BOLDTEK
寶特 HOLDINGS

EYEING NEW HORIZONS

ANNUAL REPORT 2019

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Leong Weng Tuck, Registered Professional, Continuing Sponsorship (Mailing Address: 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619 and Tel: 6381 6757).

CORPORATE PROFILE

VISION

To be an admired well-diversified business group delivering superior building, design and maintenance solutions for our customers and community

MISSION

CUSTOMERS

We will leverage our construction core expertise by diversifying into supporting segments of sustained new growth

INVESTORS

We will deliver sustained risk-adjusted investor returns through our portfolio of core and supportive business activities

TEAM

We believe in nurturing future leaders to drive business continuity and high performance

VALUES

Honourable • Committed to Deliver • United We Stand • Persevering Forward

Listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") Catalist on 18 January 2013, Boldtek Holdings has business interests in general building, precast manufacturing, properties development and investment in Singapore and/or Malaysia.

GENERAL BUILDING

Logistics Construction Pte. Ltd., Apex Projects Pte. Ltd. and MSC Engineering Pte. Ltd., are principally engaged in providing building construction services and interior decoration/fitting out services in Singapore. We have a track record of more than 25 years in the construction business in Singapore, having undertaken numerous public and private projects as a main contractor.

PRECAST MANUFACTURING

CCL Precast Pte. Ltd. and CCL Precast (M) Sdn. Bhd., operate a precast manufacturing plant in Malaysia. The products from the precast plant will serve the Group's public and private residential, industrial or commercial projects in Singapore and also external customers in Singapore and Malaysia.

PROPERTIES DEVELOPMENT AND INVESTMENT

Le Premier Development Pte. Ltd. and Le Premier Development Sdn. Bhd. ("Le Premier Malaysia"), are engaged in property development and investment. Le Premier Malaysia industrial properties development and investment comprise of 20 units of freehold 3 storey terraced service industries for sales and a parcel of freehold industrial land to earn rental and/or for capital appreciation respectively. These properties are located in Senai Industrial Park, Johor, Malaysia.

SOIL INVESTIGATION AND TREATMENT

New Soil Technologies Pte. Ltd. ("New Soil") is 60% owned by the Group and together with our partners, New Soil undertakes soil investigation and treatment activities.

MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

The current economic landscape continues to be challenging. Considering the challenges we are facing, we will continue to focus on our core business segment - general building while we grow our precast manufacturing and properties development and investment business segments.

The Group is also looking to diversify our business into recycling of marine clay into engineering soil, a sand-like final product which is able to meet the requirements for use in land reclamation, backfill and road base.

GENERAL BUILDING

General building business is principally undertaken through its wholly-owned subsidiary, Logistics Construction Pte Ltd ("Logistics Construction"), which has a track record of more than 25 years in Singapore. Logistics Construction is approved by Building and Construction Authority ("BCA")'s workhead for General Building Works (CW01) to the highest grade, A1 where Logistics Construction can bid and execute large-scale projects of unlimited value. Logistics Construction has an established track record in delivering quality, value-added integrated solutions to its customers and has been able to maintain a healthy order book.

In addition, Construction Safety Award (Gold) was presented to Logistics Construction by Ministry of Education in recognition of its achievement in good safety performance on 7 November 2018.

PRECAST MANUFACTURING

With sustained emphasis on construction productivity and quality improvement, projects prescribing Design for Manufacturing and Assembly ("DfMA") technologies such as Prefabricated Prefinished Volumetric Construction ("PPVC") have become more prevalent in recent years. The Group is actively working with the relevant authorities and professional bodies to obtain In Principle Acceptances ("IPA") to be included in the list of suppliers/manufacturers that meet the PPVC requirement.

MESSAGE TO SHAREHOLDERS

PROPERTIES DEVELOPMENT AND INVESTMENT

The Group has developed 20 units of freehold three storey terraced service industries ("Malaysia terraced service industrial") for sales and an investment in a parcel of freehold industrial land to earn rental and/or for capital appreciation. These properties are located in Senai Industrial Park, Johor, Malaysia.

Sale of 2 units of Malaysia terraced service industrial was completed during the financial year ended 30 June 2019 ("FY2019"). We will step up our marketing activity to move the sales of the remaining 18 units of Malaysia terraced service industrial.

NOTE OF APPRECIATION

On behalf of the Board of Directors, we would like to thank the management and staff of the Group for their contributions and dedication. We will also like to take this opportunity to thank our shareholders and stakeholders for their unwavering support through the years. With the support from our stakeholders, the Group will endure and rise above current challenging times.

MR PAO KIEW TEE
Non-Executive Chairman and Independent Director

MR PHUA LAM SOON
Chief Executive Officer

BOARD OF DIRECTORS

PAO KIEW TEE
Non-Executive Chairman and Independent Director

Pao Kiew Tee is our Non-Executive Chairman and Independent Director. He was appointed as our Director on 24 December 2012 and was last re-elected on 29 October 2018. He is also the Chairman of the Audit Committee and a member of both the Nominating Committee and Remuneration Committee of our Company.

Mr Pao was a senior government auditor. The last post he held before his retirement in July 2016, after serving the Civil Service for 37 years, was Senior Group Director. As a senior government auditor, he was the overall in charge of a group responsible for carrying out financial statements and operation audits of government ministries and statutory boards. Prior to joining the Singapore Government, he was with two accounting firms in New Zealand between October 1976 and September 1978. From March 1975 to September 1976, he worked as an analyst for the Commercial Bank of Australia in New Zealand.

He is an independent director of SGX-ST listed companies, Mary Chia Holdings Limited, New Silkroutes Group Limited and Wong Fong Industries Limited. He is also a Trustee of the Serangoon Gardens Country Club and a member of the Audit Committee of the Seletar Country Club. He holds a Bachelor of Commerce (Accounting) degree from the University of Otago, Dunedin, New Zealand in 1974, is a fellow member of the Institute of Singapore Chartered Accountants ("ISCA") and a member of the Singapore Institute of Directors.

PHUA LAM SOON
Chief Executive Officer

Phua Lam Soon is our CEO and one of our co-founders. He has been a director of Logistics Construction Pte. Ltd. and Apex Projects Pte. Ltd. since their incorporation on 25 April 1992 and 7 October 2008 respectively. Mr. Phua was appointed as the sole first Director of our Company on 5 October 2012 and is also a member of the Nominating Committee. Mr Phua was last re-elected as a Director of the Company on 27 October 2016.

Mr. Phua is in charge of setting the strategic plans and steering the business development of our Group as well as its overall management of our Group and day to day operations. He has more than 30 years of experience in the building construction industry in Singapore. Under Mr. Phua's direction, our Group has undertaken a wide range of building constructions services that it offers, from renovation and interior fitting-out works to upgrading works and main building works for public sector projects.

In addition to his involvement with our Group, Mr. Phua is currently the vice-chairman of the Sembawang Citizens' Consultative Committee. He was conferred the Public Service Medal (Pingat Bakti Masyarakat) and Public Service Star (Bintang Bakti Masyarakat) by the President of the Republic of Singapore in August 2010 and August 2016 respectively.

ONG SIEW ENG
Executive Director

Ong Siew Eng is our Executive Director and one of our co-founders. She has been a director of Logistics Construction Pte. Ltd. and Apex Projects Pte. Ltd. since their incorporation on 25 April 1992 and 7 October 2008 respectively. Ms. Ong was appointed as a Director of our Company on 31 October 2012 and was last re-elected on 27 October 2017.

Ms. Ong oversees our Group's human resource management and administrative functions. From the incorporation of Logistics Construction Pte. Ltd. until August 2012, she was in charge of the finance, budgeting, human resource and administrative functions of our Group.

BOARD OF DIRECTORS

NG KOK SENG
Executive Director

Ng Kok Seng is our Executive Director. Mr Ng was appointed as a Director of our Company on 31 October 2012 and was last re-elected on 27 October 2016.

Mr. Ng is in charge of our Group's project management and worksite operations and is also involved in our Group's business development. He has more than 21 years of experience in the building construction industry. Mr. Ng joined our Group in May 1996 as a project coordinator in charge of the daily coordination of worksite progress. From August 1998 to July 1999, he was appointed as Project Manager where he was in charge of managing our Group's projects as well as the management and coordination of site personnel, subcontractors and suppliers. From August 1999 until Mr. Ng appointment as an Executive Director, he was our Group's General Manager and was in charge of overseeing our Group's tender processes as well as its site operations.

Mr. Ng graduated with a Diploma in Building from the Singapore Polytechnic in 1992.

FOO SHIANG PING
Non-Executive Director

Foo Shiang Ping was appointed as our Non-Executive Director on 24 December 2012 and was last re-elected on 27 October 2017. He is also a member of both the Audit Committee and the Remuneration Committee of our Company.

Mr. Foo is the Founder and Principal Consultant of SP Corporate Advisory, a boutique corporate restructuring and merger and acquisition advisory firm based in Singapore. With 20 years of corporate advisory experience, Mr. Foo's primary dealings are in IPO, mergers and acquisitions, corporate restructuring transactions and fund-raising activities. At present, Mr. Foo is a member of the Singapore Institute of Directors.

Having earned his Bachelor's in Business Economics (with Distinction) from Brock University in Canada, Mr. Foo also serves as the Vice-President of Foo Clan Association and Treasurer of Geylang East Home for the Aged currently.

CHEN TIMOTHY TECK-LENG
Independent Director

Chen Timothy Teck-Leng was appointed as our Independent Director on 24 December 2012 and was last re-elected on 29 October 2018. He is also the Chairman of both the Nominating Committee and Remuneration Committee and a member of the Audit Committee of our Company.

Mr. Chen has more than three decades of management experience in banking, insurance, international finance and corporate advisory work. He has held positions in Bank of America, Wells Fargo Bank, Bank of Nova Scotia and Sun Life Financial Inc.. He was formerly the General Manager, China for Sun Life Financial Inc. and the President & CEO of Sunlife Everbright Life Insurance Company in China.

Mr. Chen currently sits on the boards of several SGX-listed companies.

Mr. Chen earned his Bachelor of Science degree from University of Tennessee and his Master of Business Administration degree from Ohio State University. He received his Certified Corporate Director (ICD.D) designation from the Canadian Institute of Corporate Directors.

EXECUTIVE OFFICERS

GO HUI YANG
Financial Controller

Go Hui Yang joined the Group in May 2018 and is responsible for the overall financial accounting and reporting function of the Group's business. He is also involved in the Group's treasury functions and financial operations including corporate compliance matters with regulatory bodies.

Prior to joining the Group, Mr. Go was with the audit department of Deloitte and Touche LLP, Singapore ("Deloitte") from February 2010 and left Deloitte as an Audit Senior Manager in January 2018. At Deloitte, he was involved in the financial audit of various Singapore listed companies, statutory boards and multi-national companies and public listing of companies on the Singapore Exchange.

Mr Go graduated with a Bachelor of Business in Accountancy (Degree with distinction) from Royal Melbourne Institute Technology University. He is also a member of ISCA and Certified Public Accountants Australia.

LOY YAN RU
Administration and Human Resources Manager

Loy Yan Ru is our Administration and Human Resources Manager. She joined our Group in May 2009.

Ms. Loy has been the human resources manager of both our subsidiaries, namely Logistics Construction Pte. Ltd. and Apex Projects Pte. Ltd. since May 2009. She oversees our Group's human resource management and administration matters, including recruitment, staff remuneration and staff insurance matters. In addition, Ms. Loy is also involved in the dealing with feedback from the public in relation to certain upgrading and home improvement projects undertaken by our Group.

Ms. Loy graduated with a Bachelor of Science (Real Estate) degree from National University of Singapore in 2008.

CORPORATE STRUCTURE

BOLDTEK 寶特 HOLDINGS

BOLDTEK HOLDINGS LIMITED

- 100% S'pore — Logistics Construction Pte Ltd
  Building and construction services
  - 100% S'pore — MSC Engineering Pte Ltd
    Building and construction services
- 100% S'pore — Boldtek Investment Pte Ltd
  Investment holding
  - 100% S'pore — Le Premier Development Pte Ltd
    Investment holding of land and property development
  - 100% S'pore — CCL Precast Pte Ltd
    Precast building and construction products manufacturing
    - 100% M'sia — CCL Precast (M) Sdn Bhd
      Precast building and construction products manufacturing
  - 60% S'pore — New Soil Technologies Pte Ltd
    Soil investigation, treatment and stabilization, research and experimental development on engineering
  - 100% M'sia — Le Premier Development Sdn Bhd
    Investment holding of land and property development
- 100% S'pore — Apex Projects Pte Ltd
  Interior decoration and fitting-out services

CORPORATE INFORMATION

BOARD OF DIRECTORS

PAO KIEW TEE
(Non-Executive Chairman and Independent Director)

PHUA LAM SOON
(Chief Executive Officer)

ONG SIEW ENG
(Executive Director)

NG KOK SENG
(Executive Director)

FOO SHIANG PING
(Non-Executive Director)

CHEN TIMOTHY TECK-LENG
(Independent Director)

AUDIT COMMITTEE

PAO KIEW TEE
(Chairman)

CHEN TIMOTHY TECK-LENG
(Member)

FOO SHIANG PING
(Member)

NOMINATING COMMITTEE

CHEN TIMOTHY TECK-LENG
(Chairman)

PAO KIEW TEE
(Member)

PHUA LAM SOON
(Member)

REMUNERATION COMMITTEE

CHEN TIMOTHY TECK-LENG
(Chairman)

PAO KIEW TEE
(Member)

FOO SHIANG PING
(Member)

JOINT COMPANY SECRETARIES

Ong Wei Jin (LL.B. (Hons))
Kennedy Chen (LL.B. (Hons))

REGISTERED OFFICE

24 Kranji Road
Singapore 739465
Tel: +65 6891 0831
Fax: +65 6891 0835

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

SPONSOR

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

INDEPENDENT AUDITOR

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

Partner-in-charge
Chan Ser
(Appointed since the financial year ended 30 June 2019)

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

Standard Chartered Bank
Standard Chartered Bank
8 Marina Boulevard
Marina Bay Financial Centre Tower 1
Level 27
Singapore 018981

DBS Bank Ltd
12 Marina Boulevard, Level 43
Marina Bay Financial Centre
Singapore 018982

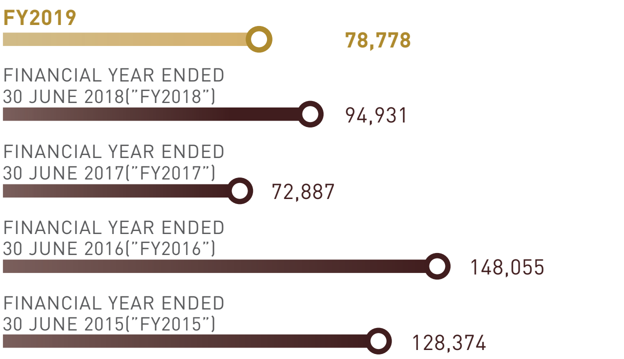
INTERNAL AUDITOR

KPMG Services Pte Ltd
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

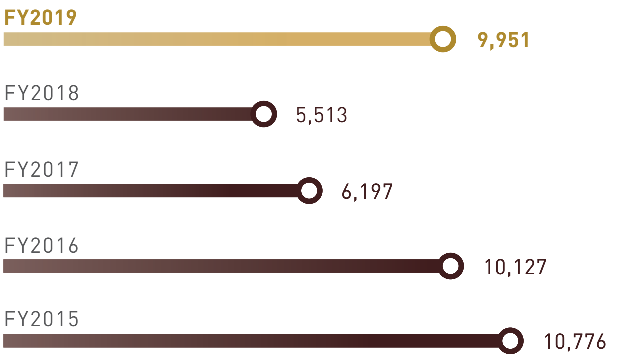
FINANCIAL HIGHLIGHTS

BOLDTEK HOLDINGS LIMITED & ITS SUBSIDIARY CORPORATIONS

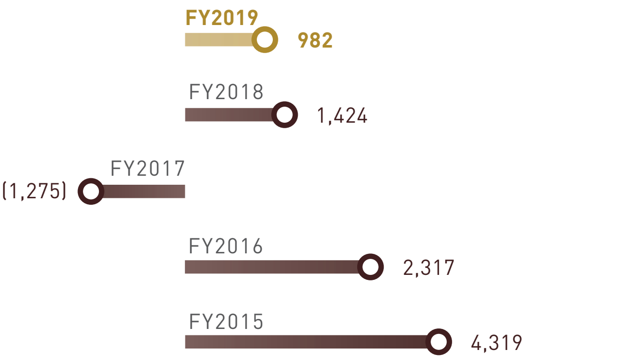
REVENUE (S$'000)



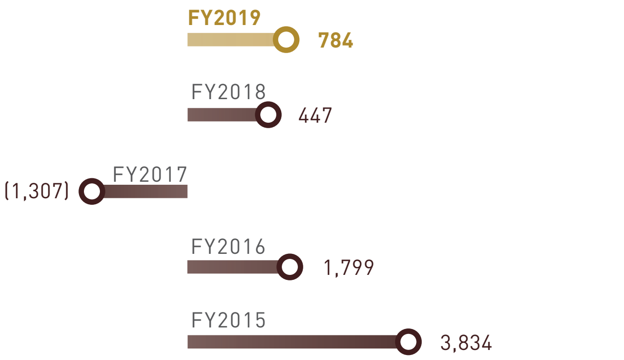
GROSS PROFIT (S$'000)



PROFIT/(LOSS) BEFORE TAXATION (S$'000)



NET PROFIT/(LOSS) AFTER TAXATION (S$'000)



S$'000	FY2015	FY2016	FY2017	FY2018	**FY2019**
Revenue	128,374	148,055	72,887	94,931	**78,778**
Gross profit	10,776	10,127	6,197	5,513	**9,951**
Profit/(Loss) before taxation	4,319	2,317	(1,275)	1,424	**982**
Profit/(Loss) after taxation	3,834	1,799	(1,307)	447	**784**
Profit/(Loss) attributable to owner of the parent	4,336	1,932	(1,060)	592	**817**
Earnings/(Losses) per share (Singapore cents)[1]	2.55	1.14	(0.62)	0.33	**0.44**
Total assets	89,230	81,464	81,360	81,502	**86,335**
Equity attributable to owners of the parent	26,772	27,094	25,270	27,551	**28,415**
Net asset value per share (Singapore cents)[2]	15.58	15.70	14.49	14.86	**15.31**

[1] The earnings / (losses) per share was computed based on the profit attributable to owner of the parent divided by the weighted average number of shares in issued during the financial year.

[2] The net asset value per ordinary share for FY2015 to FY2017 and FY2018 to FY2019 is computed based on the share capital of the Company of 170,000,000 and 185,625,000 shares respectively.

OPERATING AND FINANCIAL REVIEW

OPERATING REVIEW

GENERAL BUILDING

During FY2019, we secured 9 projects with contract sums amounting to approximately S$94.5 million. These projects mainly comprised of new building works, term contracts, and addition and alteration works.

PRECAST MANUFACTURING

The Group continues to operate its precast manufacturing plant in Johor, Malaysia, and is looking into new precast technologies to improve the operational capabilities and efficiencies. We are also exploring strategic alliances and joint-venture opportunities with local and overseas parties to increase sales.

The Group's existing order book from general building and precast manufacturing stood at about S$134.7 million as at 29 August 2019.

PROPERTIES DEVELOPMENT AND INVESTMENT

Development of the 20 units of Malaysia terraced service industrial for sales were completed and sale of 2 units of terraced service industrial were also completed during FY2019.

