressed to be effective until the earlier of the following: (a) the conclusion of the forthcoming AGM of the Company; or (b) the first anniversary of the date of the Company's listing on the Main Board of the SGX-ST. Hence, the IPT Mandate will continue in force only until the conclusion of the forthcoming AGM, which is to be held on 25 April 2014. 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.

1.4 **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 3 of this Appendix.

1.5 **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 2013 AGM; and

(b) the methods and procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Mandated Transactions carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

2. CHAPTER 9 OF THE LISTING MANUAL

2.1 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.

2.2 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 2013, the consolidated NTA of the Company was S$73.1 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 2014 are published, 5% of the Company's latest audited consolidated NTA would be S$3.6 million.

2.3 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.

2.4 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) as “**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’

(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 Chapter 9 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.

3. RENEWAL OF THE IPT MANDATE

3.1 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 us 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 our day-to-day operations.

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 (as defined below).

3.2 Rationale for and Benefits of the IPT Mandate

The SBC Group will benefit from transacting with Mandated Interested Persons, 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.

3.3 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.

3.4 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**").

3.5 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:

(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 (a) above.

3.6 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:

(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 market 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.

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 our 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 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 our Executive Chairman or our 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 (a) and (b) 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.

(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 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.

4. 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 page 52 and 102 of the Company's Annual Report 2013.

5. 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, and will abstain from voting their Shares, if any, at the AGM in respect of Resolution 10, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate. Each such Director 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.

Soilbuild Group Holdings and its respective associates, and the associates of Mr Lim Chap Huat, which or who are interested persons in relation to the renewal of the IPT Mandate, will also abstain from voting their Shares, if any, in respect of Resolution 10 relating to the renewal of the IPT Mandate at the AGM.

6. DIRECTORS' RECOMMENDATION

The Directors who are considered independent for the purposes of the proposed renewal of the IPT Mandate are Mr Ho Toon Bah, Mr Poon Hon Thang, Mr Tan Jee Ming and Mr Teo Chee Seng. They are of the opinion that the entry by the SBC Group (as described in paragraph 1 of this Appendix) into the Mandated Transactions (as described in paragraph 3.5 of this Appendix) with the Mandated Interested Persons (as described in paragraph 3.4 of this Appendix) 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 3.1, 3.2 and 3.5 of this Appendix, they recommend that minority Shareholders vote in favour of Resolution 10 relating to the renewal of the IPT Mandate at the AGM.

7. 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 on the IPT Mandate constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, the Company and its subsidiaries, 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.

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
SB Building
25 Changi South Street 1
Singapore 486059
Tel: (65) 6542 2882
Fax: (65) 6542 1818
Website: 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 Certified Public Accountants
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge: Mr Lam Hock Choon
(Public Accountant and Certified Public Accountant)
Financial year appointed: 31 December 2007

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

Malayan Banking Berhad
2 Battery Road
Maybank Tower
Singapore 049907

RHB Bank Berhad
90 Cecil Street
RHB Bank Building
Singapore 069531

The Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay
HSBC Building
Singapore 049320

INVESTOR RELATIONS
For enquires, please contact the Investor Relations at Financial PR Pte Ltd
Tel: (65) 6438 2990
email: gabriel@financialpr.com.sg/
chongyap@financialpr.com.sg

The initial public offering of the Company was sponsored by United Overseas Bank Limited (the "Issue Manager"). The Issue Manager assumes no responsibility for the content of this Annual Report.

SOILBUILD
CONSTRUCTION GROUP LTD

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