

# Structures that Shape the Future

Annual Report 2016





# CONTENTS

	Corporate Profile
02	Chairman's Message
04	Corporate Structure
05	Financial Highlights at a Glance
06	Operating & Financial Review
08	Board of Directors
09	Management Team
10	Corporate Social Responsibility
12	Corporate Information
13	Corporate Governance
32	Financial Reports
83	Statistics of Shareholdings
85	Notice of Annual General Meeting Proxy Form

## CORPORATE PROFILE

Established in 1981 and listed on the Mainboard of the Singapore Stock Exchange on 1 April 2010, T T J Holdings Limited ("T T J" or the "Group") is one of the largest structural steel fabricators in Singapore.

T T J is a reputed leading structural steel specialist in Singapore. Both of the Group's factories are specially designed around an in-line production concept based on Computerised Numerically Controlled ("CNC") machinery. In addition, T T J's Singapore factory on Pioneer Road has a waterfront loading area which enables the loading of heavy materials and large assemblies onto barges for transport by sea.

The Group is S1-graded<sup>1</sup> by the Singapore Structural Steel Society and has a combined annual production capacity of 42,000 tonnes for normal structural steel at its two fabrication facilities in Singapore and Johor, Malaysia. Testament to its strong commitment to quality, T T J is ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified.

Over the years, T T J has built up substantial experience and expertise which have equipped it to deliver highly sophisticated structural steel solutions. Its solutions are used in diverse industries ranging from commercial building construction and offshore oil and gas to industrial plants as well as in iconic landmarks such as the National Gallery Singapore, the Orchard Gateway bridge, the SuperTrees and OCBC Skyway at Gardens by the Bay, The Helix at Marina Bay, Pinnacle@Duxton, Henderson Waves, the Supreme Court and Changi Airport Terminals 2 and 3, amongst others.

The Group's comprehensive manufacturing capabilities include, amongst others, heavy lifting cranes, ship-lift platforms, structures for high rise buildings and petrochemical complexes, heavy roof trusses, civil defence doors, steel moulds and launching girders for bridges and highways, pressurised vessels and tanks, vehicular aluminium parapets, expansion joints and bearings for highways and roads.

For more information, please visit [www.ttj.com.sg](http://www.ttj.com.sg).

<sup>1</sup> For works undertaken by our fully owned subsidiary T T J Design and Engineering Pte Ltd



PROPOSED REPLACEMENT OF STEEL SHAPINGS AND ACCESSORIES ALUMINIUM PARAPETS ON LET BRIDGE, 300 34 AT BRIDGE 1, SINGAPORE ROAD BRIDGE AT AN AIRPORT MALL AVENUE	
www.ttj.com.sg	
STEWARDS PLEASE ENJOY THE FOLLOWING FOLLOWING WORKING	
1. CHANGI AIRPORT GROUP (SINGAPORE) PTE LTD	TEL: 6447 1000
2. SINGAPORE AIRPORT AUTHORITY (SAA) PTE LTD	TEL: 6737 1000
3. SGP AIRCRAFTS PLANNING & ENGINEERING PTE LTD	TEL: 6737 1000
4. SGP AIRCRAFTS PLANNING & ENGINEERING PTE LTD	TEL: 6737 1000
5. SGP AIRCRAFTS PLANNING & ENGINEERING PTE LTD	TEL: 6737 1000





## CHAIRMAN'S MESSAGE

For FY2016, our net attributable profit grew 66% to \$25.8 million compared to \$15.5 million in FY2015

### Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you our annual report for the 12 months ended 31 July 2016 ("FY2016"). The financial year under review was a period in which growth in the Singapore construction sector moderated amidst oil-price led uncertainties in the Singapore and global economy, while competition in the structural steel market continued to intensify. Against this, we stayed focused on growing stakeholder value through careful selection of our projects, maintaining efficiency in our operations, delivering high quality work and most importantly, sustaining our profit margins and bottom line growth.

As one of the leading players in the Singapore structural steel market, we believe our knowledge and experience will help us stay resilient amidst challenges while positioning us to capture new opportunities for growth.