The parcel of freehold industrial land ("Malaysia land") held by the Group is to earn rental or for capital appreciation, or both.

Malaysia terraced service industrial and Malaysia land are located at Senai Industrial Park, Johor, Malaysia (collectively known as "Malaysia properties").

FINANCIAL REVIEW

STATEMENT OF PROFIT OR LOSS

REVENUE AND COST OF WORKS

The Group's revenue decreased by approximately S$16.2 million or 17.0% mainly due to the decrease in revenue from properties development and investment and precast manufacturing of about S$20.2 million and S$0.2 million respectively being partially offset by the increase in revenue from general building of about S$4.3 million. Correspondingly, cost of works decreased by about S$20.6 million or 23.0% mainly due to the decrease in cost of works from properties development and investment of about S$23.9 million being partially offset by the increase in cost of works from general building of about S$3.8 million.

GENERAL BUILDING

Revenue increased mainly due to the recognition of higher revenue from on-going projects including, among others, revenue from construction works relating to alteration and addition works and new building works.

Gross profit (excluding inter-segments) increased by approximately S$0.5 million mainly due to a decrease in depreciation of property, plant and equipment ("PPE") (included in cost of works) by S$0.5 million as there were more PPE which were fully depreciated before the end of the reporting period.

PRECAST MANUFACTURING

Revenue decreased by approximately S$0.2 million due to no additional project won in FY2019.

OPERATING AND FINANCIAL **REVIEW**

PROPERTIES DEVELOPMENT AND INVESTMENT

Revenue decreased because the Group sold all 8 units of freehold residential cluster houses in Singapore ("Singapore cluster houses") in FY2018 as opposed to revenue recognised from the sale of 2 units of Malaysia terraced service industrial in FY2019.

Development properties cost totalling S$1.0 million (FY2018: S$24.9 million) was recognised as cost of works.

OTHER INCOME

The Group's other income decreased by approximately S$3.9 million or 86.2% mainly due to the decrease in fair value ("FV") gain on investment properties of S$3.4 million in relation to the Malaysia land together with an absence of currency translation gain (FY2018: S$0.5 million).

There was no material change in FV of the investment properties as at 30 June 2019 and 2018. As a result, no changes in FV of investment properties are recognised. No currency translation gain was being recognised due to the weakening of Malaysia Ringgit ("RM").

OTHER EXPENSES

The Group's other expenses increased by approximately S$0.5 million or 660.0%. This is mainly due to the S$0.5 million (FY2018: S$Nil) currency translation loss being recorded due to the weakening of RM during FY2019 arising from the monetary liabilities denominated in Singapore Dollar held by the Malaysia subsidiaries.

FINANCE COSTS

The Group's finance costs increased by approximately S$0.6 million or 112.4%. This is mainly due to the completion of the construction of the Malaysia properties and accordingly, the borrowing costs in relation to the Malaysia properties are expensed instead of capitalised.

TAXATION

The Group's income tax expense decreased by approximately S$0.8 million or 79.7% mainly due to no changes in FV of investment properties being recorded which led to the decrease in deferred tax charges being recorded in FY2019.

PROFIT FOR THE FINANCIAL YEAR

Overall, the Group reported a profit after tax of approximately S$0.8 million (FY2018: S$0.4 million).

STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

The Group's current assets decreased by approximately S$0.3 million. This is mainly due to the decrease in cash and bank balances, trade and other receivables and development properties/completed properties held for sale of approximately S$1.5 million, S$4.3 million and S$1.2 million respectively partially offset by the increase in contract assets of S$6.8 million.

Cash and bank balances decreased mainly due to cash used in purchase of PPE.

OPERATING AND FINANCIAL **REVIEW**

Trade and other receivables decreased mainly due to the receipt from the buyers of Singapore Cluster houses.

Development properties were reclassified to completed properties held for sale in FY2019 and the decrease is mainly due to the recognition of the cost of works in relation to the sale of 2 units Malaysia terraced service industrial during FY2019.

Contract assets, being revenue recognised but unbilled, increased mainly due to on-going projects.

NON-CURRENT ASSETS

The Group's non-current assets increased by approximately S$5.1 million which is mainly due to the increased in PPE of about S$5.7 million being partially offset by the decrease in investment properties of approximately S$0.6 million.

Investment properties decreased mainly due to the effects of retranslation upon consolidation for the Malaysia land which is denominated in RM.

PPE increased mainly due to the acquisition of Senoko property offset by the routine depreciation and disposal of PPE during FY2019.

CURRENT LIABILITIES

The Group's current liabilities increased by about S$1.6 million mainly due to the increase in trade and other payables, current tax payable and borrowings of about S$1.8 million, S$0.3 million and S$0.9 million respectively partially offset by the decrease in contract liabilities of about S$1.3 million.

Movement in contract liabilities, trade and other payables were mainly due to on-going projects.

Increased in profit before taxation led to the increase in current tax payable.

Borrowings increased mainly due to certain borrowings being reclassified from non-current liabilities to current liabilities in accordance with the term loan's repayment schedule.

NON-CURRENT LIABILITIES

The Group's non-current liabilities increased by approximately S$2.4 million mainly due to additional borrowing obtained to acquire Senoko property which is partially offset by certain borrowings being reclassified from non-current liabilities to current liabilities as explained above.

STATEMENT OF CASH FLOWS

OPERATING ACTIVITIES

Net cash from operating activities was approximately S$2.9 million mainly from construction revenue and the sales of 2 units of Malaysia terraced service industrial.

INVESTMENT ACTIVITIES

Net cash used in investing activities was approximately S$1.6 million which were mainly used to purchase PPE during FY2019.

FINANCING ACTIVITIES

Net cash used in financing activities was approximately S$2.8 million mainly due to the repayment of the borrowings and interest expenses. Proceeds from borrowings of S$4.1 million were mainly for working capital purposes.

As a result, the Group recorded a net decrease in cash and bank balances of S$1.5 million.

FINANCIAL **CONTENTS**

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Boldtek Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining good corporate governance to enhance and safeguard the interest of its shareholders.

This report below describes the corporate governance framework and practices of the Company for the financial year ended 30 June 2019 ("**FY2019**") with reference to the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

Guideline	**Code and/or Guide Description**	**Company's Compliance or Explanation**
General	(a) Has the Company complied with all the principles and guidelines of the Code?	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2019.
BOARD MATTERS		
The Board's Conduct of Affairs		
1.1 1.2	What is the role of the Board?	The Board has 6 members and comprises the following:

Table 1.1 – Composition of the Board

Name of Director	**Designation**
Pao Kiew Tee	Non-Executive Chairman and Independent Director
Phua Lam Soon	Chief Executive Officer ("**CEO**")
Ong Siew Eng	Executive Director
Ng Kok Seng	Executive Director
Foo Shiang Ping	Non-Executive Director
Chen Timothy Teck-Leng	Independent Director

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management (the "**Management**"). To fulfill this role, the Board sets the Group's strategic direction, establishes goals for the Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group. Apart from its statutory responsibilities, the principal functions of the Board encompass the following: ■ Providing stewardship to the Company including charting its corporate strategies and business plans; ■ Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives; ■ Authorizing and monitoring major investment and strategic commitments; ■ Reviewing and assessing the performance of the Management (comprising executive directors ("**Executive Directors**") and key management personnel of the Company); ■ Overseeing the processes for evaluating the adequacy of internal controls, addressing risk management, financial reporting and compliance, and satisfying itself as to the sufficiency of such processes; ■ Establishing a framework for effective control, including the safeguarding of shareholders' interests and the Company's assets; ■ Providing guidance and advice to Management; ■ Being responsible for good corporate governance; ■ Considering sustainability issues, including environmental and social factors, as part of the Company's strategic formulation; ■ Identifying key stakeholder groups of the Company and recognize that their perceptions affect the Company's reputation; and ■ Setting the Company's values and standards, including ethical standards, and ensuring that the obligations to its shareholders and other stakeholders are understood and met. All directors are expected to discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.3</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>
To assist the Board in the discharge of its responsibilities, the Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). Upon its establishment, the Board Committees operate within clearly defined terms of reference and operating procedures, which would be reviewed on a regular basis. Minutes of all Board Committee meetings will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings. The composition of the Board Committees are as follows:
<table>
<tr><th colspan="4">Table 1.3 – Composition of the Board Committees</th></tr>
<tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Chairman</td><td>Pao Kiew Tee</td><td>Chen Timothy Teck-Leng</td><td>Chen Timothy Teck-Leng</td></tr>
<tr><td>Member</td><td>Chen Timothy Teck-Leng</td><td>Pao Kiew Tee</td><td>Pao Kiew Tee</td></tr>
<tr><td>Member</td><td>Foo Shiang Ping</td><td>Phua Lam Soon</td><td>Foo Shiang Ping</td></tr>
</table>
</td></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>
The dates of meetings of the Board, Board Committees and the annual general meetings are scheduled one (1) year in advance. The Board meets regularly at least two (2) times within each financial year and at other times as appropriate, to approve the release of the Group's financial results as well as to consider and resolve major financial and business matters of the Group.
The Board and Board Committees may also make decisions by way of circular resolutions in writing.
To facilitate the attendance and participation of Directors at Board and Board Committees meetings, the Company's Constitution permits the Directors of the Company to attend meetings through the use of audio-visual communication equipment.
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>In FY2019, the number of Board and Board Committees meetings held and the attendance of each Board member are summarised in the table below:

<table>
<tr><th colspan="5">Table 1.4 – Board and Board Committees Meetings in FY2019</th></tr>
<tr><td></td><td>Board</td><td>AC</td><td>NC</td><td>RC</td></tr>
<tr><td>No. of meetings held in FY2019</td><td>2</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Directors</td><td colspan="4">Number of meetings attended in FY2019</td></tr>
<tr><td>Pao Kiew Tee</td><td>2</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Phua Lam Soon</td><td>2</td><td>2[1]</td><td>1</td><td>1[1]</td></tr>
<tr><td>Ong Siew Eng</td><td>2</td><td>2[1]</td><td>1[1]</td><td>1[1]</td></tr>
<tr><td>Ng Kok Seng</td><td>2</td><td>2[1]</td><td>1[1]</td><td>1[1]</td></tr>
<tr><td>Foo Shiang Ping</td><td>2</td><td>2</td><td>1[1]</td><td>1</td></tr>
<tr><td>Chen Timothy Teck-Leng</td><td>2</td><td>2</td><td>1</td><td>1</td></tr>
</table>

Note:
[1] Attendance by invitation.</td></tr>
<tr><td>1.5</td><td>What are the types of material transactions which require approval from the Board?</td><td>The Board's approval is required on matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends, acceptance of bank facilities, release of the Group's half year and full year financial results announcements and all interested person transactions.</td></tr>
<tr><td>1.6
1.7</td><td>(a) Are new Directors given formal training? If not, please explain why.</td><td>The Board ensures that incoming newly appointed Directors will be given an orientation of the Group's business activities, strategic direction, policies and governance practices to facilitate the effective discharge of their duties.

Newly appointed Directors will also be provided with a formal letter setting out their duties and obligations.

The Directors have been given briefings by the Management on the Group's business activities and its strategic directions to facilitate the effective discharge of their duties. Management will monitor new laws, regulations and commercial developments and will keep the Board updated accordingly. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts.

The Directors are also encouraged to attend relevant seminars such as those organised by SGX-ST, Singapore Institute of Directors and other external professional organisations to keep abreast of developments relevant to their roles.</td></tr>
</table>

CORPORATE
GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	Briefings, updates and trainings for Directors in FY2019 include the following: ■ The external auditor, Foo Kon Tan LLP ("FKT"), briefed the AC on changes or amendments to accounting standards. In addition, certain directors attended programmes, seminars, briefings and update sessions, such as the core professional development programmes organised by Singapore Institute of Directors with collaboration with Accounting and Corporate Regulatory Authority and SGX-ST for Audit Committee. Attendances in such training sessions helped enhance the performance of the directors in their duties.
BOARD MATTERS		
Board Composition and Guidance		
2.1 2.2	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	The Company endeavours to maintain a strong and independent element on the Board. Two (2) of the Company's Directors are independent, thereby fulfilling the Code's requirement that at least one-third of the Board should comprise Independent Directors.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The Board considers an Independent Director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs with a view to the best interests of the Company. The Independent Directors have confirmed their independence in accordance with the Code. The NC has also reviewed and is of the view that the two (2) Independent Directors are independent in accordance with the definition of independence in the Code. The independence of each Director will be reviewed annually by the NC in accordance with the definition of independence in the Code.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There are no Independent Directors who has served on the Board beyond nine (9) years from the date of his/her first appointment.
2.5	Has the Board examined its size of the Board?	A review will be undertaken by the Board, together with the NC to determine if the current size of the Board is appropriate for the scope and nature of the Group's operations to facilitate effective decision-making and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. For FY2019, the NC is of the view that the present size of the Board allows it to be effective and not too large as to be unwieldy.

CORPORATE
GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="3">2.6</td><td>(a) What is the Board's policy with regard to diversity in identifying director nominees?</td><td>The Board's policy in identifying director nominees is primarily for the Board to have an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. They should also provide core competencies such as accounting and finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.</td></tr>
<tr><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Table 2.6 – Balance and Diversity of the Board
<table>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>Accounting or finance</td><td>3</td><td>50%</td></tr>
<tr><td>Business management</td><td>4</td><td>67%</td></tr>
<tr><td>Legal or corporate governance</td><td>3</td><td>50%</td></tr>
<tr><td>Relevant industry knowledge or experience</td><td>4</td><td>67%</td></tr>
<tr><td>Strategic planning experience</td><td>4</td><td>67%</td></tr>
<tr><td>Customer based experience or knowledge</td><td>4</td><td>67%</td></tr>
</table></td></tr>
<tr><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The Board has taken the following steps to maintain or enhance its balance and diversity:

(a) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficiency of the Board; and

(b) Annual appraisal carried out on each director on their skill set they possess.

The NC has reviewed and is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, experience and capabilities required for the Board to be effective.

The NC also takes into consideration the results of the abovementioned evaluation exercise in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.7 2.8		The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of Management to discuss concerns or matters such as the effectiveness of Management. For FY2019, the Non-Executive Directors have met once in the absence of Management.
Chairman and Chief Executive Officer		
3.1 3.2 3.3	Are the duties between Chairman and CEO segregated?	The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between them is clearly established, and they are not related to each other. Mr Pao Kiew Tee is the Non-Executive Chairman (the "**Chairman**") and an Independent Director of the Company, and is responsible for the workings of the Board to ensure the effectiveness and integrity of the governance process. Mr Phua Lam Soon is the CEO of the Company, and is responsible for the business and operational decision of the Group. The CEO works with the Board to determine the strategy for the Group and is responsible for the Group's business performance. The CEO also works with the Management of the Group to ensure that the Management operates in accordance with the strategic and operational objectives of the Group. The Chairman leads the Board to ensure its effectiveness on all aspects of its role. He approves the agenda for the Board and the agenda for Board Committees are approved by the Chairman together with the respective chairpersons of the Board Committees. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the Management and shareholders of the Company. He encourages interactions between the Board and Management, as well as between the Executive and Non-Executive Directors. The Chairman also takes a leading role in ensuring the Company's compliance with corporate governance guidelines. There is no requirement to appoint a lead independent director.
3.4	Have the Independent Directors met in the absence of the other directors?	The Independent Directors have met in the absence of the other directors at least once in FY2019. The Independent Directors effectively check on Management by constructively challenging and helping to develop proposals on strategy. They monitor and review the reporting and performance of Management in meeting agreed goals and objectives. The Independent Directors may meet regularly on their own as warranted without the presence of Management.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1 4.2	What are the duties of the NC?	The Company has constituted the 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 primary function of the NC is to determine the criteria for identifying candidates, review nominations for the appointment of Directors to the Board, to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. The NC has adopted written terms of reference defining its membership, administration and duties, which includes, *inter alia*: (a) to make recommendations to the Board on all Board appointments and re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors); (b) to ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years; (c) to determine annually whether a Director is independent, in accordance with the guidelines contained in the Code; (d) to decide whether a Director is able to and has adequately carried out his duties as a director of the Company, in particular, where the Director has multiple board representations; (e) to review and approve any new employment of related persons and the proposed terms of their employment; (f) put in place and review Board succession plans for the Directors, and in particular, for the Chairman of the Board and the CEO of the Company; (g) assessing the effectiveness of the Board as a whole and its Board Committees, and the contribution by each individual Director to the effectiveness of the Board; (h) to decide how the Board's performance may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long term shareholders' value; and (i) to review the training and professional development programs for the Board.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has set the maximum number of listed company board representations at 8. Having assessed the capacity of the Directors based on factors disclosed in Section 4.4(c) below, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.
	(b) If a maximum has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.
	(d) Have the Directors adequately discharged their duties?	The NC is of the view that all Directors had adequately carried out their duties as Directors of the Company, taking into consideration the number of listed company board representations and other principal commitments that some of the Directors hold.
4.5	Are there alternate Directors?	As at the date of this report, there are no alternate directors appointed in the Company.
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	There is a formal and transparent process for the appointment of new Directors to the Board. The NC reviews and recommends all new Board appointments and also the re-nomination and re-appointment of Directors to the Board. The NC assesses to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director contributes and brings to the Board an objective perspective to enable balanced and well-considered decisions to be made.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		There is a formal and transparent process for the appointment of new Directors to the Board. The nomination and selection process of a new Director begins with the NC identifying the needs in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board. The NC then prepares a description of the role and the desirable competencies for a particular appointment. If required, the NC may engage professional search firms to undertake research on, or assess candidates for the new position, and will also give due consideration to candidates identified by substantial shareholders, Board members and Management. The NC will then meet with the short-listed candidates to assess their suitability. Where a candidate has been endorsed by the NC, it will then make a recommendation to the Board for approval. The NC makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board. All Directors are subject to the provisions of Regulation 107 of the Company's Constitution whereby one-third of the Directors are required to retire and subject themselves to re-election by the shareholders at each annual general meeting ("**AGM**"), and each Director is required to subject himself for re-nomination and re-election at least once every three (3) years. In addition, any new Director appointed during the year either to fill a casual vacancy or as an addition to the Board will have to retire at the annual general meeting following his appointment, and is eligible for re-election if he/she so desires. The NC, with the respective member who is interested in the discussion having abstained from the deliberations, has reviewed and recommended to the Board that Mr Phua Lam Soon and Mr Ng Kok Seng be nominated for re-appointment at the forthcoming AGM of the Company. Mr Phua Lam Soon will, upon re-election as a Director, remain as the CEO of the Company and a member of the NC of the Company. Mr Ng Kok Seng will, upon re-election as a Director, remain as an Executive Director of the Company.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>4.7</td><td>Please provide Directors' key information.</td><td>The key information of the Directors, including their appointment dates, present directorships and those held in other listed companies over the past three (3) years, are set out in the section "Board of Directors" of this Annual Report and below:
<table>
<tr><th rowspan="2">Name of Director</th><th rowspan="2">Date of initial appointment</th><th rowspan="2">Date of last re-election</th><th colspan="2">Directorships in other listed companies</th></tr>
<tr><th>Current</th><th>Past 3 Years[1]</th></tr>
<tr><td>Pao Kiew Tee</td><td>24 December 2012</td><td>29 October 2018</td><td>Wong Fong Industries Limited
Mary Chia Holdings Limited
New Silkroutes Group Limited</td><td>Nil</td></tr>
<tr><td>Phua Lam Soon</td><td>5 October 2012</td><td>27 October 2016</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Ong Siew Eng</td><td>31 October 2012</td><td>27 October 2017</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Ng Kok Seng</td><td>31 October 2012</td><td>27 October 2016</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Foo Shiang Ping</td><td>24 December 2012</td><td>27 October 2017</td><td>Nil</td><td>800 Super Holdings Limited</td></tr>
<tr><td>Chen Timothy Teck-Leng</td><td>24 December 2012</td><td>29 October 2018</td><td>Yangzijiang Shipbuilding (Holdings) Ltd.
Tianjin Zhong Xin Pharmaceutical Group Corporation Limited
Sysma Holdings Limited
Tye Soon Limited</td><td>TMC Education Corporation Ltd</td></tr>
</table>
Note:
[1] Refers to directorships in other listed companies held in the past 3 years but no longer holding.</td></tr>
</table>

