

SEMBAWANG HONG KONG LIMITED

CONTENTS

	Pages
REPORT OF THE DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2 - 3
AUDITED FINANCIAL STATEMENTS	
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to financial statements	8 - 19

SEMBAWANG HONG KONG LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2015.

Principal activities

The Company's principal activities during the year consisted of the provision of engineering, construction and project management services to the group companies. There were no significant changes in the nature of the Company's principal activities during the year.

Results

The Company's loss for the year ended 31 March 2015 and its state of affairs at that date are set out in the financial statements on pages 4 to 19.

Plant and equipment

Details of movements in the Company's plant and equipment during the year are set out in note 7 to the financial statements.

Directors

The directors of the Company during the year were as follows:

Atul Punj	
Luv Chhabra	(resigned on 10 April 2015)
Jayarama Prasad Chalasani	(appointed on 20 April 2015)

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

Directors' interests

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

Directors' interests in contracts

Other than as disclosed in note 13 to the financial statements, no director had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Company to which the Company, its holding company or fellow subsidiary was a party during the year.

Auditors

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

ON BEHALF OF THE BOARD

.....  
Director

Hong Kong  
[ ]

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

We have audited the financial statements of Sembawang Hong Kong Limited (the "Company") set out on pages 4 to 19, which comprise the statement of financial position as at 31 March 2015, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Directors' responsibility for the financial statements**

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

**Auditors' responsibility**

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company's affairs as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Certified Public Accountants  
Hong Kong  
[ ]

SEMBAWANG HONG KONG LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2015

	Notes	2015 HK\$	2014 HK\$
Operating expenses		(22,944,462)	(36,256,486)
Distribution costs		( 2,174)	( 1,730,891)
Administrative expenses		(11,905,233)	(18,487,004)
Other operating income, net	4	536,551	10,779
Reimbursement from the immediate holding company	13	<u>34,198,714</u>	<u>56,338,032</u>
LOSS BEFORE TAX	4	( 116,604)	( 125,570)
Income tax expense	5	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>( 116,604)</u>	<u>( 125,570)</u>

SEMBAWANG HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2015

	Notes	2015 HK\$	2014 HK\$
<b>NON-CURRENT ASSET</b>			
Plant and equipment	7	<u>779,879</u>	<u>1,246,824</u>
<b>CURRENT ASSETS</b>			
Deposits, prepayments and other receivables	8	801,291	968,618
Due from a fellow subsidiary	9	-	416,975
Cash and bank balances		<u>301,435</u>	<u>690,075</u>
Total current assets		<u>1,102,726</u>	<u>2,075,668</u>
<b>CURRENT LIABILITIES</b>			
Accruals and other payables	10	1,903,086	2,962,103
Due to the immediate holding company	9	<u>3,705</u>	<u>267,971</u>
Total current liabilities		<u>1,906,791</u>	<u>3,230,074</u>
<b>NET CURRENT LIABILITIES</b>		<u>( 804,065)</u>	<u>(1,154,406)</u>
Net assets/(liabilities)		<u>( 24,186)</u>	<u>92,418</u>
<b>EQUITY/DEFICIENCY IN ASSETS</b>			
Share capital	11	600,000	600,000
Accumulated losses		<u>( 624,186)</u>	<u>( 507,582)</u>
Total equity/(total deficiency in assets)		<u>( 24,186)</u>	<u>92,418</u>

.....  
Name of Director

.....  
Name of Director

SEMBAWANG HONG KONG LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	Note	Share capital HK\$	Accumulated losses HK\$	Total equity/ (total deficiency in assets) HK\$
At 1 April 2013		1	(382,012)	(382,011)
Loss for the year and total comprehensive loss for the year		-	(125,570)	(125,570)
Issue of shares	11	<u>599,999</u>	<u>-</u>	<u>599,999</u>
At 31 March 2014 and 1 April 2014		600,000	(507,582)	92,418
Loss for the year and total comprehensive loss for the year		<u>-</u>	<u>(116,604)</u>	<u>(116,604)</u>
At 31 March 2015		<u>600,000</u>	<u>(624,186)</u>	<u>( 24,186)</u>

SEMBAWANG HONG KONG LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	Notes	2015 HK\$	2014 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		( 116,604)	( 125,570)
Adjustments for:			
Depreciation	4	453,686	477,422
Loss on disposal of items of plant and equipment	4	<u>12,059</u>	<u>-</u>
		349,141	351,852
Decrease/(increase) in deposits, prepayments and other receivables		167,327	( 238,488)
Decrease in accruals and other payables		(1,059,017)	(1,436,248)
Decrease/(increase) in an amount due from a fellow subsidiary		416,975	(1,248,540)
Increase/(decrease) in an amount due to the immediate holding company		<u>( 264,266)</u>	<u>911,468</u>
Cash used in operations and net cash flow used in operating activities		<u>( 389,840)</u>	<u>(1,659,956)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of plant and equipment	7	-	( 936,078)
Proceeds from disposal of plant and equipment		<u>1,200</u>	<u>-</u>
Net cash flows from/(used in) investing activities		<u>1,200</u>	<u>( 936,078)</u>
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>			
Proceeds from issue of shares and net cash flow from a financing activity	11	<u>-</u>	<u>599,999</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		<u>690,075</u>	<u>2,686,110</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><u>301,435</u></u>	<u><u>690,075</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		<u><u>301,435</u></u>	<u><u>690,075</u></u>