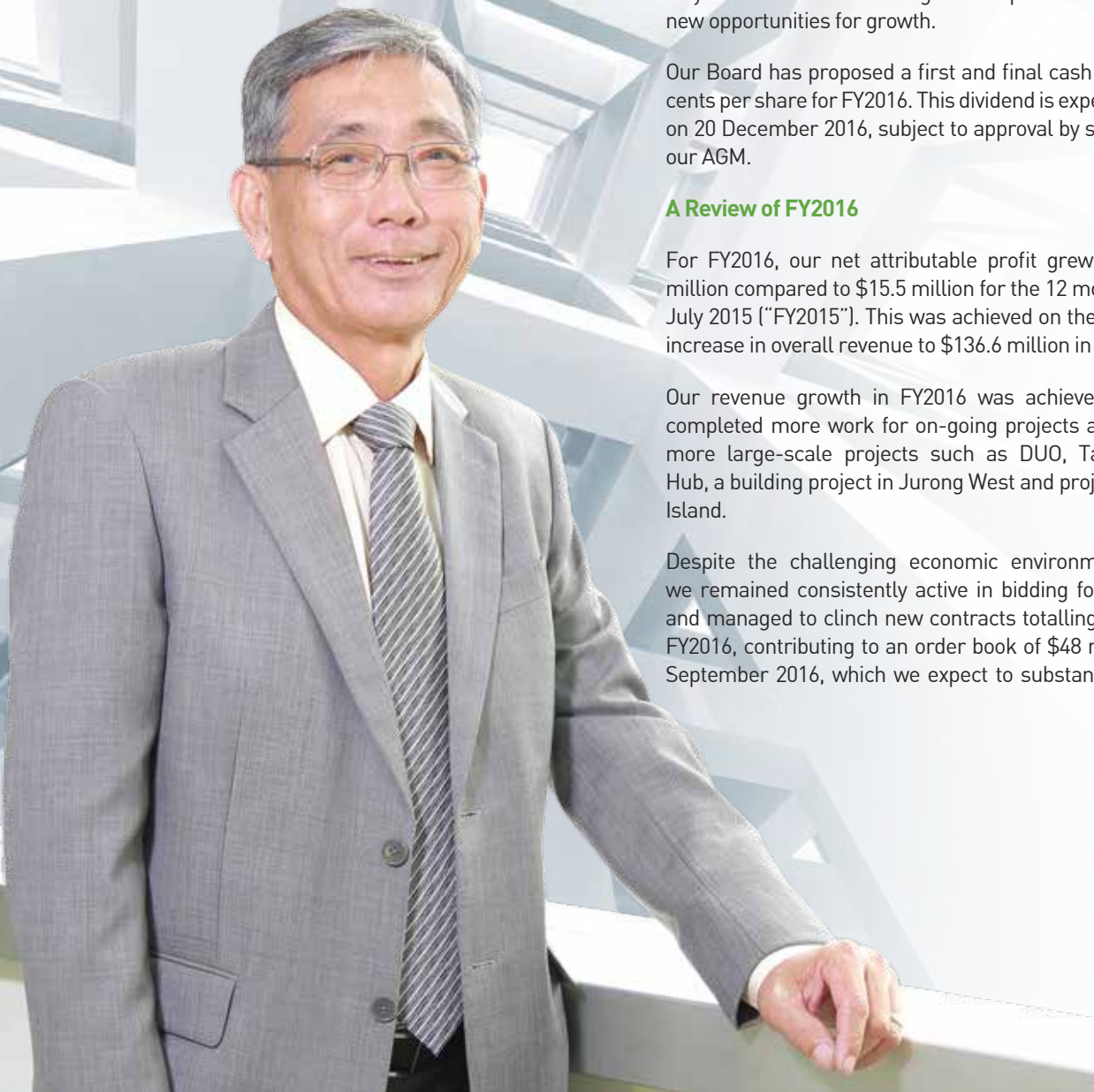
Our Board has proposed a first and final cash dividend of 1.7 cents per share for FY2016. This dividend is expected to be paid on 20 December 2016, subject to approval by shareholders at our AGM.

### A Review of FY2016

For FY2016, our net attributable profit grew 66% to \$25.8 million compared to \$15.5 million for the 12 months ended 31 July 2015 ("FY2015"). This was achieved on the back of a 45% increase in overall revenue to \$136.6 million in FY2016.

Our revenue growth in FY2016 was achieved because we completed more work for on-going projects and carried out more large-scale projects such as DUO, Tampines Town Hub, a building project in Jurong West and projects on Jurong Island.

Despite the challenging economic environment last year, we remained consistently active in bidding for new projects and managed to clinch new contracts totalling \$63 million in FY2016, contributing to an order book of \$48 million as at 26 September 2016, which we expect to substantially complete





between FY2017 and FY2018. These projects include the provision of structural steel works for projects such as a Liquefied Natural Gas ("LNG") project at Pengerang, Johor, and civil defence doors for MRT Stations along the Thomson Line, amongst others.

### Outlook and Prospects

Moving forward, we expect public sector-led construction demand to compensate for the slowing private sector construction demand in Singapore. This is supported by the country's population growth which is driving the need for better infrastructure. The Building and Construction Authority of Singapore ("BCA") estimates average construction demand to be sustained between \$26 billion and \$35 billion in 2017 and 2018, and \$26 billion to \$37 billion in 2019 and 2020<sup>1</sup>. Against this, public sector construction demand is projected to be between \$16 billion and \$20 billion annually from 2017 to 2020.

Among the key public sector projects announced by the Government, we believe that there could be potential opportunities for us in transportation projects like the Thomson-East Coast MRT Line and Changi Depot, Cross Island MRT Line, Jurong Region MRT Line, Eastern Region MRT Line and the Singapore-KL high speed rail. In addition, infrastructure projects like improvement or expansion works for various expressways; water reclamation and sewerage projects under the Public Utilities Board; and building projects such as Furniture Hub at Sungei Kadut, Multi-User Industrial Development at Defu South, and the new National Cancer Centre also hold many opportunities for us.

Leveraging on our strong record in the area of industrial plants, we will also continue to keep a lookout for private sector projects. Some of these projects include Singapore's second LNG terminal, Phase-3 expansion of the Jurong water reclamation plant, Mixed Development at Funan Centre and the expansion of various plants in Jurong Island.

That said, we expect to face challenges in the coming financial year given global and local economic uncertainties, and signalling this, the Ministry of Trade and Industry has narrowed Singapore's 2016 GDP growth forecast to between 1.0 and 2.0 per cent, from an earlier forecast of 1.0 to 3.0 per cent<sup>2</sup>.

We have continued with our stringent cost management policies to strengthen the Group's operational resilience and competitiveness in the face of these challenges.

An area of potential growth for the Group is the mandated use of Prefabricated Prefinished Volumetric Construction ("PPVC") in Singapore, a game-changing construction method that the Singapore government is supporting to raise construction productivity. In June 2016, T T J have obtained In-Principle Acceptances (IPA) from the BCA and various agencies for the supply of steel PPVC systems.

On 8 September 2016, the Group incorporated T T J Green Energy Pte. Ltd. as a subsidiary that will explore opportunities in the provision of sustainability-related solutions.