CORPORATE
GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Performance		
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board?	The NC is guided by its terms of reference which set out its responsibility for assessing the Board's effectiveness as a whole and the contribution from each individual Director, including the Chairman of the Board, to the effectiveness of the Board. The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Group's business and that each Director contributes and brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. In assessing the effectiveness of the Board, the NC considers a number of factors, including the discharge of the Board's functions, access to information, participation at Board meetings and communication and guidance given by the Board to the Management. The NC's focus in the assessment of the Board's effectiveness is on its ability to provide supervisory and oversight. Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and for assessing the contribution by each Director to the effectiveness of the Board:

Table 5

Performance Criteria	Board	Individual Directors
Qualitative	1. Size and composition 2. Access to information 3. Board processes 4. Strategic planning 5. Board accountability	1. Adequacy of preparation for Board and Board Committees meetings 2. Contributions to specialist areas and generation of constructive debate 3. Maintenance of independence (where applicable)
Quantitative	1. Performance of the Company's share price over five years period 2. Revenue growth 3. Net profit margin	1. Attendance at Board and Board Committees meetings

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Review of the Board's performance is conducted by the NC annually. The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole. The board evaluation process is conducted annually by way of a board evaluation questionnaire. In FY2019, the review process was as follows: 1. All Directors collectively as a whole completed a board evaluation questionnaire on the effectiveness of the Board, the Board Committees and the individual Directors based on criteria disclosed in Table 5 above; 2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report; and 3. The NC discussed the report and concluded the performance results during the NC meeting. Each member of the NC has abstained from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director. The NC, having reviewed the overall performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board and each individual Director has been satisfactory. No external facilitator was used in the evaluation process.
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3"><u>Access to Information</u></td></tr>
<tr><td>6.1
6.2
10.3</td><td>What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</td><td>
<table>
<tr><th colspan="2">Table 6 – Types of information provided by key management personnel to Independent Directors</th></tr>
<tr><th>Information</th><th>Frequency</th></tr>
<tr><td>1. Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Every meeting</td></tr>
<tr><td>2. Updates to the Group's operations and the markets in which the Group operates in</td><td>Every meeting</td></tr>
<tr><td>3. Budgets and/or forecasts (with variance analysis), and management accounts (with financial ratios analysis)</td><td>Every meeting</td></tr>
<tr><td>4. Reports on on-going or planned corporate actions</td><td>Every meeting</td></tr>
<tr><td>5. Internal auditor's report</td><td>Yearly</td></tr>
<tr><td>6. Shareholding statistics</td><td>Yearly</td></tr>
<tr><td>7. External auditor's report</td><td>Yearly</td></tr>
</table>
The Company will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.
In exercising their duties, the Directors have unrestricted, separate and independent access to the Management, company secretary ("Company Secretary") and independent auditors.
</td></tr>
<tr><td>6.3
6.4</td><td>What is the role of the Company Secretary?</td><td>The Company Secretary attends all Board meetings of the Company, ensures a good flow of information within the Board and between the Management and the Non-Executive Directors, attends to corporate secretariat administration matters, and advises the Board on corporate governance matters, ensuring Board procedures are followed and that applicable rules and regulations are complied with. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.</td></tr>
<tr><td>6.5</td><td>Do the Directors take independent professional advice?</td><td>Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.</td></tr>
</table>

CORPORATE
GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	The RC is regulated by a set of written terms of reference and has access to independent professional advice, if necessary. Pursuant to the RC's terms of reference, the RC will be responsible for, *inter alia*, reviewing and recommending to the Board a framework of remuneration for the Directors and key management personnel, including the CEO, other personnel having the authority and responsibility for planning, directing and controlling the activities of the Group, and the employees related to the Executive Directors and controlling shareholders of the Company, and determining specific remuneration packages for each Executive Director as well as for each key management personnel. The review will cover all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and other benefits-in-kind. Annually, the RC will review the level and mix of remuneration and benefits policies and practices of the Company, including long-term incentives. When conducting such reviews, the RC will take into account the performance of the Company and that of individual employees. It will also review and approve the framework for salary reviews, performance bonus and incentives for key management personnel of the Group. The recommendations of the RC on remuneration of Directors and key management personnel will be submitted for endorsement by the entire Board. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his/her own remuneration. The RC has met to consider and review the remuneration packages of the Executive Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Company. The RC also review the contracts of service of Management to ensure it contain fair and reasonable termination clauses which are not overly generous and avoid rewarding poor performance.
7.3	Were remuneration consultants engaged in the last financial year?	The RC may from time to time, and where necessary or required, engage independent external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel and ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants. Among other things, this helps the Company to stay competitive in its remuneration packages. No remuneration consultants were engaged by the Company in FY2019.

CORPORATE
GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Level and Structure of Remuneration		
8.3	Remuneration of Non-Executive Directors	The RC recommended fixed directors' fee for the effort, time spent and responsibilities of each Independent Director and/or Non-Executive Director. The respective Chairman of the Board and Board Committees are remunerated with higher directors' fees which commensurate with the higher level of responsibility assumed. The directors' fees are subject to shareholders' approval at the AGM.
8.4	Are "claw-back" provisions provided for in the service agreements of Executive Directors and key management personnel?	The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and Management in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and Management, "claw-back" provisions in the service agreements may not be relevant or appropriate.
Disclosure on Remuneration		
9	What is the Company's remuneration policy?	The Company's remuneration policy is one that seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel to achieve the Company's business vision and create sustainable value for its shareholders. In setting remuneration packages, the RC takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The breakdown of remuneration of the Directors of the Company for FY2019 is as follows:

Table 9.2 – Remuneration of the Directors

Directors/ Chief Executive Officer	Fees %	Salaries[1] %	Bonus[2] %	Other Benefits[3] %	Total %
S$500,001 to below S$750,000					
Phua Lam Soon	–	71.35	17.50	11.15	100.00
Ong Siew Eng	–	69.03	16.74	14.23	100.00
Below S$250,000					
Ng Kok Seng	–	71.22	12.54	16.24	100.00
Pao Kiew Tee	100.00	–	–	–	100.00
Chen Timothy Teck-Leng	100.00	–	–	–	100.00
Foo Shiang Ping	100.00	–	–	–	100.00

Notes:

[1] Employer Central Provident Fund contributions are included as part of salaries.

[2] Annual wage supplement and profit sharing, if any, are included as part of bonus. There was no profit sharing for Mr Phua Lam Soon in FY2019. Please refer to Section 9.6 below for further details.

[3] Transportation allowances are included as part of other benefits.

The Board, on review, decided not to disclose the exact remuneration details of each individual director and the CEO given the competitive business environment and possible negative impact on the Group's business interest.

There are no termination and retirement benefits that may be granted to Directors, the CEO and the top two (2) key management personnel.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">9.3</td><td>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>Details of remuneration paid to key management personnel of the Group for FY2019 is as follows:
<table>
<tr><th colspan="5">Table 9.3 – Remuneration of Key Management Personnel</th></tr>
<tr><th>Key Management Personnel</th><th>Salaries[1] %</th><th>Bonus[2] %</th><th>Other Benefits[3] %</th><th>Total %</th></tr>
<tr><td colspan="5">Below S$250,000</td></tr>
<tr><td>Go Hui Yang</td><td>95.14</td><td>4.86</td><td>–</td><td>100.00</td></tr>
<tr><td>Loy Yan Ru[4]</td><td>93.43</td><td>6.57</td><td>–</td><td>100.00</td></tr>
<tr><td>Yeo Goek Ngo[5]</td><td>100.00</td><td>–</td><td>–</td><td>100.00</td></tr>
</table>
Notes:
(1) Employer Central Provident Fund contributions are included as part of salaries.
(2) Annual wage supplement is included as part of bonus.
(3) Transportation allowances are included as part of other benefits.
(4) Ms Loy Yan Ru is the niece of the CEO, Mr Phua Lam Soon, and Executive Director, Ms Ong Siew Eng.
(5) Resigned with effect from 31 December 2018.</td></tr>
<tr><td>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The Company currently only has two (2) key management personnel. The aggregate total remuneration paid to the two (2) current and one (1) resigned key management personnel (who are not Directors or the CEO) for FY2019 were approximately S$282,000.</td></tr>
<tr><td>9.4</td><td>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td><td>There were no employees during FY2019 who were immediate family members of a Director and/or the CEO.</td></tr>
<tr><td>8.2
9.5</td><td>Please provide details of the employee share scheme(s).</td><td>The Company has adopted the Boldtek Employee Share Option Scheme ("Scheme"), on 26 November 2018. The Scheme enables the Company to structure a competitive remuneration package, which is designed as an additional incentive tool to reward and retain employees and Directors (including those who are controlling shareholders or their associates).</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
8.1 9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance contribution towards the overall performance of the Group for FY2019. Their remuneration is made up of fixed and variable compensations. The Company's Executive Directors, namely Mr Phua Lam Soon, Ms Ong Siew Eng and Mr Ng Kok Seng are remunerated based on their service agreements with the Company as disclosed in the Company's offer document dated 8 January 2013. The service agreements are valid for an initial period of three (3) years with effect from the date of listing of the Company on the Catalist and thereafter, for such period as the Board of Directors may decide. During the initial period of three (3) years, either party may terminate the service agreement by giving to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on such Director's last drawn monthly salary provided always that such Director shall not be entitled to terminate the employments with the Company during the initial period. The said service agreements were renewed for another three (3) years with effect from 18 January 2019. There were no significant and material changes in the terms and conditions. The fixed remuneration comprises a fixed salary, fixed annual wage supplement, and transport allowance. The profit sharing element for Mr Phua Lam Soon's remuneration is determined based on the audited consolidated profit before tax of the Group (after minority interests but before taking into account the profit sharing) ("**PBT**"). If the PBT in respect of each financial year is at least S$5 million, Mr Phua Lam Soon will be entitled to 5% of the Group's PBT in excess of S$5 million. Where the Group's PBT exceeds S$6 million for that financial year, Mr Phua Lam Soon will be entitled to the aggregate of S$50,000 and 7% of the Group's PBT for the amount in excess of S$6 million. The aforementioned performance conditions have not been met to trigger the profit sharing payment to Mr Phua Lam Soon for FY2019. The Executive Directors do not receive Directors' fees. The Group has also entered into letters of employment with all the key management personnel. Such letters typically provide for the salaries payable to the key management personnel, their working hours, medical benefits, grounds of termination and certain restrictive covenants. The fixed remuneration comprises a fixed salary, fixed annual wage supplement and transport allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:
<table>
<tr><th colspan="3">Table 9.6</th></tr>
<tr><th>Performance Conditions</th><th>Short-term incentives (such as performance bonus)</th><th>Long-term incentives</th></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices
6. Macro-economic factors</td><td>1. Leadership
2. Commitment
3. Current market and industry practices</td></tr>
<tr><td>Quantitative</td><td>1. Relative financial performance of the Group (e.g. in terms of net profit margin) to its industry peers
2. Positive sales growth
3. Productivity enhancement</td><td>1. Relative financial performance of the Group (e.g. in terms of share price performance) over a 5 years period to its industry peers</td></tr>
</table></td></tr>
<tr><td></td><td>(c) Were all of these performance conditions met? If not, what were the reasons?</td><td>The RC has reviewed and is satisfied that the performance conditions (save for the performance conditions in respect of the profit sharing element of Mr Phua Lam Soon's remuneration which is based on the Group's PBT in respect of each financial year, as disclosed under Principle 9.6 above) were met for FY2019.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
10.2 11.1 11.2 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board also oversees management in the design, implementation and monitoring of the risk management and internal control systems. The AC and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective for FY2019. The bases for the Board's view are as follows: 1. Assurance has been received from the CEO and financial controller (refer to Section 11.3(b) below); 2. An internal audit has been performed by the internal auditor and significant matters highlighted to the AC and key management personnel were appropriately addressed; 3. Key management personnel regularly evaluates, monitors and reports to the AC on material risks; and 4. Discussions were held between the AC, external and internal auditors in the absence of the key management personnel to review and address any potential concerns. The Board recognises that the internal control system maintained by the Management that was in place throughout FY2019 and up to date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguard of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial operational and compliance risks. The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities. The Board will review on an annual basis the adequacy and effectiveness of the Company's internal controls system, including financial, operational, compliance and information technology controls. The Board also take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the SGX-ST, for instance, establishing written policies, where necessary.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditors that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	In respect of FY2019, the Board has received assurance from the CEO and Financial Controller that: (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal controls systems are effective. The Board has relied on the external auditor's report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances. The Board has also relied on the internal auditor's report issued to the Company in FY2019 which covered the business processes on human resource and payroll and follow up on prior financial years internal audit findings as assurance that the Company's risk management and internal control systems are effective.
11.4	Has the Board established a separate risk committee?	The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the Company's risk management framework and policies. Having considered the Group's business operations, existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being. Currently, the AC and the Board assume responsibility for the risk management function.
Audit Committee		
12.1	What is the composition of the AC?	The AC comprises Mr Pao Kiew Tee (Chairman of the AC), Mr Chen Timothy Teck-Leng and Mr Foo Shiang Ping. All members of the AC are Non-Executive Directors and a majority of the AC are independent. Mr Pao Kiew Tee and Mr Chen Timothy Teck-Leng are Independent Directors of the Company.

CORPORATE
GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.2 12.3 12.4	What is the role of the AC?	The AC functions under a set of written terms of reference which sets out its responsibilities set out below. The AC also has explicit authority to investigate any matter within its terms of reference: (a) review the scope and results of the audit and its cost effectiveness; (b) review the independence and objectivity of the external auditor annually; (c) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance; (d) review the half year and full year financial results before submission to the Board for approval; (e) review and reporting to the Board the adequacy of the Group's internal controls, as set out in the Code; (f) review the effectiveness of the Group's internal audit function; (g) meet periodically with the Company's external auditor; plan and discuss the results of the audit examination without the presence of the Management; (h) meet periodically with the Company's internal auditor; plan and discuss the results of the evaluation of the Group's systems of internal controls without the presence of the Management; (i) consider and recommend to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors; (j) review arrangements by which staff of the Group and external parties may, in confidentiality, raise concerns about possible improprieties in matters of financial reporting or other matters; (k) review the external and internal auditors' reports; (l) review the co-operation given by Management to the external auditor; (m) review and approve interested persons transactions, if any, falling within the scope of Chapter 9 of the SGX-Listing Manual Section B: Rules of Catalist ("**Catalist Rules**");

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(n) review the adequacy of the business risk management process; (o) review potential conflicts of interest, if any, and ensuring procedures for resolving such conflicts are strictly adhered to; (p) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; (q) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and (r) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments made thereto from time to time. In addition to reviewing the effectiveness of the Group's internal audit function, the internal auditor's primary line of reporting is the Chairman of the AC. Apart from the above functions, the AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the AC will abstain from any deliberations and/or voting in respect of matters in which he is interested. The AC has full access to the Management and also full discretion to invite any Director or key Management to attend its meetings, and has been given reasonable resources to enable it to discharge its function properly. Members of AC are appropriately qualified to discharge their responsibilities.
12.5	Has the AC met with the auditors in the absence of key management personnel?	The AC has met with the external and internal auditors, without the presence of key management personnel, at least once in FY2019.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>12.6</td><td>Has the AC reviewed the independence of the external auditors?</td><td>The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditor, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor.

The AC has recommended to the Board the re-appointment of Messrs FKT as external auditor of the Company at the forthcoming AGM.

The AC is satisfied that Messrs FKT and their audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations.</td></tr>
<tr><td></td><td>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</td><td><table>
<tr><th colspan="3">Table 12.6 – Fees Paid/Payable to the external auditor for FY2019</th></tr>
<tr><th></th><th>S$</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>95,000</td><td>87.96%</td></tr>
<tr><td>Non-audit fees</td><td></td><td></td></tr>
<tr><td>– Tax advice</td><td>13,000</td><td>12.04%</td></tr>
<tr><td>Total</td><td>108,000</td><td>100.00%</td></tr>
</table></td></tr>
<tr><td></td><td>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the external auditors.</td><td>The non-audit services rendered by the external auditor during FY2019 were not substantial.</td></tr>
<tr><td>12.7</td><td>Does the Company have a whistle-blowing policy?</td><td>The Group has established a whistle-blowing policy that seeks to provide a channel for the Group's employees and external parties to raise concerns in good faith and in confidentiality about possible improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The AC will address the issues and/or concerns raised and ensure that necessary arrangements are in place for the independent investigation of issues and/or concerns raised by the employees and external parties and for appropriate follow-up actions. Details of the whistle-blowing policies and arrangements have been made available to the Group's employees and external parties. The Group's employees and external parties may, in confidentiality, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the email address spfoo@spadvisory.com.sg.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2019, the AC was briefed by the external auditor on changes or amendments to accounting standards.
12.9	Is a former partner or director of the company's existing auditing firm acting as a member of the company's AC?	None of the members of the AC were partners of FKT within the last 12 months or has any financial interest in FKT.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Board recognises the importance of an internal audit function to maintain a sound system of internal control within the Group to safeguard shareholders' investments and the Company's assets. The AC has the responsibility to review annually the adequacy and effectiveness of the internal audit function, review the internal audit program and ensure co-ordination between internal auditor, external auditor and Management, and ensure that the internal auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies, in particular, the International Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC will also approve the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to. The internal audit function of the Group has been outsourced to KPMG Services Pte Ltd ("**Internal Auditor**"). The Internal Auditor reports primarily to the Chairman of the AC and the objective of the Internal Auditor is to provide a reasonable assurance to the AC on the Group's internal controls and governance processes. An annual internal audit plan which entails the review of the effectiveness of the Group's internal controls has been developed by the Internal Auditor. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The AC is satisfied that the internal audit function is effective, adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced and has the appropriate standing within the Group.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholders Rights		
14.2	Are shareholders informed of the rules, including voting procedures, that govern general meetings of shareholders?	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders.
14.3	Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?	The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings.
Communication with Shareholders		
10.1 14.1 15.1 15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore, it is the Board's policy to ensure that all shareholders and regulators are informed regularly and on a timely basis of every significant development that has an impact on the Group.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Pertinent information is communicated to shareholders on a regular and timely basis through the following means: (a) financial results and annual reports are announced or issued within the mandatory period; (b) material information are disclosed in a comprehensive, accurate and timely manner via SGXNET and from time to time, the media channels thereafter; and (c) the Company's AGM. The Board establishes and maintains regular dialogue with its shareholders, to gather views or inputs and to address shareholders' concerns. The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders of the Company will receive annual reports and are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Any shareholder who is unable to attend is allowed to appoint proxies to vote on his/her behalf at the meeting through proxy forms sent in advance.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at http://www.boldtekholdings.com.
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. The form, frequency and amount of declaration and payment of future dividends on the Company's shares that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Directors: (a) the level of the Group's cash and retained earnings; (b) the Group's actual and projected financial performance; (c) the Group's projected levels of capital expenditure and expansion plans; (d) the Group's working capital requirements and general financing condition; and (e) restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any).
	Is the Company paying dividends for the financial year? If not, please explain why.	The Company is not declaring any dividend for FY2019, taking into account the cash requirements for the Group's operation.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.2 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	At the AGM, the shareholders of the Company will be given the opportunity to voice their views and direct to the Directors or the Management questions regarding the Company. At the Company's general meetings, each distinct issue is proposed as a separate resolution, and all resolutions will be voted on by poll. Shareholders are entitled to attend and vote or to appoint proxies to attend and vote on their behalf at general meetings. Voting in absentia, by mail, facsimile or electronic email is also allowed. The Chairman of the Board and the Chairman of each Board Committee is required to be present to address shareholders' questions at the AGM. The external auditor is also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. After the AGM, the Company will make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentage. The Company Secretary prepares minutes of the general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. Such minutes are available to shareholders upon their request.