# SEMBAWANG HONG KONG LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2015

### 1. CORPORATE INFORMATION

Sembawang Hong Kong Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 49/F, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The Company's principal activities during the year consisted of the provision of engineering, construction and project management services to the group companies.

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

### 2. FUNDAMENTAL ACCOUNTING CONCEPT

The Company had deficiency in assets and net current liabilities as at 31 March 2015. These financial statements have been prepared on a going concern basis as an immediate holding company has agreed to provide the Company with adequate funds to meets its liabilities and when they fall due.

#### 3.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK\$").

#### 3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time, during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

31 March 2015

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

The Company has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2015, in these financial statements. The Company is in the process of making an assessment of the impact of these amendments upon initial application. So far, it is expected that the adoption of the issued but not effective HKFRSs are unlikely to have a significant impact on the financial position or performance of the Company.

### 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Related parties

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

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

#### Plant and equipment and depreciation

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

31 March 2015

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and equipment and depreciation (continued)

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

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

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

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

Impairment of non-financial assets

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

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

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

Leases

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

31 March 2015

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

(a) Financial assets

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

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

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

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

(b) Financial liabilities

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

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

Offsetting of financial instruments

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

31 March 2015

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

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

Cash and cash equivalents

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

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

Employee benefits

*Retirement benefits scheme*

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

3.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgement

In the process of applying the Company's accounting policies, management has made the following judgements apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements.

*Income taxes*

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

SEMBAWANG HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Impairment of items of plant and equipment*

Items of plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

4. LOSS BEFORE TAX

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

	Note	2015 HK\$	2014 HK\$
Depreciation	7	453,686	477,422
Minimum lease payments under operating leases:			
office equipment		60,144	60,144
land and buildings		2,781,672	3,113,002
		<u>2,841,816</u>	<u>3,173,146</u>
Employee benefit expenses:			
Wages, salaries and allowances		9,829,941	12,880,291
Retirement benefits scheme contributions*		96,346	162,704
		<u>9,926,287</u>	<u>13,042,995</u>
Foreign exchange difference, net		( 73,527)	( 10,779)
Auditors' remuneration		70,300	71,700
Loss on disposal of items of plant and equipment		<u>12,059</u>	<u>-</u>

\* At 31 March 2015, the Company had no forfeited contributions available to reduce its contribution to the retirement benefits scheme in future years.

SEMBAWANG HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2015

5. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company has available tax losses brought forward from prior years to offset the assessable profits generated during the year. In prior year, no Hong Kong profits tax had been provided as the Company did not generate any assessable profit in Hong Kong during that year.

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

	2015 HK\$	2014 HK\$
Loss before tax	<u>(116,604)</u>	<u>(125,570)</u>
Tax at the statutory tax rate of 16.5%	( 19,240)	( 20,719)
Tax losses utilised from previous periods	( 36,525)	-
Tax losses not recognised	-	62,349
Others	<u>55,765</u>	<u>( 41,630)</u>
	<u>-</u>	<u>-</u>

The Company had estimated tax losses arising in Hong Kong of HK\$709,632 (2014: HK\$930,999) that are available indefinitely for offsetting against future taxable profits of the Company. Deferred tax assets have not been recognised as in the opinion of the directors, it is not considered probable that sufficient taxable profits will be generated in the future against which the tax losses can be utilised.

6. DIRECTORS' REMUNERATION

No director received any fees or emoluments in respect of their services rendered to the Company during the year (2014: Nil).