### Appreciation

I would like to thank my fellow board members for your strong guidance and professional counsel, which has helped us overcome our challenges. I am also grateful to our business partners for your staunch support. I value our relationships and hope to work even more closely in the coming year.

Our management and staff have continued to be instrumental to the success of the business. Your hard work has helped T T J build a strong reputation in the market and I would like to thank you for your effort and dedication.

Finally, I would like to thank our shareholders for your continued support and belief in T T J and its future. With the confidence you have given us, we will do our very best to ensure that the road ahead remains fruitful and profitable.



**Teo Hock Chwee**  
Chairman and Managing Director

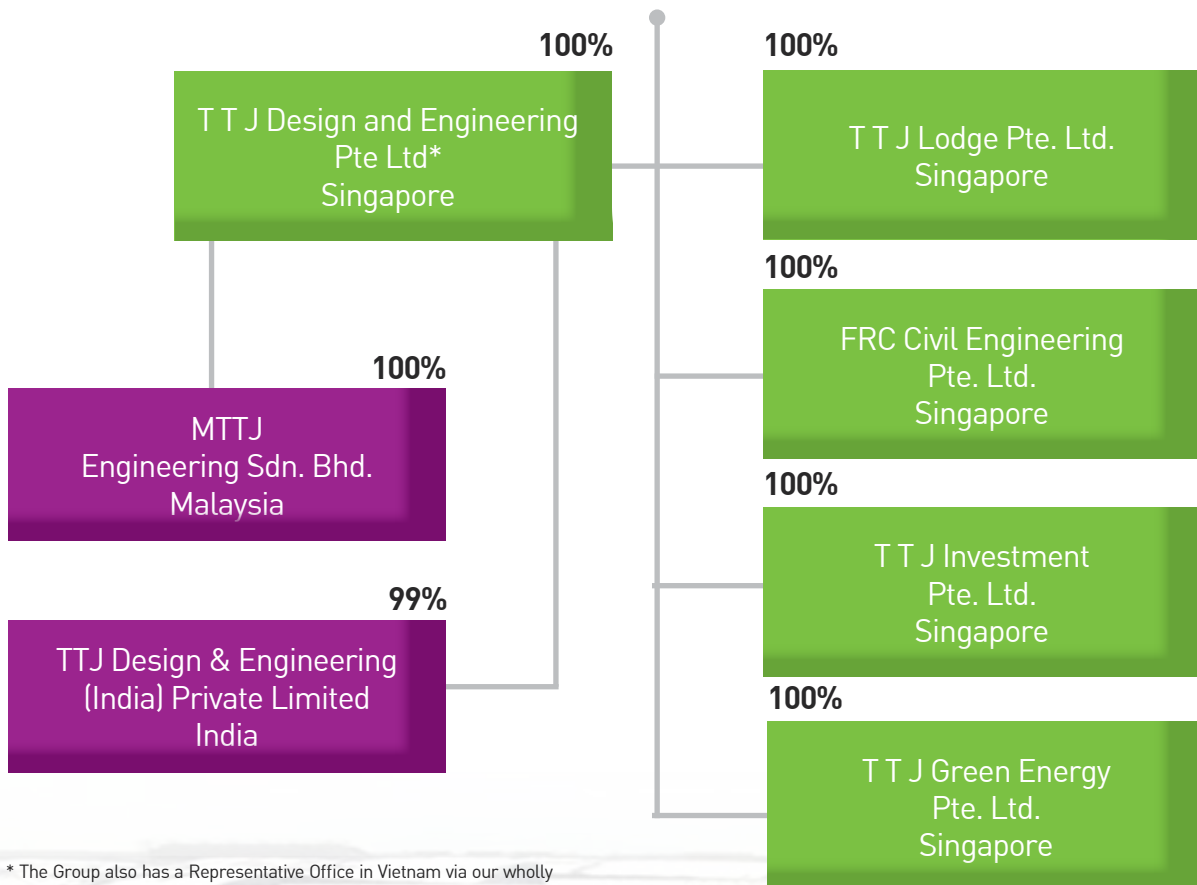
<sup>1</sup> BCA press release, 15 January 2016, 'BCA estimates \$27 billion to \$34 billion worth of construction contracts to be awarded this year'

<sup>2</sup> Ministry of Trade and Industry press release, 11 August 2016, 'MTI Narrows 2016 GDP Growth Forecast to 1.0 to 2.0 Per Cent'

# CORPORATE STRUCTURE

## T T J HOLDINGS LIMITED

Singapore



\* The Group also has a Representative Office in Vietnam via our wholly owned subsidiary T T J Design and Engineering Pte Ltd

# FINANCIAL HIGHLIGHTS AT A GLANCE

## Revenue (\$'000)

FY2016	136,557
FY2015	94,137
FY2014	134,679

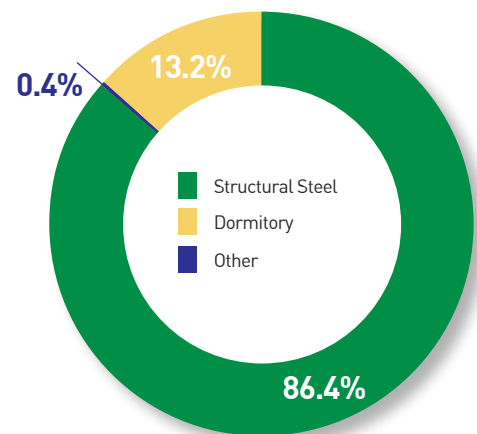
## Gross Profit (\$'000) and Margin (%)