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance with Catalist Rules 712, 715 and 716.
1204(8)	Material Contracts	There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	Based on the internal controls established and maintained by the Group, work performed by the external and internal auditors, assurance from the CEO and the financial controller, and reviews performed by the Management and the Board Committees, the AC and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
1204(17)	Interested Person Transaction ("**IPT**")	The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis that are not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board. There were no IPTs of S$100,000 and above for FY2019. The Group does not have a general mandate obtained from shareholders for IPTs.
1204(19)	Dealing in Securities	The Company has adopted an internal code of conduct and policy on dealings in the Company's securities in accordance with Rule 1204(19) of the Catalist Rules. The Company, Directors and officers are prohibited from trading in the Company's securities, during the period commencing one (1) month before the announcement of the Company's half year and full year financial results, and ending on the date of the announcement of the relevant results ("**Prohibited Period**"). In addition, Directors and officers of the Company are reminded: (i) not to deal with the Company's securities on short term considerations or if in possession of unpublished material price-sensitive information; (ii) required to report on their dealings in shares of the Company; and (iii) required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the Prohibited Period. The Company has complied with Rule 1207(19) of the Catalist Rules.
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company's previous sponsor, PrimePartners Corporate Finance Pte. Ltd. and the Company's existing sponsor, RHT Capital Pte. Ltd., during FY2019.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The directors present their statement to the members together with the audited consolidated financial statements of Boldtek Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 30 June 2019 and the statement of financial position of the Company as at 30 June 2019.

In the opinion of the directors,

(a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Phua Lam Soon
Ong Siew Eng
Ng Kok Seng
Pao Kiew Tee
Chen Timothy Teck-Leng
Foo Shiang Ping

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under 'Share options scheme' section of this statement, 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.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50, none of the directors who held 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 the name of director		Holdings in which director is deemed to have an interest	
	As at 1.7.2018	**As at 30.6.2019**	As at 1.7.2018	**As at 30.6.2019**
The Company	Number of ordinary shares			
Phua Lam Soon	14,701,600	**14,701,600**	103,273,600	**104,648,400**
Ong Siew Eng	14,873,600	**14,873,600**	103,101,600	**104,476,400**
Ng Kok Seng	1,490,000	**1,490,000**	–	**–**
Foo Shiang Ping	130,000	**130,000**	–	**–**

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

DIRECTORS' INTEREST IN SHARES OR DEBENTURES (CONTINUED)

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.7.2018	**As at 30.6.2019**	As at 1.7.2018	**As at 30.6.2019**
Immediate and ultimate holding corporation	Number of ordinary shares			
Yi Investment Pte. Ltd.				
Phua Lam Soon	25,000	**25,000**	25,000	**25,000**
Ong Siew Eng	25,000	**25,000**	25,000	**25,000**

The directors' interests in the shares of the Company at 21 July 2019 were the same at 30 June 2019.

By virtue of Section 7 of the Act, Phua Lam Soon and Ong Siew Eng are deemed to have interests in all the related corporations.

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

SHARE OPTIONS SCHEME

At an Extraordinary General Meeting of the Company held on 29 October 2018, the shareholders of the Company approved the Boldtek Employee Share Option Scheme (the "Scheme"). Under the Scheme, the Company may grant options to employees of the Group who have contributed to the success and development of the Company and its subsidiaries, directors of the Company and its subsidiaries, whether holding office in an executive or non-executive capacity, or who are also controlling shareholders (as defined in the SGX listing manual) to subscribe for ordinary shares in the Company provided that the number of shares in respect of which options may be granted to:

(i) Any controlling shareholder and their associates (as defined in the SGX listing manual) shall not exceed 25% of the total number of shares in respect of which the Company may grant options pursuant to the Scheme; and

(ii) Each individual controlling shareholder or his associate shall not exceed 10% of the total number of shares in respect of which the Company may grant options pursuant to the Scheme.

The Scheme is administered by a Remuneration Committee comprise of Chen Timothy Teck-Leng (Chairman), Pao Kiew Tee and Foo Shiang Ping, all whom are directors of the Company.

SHARE OPTIONS GRANTED

Name of directors	**Options granted during the financial year ended 30.06.2019**	**Aggregate options granted since commencement of Scheme to 30.06.2019**	**Aggregate options exercised since commencement of Scheme to 30.06.2019**	**Aggregate options outstanding as at 30.06.2019**
Phua Lam Soon	**2,784,375**	**2,784,375**	**–**	**2,784,375**
Ong Siew Eng	**2,784,375**	**2,784,375**	**–**	**2,784,375**

No options to take up unissued shares of the subsidiaries have been granted during the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

SHARE OPTIONS EXERCISED

No shares were issued during the financial year to which this report relates by virtue of the exercise of the options to take up unissued shares of the Company or any of its subsidiaries.

UNISSUED SHARES UNDER OPTION

Date options granted	Balance at 1.7.2018	Granted during the financial year	Exercised during the financial year	**Balance at 30.6.2019**	**Number of option holders at 30.6.2019**
26.11.2018	–	5,568,750	–	**5,568,750**	**2**

There were no unissued shares of subsidiaries under option at 30 June 2019.

Phua Lam Soon and Ong Siew Eng, both directors, are interested in 2,784,375 options each at the end of the financial year and at 21 July 2019.

AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Pao Kiew Tee	Independent Director (Chairman)
Chen Timothy Teck-Leng	Independent Director
Foo Shiang Ping	Non-executive Director

The AC performs the functions in accordance with Section 201B(5) of the Act, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance.

The AC has held two meetings since the beginning of this financial year and has reviewed the following, where relevant, with the executive directors, independent auditor and internal auditors of the Company:

(a) the scope and the results of the audit with independent auditor and internal auditors;

(b) the audit plans of the independent auditor and internal auditors and the results of the evaluation of the Group's systems of internal accounting controls;

(c) the Group's financial and operating results and accounting policies;

(d) the statement of financial position of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the independent auditor's report on those financial statements;

(e) the half-yearly and annual announcements and press releases on the results and financial positions of the Company and the Group;

(f) interested person transactions (if any) falling within the scope of the Rules of Catalist of SGX-ST (the "Catalist Rule"), Chapter 9 of the Catalist Rules;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

AUDIT COMMITTEE (CONTINUED)

(g) the co-operation and assistance given by the management to the independent auditor and internal auditors; and

(h) the re-appointments of the independent auditor and internal auditors of the Group.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor and internal auditors have unrestricted access to the AC.

The AC has recommended to the Board that the independent auditor, Foo Kon Tan LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....

PHUA LAM SOON

....

NG KOK SENG

4 October 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

OPINION

We have audited the financial statements of Boldtek Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the matter
Revenue recognition of construction contracts	
For the financial year ended 30 June 2019, the Group recognised revenue from construction works of $59,182,000. The Group uses estimates in accounting for its revenue from construction contracts. Revenue from construction contracts is recognised using the cost based input method that reflects the over time transfer of control to its customer. This is measured by reference to the Group's progress towards completing the performance obligations in the contract. The measure of the progress is determined based on the proportion of contract costs incurred to date to the estimated total costs. We focused on this area because of the significant judgement required in preparing reasonable estimates of the initial budgeted costs and periodic review of the budgeted costs subsequently which could result in material variance in the amount recognised in profit or loss to date and therefore also in the current period.	We assessed the revenue recognition policies adopted to ensure compliance with SFRS(I). We carried out testing of key controls over revenue recognition. We also performed substantive testing including test of details of transactions. Our audit procedures over revenue recognition include: i. Obtained an understanding and tested key controls over the recognition of contract revenue and evaluated the design and implementation of key controls over the budgeting process recognition of contract costs and tested the effectiveness of these key controls, on a sample basis, and determined that these controls were operating effectively throughout the financial year; ii. For significant projects identified, we verified the actual costs incurred against the underlying documents such as suppliers' invoices and progress claims from subcontractors. We have performed a re-computation to ascertain whether the revenue was recognised according to the progress towards completing the performance obligation in the contract of each identified project. We have also assessed the key assumptions used by management in estimating the total budgeted costs for the new projects by inspection of supporting documents such as quotations from the suppliers and subcontractors. We also obtained supporting documentation for the variation orders from the customers for the year; and iii. We have checked the progress towards completing the performance obligation for significant projects against the value of work certified by the quantity surveyors of the customers to date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the matter
Lower of cost and net realisable value of completed properties for sale	
As at 30 June 2019, the Group has completed properties for sale carried at $5,775,000 located in Malaysia. These properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less estimated costs of completion and selling expenses. The determination of the estimated net realisable value of these properties is mainly dependent upon the management's expectations of future selling prices, which are affected by, among other things, demand supply factors, interest rates, government policies and economic conditions. There is a risk that the estimate of net realisable values exceeds future selling prices, resulting in a loss when these properties are sold.	We have performed the following: i. Checked to recent transacted prices and the latest market prices of comparable properties subsequent to the end of the reporting date; ii. Assessed the adequacy of allowance for write down to net realisable value, if any; and iii. Reviewed the classification and disclosures of completed properties for sale in the financial statements, including disclosure of significant judgements, estimates and assumption if applicable.
Valuation of investment properties	
As at 30 June 2019, the Group has investment properties carried at $18,587,000 located in Singapore and Malaysia. Investment properties are stated at their fair values based on independent external valuations as at 30 June 2019. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. These estimates include adjustments made for differences between the subject properties and comparables, taking into consideration differences such as location, size, tenure, accessibility, infrastructure available and property conditions.	We have performed the following procedures in response to the risk over the valuation of investment properties: i. Evaluated the competence, capabilities and objectivity of the external valuers engaged by the management; ii. Discussed the key assumptions and critical judgemental areas with the external valuers and understood the approaches taken by the valuers in determining the valuation of the investment properties; iii. Engaged an auditor's expert to review the adequacy of the work performed, including significant judgement, estimates and assumptions used by the external valuers in arriving at the valuation amounts; and iv. Reviewed the classification and disclosures of investment properties in the financial statements, including disclosure of significant judgements, estimates and assumption and fair value hierarchy.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS 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 Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's or the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Ser.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 4 October 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	The Group 30 June 2019 $'000	The Group 30 June 2018 $'000	The Group 1 July 2017 $'000	The Company 30 June 2019 $'000	The Company 30 June 2018 $'000	The Company 1 July 2017 $'000
ASSETS							
Non-Current Assets							
Investments in subsidiaries	3	**–**	–	–	**17,372**	20,172	20,172
Property, plant and equipment	4	**7,548**	1,887	3,599	**4**	7	14
Investment properties	5	**18,587**	19,170	580	**–**	–	–
Deferred tax assets	6	**21**	10	–	**–**	–	–
		26,156	21,067	4,179	**17,376**	20,179	20,186
Current Assets							
Inventories	7	**30**	34	41	**–**	–	–
Contract assets	8	**43,698**	36,909	25,465	**–**	–	–
Development properties	9	**–**	6,939	42,007	**–**	–	–
Completed properties for sale	10	**5,775**	–	–	**–**	–	–
Trade and other receivables	11	**7,983**	12,315	5,375	**5,725**	10,734	8,551
Other current assets	12	**807**	854	746	**3**	3	4
Cash and bank balances	13	**1,886**	3,384	3,547	**140**	416	152
		60,179	60,435	77,181	**5,868**	11,153	8,707
Total assets		**86,335**	81,502	81,360	**23,244**	31,332	28,893
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	14	**17,676**	17,676	15,196	**17,676**	17,676	15,196
Retained profits		**13,125**	12,308	11,716	**2,783**	6,026	6,232
Currency translation reserve	15	**(61)**	33	–	**–**	–	–
Merger reserve	16	**(2,014)**	(2,014)	(2,014)	**–**	–	–
Capital reserve	17	**(876)**	(876)	(52)	**–**	–	–
Property revaluation reserve	18	**424**	424	424	**–**	–	–
Share option reserve	19	**141**	–	–	**141**	–	–
Equity attributable to owner of the parent		**28,415**	27,551	25,270	**20,600**	23,702	21,428
Non-controlling interests		**3**	36	(643)	**–**	–	–
Total equity		**28,418**	27,587	24,627	**20,600**	23,702	21,428
Non-Current Liabilities							
Borrowings	20	**4,590**	2,187	7,251	**–**	–	–
Deferred tax liabilities	6	**955**	963	96	**–**	–	–
		5,545	3,150	7,347	**–**	–	–
Current Liabilities							
Trade and other payables	21	**28,312**	26,543	20,117	**1,038**	5,825	5,460
Contract liabilities	22	**1,066**	2,413	1,452	**–**	–	–
Current tax payable		**295**	5	163	**6**	5	5
Borrowings	20	**22,699**	21,804	27,654	**1,600**	1,800	2,000
		52,372	50,765	49,386	**2,644**	7,630	7,465
Total liabilities		**57,917**	53,915	56,733	**2,644**	7,630	7,465
Total equity and liabilities		**86,335**	81,502	81,360	**23,244**	31,332	28,893

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	**Year ended 30 June 2019 $'000**	Year ended 30 June 2018 $'000
Revenue	23	**78,778**	94,931
Cost of works		**(68,827)**	(89,418)
Gross profit		**9,951**	5,513
Other income	24	**619**	4,481
Other expenses	25	**(532)**	(70)
Distribution and marketing costs		**(154)**	(606)
Administrative expenses		**(7,740)**	(7,347)
Finance costs	26	**(1,162)**	(547)
Profit before taxation		**982**	1,424
Taxation	27	**(198)**	(977)
Total profit for the financial year	28	**784**	447
Other comprehensive income after tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(94)**	33
Other comprehensive income for the financial year, net of nil tax		**(94)**	33
Total comprehensive income for the financial year		**690**	480
Profit attributable to:			
Owners of the parent		**817**	592
Non-controlling interests		**(33)**	(145)
		784	447
Total comprehensive income attributable to:			
Owners of the parent		**723**	625
Non-controlling interests		**(33)**	(145)
		690	480
Earnings per share attributable to owner of the parent (cents)			
Basic and diluted	29	**0.44**	0.33

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		<---------- Attributable to equity holders of the Company ---------->									
	Note	Share capital $'000	Retained profits $'000	Currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Property revaluation reserve $'000	Share option reserve $'000	Equity attributable to owner of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2017 (Singapore Financial Reporting Standards framework)		15,196	12,313	(597)	(2,014)	(52)	424	–	25,270	(643)	24,627
Effect of transition to Singapore Financial Reporting Standards (International) framework	38(b)	–	(597)	597	–	–	–	–	–	–	–
Balance at 1 July 2017		15,196	11,716	–	(2,014)	(52)	424	–	25,270	(643)	24,627
Total comprehensive income for the financial year:											
Profit for the financial year		–	592	–	–	–	–	–	592	(145)	447
Other comprehensive income		–	–	33	–	–	–	–	33	–	33
		–	592	33	–	–	–	–	625	(145)	480
Transactions with owners, recognised directly in equity:											
Issue of share capital	14	2,480	–	–	–	–	–	–	2,480	–	2,480
Effects of acquiring part of non-controlling interests in a subsidiary	3	–	–	–	–	(824)	–	–	(824)	824	–
		2,480	–	–	–	(824)	–	–	1,656	824	2,480
Balance at 30 June 2018		**17,676**	**12,308**	**33**	**(2,014)**	**(876)**	**424**	**–**	**27,551**	**36**	**27,587**
Total comprehensive income for the financial year:											
Profit for the financial year		**–**	**817**	**–**	**–**	**–**	**–**	**–**	**817**	**(33)**	**784**
Other comprehensive income		**–**	**–**	**(94)**	**–**	**–**	**–**	**–**	**(94)**	**–**	**(94)**
		–	**817**	**(94)**	**–**	**–**	**–**	**–**	**723**	**(33)**	**690**
Recognition of share-based payments, representing transactions with owners, recognised directly in equity		**–**	**–**	**–**	**–**	**–**	**–**	**141**	**141**	**–**	**141**
Balance at 30 June 2019		**17,676**	**13,125**	**(61)**	**(2,014)**	**(876)**	**424**	**141**	**28,415**	**3**	**28,418**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000
Cash Flows from Operating Activities			
Profit before taxation		**982**	1,424
Adjustments for:			
Depreciation of property, plant and equipment	4	**1,063**	1,577
Loss on disposal of property, plant and equipment	25	**18**	70
Interest expense	26	**1,162**	547
Changes in fair value of investment properties	5, 24	**–**	(3,355)
Share-based payment expense		**141**	–
Unrealised currency translation differences		**420**	(478)
Operating profit/(loss) before working capital changes		**3,786**	(215)
Inventories		**4**	7
Completed properties for sale/Development properties		**958**	21,337
Trade and other receivables		**4,275**	(6,900)
Contract assets		**(6,789)**	(11,444)
Other current assets		**47**	(101)
Trade and other payables		**1,897**	6,372
Contract liabilities		**(1,347)**	961
Cash generated from operations		**2,831**	10,017
Income taxes refund/(paid)		**73**	(278)
Net cash generated from operating activities		**2,904**	9,739
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment (Note a)		**(1,798)**	(152)
Proceeds from disposal of property, plant and equipment		**200**	295
Net cash (used in)/generated from investing activities		**(1,598)**	143
Cash Flows from Financing Activities			
Acquisition of non-controlling interest in a subsidiary corporation	3	**–**	*
Repayment of finance lease liabilities	20, 3	**(225)**	(351)
Proceeds from borrowings	20, 3	**4,105**	3,946
Repayment of borrowings	20, 3	**(5,513)**	(15,042)
Interest paid	20, 3	**(1,162)**	(1,094)
Proceeds on issue of shares	14	**–**	2,480
Net cash used in financing activities		**(2,795)**	(10,061)
Net decrease in cash and bank balances		**(1,489)**	(179)
Cash and bank balances at beginning of the financial year		**3,384**	3,547
Exchange differences on translation of cash and bank balances		**(9)**	16
Cash and bank balances at end of the financial year		**1,886**	3,384

* Denotes amount less than $1,000

Note a: During the financial year, the Group acquired property, plant and equipment ("PPE") with an aggregate cost of $6,962,000 (2018: $152,000) of which $212,000 (2018: $Nil) and $4,952,000 (2018: $Nil) was acquired by means of finance leases and borrowings respectively. Cash payments of $1,798,000 (2018: $152,000) were made to purchase property, plant and equipment.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

1 GENERAL INFORMATION

The consolidated financial statements of the Group for the financial year ended 30 June 2019 and the statement of financial position of the Company as at 30 June 2019 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is listed on the Catalist, the sponsor-supervised listing platform of The Singapore Exchange Securities Trading Limited ("SGX-ST"), and incorporated and domiciled in Singapore.