SEMBAWANG HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2015

7. PLANT AND EQUIPMENT

	Computer equipment and software HK\$	Furniture and fixtures HK\$	Leasehold improvement HK\$	Motor vehicle HK\$	Office equipment HK\$	Total HK\$
<b>Year ended 31 March 2015</b>						
At 31 March 2014 and 1 April 2014, net of accumulated depreciation	191,807	74,344	321,450	618,240	40,983	1,246,824
Disposals	( 2,103)	-	( 10,102)	-	( 1,054)	( 13,259)
Depreciation provided during the year	<u>( 51,559)</u>	<u>( 24,234)</u>	<u>(203,134)</u>	<u>(154,560)</u>	<u>(20,199)</u>	<u>( 453,686)</u>
At 31 March 2015, net of accumulated depreciation	<u>138,145</u>	<u>50,110</u>	<u>108,214</u>	<u>463,680</u>	<u>19,730</u>	<u>779,879</u>
At 31 March 2015:						
Cost	644,960	164,719	893,026	772,800	258,468	2,733,973
Accumulated depreciation	<u>(506,815)</u>	<u>(114,609)</u>	<u>(784,812)</u>	<u>(309,120)</u>	<u>(238,738)</u>	<u>(1,954,094)</u>
Net carrying amount	<u>138,145</u>	<u>50,110</u>	<u>108,214</u>	<u>463,680</u>	<u>19,730</u>	<u>779,879</u>
<b>Year ended 31 March 2014</b>						
At 31 March 2013 and 1 April 2013, net of accumulated depreciation	132,553	99,379	517,369	-	38,867	788,168
Additions	119,268	7,650	-	772,800	36,360	936,078
Depreciation provided during the year	<u>( 60,014)</u>	<u>(32,685)</u>	<u>(195,919)</u>	<u>(154,560)</u>	<u>( 34,244)</u>	<u>(477,422)</u>
At 31 March 2014, net of accumulated depreciation	<u>191,807</u>	<u>74,344</u>	<u>321,450</u>	<u>618,240</u>	<u>40,983</u>	<u>1,246,824</u>
At 31 March 2014:						
Cost	650,640	164,719	979,606	772,800	286,043	2,853,808
Accumulated depreciation	<u>(458,833)</u>	<u>( 90,375)</u>	<u>(658,156)</u>	<u>(154,560)</u>	<u>(245,060)</u>	<u>(1,606,984)</u>
Net carrying amount	<u>191,807</u>	<u>74,344</u>	<u>321,450</u>	<u>618,240</u>	<u>40,983</u>	<u>1,246,824</u>

8. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

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



SEMBAWANG HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2015

9. BALANCES WITH A FELLOW SUBSIDIARY AND THE IMMEDIATE HOLDING COMPANY

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

10. ACCRUALS AND OTHER PAYABLES

Other payables are interest-free and have an average term of one month.

11. SHARE CAPITAL

	2015 HK\$	2014 HK\$
Issued and fully paid:		
600,000 (2014: 600,000) ordinary shares	<u>600,000</u>	<u>600,000</u>

A summary of the movements in the Company's share capital is as follows:

	Number of shares in issue HK\$	Share Capital HK\$
At 1 April 2013	1	1
New issues (a)	<u>599,999</u>	<u>599,999</u>
At 31 March 2014, 1 April 2014 and 31 March 2015	<u>600,000</u>	<u>600,000</u>

- (a) During the year ended 31 March 2014, pursuant to an ordinary resolution passed on 3 January 2014, the authorised share capital of the Company was increased from HK\$10,000 to HK\$600,000 by the creation of 590,000 additional ordinary shares of HK\$1 each, ranking pari passu in all respects with the existing ordinary shares of the Company. On 3 January 2014, 599,999 ordinary shares of HK\$1 each were allotted and issued at par.

SEMBAWANG HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2015

12. OPERATING LEASE ARRANGEMENTS

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

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

	2015 HK\$	2014 HK\$
Within one year	2,218,827	2,505,309
In the second and fifth years, inclusive	<u>-</u>	<u>2,218,827</u>
	<u>2,218,827</u>	<u>4,724,136</u>

13. RELATED PARTY TRANSACTIONS

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

	Note	2015 HK\$	2014 HK\$
Reimbursement from the immediate holding company	(i)	<u>34,198,714</u>	<u>56,338,032</u>

Note:

- (i) The reimbursement was based on the actual cost incurred.
- (b) Details of the Company's amounts due from a fellow subsidiary and due to the immediate holding company as at the end of the reporting period are set out in note 9 to the financial statements.

14. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

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

Financial liabilities

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

SEMBAWANG HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2015

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

*Liquidity risk*

The Company's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Company is not exposed to significant liquidity risk as the immediate holding company has agreed to provide adequate funds to enable the Company to meet its liability as when they fall due.

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

	On demand HK\$	Within one year HK\$	Total HK\$
Year ended 31 March 2015			
Accruals and other payables	-	1,903,086	1,903,086
Due to the immediate holding company	<u>3,705</u>	<u>-</u>	<u>3,705</u>
	<u>3,705</u>	<u>1,903,086</u>	<u>1,906,791</u>
Year ended 31 March 2014			
Accruals and other payables	-	2,962,103	2,962,103
Due to the immediate holding company	<u>267,971</u>	<u>-</u>	<u>267,971</u>
	<u>267,971</u>	<u>2,962,103</u>	<u>3,230,074</u>

*Capital management*

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

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

SEMBAWANG HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2015

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Capital management* (continued)

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

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on [ ].