FY2016	39,407	28.9%
FY2015	27,491	29.2%
FY2014	36,990	27.5%

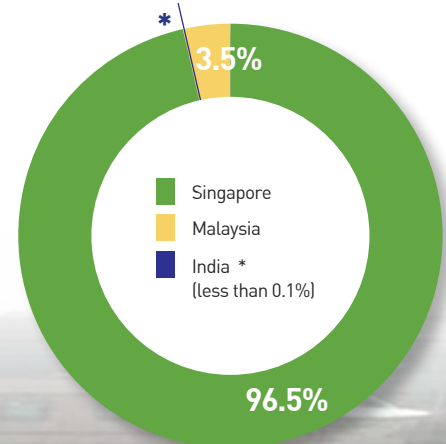
## Net Profit (\$'000) and Margin (%)

FY2016	25,778	18.9%
FY2015	15,549	16.5%
FY2014	21,807	16.2%

## FY2016 Revenue by Business Segment (%)



## FY2016 Revenue by Geographical Market (%)





# OPERATING & FINANCIAL REVIEW



## FY2016 in Review

### Income Statement: Structural Steel business led Growth

The Group recorded a total revenue of \$136.6 million for the 12 months ended 31 July 2016 ("FY2016"), a 45% increase compared to \$94.1 million for the 12 months ended 31 July 2015 ("FY2015").

The revenue growth was largely driven by higher revenue from its Structural Steel business, which increased 59% to \$118.0 million in FY2016 from \$74.1 million in FY2015. This was primarily due to more work completed for on-going projects compared to FY2015 and among these projects, the Group executed more large-scale projects of higher contract value. This offset a 6% decrease in the Group's Dormitory business, which recorded a revenue of \$18.0 million in FY2016 compared to \$19.1 million in FY2015, mainly due to lower occupancy rates.

In line with this, the Group's gross profit increased 43% to \$39.4 million in FY2016 from \$27.5 million in FY2015. Profitability remained largely stable with a gross profit margin of 28.9% in FY2016 as compared to 29.2% in FY2015.

Administrative expenses increased by 23% to \$9.5 million in FY2016 from \$7.7 million in FY2015 mainly driven by an increase in staff related costs.

Other losses narrowed to \$1.1 million in FY2016 from \$3.0 million in FY2015. The higher amount recorded in FY2015, mainly due to inventory written down and written off, amounted to \$2.2 million.

As a result of the above, the Group recorded a profit before tax of \$30.8 million in FY2016, an increase of 67%, from \$18.5 million in FY2015.

### Financial Position and Cash Flows: Stable and Strong

T T J maintained its healthy financial position with a 5% increase in total assets to \$159.1 million in FY2016 from \$151.6 million in FY2015. This was mainly due to a rise in cash and cash equivalents, trade and other receivables and other financial assets that compensated for lower inventories and non-current assets. The decrease in non-current assets was largely due to a decline in investment property as well as property, plant and equipment resulting mainly from depreciation.

The Group's total liabilities rose to \$33.3 million in FY2016 from \$22.9 million in FY2015, mainly driven by an increase in trade and other payables and income tax payable.

Shareholders' equity of the Group as at 31 July 2016 stood at \$125.8 million compared to \$128.7 million as at 31 July 2015 mainly due to a decrease in the Group's retained earnings.





The Group continued to strengthen its cash position with an increase in net cash flows from operating activities to \$35.4 million in FY2016 from \$30.9 million in FY2015. Utilised mainly for the purchase of other financial assets and payment of a lease premium, net cash flows used in investing activities increased to \$2.0 million in FY2016. This compared to \$1.0 million in net cash flows generated in FY2015, which was mainly contributed by the proceeds from the disposal of other financial assets. Net cash flows used in financing activities was higher at \$28.2 million in FY2016 compared to \$5.6 million in FY2015, mainly due to the payment of dividends.

As at 31 July 2016, overall cash position of the Group remained strong with cash and cash equivalents amounting to \$89.2 million compared to \$84.1 million as at 31 July 2015, representing an increase of \$5.1 million.

### Per Share Data

The Group posted an Earnings Per Share ("EPS") of 7.38 cents in FY2016 compared to an EPS of 4.45 cents in FY2015, based on a weighted average number of ordinary shares in issue of 349,500,000 and 349,568,000 in FY2016 and FY2015 respectively. Net Asset Value per share was slightly lower at 35.99 cents at 31 July 2016 compared to 36.82 cents as at 31 July 2015.

The Board has recommended a first and final tax-exempt cash dividend of 1.7 cents per ordinary share in FY2016.

### Segment Review

#### Revenue by Business Segment

The Group's Structural Steel business accounted for \$118.0 million or 86.4% of its overall revenue in FY2016 with projects such as DUO, Tampines Town Hub, a building project in Jurong West and projects on Jurong Island contributing to the Group's revenue.

The Group's Dormitory business accounted for \$18.0 million or 13.2% of its overall revenue, a reduction from last year due to lower occupancy rates in FY2016.

The remaining \$0.6 million or 0.4% of the overall revenue was derived from the Group's other business segment comprising mainly its training centre in India.

#### Revenue by Geographical Market

The Group derived a revenue of \$131.8 million from Singapore, representing 96.5% of its FY2016 revenue. Of the balance, 3.5% or \$4.7 million was derived from Malaysia, while a marginal sum came from India.

#### Key Projects: Ongoing and in the Pipeline

As at 26 September 2016, T T J's projects order book stood at \$48 million which it expects to substantially complete between FY2017 and FY2018. Projects in the Group's order book include, amongst others, the provision of structural steel works for projects on Jurong Island and a Liquefied Natural Gas ("LNG") project at Pengerang, Johor as well as civil defence doors for MRT stations along the Thomson Line.