The registered office is located at 24 Kranji Road, Singapore 739465.

The principal activities of the Company are investment holding. The principal activities of the subsidiaries are disclosed in Note 3 to the financial statements.

The Company's immediate and ultimate holding corporation is Yi Investment Pte. Ltd., which is incorporated in Singapore.

For all periods up to and including the financial year ended 30 June 2018, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the financial year ended 30 June 2019 are the first set that the Group has prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and SFRS(I)1 First-time Adoption of Singapore Financial Reporting Standards (International). Details of first-time adoption of SFRS(I) are included in Note 38.

2(A) BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and SFRS(I).

The financial statements are presented in Singapore Dollars which is the Company's functional currency. All the financial information is presented in thousands of Singapore Dollars ("$'000"), unless otherwise stated.

2(B) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(B) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Significant judgements made and assumptions used in applying accounting policies

The critical accounting estimates and assumptions used and areas involving a significant degree of judgement are described below.

Construction contracts

The Group recognises revenue from construction contracts by reference to the Group's progress towards completing the performance obligation in the contract with its customers. Significant judgement is required in determining the stage of completion by reference to the contract costs incurred to date in proportion to the total estimated contract costs for each construction contract.

Management has determined that a cost-based input method for these services provides a faithful depiction of the Group's performance in transferring control of the services promised to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the contract. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the performance obligation within the contract.

The estimated total contract costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project managers and quantity surveyors to make estimates of the amounts to be incurred.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Income taxes

The Group has exposure to income taxes in Singapore and Malaysia. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under the business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Instead, the investment properties are recovered through sale. Therefore, in determining the Group's deferred taxation on investment properties, management determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxation on the changes in fair value of investment properties held in Singapore as the Group, is not subject to any income taxes on the fair value changes of the investment properties upon disposal.

2(B) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical accounting estimates and assumptions used in applying accounting policies

Impairment of investments in subsidiaries

The recoverable amounts of the investments in subsidiaries are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use.

In assessing value in use, management needs to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate applied in order to calculate the present value of the future cash flows.

Management has evaluated the recoverability of these investments and had recognised an additional impairment loss of S$10,146,000 (2018: $Nil) in one of its subsidiaries. The recoverable amount is determined based on fair value less cost to sell as disclosed in Note 3.

The carrying amount of the Company's investments in subsidiaries is disclosed in Note 3.

Impairment of amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries of $5,397,000 (30 June 2018: $5,399,000; 1 July 2017: $5,399,000) as at the end of the reporting period. The impairment of the amounts due from its subsidiaries are based on the expected loss model using general approach which considers the availability of highly accessible liquid assets of the subsidiaries to repay these amounts if demanded repayment at the end of the reporting period. As a result of management's assessment, an impairment allowance of $322,000 (30 June 2018: $Nil, 1 July 2017: $Nil) was provided at the end of the reporting period. The carrying amount of the Company's amounts due from subsidiaries is disclosed in Note 11.

Valuation of investment properties

Investment properties are stated at fair value based on independent professional valuers. In determining the fair value, the valuers have used valuation techniques including the cost method and direct comparison method as disclosed in Note 5.

The valuers have considered valuation techniques (including direct comparison method and cost method) in arriving at the open market value as at the end of the reporting period. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. Cost method involves summation of value components of the land and costs of building and adjusting relevant factors such as location and land size to ascertain the valuation of the investment properties.

The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers.

A 5% (2018: 5%) difference in the fair value of these assets from management's estimates would result in approximately increase/decrease of $929,000 (2018: $958,000) in the Group's profit for the financial year. The carrying amounts of the Group's investment properties are disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(B) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical accounting estimates and assumptions used in applying accounting policies (Continued)

Development properties/Completed properties for sale

Development properties/Completed properties for sale are stated at lower of cost and estimated net realisable value. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value of the properties is subject to assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for the properties, taking into account the costs incurred to date, the development status and costs to complete the properties. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the properties. The Group estimated selling prices by comparing these with transacted prices for the same project and with comparable properties in the vicinity or against valuation performed by independent professional valuers.

A 5% (2018: 5%) reduction in the estimated selling prices of the properties from management's estimated selling prices would result in approximately a decrease of $327,000 (2018: $483,000) to the estimated net realisable value of the Group's development properties/completed properties for sale. However, this will not result in any impairment since the estimated net realisable value would still be higher than the carrying amount of the properties as at the end of the reporting period.

The carrying amount of the Group's development properties/completed properties for sale are disclosed in Notes 9 and 10 respectively.

Impairment of contract assets and trade receivables

The Group uses a provision matrix to calculate expected credit loss ("ECLs") for trade receivables and contract assets. The provision rates are based on days past due for groupings of customer with similar credit risk pattern. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction sector, the historical default rates are adjusted. At the end of each reporting period, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is an estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 34.3.

The Group and the Company have not recognised an allowance for contract assets and trade receivables as the ECL are assessed to be insignificant. A reasonably possible change in key assumptions also indicates that the ECL to be insignificant.

The carrying amount of the Group's and the Company's trade receivables and contract assets are disclosed in Notes 11 and 8 respectively.

2(C) SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained profits, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Thus, the Group controls an investee if, and only if, the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Disposal

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under *SFRS(I) 9 Financial Instruments*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owner of the parent. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owner of the parent.

Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group.

The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at the fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are 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 identifiable net assets.

The excess of (a) 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 (b) fair value of the identifiable net assets acquired is recorded as goodwill. When the excess is negative, a bargain purchase gain is recognised directly in profit or loss.

Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to allocate their depreciable amount over their useful lives as follows:

Leasehold buildings	Over remaining lease period
Plant and machinery	5 years
Office equipment, furniture and fittings and computers	1 – 5 years
Motor vehicles	5 years
Renovation	5 years
Dormitory	2 years

Construction in progress is carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting period as a change in estimates.

Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements are capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements are charged to profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (Continued)

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sell.

Development properties/Completed properties for sale

Development properties are those properties which are held with the intention for development and sale in the ordinary course of business. They are stated at the lower of cost and the estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

Properties under development

The cost of properties under development comprise specifically identifiable costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding the development properties are also capitalised, on a specific identification basis as part of the cost of the development properties until the completion of development. The cumulative impact of a revision in estimates is recorded in the period such revisions becomes likely and estimable. When it is probable that the cost of development properties will exceed sale proceeds of the development properties, the expected loss is recognised as an expense immediately. Development properties are classified as current when they are expected to be realised in, or are intended for sale in, the Group's normal operating cycle.

Completed properties for sale

Completed properties for sale but remained unsold at the end of the reporting period are stated at lower of cost and net realisable value. Cost is determined by apportionment of the total land cost, development costs and borrowing costs capitalised attributable to unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less costs to be incurred in marketing and selling, where appropriate.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – before 1 July 2018

All financial assets are recognised on their trade date – the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expired 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 a group of financial assets is impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets – before 1 July 2018 (Continued)

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, deposits, cash and bank balances. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in profit or loss.

Financial assets – after 1 July 2018

Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets are recognised only when the Group becomes a party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets – after 1 July 2018 (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sale of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial asset is classified as amortised cost (debt instruments).

Financial assets at amortised cost (debt instruments)

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets at amortised cost includes trade and other receivables, staff advances, deposits, cash and bank balances.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets – after 1 July 2018 (Continued)

Derecognition (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets and contract assets

The Group assesses on a forward looking basis the ECL associated with its financial assets carried at amortised cost and contract assets. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For contract assets and trade receivables, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group has established an allowance matrix that is based on its historical credit loss experience, adjusted for forward – looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the financial instrument. All financial liabilities are initially measured at fair value less directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, deposits, accrued operating expenses and borrowings.

Subsequent measurement for financial liabilities that are not carried at fair value through profit or loss

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its term are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of the loss allowance determined in accordance with the impairment model under *SFRS(I)9 Financial Instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract assets and liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the end of the reporting period on construction contracts. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities primarily relate to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

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

Cash and bank balances

Cash and bank balances in the consolidated statement of cash flows comprise cash balances and bank deposits.

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.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividend. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision

A provision is recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The directors review the provision annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provision is discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Leases

Where the Group is the lessee,

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment".

Operating leases

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

Where the Group is the lessor,

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reporting period.

Deferred 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 or taxable profit or loss at the time of the transaction.

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities except for investment properties measured using the fair value model. For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Current and deferred taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Short-term employee benefits

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

Defined contribution plans

The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability for the unconsumed leave as a result of services rendered by employees up to the end of reporting period.

Employee Share Option Scheme

The Group issues equity-settled share-based payments to certain employees. Equity settled share- based payments are measured at fair value of the equity instruments at the date of grant. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the 'treasury shares' account, when treasury shares are re-issued to the employees.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors are considered key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company and the Group if 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 the Group or of a parent of the Company.

(b) An entity is related to the Company and the Group if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary corporation and fellow subsidiary corporation is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities 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. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional currencies

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 ("functional currency"). The financial statements of the Company and the Group are presented in Singapore Dollars ("SGD"), which is also the functional currency of the Company.

Conversion of foreign currencies

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 resulting 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 end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

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.

Group entities

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 end of reporting period of that statement of financial position;

(ii) income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers for construction works, building and maintenance, precast manufacturing and sales of development properties/completed properties for sale

The Group recognises revenue from contracts with customers based on a five step model as set out in *SFRS(I) 15 Revenue from Contracts with Customers*:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties create enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more in an amount that depicts the amount of consideration to which the Group expects to entitle in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognised revenue over time, if one of the following criteria is met:

(a) The Group's performance obligation does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.

(b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

(c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers for construction works, building and maintenance, precast manufacturing and sales of development properties/completed properties for sale (Continued)

Nature of goods and services

The following is a description of principal activities – separated by reportable segments – from which the Group generates its revenue.

Revenue from construction works

Revenue from construction works is recognised over time as the Group's performance enhances a customer-controlled asset (i.e. asset constructed on premise that is owned by the customer and the Group has an enforceable right to payment for performance completed to date). The stage of completion is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs of each contract.

Revenue from building and maintenance

Revenue from building and maintenance is recognised over time as these services are continuously transferred to the customers over the duration of the contracts.

Revenue from precast manufacturing

Revenue from sales of goods is recognised when control of the goods has been transferred to the customer, being when the goods have been delivered to the customer and all criteria for acceptance has been satisfied.

Rental income

The Group's policy for recognition of income from operating leases is described above.

Revenue from sales of development properties/completed properties for sale

Revenue from sales of development properties/completed properties for sale is recognised when control of the asset is transferred to the buyer, which may be:

(a) over time; or

(b) at a point in time.

Under (a), whereby the Group has an enforceable right to payment for performance completed to date and the Group's performance does not create an asset with alternative use to the Group, revenue is recognised over time based on the percentage of completion of construction. The percentage of completion is measured by reference to the construction costs incurred to date to the estimated total construction costs.

Under (b), whereby the Group has no enforceable right to payment until control has passed to the customer, revenue is recognised when the legal title has been transferred to the customer.

In determining whether revenue should be recognised over time or at a point in time, the Group evaluates and considers the terms and conditions of the sale of the properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2(C) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the Chief Executive Officer who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

3 INVESTMENTS IN SUBSIDIARIES

The Company	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Equity investments at cost			
At beginning of financial year	**20,522**	20,522	20,122
Additions	**–**	*	400
Deemed investment (Note a)	**7,346**	–	–
At end of financial year	**27,868**	20,522	20,522
Impairment losses			
At beginning of financial year	**(350)**	(350)	(350)
Addition (Note b)	**(10,146)**	–	–
At end of financial year	**(10,496)**	(350)	(350)
Net carrying amount			
At end of financial year	**17,372**	20,172	20,172

* Denotes amount less than $1,000

Note a:

During the financial year ended 30 June 2019, the Company had waived off the debt owing by one of its subsidiary amounting to $7,346,000. As this constitutes a capital contribution and transaction with its subsidiary, the forgiveness of debt resulted in an increase to the cost of the investment in subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Note b:

As at 30 June 2019, impairment test on the investment in a subsidiary was triggered due to the poor financial performance of the subsidiary. The subsidiary is identified as a specific cash-generating unit ("CGU"). Based on the recoverable amount of the investment in the subsidiary, determined based on the higher of fair value less costs to sell and value-in-use, the Company recognised an impairment loss of $10,146,000 on the investment in the subsidiary.

In determining the recoverable amount of the investment in the subsidiary, management had considered the underlying assets and liabilities of the investees held by the subsidiary and had engaged an independent valuer to determine the fair values of the investment property and completed properties for sale located in Malaysia.

The fair value of the completed properties for sale has been estimated using the direct comparison method based on the recent selling prices of similar properties. The significant unobservable inputs used in the valuation were the location and land usage. Accordingly, the fair value measurement of the completed properties for sale is categorised as an unobservable level 3 inputs. Details of the fair value measurement of the investment property is disclosed in Note 5.

The subsidiaries are:

Name	Country of incorporation/ and operation	Proportion of ownership interest/voting power			Principal activities
		30 June 2019 %	30 June 2018 %	1 July 2017 %	
Held by the Company					
Logistics Construction Pte. Ltd.[1]	Singapore	**100**	100	100	General contractors (Building construction including major upgrading works)
Apex Projects Pte. Ltd.[1] [4]	Singapore	**100**	100	100	General contractors (Building construction including major upgrading works) and landscape care and maintenance service activities
Boldtek Investment Pte. Ltd.[1]	Singapore	**100**	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Country of incorporation/ and operation	Proportion of ownership interest/voting power			Principal activities
		30 June 2019 %	30 June 2018 %	1 July 2017 %	
Held by Boldtek Investment Pte. Ltd.					
Le Premier Development Pte. Ltd.[1]	Singapore	**100**	100	100	Real estate developers
CCL Precast Pte. Ltd.[1] [3]	Singapore	**100**	100	80	Manufacture of articles of cement, concrete and plaster
New Soil Technologies Pte. Ltd.[1]	Singapore	**60**	60	60	Soil investigation, treatment and stabilisation, research and experimental development on engineering
Le Premier Development Sdn. Bhd.[2]	Malaysia	**100**	100	100	Investment holding of land and property development
Held by CCL Precast Pte. Ltd.					
CCL Precast (M) Sdn. Bhd.[2]	Malaysia	**100**	100	100	Manufacture of articles of cement, concrete and plaster
Held by Logistics Construction Pte. Ltd.					
MSC Engineering Pte. Ltd.[1]	Singapore	**100**	100	100	General Contractors (Building construction including major upgrading works)

(1) Audited by Foo Kon Tan LLP, principal member firm of HLB International in Singapore.
(2) Audited by HLB Ler Lum, Malaysia.
(3) On 1 December 2017, the Company acquired the remaining 200,000 ordinary shares from the non-controlling interest for a consideration of $1.
(4) On 3 March 2017, the Company increased the cost of investment for a cash consideration of $400,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following schedule shows the effects of changes in the Group's ownership interest in a subsidiary that did not result in a change of control on the equity attributable to owner of the parent:

The Group	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Amount paid on changes in ownership interest in a subsidiary	**–**	*	–
Non-controlling interest acquired	**–**	(824)	–
Difference recognised in capital reserve (Note 17)	**–**	(824)	–

* Denotes amount less than $1,000

In accordance with Rule 715 of the Catalist Rule, the Audit Committee and directors of the Company, having reviewed the appointment of different auditors for the Group's subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4 PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold buildings $'000	Plant and machinery $'000	Office equipment, furniture and fittings and computers $'000	Motor vehicles $'000	Renovation $'000	Dormitory $'000	Construction in progress $'000	Total $'000
Cost								
At 1 July 2017	2,172	6,377	746	1,102	724	1,103	140	12,364
Exchange difference on translation	–	169	12	*	*	–	–	181
Additions	–	80	36	–	26	–	10	152
Disposals	–	(862)	(8)	(18)	–	(1,103)	–	(1,991)
At 30 June 2018	**2,172**	**5,764**	**786**	**1,084**	**750**	**–**	**150**	**10,706**
Exchange difference on translation	**–**	**(93)**	**(7)**	*****	*****	**–**	**–**	**(100)**
Additions	**6,212**	**279**	**6**	**465**	**–**	**–**	**–**	**6,962**
Disposals	**–**	**(988)**	**(164)**	**(160)**	**–**	**–**	**–**	**(1,312)**
Reclassification	**–**	**150**	**–**	**–**	**–**	**–**	**(150)**	**–**
At 30 June 2019	**8,384**	**5,112**	**621**	**1,389**	**750**	**–**	**–**	**16,256**
Accumulated depreciation								
At 1 July 2017	1,615	3,916	577	717	592	1,103	–	8,520
Exchange difference on translation	–	96	7	*	*	–	–	103
Depreciation charge	334	947	93	95	108	–	–	1,577
Disposals	–	(497)	(8)	(18)	–	(1,103)	–	(1,626)
At 30 June 2018	**1,949**	**4,462**	**669**	**794**	**700**	**–**	**–**	**8,574**
Exchange difference on translation	**–**	**(75)**	**(5)**	*****	*****	**–**	**–**	**(80)**
Depreciation charge	**151**	**684**	**68**	**139**	**21**	**–**	**–**	**1,063**
Disposals	**–**	**(802)**	**(132)**	**(160)**	**–**	**–**	**–**	**(1,094)**
At 30 June 2019	**2,100**	**4,269**	**600**	**773**	**721**	**–**	**–**	**8,463**
Accumulated impairment losses								
At 1 July 2017, 30 June 2018 and 2019	**–**	**245**	**–**	**–**	**–**	**–**	**–**	**245**
Net book value								
At 30 June 2019	**6,284**	**598**	**21**	**616**	**29**	**–**	**–**	**7,548**
At 30 June 2018	223	1,057	117	290	50	–	150	1,887
At 1 July 2017	557	2,216	169	385	132	–	140	3,599

* Denotes amount less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Office equipment, furniture and fittings and computers $'000	Renovation $'000	Total $'000
Cost			
At 1 July 2017	17	–	17
Additions	7	5	12
At 30 June 2018 and 2019	**24**	**5**	**29**
Accumulated depreciation			
At 1 July 2017	3	–	3
Depreciation charge	18	1	19
At 30 June 2018	21	1	22
Depreciation charge	2	1	3
At 30 June 2019	**23**	**2**	**25**
Net book value			
At 30 June 2019	**1**	**3**	**4**
At 30 June 2018	3	4	7
At 1 July 2017	14	–	14

(a) The carrying amounts of motor vehicles and plant and machinery held under finance leases amount to $249,000 (30 June 2018: $26,000; 1 July 2017: $51,000) and $Nil (30 June 2018: $180,000; 1 July 2017: $540,000) respectively at the end of the reporting period.

(b) At the end of the reporting period, the details of the Group's leasehold buildings are as follows:

Location	Description	Existing use	Tenure/lease term
24 Kranji Road, Singapore 739465	Building	Workshop/office/storage of construction equipment	Leasehold/ 30 years expiring 30 September 2020
72 Senoko Drive Singapore 758240[1]	Building	Workshop/office/storage of construction equipment	Leasehold/ 20 years expiring 30 April 2039

(1) The leasehold building has been pledged as security for borrowings (Note 20.1).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

5 INVESTMENT PROPERTIES

The Group	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
At fair value			
At beginning of financial year	**19,170**	580	580
Reclassified from development properties (Note 9)	**–**	15,235	–
Changes in fair value included in profit or loss (Note 24)	**–**	3,355	–
Exchange difference on translation	**(583)**	–	–
At end of financial year	**18,587**	19,170	580

The following amounts are recognised in profit or loss:

The Group	**30 June 2019 $'000**	30 June 2018 $'000
Rental income	80	32
Direct operating expenses arising from:		
– Investment properties that generate rental income	(10)	(10)

Investment properties are leased to non-related parties under operating leases Note 32(ii).