## BOARD OF DIRECTORS



**Left to right: Chiong Su Been, Teo Hock Chwee, Ling Chien Yien, Lim Yian Poh, Leong Yee Yew**

### **Teo Hock Chwee** Chairman and Managing Director

Mr Teo, founder of the Group, has over 45 years of working experience of which almost 42 years were directly spent in the structural steelworks industry. As Chairman and Managing Director of the Group, Mr Teo is responsible for its overall business strategy and the management of its dormitory business. At 20 years of age, he formed a partnership trading under the name of Teo Contractor to engage in steel fabrication works and gained valuable hands-on experience. In 1981, he started T T J Design and Engineering Pte Ltd and began to engage in large scale structural steelworks projects. Through his leadership over the last 35 years, the Group has grown into a leading steel fabricator and a Class S1 Steel Fabricator accredited by the Singapore Structural Steel Society.

### **Chiong Su Been** Executive Director and Chief Financial Officer

Ms Chiong joined the Group in 2005 bringing with her vast experience in accounting and finance. She is responsible for the full spectrum of financial and taxation functions in the Group and played an instrumental role in its initial public offering in 2010. Prior to joining the Group, she was with Barang Barang Pte Ltd as Finance Manager from 2004 to 2005. From 2000 to 2003, she was a Senior Accountant with Liang Huat Aluminium Limited. Ms Chiong is a Fellow Member of the Association of Chartered Certified Accountants and a Provisional Member of the Institute of Singapore Chartered Accountants.

### **Lim Yian Poh** Lead Independent Director

Mr Lim joined the Board in 1996 as an Independent Director. He has more than 20 years of experience in the banking and finance industry, having worked in major international banks including Citibank, Banque Nationale de Paris (now known as BNP Paribas) and Arab Banking Corporation, where he held regional responsibilities. He possesses a wealth of experience and an extensive network of contacts both in Singapore and the region. In 1993, he left as General Manager of Arab Banking Corporation, Singapore Branch to set up Yian Poh Associates, a financial consultancy and investment firm. Currently, he sits on

the board of CASA Holdings Limited and Zicom Group Limited, a company listed on the Australian Stock Exchange. He has been an honorary Commercial Advisor to the Administrative Committee of Jiaying Economic Development Zone, China since 2000. He was appointed as a member of the advisory committee to the Singapore Food Manufacturers' Association in 2009. He obtained his Bachelor of Science Degree from Nanyang University in 1969 and his Master of Science Degree from the University of Hull, England in 1972.

### **Ling Chien Yien** Independent Director

Mr Ling joined the Board in 1996 as an Independent Director. He has more than 25 years of mechanical engineering and project management expertise in both public and private sectors. During his career, Mr Ling worked for organisations that include Public Works Department of Singapore, Guthrie Engineering (S) Pte Ltd, ACE Equipment (S) Pte Ltd and a Singapore consortium company, Mainland Investors (Singapore) Pte Ltd from 1970 to 1995. Mr Ling, who holds a Bachelor of Engineering from University of New South Wales, has been retired since 1996.

### **Leong Yee Yew** Independent Director

Mr Leong joined the Board in 2010 as an Independent Director. He has more than 17 years of experience in auditing gained from PricewaterhouseCoopers, formerly known as Coopers & Lybrand, in Singapore and London; and Patrick Tay & Co. He was with Marina Centre Holdings Pte. Ltd., a subsidiary of Singapore Land Limited, and was its Company Secretary and Financial Controller until March 2005 when he reached the compulsory retirement age. Mr Leong currently sits on the Board of Zicom Group Limited, a company listed on the Australian Stock Exchange. He was co-opted a Member of the Board of Directors of the Children's Charities Association in 2008, and was the Honorary Treasurer from 2008 to 2011, and from 2015 to present. He holds a Master of Business Administration from the Strathclyde Business School and is a Fellow Member of The Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants.



## MANAGEMENT TEAM



**Teo Hock Chwee**  
Chairman and Managing Director



**Elavarasu Somasundaram**  
Chief Operating Officer



**Chiong Su Been**  
Executive Director and Chief Financial Officer

Mr Somasundaram, who was promoted to Chief Operating Officer in January 2015, is responsible for the overall operation department, project management and the business development of the Group. He joined the Group in 1992 and has, to date, 24 years of working experience with the Group, out of which 15 years were spent in project management. Prior to joining the Group, he was with TTG Industries Ltd. in India as a Quality Control Engineer from 1990 to 1992, and was a Technical Assistant cum Lecturer with Annamalai University from 1988 to 1990. He graduated with a Bachelor Degree in Mechanical Engineering from Annamalai University, India in 1988.





# CORPORATE SOCIAL RESPONSIBILITY



## Corporate Social Responsibility

Corporate Social Responsibility is integral to the long-term sustainability of T T J and we have programmes in place to ensure that the diverse interests of our stakeholders are looked after. We believe this will support T T J's corporate performance and aid in building equitable value for shareholders, employees, customers and the community over the long term.

### Commitment to Shareholders

#### Investor Relations ("IR")

T T J is committed to maintaining high standards of corporate disclosure and transparency by providing relevant and up-to-date information to our shareholders, the investing community and the media for them to better understand our operations, financial performance and business prospects.

We achieve this by ensuring timely disclosure of information on the SGX. These filings are also updated on our corporate website. In addition, our corporate website remains a key resource for stakeholders with regularly updated financial and operational information including company announcements, quarterly financial announcements, press releases, investor presentations and corporate material. For shareholder enquiries, we have a dedicated IR contact email address, [ir@ttj.com.sg](mailto:ir@ttj.com.sg), through which we undertake to respond to any queries in a timely manner.

T T J also ensures that our Board of Directors and Management Team are present at our Annual General Meetings to interact with shareholders to communicate the Group's strategies and address their concerns. The Group proactively engages shareholders and the investment community through regular meetings to share updates on its operations, financial performance and business prospects. In addition to this, the Management Team also meets with investors on a one-on-one or conference call basis upon request.

### Commitment to Employees

Our people are our assets, brand ambassadors and the reason our company is distinguished from our competitors. We realise that building a fair, inclusive and safe environment is important to creating a conducive setting for our employees to perform their best possible work.

At the same time, T T J is committed to investing in the growth of our people to help them realise their full potential. We take the view that this will have a positive spill-over effect on our business as our employees become better qualified and equipped with new capabilities.

### Health & Safety

We have instilled a culture of workplace safety at all levels at T T J and we have obtained a bizSAFE STAR certification due to our strict internal safety protocols and strong workplace health and safety track record. Beginning with our mandatory



in-house safety orientation and introductory training programme for all new hires, this working style is impressed upon our people from the day they start work. We also have an external leadership training programme in which a selected pool of our people are periodically sent for specialised safety training courses to learn and then train colleagues. To ensure our practices remain robust and well-tested, we conduct situational planning drills for all our people to familiarise themselves with T T J's standard operating procedures.



### Training

T T J ensures our people are up-to-date with the latest industry technology and methodologies by sending them for regular skills training. This guarantees the relevance of T T J in the industry and expands the capabilities of the Group. In addition, we are able to rein in costs by encouraging productivity and skills upgrading.

The Group also has a culture of promoting from within and offering meaningful careers. As such, we are committed to working with our people to realise their full potential and sending some through leadership training courses to take up expanded roles in the Group.

### Welfare

T T J recognises that a strong welfare programme goes a long way to boosting employee morale and fostering closer working relationships within the company.

To promote healthy living, we distribute fruits to all employees on a weekly basis and conduct comprehensive yearly medical check-ups. The Group also organises activities that promote bonding and healthy competition among employees such as bowling.

### Commitment to Customers

At T T J, we understand the constantly evolving expectations and requirements of our customers. To continue staying relevant, we have reinvented ourselves over the past three and a half decades by building greater competencies, honing industry-leading safety standards, pursuing innovation, while keeping our drive to improve productivity and efficiency.

Having earned a reputation for reliability, high quality and attention to safety, the Group has carved a niche for itself in stringently-regulated industries including oil and gas, marine, petrochemical and power as well as projects for airports, MRT and defence.

In line with our drive to improve our quality standards, T T J has also incorporated processes to improve the traceability of our steel products. To this end, we have set measures to track and verify the origin of our steel products and ensure that all our materials are certified and approved by the BCA.

### Commitment to the Community

The Group recognises its position as a leader to effect positive change for our community. Taking this responsibility seriously, we aim to balance our pursuit of economic value with the embracing of values like compassion, volunteerism and community leadership within T T J.

A key focus area is our community work with the elderly. Over the past year, T T J staff organised a guided city tour for the elderly from various SilverACE senior activity centres in which we brought them to places such as Marina Barrage and the National Museum of Singapore amongst other places. At the St John's Home for Elderly Persons, we brought some festive cheer by playing games with the old folks to celebrate the Dumpling Festival. We also visited Taman Jurong to help as well as distribute goody bags to the needy elderly in the area.

Children are the future of our community, and bringing joy to children from low-income families is another area we are passionate about. In our efforts to reach out to this group, we brought a group of children from the Daybreak Family Service Centre for a fun-filled excursion to Snow City.

T T J continued with its tradition of integrating our foreign workers in our celebration of major local festivities like Chinese New Year, Deepavali and Christmas. In particular, we reached out to our Muslim brethren by observing Iftar with them during the month of Ramadan and distributing goody bags to them.

# CORPORATE INFORMATION

## Board of Directors

Teo Hock Chwee  
(Chairman and Managing Director)

Chiong Su Been  
(Executive Director and Chief Financial Officer)

Lim Yian Poh  
(Lead Independent Director)

Ling Chien Yien  
(Independent Director)

Leong Yee Yew  
(Independent Director)

## Audit Committee

Lim Yian Poh (Chairman)  
Ling Chien Yien  
Leong Yee Yew

## Remuneration Committee

Leong Yee Yew (Chairman)  
Lim Yian Poh  
Ling Chien Yien

## Nominating Committee

Ling Chien Yien (Chairman)  
Lim Yian Poh  
Leong Yee Yew  
Teo Hock Chwee

## Company Secretaries

Tan Swee Gek, LLB (Hons)  
Ong Beng Hong, LLB (Hons)

## Auditors

RSM Chio Lim LLP  
8 Wilkie Road, #04-08, Wilkie Edge  
Singapore 228095  
Partner-in-charge: Lam Chien Ju  
Effective from year ended 31 July 2015

## Share Registrar

B.A.C.S. Private Limited  
8 Robinson Road  
#03-00, ASO Building  
Singapore 048544

## Registered Office

57 Pioneer Road  
Singapore 628508

## Corporate Website

[www.ttj.com.sg](http://www.ttj.com.sg)

## Company Registration Number

199204617M



# CORPORATE GOVERNANCE

The Board of Directors and the Management team are committed to maintaining a high standard of corporate governance by complying with the principles and guidelines of the revised Code of Governance 2012 (the "Code") issued by the Corporate Governance Committee.

Good corporate governance is integral to a sound corporation as it promotes corporate transparency and protects and enhances shareholders' interest. This statement outlines the main corporate governance practices and processes that were in place since the financial year beginning on 1 August 2015 and which ended on 31 July 2016 ("FY2016") and provides the rationale for areas where the Company has deviated from the Code.