Fair value measurement of the Group's investment properties

The fair values of the Group's investment properties at 30 June 2019, 2018 and 2017 have been determined on the basis of valuations carried out at the respective financial year end by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the financial year.

The details of the Group's investment properties and the fair value hierarchy are as follows:

Location	Description/ Existing use	Tenure/lease term	Gross floor area (square metres)	The Group's interest (%)
19 Woodland Industrial Park E1 #02-02, Singapore 757719	Office unit/ for providing rental	Leasehold/60 years expiring 8 January 2055	93	100
19 Woodland Industrial Park E1 #02-03, Singapore 757719	Office unit/ for providing rental	Leasehold/60 years expiring 8 January 2055	92	100
Lot No. PTD 109193 to 109212, 109217 to 109224, 109226 to 109233, 109236 to 109244 and 109246 to 109272 Mukim of Senai, District of Kulaijaya, Johor, Malaysia[1]	Industrial land/ for providing rental	Freehold	112,805	100

(1) During the financial year ended 30 June 2018, the property was reclassified from development properties (Note 9) to investment properties arising from a change in use from development properties for sale to land held to earn rental or for capital appreciation, or both. The investment property has been pledged as security for borrowings (Note 20.1).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

5 INVESTMENT PROPERTIES (CONTINUED)

Fair value measurement of the Group's investment properties (Continued)

The Group	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Fair value as at 30 June 2019** **$'000**
Investment property:				
Located at Singapore	**–**	**–**	**580**	**580**
Located at Malaysia	**–**	**–**	**18,007**	**18,007**
	–	**–**	**18,587**	**18,587**

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value as at 30 June 2018 $'000
Investment property:				
Located at Singapore	–	–	580	580
Located at Malaysia	–	–	18,590	18,590
	–	–	19,170	19,170

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value as at 1 July 2017 $'000
Investment property located at Singapore	–	–	580	580

For the Group's investment properties categorised into Level 3 of the fair value hierarchy, the following information is relevant:

	Valuation Techniques	Significant unobservable input(s)	Sensitivity
Investment property located at Singapore and Malaysia	Direct comparison method/ Cost method	Land size factor, taking into plot size, of 5.00% to 20.00% (30 June 2018 and 1 July 2017: 5.00% to 20.00%)	A slight increase in the land size factor used would result in a corresponding increase in fair value and vice versa
		Location factor, taking into account the differences in accessibility and individual factors such as infrastructure available and frontage, of 10.00% to 30.00% (30 June 2018 and 1 July 2017: 5.00% to 20.00%)	A slight increase in the location factor used would result in a corresponding increase in fair value and vice versa

6 DEFERRED TAX ASSETS AND LIABILITIES

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

The Group	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Deferred tax assets	**(21)**	(10)	–
Deferred tax liabilities	**955**	963	96
	934	953	96

The balance comprises tax on the following temporary differences:

The Group	Accelerated tax depreciation $'000	Fair value gain $'000	Tax losses $'000	Provision $'000	Total $'000
At 1 July 2018	**148**	**805**	**–**	**–**	**953**
Credited to profit or loss (Note 27)	**(19)**	**–**	**–**	**–**	**(19)**
At 30 June 2019	**129**	**805**	**–**	**–**	**934**
At 1 July 2017	96	–	–	–	96
Charged to profit or loss (Note 27)	52	805	–	–	857
At 30 June 2018	148	805	–	–	953
At 1 July 2016	197	–	(19)	(21)	157
(Credited)/Charged to profit or loss	(101)	–	19	21	(61)
At 30 June 2017	96	–	–	–	96

Subject to agreement with the relevant authorities, the Group has unabsorbed capital allowances and tax losses of $1,698,000 (30 June 2018: $1,698,000; 1 July 2017: $1,372,000) and $1,215,000 (30 June 2018: $1,817,000; 1 July 2017: $1,228,000) respectively available for offset against future taxable profits provided that the provisions of relevant tax legislations are complied with. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unabsorbed capital allowance and tax losses may be carried forward indefinitely subject to conditions imposed by law including the retention of majority shareholders as defined.

No deferred income tax liabilities has been recognised for withholding taxes and other taxes that will be payable on unremitted earnings of the Group's subsidiaries (established in Malaysia) as the Group is in a position to control the timing of the remittance of earning and it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

6 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

The Group	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Capital allowances	**400**	400	322
Tax losses	**293**	379	279
	693	779	601

7 INVENTORIES

The Group	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Raw materials	**30**	34	41

The cost of inventories recognised as an expense and included in cost of works amounted to $4,000 (30 June 2018: $7,000; 1 July 2017: $1,685,000).

8 CONTRACT ASSETS

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the end of the reporting period on its construction contracts. The amounts recognised as contract assets are reclassified to trade receivables at the point at which it is invoiced to the customer.

The Group has not recognised an allowance for contract assets as the ECL are assessed to be insignificant.

The Group	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Contract assets	**43,698**	36,909	25,465

9 DEVELOPMENT PROPERTIES

The Group	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Freehold land			
– Singapore	**–**	–	13,400
– Malaysia	**–**	685	12,447
	–	685	25,847
Development costs			
– Singapore	**–**	–	10,764
– Malaysia	**–**	6,254	5,396
	–	6,254	16,160
	–	6,939	42,007

The development properties have been pledged as security for borrowings (Note 20.1). During the financial year, interest expense capitalised in development properties amounted to $Nil (30 June 2018: $547,000; 1 July 2017: $863,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

9 DEVELOPMENT PROPERTIES (CONTINUED)

The details of the Group's development properties are as follows:

Location	Description	Tenure	Expected date of completion	Gross floor area (square metres)	The Group's Interest (%)
Lot No. PTD 109172 to 109191 Mukim of Senai, District of Kulaijaya Johor, Malaysia	20 units of 3 storey terraced service industries	Freehold	–[1]	5,641[2]	–
21 Paya Lebar Crescent, Singapore	8 units of residential cluster houses	Freehold	Temporary occupation permit ("TOP")[3]	1,551	100

(1) During the financial year ended 30 June 2019, development properties were reclassified to completed properties for sale (Note 10).

(2) During the financial year ended 30 June 2018, certain portion of the property was reclassified from development properties to investment property (Note 5) arising from a change in use from development properties for sale to land held to earn rental or for capital appreciation, or both.

(3) The Group had obtained TOP and sold all the 8 units of residential cluster houses during the financial year ended 30 June 2018. Accordingly, the Group recognised the revenue and costs of work from the sales of the development properties.

10 COMPLETED PROPERTIES FOR SALE

The Group	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
At beginning of financial year	**–**	–	–
Reclassified from development properties (Note 9)	**6,939**	–	–
Recognised as an expense in the cost of works	**(958)**	–	–
Exchange difference on translation	**(206)**	–	–
At end of financial year	**5,775**	–	–

The completed properties for sale have been pledged as security for borrowings (Note 20.1).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

10 COMPLETED PROPERTIES FOR SALE (CONTINUED)

The details of the Group's completed properties for sale are as follows:

Location	Description	Tenure	Gross floor area (square metres)	The Group's Interest (%)
Lot No. PTD 109172 to 109173 and 109176 to 109191 Mukim of Senai, District of Kulaijaya, Johor Malaysia	18 units of 3 storey terraced service industries	Freehold	5,077	100

11 TRADE AND OTHER RECEIVABLES

	The Group			The Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Trade receivables						
Non-related parties	**6,758**	11,835	5,005	**–**	–	–
Subsidiaries	**–**	–	–	**650**	5,335	3,152
	6,758	11,835	5,005	**650**	5,335	3,152
Non-trade receivables						
Non-related parties	**2**	2	2	**–**	–	–
Subsidiaries	**–**	–	–	**5,397**	5,399	5,399
Allowance on impairment loss on non-trade receivables	**–**	–	–	**(322)**	–	–
Staff advances	**5**	–	16	**–**	–	–
	7	2	18	**5,075**	5,399	5,399
At amortised cost	**6,765**	11,837	5,023	**5,725**	10,734	8,551
Advances paid to suppliers	**1,095**	–	–	**–**	–	–
Goods and services tax ("GST") receivables	**123**	478	352	**–**	–	–
	7,983	12,315	5,375	**5,725**	10,734	8,551

Outstanding balances with subsidiaries are unsecured, interest-free and repayable on demand. The Company has provided an impairment allowance of $322,000 (30 June 2018: $Nil 1 July 2017: $Nil) on the amount due from a subsidiary. The Group has not recognised an allowance for doubtful receivables as the ECL are assessed to be insignificant.

	The Group			The Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
At beginning of the financial year	**–**	–	–	**–**	–	–
Charge for the financial year	**–**	–	–	**322**	–	–
At end of the financial year	**–**	–	–	**322**	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit risk concentration profile

The Group	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
By types of customers[2]			
State-owned entities[1]	**3,881**	4,508	2,890
Other companies	**2,600**	1,818	1,470
Buyers of the development properties	**277**	5,509	645
	6,758	11,835	5,005

(1) Government ministries, statutory boards and government-linked companies.

(2) At the end of the reporting period, there were three (30 June 2018: three; 1 July 2017: two) debtors that exceeded 10% of the Group's total trade receivables.

12 OTHER CURRENT ASSETS

	The Group			The Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Deposits	**771**	813	699	**–**	–	–
Prepayments	**36**	41	47	**3**	3	4
	807	854	746	**3**	3	4

13 CASH AND BANK BALANCES

	The Group			The Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Cash on hand	**78**	47	33	**–**	–	–
Cash at bank	**1,808**	3,337	3,514	**140**	416	152
	1,886	3,384	3,547	**140**	416	152

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14 SHARE CAPITAL

The Company and The Group	No. of ordinary shares		Amount	
	2019	2018	**2019**	2018
	'000	'000	**$'000**	$'000
Issued and fully paid, with no par value				
At beginning of financial year	**185,625**	170,000	**17,676**	15,196
Issue of ordinary shares	**–**	15,625	**–**	2,480
Balance at end of financial year	**185,625**	185,625	**17,676**	17,676

On 11 January 2018, the Company issued 15,625,000 ordinary shares for a total consideration of $2,480,000 for cash to provide funds for the Group's working capital purposes. The newly issued shares rank pari passu in all respects with the previously issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

15 CURRENCY TRANSLATION RESERVE

Currency translation reserve arises from the translation of the financial statements of foreign entities whose functional currencies are different from the functional currency of the Company, which is also the presentation currency of the financial statements.

16 MERGER RESERVE

Merger reserve represents the difference between the cost of investment and nominal value of share capital of the subsidiaries acquired under common control.

17 CAPITAL RESERVE

Capital reserve represents the effects of changes in ownership interests in subsidiaries when there is no change in control.

18 PROPERTY REVALUATION RESERVE

Property revaluation reserve arises on the transfer of an owner-occupied property to an investment property carried at fair value. The difference between the carrying amount of the property and its fair value at that date of transfer was recognised in other comprehensive income. When the investment property is subsequently disposed, property revaluation reserve is effectively realised and is transferred directly to retained profits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

19 SHARE OPTION RESERVE

Share option reserve represents the equity-settled share options granted to employees (Note 30). The reserve is made up of the value of services received from employees recorded on grant of equity-settled share options.

20 BORROWINGS

	The Group			The Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Current						
Bank borrowings	**22,683**	21,601	27,305	**1,600**	1,800	2,000
Obligations under finance leases (Note 20.2)	**16**	203	349	**–**	–	–
	22,699	21,804	27,654	**1,600**	1,800	2,000
Non-current						
Bank borrowings	**4,416**	2,187	7,046	**–**	–	–
Obligations under finance leases (Note 20.2)	**174**	–	205	**–**	–	–
	4,590	2,187	7,251	**–**	–	–
Total borrowings	**27,289**	23,991	34,905	**1,600**	1,800	2,000

20.1 Bank borrowings

The borrowings' interest rates of the Group and the Company ranged from 1.15% to 7.00% and 3.86% to 4.37% (30 June 2018: 1.15% to 6.06% and 2.81% to 3.85%; 1 July 2017: 1.15% to 5.50% and 2.72% to 2.99%) respectively.

Certain bank borrowings and obligations under finance leases are secured by corporate guarantees given by the Company (Note 34.4). The Company's bank borrowing is secured by corporate guarantee given by a subsidiary.

Bank borrowings obtained for development properties (Note 9), completed properties for sale (Note 10) and certain investment properties (Note 5) were secured by (i) future rental proceeds, insurance coverage, rights title, interest and sale proceeds relating to mortgage; (ii) subordination of directors' and shareholders' loans; and (iii) debentures for floating and fixed assets.

Bank borrowing obtained for a leasehold building is secured over the leasehold building (Note 4).

Finance lease liabilities of the Group are secured over the leased motor vehicle and plant and machinery (Note 4).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

20 BORROWINGS (CONTINUED)

20.2 Obligations under finance leases

The Group	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Minimum lease payments payable:			
Due not later than one year	**22**	205	358
Due later than one year and not later than five years	**211**	–	207
	233	205	565
Less: Finance charges allocated to future periods	**(43)**	(2)	(11)
Present value of minimum lease payments	**190**	203	554
Present value of minimum lease payments:			
Due not later than one year	**16**	203	349
Due later than one year and not later than five years	**174**	–	205
	190	203	554

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

20.3 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

The Group	1 July 2018 $'000	**Proceeds from borrowings $'000**	**Purchase of property, plant and equipment $'000**	**Repayment of borrowings $'000**	**Interest expense $'000**	**Interest paid $'000**	**Exchange difference on translation $'000**	**30 June 2019 $'000**
Bank borrowings	23,788	**4,105**	**4,952**	**(5,513)**	**–**	**–**	**(233)**	**27,099**
Obligations under finance leases	203	**–**	**212**	**(225)**	**–**	**–**	**–**	**190**
Interest payable*	–	**–**	**–**	**–**	**1,162**	**(1,162)**	**–**	**–**

The Group	1 July 2017 $'000	Proceeds from borrowings $'000	Repayment of borrowings $'000	Interest expense* $'000	Interest paid $'000	Exchange difference on translation $'000	30 June 2018 $'000
Bank borrowings	34,351	3,946	(15,042)	–	–	533	23,788
Obligations under finance leases	554	–	(351)	–	–	–	203
Interest payable*	–	–	–	1,094	(1,094)	–	–

* Interest payable includes interest payment and interest expense capitalised in development properties (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

21 TRADE AND OTHER PAYABLES

	The Group			The Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Trade payables						
Non-related parties	**16,670**	10,504	7,152	**79**	70	10
Non-controlling interests	**–**	–	559	**–**	–	–
	16,670	10,504	7,711	**79**	70	10
Non-trade payables						
Non-related parties	**1**	1	1	**–**	–	–
Directors	**2,696**	2,482	2,242	**694**	480	240
Subsidiaries	**–**	–	–	**–**	5,021	4,922
	2,697	2,483	2,243	**694**	5,501	5,162
Deposits	**37**	41	41	**–**	–	–
Accrued operating expenses	**8,636**	13,325	10,122	**232**	222	255
	8,673	13,366	10,163	**232**	222	255
At amortised cost	**28,040**	26,353	20,117	**1,005**	5,793	5,427
GST payables	**272**	190	–	**33**	32	33
	28,312	26,543	20,117	**1,038**	5,825	5,460

Outstanding balances due to directors, subsidiaries and non-controlling interests are unsecured, interest-free and repayable on demand.

22 CONTRACT LIABILITIES

The contract liabilities primarily relate to progress billings issued in excess of the Group's rights to the consideration for construction contracts.

Contract liabilities are recognised as revenue when the Group fulfills its performance obligations under the contract with the customer. The significant changes in the contract liabilities during the financial year are as follows:

The Group	**2019 $'000**	2018 $'000
Revenue recognised that was included in the contract liabilities at the beginning of the financial year	**(1,649)**	(315)
Increases due to cash received, excluding amounts recognised as revenue during the financial year	**302**	1,276

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

23 REVENUE

The following table illustrates the disaggregation disclosure by primary geographical market, major lines of business and timing of revenue recognition, including a reconciliation of how the disaggregated revenue ties in with the general building, properties development and investment and precast manufacturing.

The Group

Segments	General building $'000	Properties development and investment $'000	Precast manufacturing $'000	Total 2019 $'000
Primary geographical markets				
Singapore	77,393	–	–	77,393
Malaysia	–	1,385	–	1,385
	77,393	1,385	–	78,778

Major lines of business	General building $'000	Properties development and investment $'000	Precast manufacturing $'000	Total 2019 $'000
Construction works	59,182	–	–	59,182
Building and maintenance	18,211	–	–	18,211
Sales of developments properties	–	1,385	–	1,385
Precast manufacturing	–	–	–	–
	77,393	1,385	–	78,778

Timing of revenue recognition	General building $'000	Properties development and investment $'000	Precast manufacturing $'000	Total 2019 $'000
At a point in time	–	1,385	–	1,385
Over time	77,393	–	–	77,393
	77,393	1,385	–	78,778

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

23 REVENUE (CONTINUED)

The Group (Continued)

Segments	General building $'000	Properties development and investment $'000	Precast manufacturing $'000	Total 2018 $'000
Primary geographical markets				
Singapore	73,111	21,590	230	94,931
Malaysia	–	–	–	–
	73,111	21,590	230	94,931

Major lines of business	General building $'000	Properties development and investment $'000	Precast manufacturing $'000	Total 2018 $'000
Construction works	37,419	–	–	37,419
Building and maintenance	35,692	–	–	35,692
Sales of developments properties	–	21,590	–	21,590
Precast manufacturing	–	–	230	230
	73,111	21,590	230	94,931

Timing of revenue recognition	General building $'000	Properties development and investment $'000	Precast manufacturing $'000	Total 2018 $'000
At a point in time	–	–	230	230
Over time	73,111	21,590	–	94,701
	73,111	21,590	230	94,931

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

24 OTHER INCOME

The Group	2019 $'000	2018 $'000
Equipment handling income	**236**	222
Rental income	**80**	219
Government grant – Wage credit scheme	**13**	18
Government grant – Special employment credit	**11**	4
Government grant – Temporary employment credit	**–**	14
Insurance compensation	**132**	52
Scrap sales of used equipment	**21**	64
Changes in fair value of investment properties (Note 5)	**–**	3,355
Currency translation gain	**–**	488
Others	**126**	45
	619	4,481

25 OTHER EXPENSES

The Group	2019 $'000	2018 $'000
Loss on disposal of property, plant and equipment	**18**	70
Currency translation loss	**514**	–
	532	70

26 FINANCE COSTS

The Group	2019 $'000	2018 $'000
Interest expense:		
Bank borrowings	**1,155**	1,085
Obligations under finance lease	**7**	9
	1,162	1,094
Interest expense capitalised in development properties[1] (Note 9)	**–**	(547)
Finance costs recognised in profit or loss	**1,162**	547

(1) In 2018, the rate used to determine the amount of borrowing costs eligible for capitalisation ranged from 5.18% to 6.06%, which is the effective interest rate of the specific borrowings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

27 TAXATION

The Group	2019 $'000	2018 $'000
Current taxation	**286**	–
(Over)/Underprovision of current taxation in respect of prior financial years	**(69)**	120
	217	120
Deferred taxation	**–**	805
(Over)/Underprovision of deferred taxation in respect of prior financial years (Note 6)	**(19)**	52
	(19)	857
	198	977

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on profits as a result of the following:

The Group	2019 $'000	2018 $'000
Profit before taxation	**982**	1,424
Tax at statutory rate of 17% (2018: 17%)	**167**	242
Effect of tax rate for different jurisdiction	**(82)**	204
Tax effect on non-deductible expenses	**305**	100
Tax effect on non-taxable income	**(23)**	(46)
Deferred tax assets on temporary difference not recognised	**50**	282
Effect of tax losses disallowed	**16**	31
Utilisation of deferred tax assets previously not recognised	**(136)**	(8)
(Over)/Underprovision of taxation in respect of prior financial years	**(88)**	172
Others	**(11)**	–
	198	977

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

28 TOTAL PROFIT FOR THE FINANCIAL YEAR

Expenses by nature

The Group	2019 $'000	2018 $'000
Purchase of materials	**9,238**	4,414
Fees on audit services paid/payable to:		
- Auditor of the Company	**95**	90
- Other auditor	**1**	3
Fees on non-audit services paid/payable to:		
- Auditor of the Company	**13**	13
- Other auditor	**25**	23
Depreciation of property, plant and equipment	**1,063**	1,577
Directors' fees[1]	**139**	149
Donation	**48**	34
Salaries and bonuses	**10,111**	8,535
Employer's contribution to defined contribution plans	**605**	516
Other short-term benefits	**390**	241
Entertainment expenses	**71**	70
Delivery charges	**74**	523
Professional charges	**616**	272
Property and land tax	**396**	97
Rental on operating leases	**466**	714
Sub-contractor charges	**41,947**	49,795
Utilities	**119**	116
Worksite and factory expenses	**9,399**	4,431
Changes in inventories	**4**	7
Cost of development properties	**958**	24,942
Others	**943**	809
Total cost of works, distribution and marketing costs and administrative expenses	**76,721**	97,371

(1) In 2018, included in the directors' fees was an amount of $10,000 paid to a subsidiary's director.