## (A) BOARD MATTERS

### Board's Conduct of its Affairs

**Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.**

In FY2016, the Board of Directors comprised two (2) Executive Directors and three (3) Independent Directors, all possessing the right core competencies and diversity of experience which enabled them to effectively contribute to the Group. As at the date of this Annual Report, the Board comprises the following members:

Mr Teo Hock Chwee	(Chairman and Managing Director)
Ms Chiong Su Been	(Executive Director and Chief Financial Officer)
Mr Lim Yian Poh	(Lead Independent Director)
Mr Ling Chien Yien	(Independent Director)
Mr Leong Yee Yew	(Independent Director)

The Board's role is to:

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;
- (c) review Management's performance;
- (d) identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;
- (e) set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

### Board Processes

To assist in the execution of its responsibilities, the Board has established a number of board committees including a Nominating Committee, a Remuneration Committee and an Audit Committee. The effectiveness of each Committee is constantly monitored. The Board has also established a framework for the management of the Group, including a system of internal controls.

## CORPORATE GOVERNANCE

The Board currently holds four (4) scheduled meetings each year. It also holds additional meetings at such other times as may be necessary to address any specific significant matters that may arise. The agenda for meetings are prepared in consultation with the Group's Chairman and Managing Director ("MD"). Standing items include the Management's report, financial reports, strategic matters, governance, business risk issues and compliance. Executive Officers of the Group may, from time to time, be invited to attend Board meetings to provide updates on operational matters.

The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

### *Board and Board Committee Meetings held in FY2016*

For FY2016, the Board held four (4) meetings and the attendance of each Director at the Board and Board Committee meetings is as follows:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Teo Hock Chwee (Chairman and Managing Director)	4	4	4 <sup>(1)</sup>	4 <sup>(1)</sup>	1	1	1 <sup>(1)</sup>	1 <sup>(1)</sup>
Chiong Su Been (Executive Director and Chief Financial Officer)	4	4	4 <sup>(1)</sup>	4 <sup>(1)</sup>	1 <sup>(1)</sup>	1 <sup>(1)</sup>	1 <sup>(1)</sup>	1 <sup>(1)</sup>
Lim Yian Poh (Lead Independent Director)	4	4	4	4	1	1	1	1
Ling Chien Yien (Independent Director)	4	4	4	4	1	1	1	1
Leong Yee Yew (Independent Director)	4	4	4	3	1	1	1	1

**Note:**

<sup>(1)</sup> Attendance by invitation.

### *Matters Requiring Board Approval*

The Company has prepared a document with guidelines setting forth the matters reserved for the Board's decision and clear directions to Management on matters that must be approved by the Board. The document specifies that the Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends.



# CORPORATE GOVERNANCE

On 30 November 2011, the shareholders of the Company approved the Group's diversification into the business of property development, property investment and property management (the "Property Business"). Before undertaking any project as part of the Property Business, Management will prepare a proposal containing a cost-benefit analysis, credentials of the prospective joint venture partners, the proposed structure of the joint venture (including management and operational rights and obligations) and the funding needs of the project concerned before forwarding the same to the Board for review. The Board will review the proposal and, if required, seek the advice of reputable property consultants and/or other external consultants and experts. The Group will undertake the project only if it is approved by the Board. In addition, the Board, which reviews the risk exposure of the Group for all its businesses at regular intervals, will additionally review the risk exposure of the Property Business at more frequent intervals of no less than six (6) months.

All other matters are delegated to Board Committees whose actions are reported to and monitored by the Board. The Board does not abdicate its responsibility for such delegations of authority.

## **Training of Directors**

Directors receive comprehensive and tailored induction on joining the Board including their duties as Directors and how to discharge those duties. Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings; and they also have the opportunity to visit the Group's operational facilities and meet with Management to gain a better understanding of business operations.

The Company does not have a formal training program for new Directors. However, to assist the Board in discharging its duties, newly appointed Directors will be briefed on the business operations and regulatory issues relating to the Group to ensure that they are familiar with the Group's business and governance practices and be provided with a formal letter setting out the Director's duties and obligations. Directors are also informed of regulatory changes affecting the Group, and in FY2016 a briefing session was conducted to update the Board on the key legislative changes introduced to the corporate and regulatory landscape pursuant to the Companies (Amendment) Act 2014. In addition, the Board encourages its members to participate in seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company understands that some of the Independent Directors have participated in seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company will also share its industry-specific knowledge with Directors as appropriate and may hire professionals to provide training for first-time Directors in areas such as accounting and legal rights and responsibilities as appropriate.

## **Board Composition and Balance**

***Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

As at the date of this Annual Report, the Board comprises five (5) Directors of which three (3) are Independent Directors. The three (3) Independent Directors are Mr Lim Yian Poh, Mr Ling Chien Yien and Mr Leong Yee Yew. The criterion of independence is based on the definition given in the Code. The Board and the Nominating Committee (hereinafter referred to as "NC") consider a Director to be "independent" if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of that Director's independent business judgement with a view to the best interests of the Company. The Board and the NC are of the opinion that the Independent Directors satisfy these criteria. The NC is of the opinion that the Independent Directors are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. As at the date of this Annual Report, there are no Independent Directors of the Company who sit on the board of any of the Company's principal subsidiaries.