29 EARNINGS PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT

Earnings per share is calculated based on the consolidated net profit attributable to owner of the parent divided by the weighted average number of shares in issue during the financial year.

The Group	2019	2018
Profit attributable to owner of the parent ($'000)	**817**	592
Weighted average number of shares in issue ('000)	**185,625**	177,277
Basic and diluted earnings per share (cents)	**0.44**	0.33

For the financial year ended 30 June 2019, the basic and diluted earnings per share are the same as the 5,568,750 outstanding options are anti-dilutive. There is no potentially dilutive ordinary share for the financial year ended 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

30 SHARE-BASED PAYMENTS

Employee share option scheme

The Company has an employee share incentive plan for the granting of non-transferable options to directors and other full-time eligible employees. Options are granted for a term of 10 years to purchase the Company's ordinary shares at the price of $0.126 for each share. 25%, 50%, 75% and 100% of the options are exercisable beginning on the first, second, third and fourth anniversary respectively of the date of the grant.

Information with respect to the number of options granted under the Company's employee share option plan is as follows:

The Company and The Group	**Number of share options 2019 '000**	**Weighted average exercise price 2019 $**	Number of share options 2018 '000	Weighted average exercise price 2018 $
Outstanding at the beginning of financial year	**–**	**–**	–	–
Granted	**5,569**	**0.126**	–	–
Balance at end of financial year	**5,569**	**0.126**	–	–
Exercisable at financial year end	**–**	**–**	–	–

The options outstanding at the end of financial year have remaining contractual life of 9.42 years.

The fair value of share options as at the date of grant, is estimated by an external valuer using a Trinomial model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used for the financial year ended 30 June 2019 are shown below.

The Company and The Group	**2019**
Weighted average share price	**$0.102**
Weighted average exercise price	**$0.126**
Expected volatility	**68.86%**
Expected option life	**10**
Risk free rate	**2.01%**
Expected dividend yield	**Nil**
Fair value at measurement date	**$0.101**

The expected life of the options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Other than stated, no other features of the option grant were incorporated into the measurement of fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

31 RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties at agreed rates:

(a) Sales and purchases of goods and services

The Group	**2019**	2018
	$'000	$'000
Advisory fees paid to a director	**48**	48

(b) Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year is as follows:

The Group	**2019**	2018
	$'000	$'000
Salaries and bonuses	**1,489**	1,559
Directors' fees	**139**	139
Employer's contribution to defined contribution plans including Central Provident Fund	**65**	71
Share-based payments	**141**	–
Other short-term benefits	**192**	180
	2,026	1,949

The remuneration of directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

32 OPERATING LEASE COMMITMENTS (NON-CANCELLABLE)

(i) Where the Group is the lessee

At the end of the reporting period, the Group is committed to making the following rental payments in respect of non-cancellable operating leases for workers' quarters, office equipment, leasehold building and office under non-cancellable operating lease agreements.

The Group	**2019**	2018
	$'000	$'000
Not later than one year	**223**	650
Later than one year and not later than five years	**2,658**	303
	2,881	953

Leases are negotiated for terms ranging from one to twenty (2018: one to five) years and rental fixed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

32 OPERATING LEASE COMMITMENTS (NON-CANCELLABLE) (CONTINUED)

(ii) Where the Group is the lessor

At the end of the reporting period, the Group had the following rental income under non-cancellable lease for investment properties to non-related parties under non-cancellable operating lease.

The Group	**2019**	2018
	$'000	$'000
Not later than one year	**65**	66

Leases are negotiated for term of one year and rentals are fixed.

33 OPERATING SEGMENTS

The Group's operating segments are its strategic business units which offer different services and are managed separately. Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions, allocate resources and assess performance. Currently the business segments operate in Singapore and Malaysia.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Other services included in Singapore are investment holding, which are not included within the reportable operating segments, as these are not included in the reports provided to the Board of Directors. The results of these operations, if any, are included in the "unallocated segments".

The Group's activities comprise the following reportable segments:

(i) General building which involved the construction and building and maintenance works such as excavation, piling, sub-structures and superstructures works, architectural works, aluminium cladding and curtain walling, mechanical and engineering works, supply and installation of furniture/interior fitting-out works, external works, and landscaping;

(ii) Precast manufacturing which involved the manufacturing and trading of concrete precast products;

(iii) Properties development and investment involved investment in and trading of and development of industrial and residential properties; and

(iv) Soil investigation and treatment which involved providing consultation services. This segment does not meet the quantitative threshold required by *SFRS(I) 8 Operating Segments* for the reportable segments, management has concluded that this segment should be reported, as it is closely monitored by the Board of Directors as a potential growth operating segment and is expected to contribute to the Group's revenue in the future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 OPERATING SEGMENTS (CONTINUED)

The Group	General building 2019 $'000	Precast manufacturing 2019 $'000	Properties development and investment 2019 $'000	Soil investigation and treatment 2019 $'000	Unallocated segments 2019 $'000	Elimination 2019 $'000	Total 2019 $'000
30 June 2019							
Business segments							
Revenue							
External	77,393	–	1,385	–	–	–	78,778
Inter-segment	–	–	–	–	–	–	–
	77,393	–	1,385	–	–	–	78,778
Gross profit	9,524	–	427	–	–	–	9,951
Other income							619
Unallocated costs							(8,426)
Finance costs							(1,162)
Profit before taxation							982
Taxation							(198)
Total profit for the financial year							784
Total profit for the financial year includes:							
Depreciation of property, plant and equipment	576	450	3	30	4	–	1,063
Changes in fair value of Investment properties	–	–	–	–	–	–	–
Segment assets	58,513	524	24,573	–	2,725	–	86,335
Total assets includes:							
Additions to:							
Property, plant and equipment	6,692	270	–	–	–	–	6,962
Segment liabilities	47,258	1,153	3,571	7	5,928	–	57,917

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 OPERATING SEGMENTS (CONTINUED)

The Group	General building 2018 $'000	Precast manufacturing 2018 $'000	Properties development and investment 2018 $'000	Soil investigation and treatment 2018 $'000	Unallocated segments 2018 $'000	Elimination 2018 $'000	Total 2018 $'000
30 June 2018							
Business segments							
Revenue							
External	73,111	230	21,590	–	–	–	94,931
Inter-segment	1,078	152	–	–	–	(1,230)	–
	74,189	382	21,590	–	–	(1,230)	94,931
Gross profit/(loss)	10,081	(138)	(3,352)	–	–	(1,078)	5,513
Other income							4,481
Unallocated costs							(8,023)
Finance costs							(547)
Profit before taxation							1,424
Taxation							(977)
Total profit for the financial year							447
Total profit for the financial year includes:							
Depreciation of property, plant and equipment	1,090	465	3	–	19	–	1,577
Changes in fair value of Investment properties	–	–	3,355	–	–	–	3,355
Segment assets	45,061	946	31,088	150	4,257	–	81,502
Total assets includes:							
Additions to:							
Property, plant and equipment	89	41	–	10	12	–	152
Development properties	–	–	3,605	–	–	–	3,605
Segment liabilities	35,244	2,138	10,904	13	5,616	–	53,915

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 OPERATING SEGMENTS (CONTINUED)

The Group	General building 2017 $'000	Precast manufacturing 2017 $'000	Properties development and investment 2017 $'000	Soil investigation and treatment 2017 $'000	Unallocated segments 2017 $'000	Elimination 2017 $'000	Total 2017 $'000
1 July 2017							
Segment assets	32,758	1,386	42,751	140	4,325	–	81,360
Total assets includes:							
Additions to:							
Property, plant and equipment	223	64	7	140	17	–	451
Development properties	–	–	5,357	–	–	–	5,357
Segment liabilities	26,599	2,716	22,564	13	4,841	–	56,733

The Board of Directors assesses the performance of the operating segments based on the gross profit. Administrative expenses, distribution and marketing costs, taxation, finance costs, other expenses and other income are not allocated to segments.

Reportable segments' assets are reconciled to total assets as follows:

Segment assets and liabilities are allocated based on the operations of the segments and presented net of inter-segment balances. Unallocated assets comprise of cash and bank balances, other current assets, other receivables, deferred tax assets and the Company's property, plant and equipment.

The Group	**2019 $'000**	2018 $'000	2017 $'000
Segment assets for reportable segments	**83,610**	77,245	77,035
Unallocated:			
Cash and bank balances	**1,886**	3,384	3,547
Other current assets	**807**	854	746
Other receivables	**7**	2	18
Deferred tax assets	**21**	10	–
The Company's property, plant and equipment	**4**	7	14
	86,335	81,502	81,360

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 OPERATING SEGMENTS (CONTINUED)

Reportable segments' liabilities are reconciled to total liabilities as follows:

Unallocated liabilities comprise of other payables, current tax payable, deferred tax liabilities, the Company's borrowing and trade payables.

The Group	2019 $'000	2018 $'000	2017 $'000
Segment liabilities for reportable segments	**51,989**	48,299	51,892
Unallocated:			
Other payables (excluding accrued operating expenses)	**2,734**	2,524	2,284
The Company's borrowings	**1,600**	1,800	2,000
Current tax payable	**295**	5	163
Deferred tax liabilities	**955**	963	96
The Company's trade payables, GST payables and accrued operating expenses	**344**	324	298
	57,917	53,915	56,733

Information about major customers

The Group has three (2018: one) major customers from Singapore's general building activities that contribute greater than 10% of the Group's total revenue:

The Group	2019 $'000	2018 $'000
State-owned entity A	**15,894**	27,411
State-owned entity B	**30,715**	4,230
Customer A	**11,265**	5,773

Geographical segments

The Group	2019 $'000	2018 $'000
Revenue		
Singapore	**77,393**	94,931
Malaysia	**1,385**	–
	78,778	94,931

	2019 $'000	2018 $'000	2017 $,000
Non-current assets			
Singapore	**7,710**	1,616	2,971
Malaysia	**18,446**	19,451	1,208
	26,156	21,067	4,179

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's and the Group's financial risk management policies set out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance.

The Board of Directors are responsible for setting the objectives and provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

34.1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company is not exposed to foreign currency risk as it does not have any transactions transacted in currency other than SGD.

The Group has transactional currency exposures that are denominated in currency other than the respective functional currencies of group entities, primarily SGD.

Sensitivity analysis for foreign currency risk

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes advances to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

If SGD weakens or strengthens by 5% (2018: 5%) against the functional currency of each group entity, the Group's total profit for the financial year will increase/decrease by $964,000 (2018: $685,000)

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

34.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its debt obligations with financial institutions.

The Group manages its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group.

Sensitivity analysis for interest rate risk

If interest rates had been 50 (2018: 50) basis points higher or lower and all other variables were held constant, the Group's total profit for the financial year would decrease/increase by $136,000 (2018: $120,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank borrowings.

34.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers and contract assets.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

The Group's exposure to credit risk is influenced mainly by the characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk.

Comparative information under FRS 39

The ageing of trade receivables and contract assets and impairment losses at the end of the reporting period was as follows:

	30 June 2018		1 July 2017	
	Gross	Impairment	Gross	Impairment
The Group	$'000	$'000	$'000	$'000
Neither past due nor impaired	46,877	–	29,115	–
Past due 1 – 30 days	499	–	84	–
Past due 31 – 90 days	1,042	–	1,003	–
Past due 91-180 days	12	–	44	–
More than 180 days	314	–	224	–
	48,744	–	30,470	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

34.3 Credit risk (Continued)

Expected credit loss assessment for customers as at 30 June 2019

The Group uses a provision matrix to measure the ECL of trade receivables and contract assets from customers.

The provision matrix is based on loss rates determined from actual credit loss experience over the past five years, current economic conditions and the Group's view of economic conditions over the receivables. These scalar factors are calculated using statistical models that determine numeric co-relation of loss rates with relevant economic variables.

Scalar factors are based on actual and forecasted gross domestic product and is in the range of 1.0% to 4.1% for overall market condition.

In measuring ECL, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate mainly to projects where the revenue has been accrued ahead of billings to customers, which have substantially the same risk characteristics as the trade receivables for the same type of contracts.

The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for individual customers as at 30 June 2019:

		The Group	
	Weighted average loss rate %	Gross carrying amount $'000	Credit impaired
Neither past due nor impaired	0.11	49,009	No
Past due 1 – 30 days	0.38	62	No
Past due 31 – 90 days	0.65	390	No
Past due 91-180 days	1.72	287	No
More than 180 days	0.17	708	No
		50,456	

The Group has not recognised an allowance for trade receivables and contract assets as the ECL are assessed to be insignificant.

Amounts due from subsidiaries

At the end of the reporting period, the Company assessed its subsidiaries' financial performance to meet the contractual cash flow obligations and has provided an expected credit loss allowance of $322,000 for non-trade amounts due from a subsidiary. The amounts due from other subsidiaries are considered to be of low credit risk and subject to immaterial credit loss. Credit risk for these amounts has not increased significantly since their initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

34.3 Credit risk (Continued)

Cash and bank balances

The Group and the Company held cash and bank balances of $1,886,000 and $140,000 respectively at 30 June 2019 (30 June 2018: $3,384,000 and $416,000; 1 July 2017: $3,547,000 and $152,000 respectively). The bank balances are held with banks which are regulated.

Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank balances was negligible.

34.4 Liquidity risk

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company and the Group manage their liquidity risk by ensuring the availability of funding through an adequate amount of credit facilities from financial institutions.

The table below analyses the maturity profile of the Group's financial liabilities based on undiscounted cash flows and includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position:

The Group	On demand or within one year $'000	Between two and five years $'000	Adjustment $'000	Total $'000
At 30 June 2019				
Trade and other payables (excluding GST payables)	**28,040**	**–**	**–**	**28,040**
Borrowings	**22,869**	**5,097**	**(677)**	**27,289**
	50,909	**5,097**	**(677)**	**55,329**
At 30 June 2018				
Trade and other payables (excluding GST payables)	26,353	–	–	26,353
Borrowings	22,105	2,220	(334)	23,991
	48,458	2,220	(334)	50,344
At 1 July 2017				
Trade and other payables (excluding GST payables)	20,117	–	–	20,117
Borrowings	28,201	7,585	(881)	34,905
	48,318	7,585	(881)	55,022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

34.4 Liquidity risk (Continued)

At the end of the reporting period, the Group's financial assets are either repayable on demand or due within one year from the end of the reporting period.

The Company's financial liabilities and assets are either repayable on demand or due within one year from the end of the reporting period. The maximum exposure of the Company in respect of the intra-group financial guarantee at the end of the reporting period is if the facility is drawn down by the subsidiaries in the amount of $7,419,000 (30 June 2018: $13,112,000; 1 July 2017: $15,968,000). At the end of the reporting period, the Company has considered it is not probable that a claim will be made against the Company under the intra-group financial guarantee. The Company has also evaluated and is of the view that both the fair values of the corporate guarantees and the consequential liabilities derived from its guarantees to the financial institutions with regard to the subsidiaries are not material.

The Company and the Group ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

35 CAPITAL MANAGEMENT

The Company's and the Group's objectives when managing capital are:

(a) To safeguard the Company's and the Group's ability to continue as a going concern;

(b) To support the Company's and the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Company's and the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

The Company and the Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company and the Group currently do not adopt any formal dividend policy.

The capital structure of the Group consists of equity attributable to owner of the parent, comprising issued capital, reserves and retained profits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

35 CAPITAL MANAGEMENT (CONTINUED)

The Company and the Group monitor capital using net debt to total capital ratio, which is net debt divided by total capital. Total capital is calculated as total equity plus net debt.

	The Group			The Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Borrowings	**27,289**	23,991	34,905	**1,600**	1,800	2,000
Trade and other payables	**28,312**	26,543	20,117	**1,038**	5,825	5,460
Cash and bank balances	**(1,886)**	(3,384)	(3,547)	**(140)**	(416)	(152)
Net debt	**53,715**	47,150	51,475	**2,498**	7,209	7,308
Equity attributable to owner of the parent	**28,415**	27,551	25,270	**20,600**	23,702	21,428
Total capital	**82,130**	74,701	76,745	**23,098**	30,911	28,736
Net debt to total capital	**65.40%**	63.12%	67.07%	**10.81%**	23.32%	25.43%

There were no changes in the Company's and the Group's approach to capital management during the financial year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

36 FINANCIAL INSTRUMENTS

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	The Group			The Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	**30 June 2019 $'000**	30 June 2018 $'000	1 July 2017 $'000
Financial assets						
At amortised cost:						
Trade receivables	**6,758**	11,835	5,005	**650**	5,335	3,152
Other receivables	**2**	2	2	**–**	–	–
Staff advances	**5**	–	16	**–**	–	–
Deposits	**771**	813	699	**–**	–	–
Cash and bank balances	**1,886**	3,384	3,547	**140**	416	152
Subsidiaries	**–**	–	–	**5,075**	5,399	5,399
	9,422	16,034	9,269	**5,865**	11,150	8,703
Financial liabilities						
At amortised cost:						
Trade payables	**16,670**	10,504	7,711	**79**	70	10
Other payables	**2,697**	2,483	2,243	**694**	480	240
Deposits	**37**	41	41	**–**	–	–
Accrued operating expenses	**8,636**	13,325	10,122	**232**	222	255
Borrowings	**27,289**	23,991	34,905	**1,600**	1,800	2,000
Subsidiaries	**–**	–	–	**–**	5,021	4,922
	55,329	50,344	55,022	**2,605**	7,593	7,427

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

37 FAIR VALUE MEASUREMENT

37.1 Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

37.2 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 : unobservable inputs for the asset or liability

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

The Group	**2019** Carrying amount $'000	**2019** Fair value $'000	2018 Carrying amount $'000	2018 Fair value $'000	2017 Carrying amount $'000	2017 Fair value $'000
Financial liabilities						
Non-current liabilities:						
Bank borrowings	**4,416**	**4,287**	2,187	1,985	7,046	6,009

Reconciliation of Level 3 fair value measurement

The reconciliation for investment properties measured at fair value based on significant unobservable inputs (Level 3) is disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

37 FAIR VALUE MEASUREMENT (CONTINUED)

37.2 Fair value measurement of financial instruments (Continued)

Reconciliation of Level 3 fair value measurement (Continued)

Set-off of balances with subsidiaries (the Company)

The parties have arrangements to settle intercompany balances due to or due from each other on a net basis. The amounts of due to and due from subsidiaries that are set-off are as follows:

The Company	Gross carrying amounts $'000	Gross amounts offset in the statement of financial position $'000	Net amounts in the statement of financial position $'000
30 June 2019			
Amounts due from subsidiaries	7,638	(6,988)	650
Amounts due to subsidiaries	(6,988)	6,988	–
	650	–	650

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework – SFRS(I) for the first time for financial year ended 30 June 2019 and *SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at the end of the first SFRS(I) reporting period (30 June 2019), except for areas of mandatory exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended 30 June 2019, an additional opening statement of financial position as at date of transition (1 July 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 July 2017) and as at the end of last financial period under FRS (30 June 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the financial year ended 30 June 2018). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework other than the enhanced disclosures arising from application of SFRS(I) 9 and SFRS(I) 15 and the election of certain transition options available under adoption of SFRS(I) 1.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

Management has elected the following transition exemptions:

— On transition to SFRS(I), the Group elected the transition option to reset the currency translation reserve to zero on 1 July 2017.

SFRS(I) 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'. However the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in SFRS(I) 15 to describe such balances.

Reconciliations of equity and total comprehensive income

The effects of transition to SFRS(I) and the initial application of SFRS(I) 15 are presented and explained below.

Impact on the statement of financial position as at 1 July 2017 (date of transition to SFRS(I))

	As previously reported under FRS $'000	Application of SFRS(I) 1 and 15 $'000	Note	As adjusted under SFRS(I) $'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	3,599	–		3,599
Investment properties	580	–		580
Current Assets				
Inventories	41	–		41
Contract assets	–	25,465	(a)	25,465
Development properties	42,007	–		42,007
Trade and other receivables	30,840	(25,465)	(a)	5,375
Other current assets	746	–		746
Cash and bank balances	3,547	–		3,547
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	15,196	–		15,196
Retained profits	12,313	(597)	(b)	11,716
Currency translation reserve	(597)	597	(b)	–
Merger reserve	(2,014)	–		(2,014)
Capital reserve	(52)	–		(52)
Property revaluation reserve	424	–		424
Non-controlling interests	(643)	–		(643)
Non-Current Liabilities				
Borrowings	7,251	–		7,251
Deferred tax liabilities	96	–		96
Current Liabilities				
Trade and other payables	21,569	(1,452)	(a)	20,117
Contract liabilities	–	1,452	(a)	1,452
Current tax payable	163	–		163
Borrowings	27,654	–		27,654

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

Impact on the statement of financial position as at 30 June 2018 (end of last period reported under FRS)

	As previously reported under FRS $'000	Application of SFRS(I) 1 and 15 $'000	Note	As adjusted under SFRS(I) $'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	1,887	–		1,887
Investment properties	19,170	–		19,170
Deferred tax assets	10	–		10
Current Assets				
Inventories	34	–		34
Contract assets	–	36,909	(a)	36,909
Development properties	6,939	–		6,939
Trade and other receivables	49,224	(36,909)	(a)	12,315
Other current assets	854	–		854
Cash and bank balances	3,384	–		3,384
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	17,676	–		17,676
Retained profits	12,905	(597)	(b)	12,308
Currency translation reserve	(564)	597	(b)	33
Merger reserve	(2,014)	–		(2,014)
Capital reserve	(876)	–		(876)
Property revaluation reserve	424	–		424
Non-controlling interests	36	–		36
Non-Current Liabilities				
Borrowings	2,187	–		2,187
Deferred tax liabilities	963	–		963
Current Liabilities				
Trade and other payables	28,956	(2,413)	(a)	26,543
Contract liabilities	–	2,413	(a)	2,413
Current tax payable	5	–		5
Borrowings	21,804	–		21,804

Notes to the reconciliations:

(a) Under SFRS(I) 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. Contract liabilities primarily relate to the progress billings issued in excess of the Group's rights to the consideration for construction contracts. These balances were previously recognised as part of trade receivables or payables had been reclassified.

There was no impact on the consolidated statement of profit or loss and other comprehensive income as a result of these reclassifications.

(b) The Group elected the transition option to reset the currency translation reserve to zero.

The transition to SFRS(I) and the initial application of SFRS(I) 15 do not have a material impact on the consolidated statement of profit or loss and other comprehensive and consolidated statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

39 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are relevant to the Group and the Company were issued but not effective.

Effective for annual periods beginning on or after 1 July 2019

— *SFRS(I) 16 Leases*

— *SFRS(I) INT 23 Uncertainty over Income Tax Treatments*

— *Borrowing Costs Eligible for Capitalisation (Amendments to SFRS(I) 1-23)*

Management anticipates that the adoption of the above new SFRS(I)s, interpretations and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

SFRS(I) 16 Leases

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management has performed a preliminary analysis but does not expect material adjustments to arise other than the change in the accounting for leases as a lessee under SFRS(I) 16. Upon adoption of SFRS(I) 16, all non-cancellable lease obligations other than those which fall within the above exceptions, will be recognised as liabilities concurrently with the recognition of right of use of assets. On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of $1,733,000 and lease liabilities of $1,733,000 for its leases previously classified as operating leases. Note 32(i) provides information on the non-cancellable lease obligations existing at 30 June 2019.

STATISTICS OF SHAREHOLDINGS
AS AT 12 SEPTEMBER 2019

SHARE CAPITAL

Issued and fully paid-up capital:	:	S$17,675,570.00
No. of ordinary shares:	:	185,625,000 shares
Class of shares:	:	Ordinary shares
Voting rights:	:	One vote for each ordinary share
Treasury shares and subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 12 SEPTEMBER 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0.0000	0.00
100 – 1,000	11	3.94	7,800	0.00
1,001 – 10,000	63	22.58	490,500	0.27
10,001 – 1,000,000	186	66.67	18,550,500	9.99
1,000,001 and above	19	6.81	166,576,200	89.74
TOTAL	**279**	**100.00**	**185,625,000**	**100.00**

TOP TWENTY LARGEST SHAREHOLDERS AS AT 12 SEPTEMBER 2019

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	YI INVESTMENT PTE LTD	89,774,800	48.36
2	ONG SIEW ENG	14,873,600	8.01
3	PHUA LAM SOON	14,701,600	7.92
4	UOB KAY HIAN PTE LTD	8,725,000	4.70
5	LIM LAI HIONG	6,046,000	3.26
6	LIM CHYE KIM	5,626,300	3.03
7	PHILLIP SECURITIES PTE LTD	4,684,600	2.52
8	BUK MUM FATT	2,785,000	1.50
9	TAN ENG SENG	2,566,500	1.38
10	ONG AH SIEW	2,564,500	1.38
11	LIM CHIN TONG	2,415,000	1.30
12	BOH GEOK LING (MO YULING)	2,012,500	1.08
13	TAN KENG PENG	1,900,000	1.02
14	BOH GEOK YUEN (MO YUYAN)	1,868,500	1.01
15	NG KOK SENG (HUANG GUOSHENG)	1,490,000	0.80
16	CHUA HOI TEK	1,420,000	0.76
17	ASIAN TRUST INVESTMENT PTE LTD	1,112,500	0.60
18	RAFFLES NOMINEES (PTE) LIMITED	1,008,700	0.54
19	MAYBANK KIM ENG SECURITIES PTE. LTD	1,001,100	0.54
20	LI ZHIFEN	800,000	0.43
	Total:	**167,376,200**	**90.14**

STATISTICS OF SHAREHOLDINGS

AS AT 12 SEPTEMBER 2019

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 12 September 2019

	Direct interest		Deemed interest	
Name of substantial shareholders	**No. of ordinary shares**	**%**	**No. of ordinary shares**	**%**
Yi Investment Pte Ltd[1]	89,774,800	48.36	–	–
Phua Lam Soon[1][2]	14,701,600	7.92	104,648,400	56.38
Ong Siew Eng[1][3]	14,873,600	8.01	104,476,400	56.28
Asian Trust Investment Pte Ltd[4]	1,112,500	0.60	8,400,000	4.53
Pai Keng Pheng[5]	–	–	9,512,500	5.12
Pai Kheng Hian[6]	–	–	9,512,500	5.12

(1) Yi Investment Pte. Ltd. is an investment holding company incorporated in the Republic of Singapore. The shareholders of Yi Investment Pte. Ltd. are our CEO, Phua Lam Soon (50.00%) and our Executive Director, Ong Siew Eng (50.00%). Accordingly, Phua Lam Soon and Ong Siew Eng are deemed to be interested in 89,774,800 shares in Boldtek Holdings Limited held by Yi Investment Pte. Ltd.

(2) Our CEO, Phua Lam Soon, is the spouse of our Executive Director, Ong Siew Eng. Accordingly, Phua Lam Soon is deemed to be interested in 14,873,600 shares in Boldtek Holdings Limited held by Ong Siew Eng.

(3) Our Executive Director, Ong Siew Eng, is the spouse of our CEO, Phua Lam Soon. Accordingly, Ong Siew Eng is deemed to be interested in 14,701,600 shares in Boldtek Holdings Limited held by Phua Lam Soon.

(4) The deemed interest of Asian Trust Investment Pte Ltd is held through a custodian account with UOB Kay Hian Pte Ltd.

(5) Pai Keng Pheng holds 50.0% shareholding interests in Asian Trust Investment Pte Ltd and is therefore deemed interested in 9,512,500 shares in Boldtek Holdings Limited held by Asian Trust Investment Pte Ltd.

(6) Pai Kheng Hian holds 50.0% shareholding interests in Asian Trust Investment Pte Ltd and is therefore deemed interested in 9,512,500 shares in Boldtek Holdings Limited held by Asian Trust Investment Pte Ltd.

SHAREHOLDINGS IN THE HANDS OF PUBLIC

As at 12 September 2019, approximately 28.33% of the issued ordinary shares of the Company were held in the hands of the public based on the information available to the Company. Accordingly, the Company has complied with Rule 723 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("AGM") of Boldtek Holdings Limited (the "Company") will be held at 24 Kranji Road, Singapore 739465 on the 24th day of October 2019 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2019 ("**FY2019**") together with the Directors' Statement and Auditor's Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' Fees of S$138,600.00 for the financial year ending 30 June 2020, to be paid on a quarterly basis in arrears. (2019: S$138,600) **(Resolution 2)**

3. To re-elect Mr Phua Lam Soon who is retiring under Regulation 107 of the Constitution, as Director of the Company. **(Resolution 3)** *[See Explanatory Note (1)]*

4. To re-elect Mr Ng Kok Seng who is retiring under Regulation 107 of the Constitution, as Director of the Company. **(Resolution 4)** *[See Explanatory Note (1)]*

5. To re-appoint Messrs Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as an Ordinary Resolution with or without modifications:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES IN THE CAPITAL OF THE COMPANY (THE "SHARE ISSUE MANDATE")**

THAT pursuant to the provisions of Section 161 of the Companies Act, Cap. 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual – Section B: Rules of Catalist ("**Rules of Catalist**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors be and are hereby authorised and empowered to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion deem fit; and

(b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

NOTICE OF
ANNUAL GENERAL MEETING

provided that:

(i) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), to be issued pursuant to this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of passing of this Resolution, after adjusting for:–

(1) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

(2) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

(3) any subsequent bonus issue, consolidation or sub-division of Shares.

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(d) 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. **(Resolution 6)**

[See Explanatory Note (2)]

8. **AUTHORITY TO ISSUE SHARES UNDER THE BOLDTEK EMPLOYEE SHARE OPTION SCHEME**

That the Directors of the Company be authorised and empowered to offer and grant options in accordance with the provisions of Boldtek Employee Share Option Scheme (the "Scheme") and to allot and issue and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued or delivered pursuant to the exercise of options provided that the aggregate number of Shares available pursuant to the Scheme and such other share-based schemes of the Company, shall not exceed 15% of the total issued Shares of the Company (excluding any treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 7)**

[See Explanatory Note (3)]

BY ORDER OF THE BOARD

Pao Kiew Tee
Non-Executive Chairman & Independent Director

9 October 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

A member of the Company who is entitled to attend and vote at the Annual General Meeting who is and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

(2) Where a member appoints multiple proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(3) If the member is a corporation, the instrument appointing a proxy must be executed under its common 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 24 Kranji Road, Singapore 739465 not less than forty-eight (48) hours before the time appointed for holding the annual general meeting.

Explanatory Notes:

(1) Please refer to the Section "Board of Directors" in the annual report for the financial year ended 30 June 2019 for information on Mr Phua Lam Soon and Mr Ng Kok Seng.

(2) The Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors from the date of the above annual general meeting until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares and/or convertible securities in the Company. The aggregate number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) of the Company at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) of the Company at the time of passing this Resolution.

(3) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company, from date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme and such other share-based incentive scheme up to a number not exceeding in total (for the entire duration of the Scheme) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Personal Data Privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF
ANNUAL GENERAL MEETING

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Phua Lam Soon and Mr Ng Kok Seng are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 24 October 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR PHUA LAM SOON	MR NG KOK SENG
Date of Appointment	5 October 2012	31 October 2012
Date of last re-appointment	27 October 2016	27 October 2016
Age	57	47
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Phua Lam Soon for re-appointment as Chief Executive Officer and Executive Director of the Company. The Board have reviewed and concluded that Mr Phua possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Ng Kok Seng for re-appointment as an Executive Director of the Company. The Board have reviewed and concluded that Mr Ng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Phua is responsible for setting the strategic plans and steering the business development of the Group as well as the Group's over management and day to day operations.	Executive Mr Ng is in charge of the Group's project management and worksite operations and also involved in the Group's business development.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer and Executive Director and a member of the Nominating Committee.	Executive Director
Professional qualifications	–	Diploma in Building from Singapore Polytechnic.

NOTICE OF
ANNUAL GENERAL MEETING

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA LAM SOON	MR NG KOK SENG
Working experience and occupation(s) during the past 10 years	Mr Phua Lam Soon is our CEO and one of our co-founders. He has been a director of Logistics Construction Pte. Ltd. and Apex Projects Pte. Ltd. since their incorporation on 25 April 1992 and 7 October 2008 respectively. Mr Phua is in charge of setting the strategic plans and steering the business development of our Group as well as its overall management of our Group and day to day operations. He has more than 30 years of experience in the building construction industry in Singapore. Under Mr Phua's direction, the Group has undertaken a wide range of building constructions services that it offers, from renovation and interior fitting-out works to upgrading works and main building works for public sector projects. In addition to his involvement with the Group, Mr Phua is currently the vice-chairman of the Sembawang Citizens' Consultative Committee. He was conferred the Public Service Medal (Pingat Bakti Masyarakat) and Public Service Star (Bintang Bakti Masyarakat) by the President of the Republic of Singapore in August 2010 and August 2016 respectively.	Mr Ng is in charge of the Group's project management and worksite operations and is also involved in the Group's business development. He has more than 21 years of experience in the building construction industry. Mr Ng joined the Group in May 1996 as a project coordinator in charge of the daily coordination of worksite progress. From 1998 to 1999, he was appointed as Project Manager where he was in charge of managing our Group's projects as well as the management and coordination of site personnel, subcontractors and suppliers. From August 1999 to October 2012, he was our Group's General Manager and was in charge of overseeing our Group's tender processes as well as its site operations.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 14,701,600 shares Indirect interest: 104,648,400 shares	Direct interest: 1,490,000 shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Spouse is executive director, Ong Siew Eng	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

NOTICE OF ANNUAL GENERAL MEETING

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA LAM SOON	MR NG KOK SENG
Other Principal Commitments * Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)		
Past (for the last 5 years)	–	–
Present	• Logistics Construction Pte Ltd • Apex Projects Pte Ltd • Boldtek Investment Pte Ltd • MSC Engineering Pte Ltd • New Soil Technologies Pte Ltd • Le Premier Development Pte Ltd • CCL Precast Pte Ltd • CCL Precast (M) Sdn Bhd • Le Premier Development Sdn Bhd • Grow99 Pte Ltd	• Logistics Construction Pte Ltd • Apex Projects Pte Ltd • MSC Engineering Pte Ltd • New Soil Technologies Pte Ltd • CCL Precast Pte Ltd • CCL Precast (M) Sdn Bhd • Le Premier Development Sdn Bhd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

NOTICE OF ANNUAL GENERAL MEETING

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA LAM SOON	MR NG KOK SENG
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

NOTICE OF
ANNUAL GENERAL MEETING

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA LAM SOON	MR NG KOK SENG
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or		

NOTICE OF ANNUAL GENERAL MEETING

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA LAM SOON	MR NG KOK SENG
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

This page has been intentionally left blank

BOLDTEK HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201224643D)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:
1. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote may inform their SRS Approved Nominees to appoint the chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.
2. This proxy form is not valid for use by SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to this proxy form.

I/We ______________________________ *(Name)*, ______________ *(NRIC/Passport No.)*

of ____ *(Address)*

being a member/members of Boldtek Holdings Limited (the "**Company**"), hereby appoint:

Name	Address	*NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	*NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her/them, the Chairman of the Annual General Meeting of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at 24 Kranji Road, Singapore 739465 on 24 October 2019 at 3.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. All resolutions put to the vote at the Annual General Meeting shall be decided by way of poll.

* Please delete accordingly

(Please indicate your vote "For" or "Against" with a "X" within the box provided. Otherwise please indicate the number of votes)

	Resolutions relating to:	**For**	**Against**
No.	**Ordinary Business**		
1.	Adoption of Audited Financial Statements, Directors' Statement and Auditor's Report for the financial year ended 30 June 2019.		
2.	Approval for the payment of Directors' Fees amounting to S$138,600 for the financial year ending 30 June 2020, to be paid on a quarterly basis in arrears.		
3.	Re-election of Mr Phua Lam Soon as a Director of the Company.		
4.	Re-election of Mr Ng Kok Seng as a Director of the Company.		
5.	Re-appointment of Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
6.	Authority to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore.		
7.	Authority to issue shares under the Boldtek Employee Share Option Scheme.		

Dated this ____________ Day of __________________ 2019

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s)
Or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2 (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

(b) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act (Chapter 50) of Singapore.

3 The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 24 Kranji Road, Singapore 739465 not less than 48 hours before the time fixed for the Annual General Meeting.

4 Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5 The instrument appointing a proxy or proxies must be under the hand of the appointer 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 a duly authorised officer.

6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7 A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.

9 Terms and expressions not defined herein shall have the same meanings ascribed to them in the Annual Report 2019.

10 PERSONAL DATA PRIVACY: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, Listing Rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page has been intentionally left blank

This page has been intentionally left blank

BOLDTEK
寶特 HOLDINGS

寶特控股有限公司
BOLDTEK HOLDINGS LIMITED

Company Registration No. 201224643D
24 Kranji Road | Singapore 739465
Tel: 6891 0831 Fax: 6891 0835