## CORPORATE GOVERNANCE

Mr Lim Yian Poh and Mr Ling Chien Yien have served on the Board since 1996 and their independence has been subject to particularly rigorous review. The Board notes that Mr Lim Yian Poh and Mr Ling Chien Yien should be considered independent because they have been active during Board discussions and have on many occasions voiced strong opinions which have differed from Management's view and were able to convince Management to accept their recommendation. Furthermore, Mr Lim Yian Poh and Mr Ling Chien Yien have a wealth of experience from which the Management is happy to tap on (please refer to page 8 of this Annual Report for a more detailed write-up on the extensive experience and wealth of knowledge of Mr Lim Yian Poh and Mr Ling Chien Yien which the Group continues to leverage on). Neither they nor their immediate family members have any business relationship with any of the other directors and they do not hold any shares in the Company. As such, the Board has established that both directors remain independent in character and judgement and there were no relationships with Management or substantial shareholders or circumstances which were likely to affect, or could appear to affect, their independence. The Board is therefore satisfied with their performance and continued independence. Furthermore, the Board holds the view that continuity and stability of the Board is also important and the aforesaid Directors, through their years of involvement with the Company, have gained valuable insight and understanding of the Company and together with their diverse experience and expertise, have contributed and will continue to contribute effectively as Independent Directors by providing educated, impartial and autonomous views at all times. The Board nevertheless will on a continuing basis, review the need for progressive refreshment of its Board.

The composition of the Board is determined in accordance with the following principles:

- The Board and its Board Committees should comprise a sufficient number of Directors to fulfill their responsibilities and who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge to the Company. They also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (this number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified);
- The Board should comprise a majority of Non-executive Directors, with at least half of the Board made up of Independent Non-executive Directors; and
- The Board should have enough Directors to serve on various committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities.

With three (3) out of five (5) Directors deemed to be independent, the Board is able to exercise independent judgement on corporate affairs and provide Management with a diverse and objective perspective on issues. Furthermore, the Board will be able to interact and work with Management through a robust exchange of ideas and views to help shape the Group's strategic direction.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position.

Independent members of the Board exercise no management functions in the Company or any of its subsidiaries. Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in reviewing and monitoring the performance of management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the management are fully discussed and rigorously examined taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Board considers its Non-executive and Independent Directors to be of sufficient calibre and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The Independent Directors have no financial or contractual interests in the Group other than by way of their fees as set out in the Statement by Directors.



# CORPORATE GOVERNANCE

The Board is of the view that its current composition of five (5) Directors is appropriate taking into account the scope and nature of the operations of the Company and of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

Other key information on the individual Directors of the Company is set out in page 8 of this Annual Report. Their shareholdings in the Company are also disclosed in the Statement by Directors. Save for TTJ Design & Engineering (India) Private Limited in which the Group Chairman and MD holds 0.74% of the Shareholding interests therein, none of the Directors hold shares in the subsidiaries of the Company.

## Chairman and Managing Director

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

The Group's Chairman and MD, Mr Teo Hock Chwee, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision.

The Chairman's role is to:

- (a) lead the Board to ensure its effectiveness in all aspects of its role;
- (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promote a culture of openness and debate at the Board;
- (d) ensure that the Directors receive complete, adequate and timely information;
- (e) ensure effective communication with shareholders;
- (f) encourage constructive relations within the Board and between the Board and Management;
- (g) facilitate the effective contribution of Independent and Non-executive Directors in particular; and
- (h) promote high standards of corporate governance.

The responsibilities set out above provide guidance and should not be taken as a comprehensive and exclusive list of all the duties and responsibilities of a Chairman.

The Board has not appointed any Non-executive Chairman at this point. In view of the key position played by the Group's Chairman and MD, the Board has appointed Mr Lim Yian Poh as the Lead Independent Director to ensure that a channel of communication is always available to shareholders where they have concerns and where contact through normal channels of the Group's Chairman and MD or the Chief Financial Officer ("CFO") has failed to resolve the concerns or is inappropriate. The appointment of the Lead Independent Director is in line with the Board's policy of adopting a high standard of corporate governance in accordance with the guidelines in the Code which recommends that a Lead Independent Director be appointed, *inter alia*, when the Chairman is part of the Management or the Chairman is not an Independent Director.

The Lead Independent Director's role includes, *inter alia*, leading the Independent Directors in meeting periodically without the presence of the other Executive Directors, and to provide any feedback to the Chairman after such meetings.

## CORPORATE GOVERNANCE

All major decisions like substantial acquisitions, material contracts, acquisitions of banking facilities fall under the purview of the Board. The Chairman and MD's performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package will be reviewed periodically by the Remuneration Committee. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The Board has no dissenting view on the Group's Chairman and MD's statement for the year under review.

### Board Membership

**Principle 4:** *There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

The NC comprises Mr Ling Chien Yien as the Chairman and Mr Lim Yian Poh, Mr Leong Yee Yew and Mr Teo Hock Chwee as members. Except for Mr Teo Hock Chwee, the Chairman and the other two (2) members of the NC are all independent. The NC considers that the appointment of Mr Teo Hock Chwee as a member is necessary in view of, *inter alia*, his intimate knowledge of the operations team members and business of the Group, all of which enables him to provide constructive feedback to the NC in assessing the Board's structure, size and composition. The NC is also satisfied that his membership will not compromise the independence of the NC.

The Board has approved the written terms of reference of the NC. The NC performs the following functions:

- (a) To make recommendations to the Board on the appointment of new Executive and Non-executive Directors.
- (b) To review each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, whether he/she remains independent, in the case of the Independent Directors, and the balance between Executive and Non-executive Directors appointed to the Board.
- (c) To regularly review the Board structure, size and composition and make recommendations to the Board with regard to the progressive renewal of the Board and any adjustments that are deemed necessary.
- (d) To determine the process for search, nomination, selection and appointment of new Board members and be responsible for assessing the requisite qualifications and fulfilment of being independent of the nominees or candidates for appointment or election to the Board.
- (e) To make plans for succession, in particular for the Chairman and MD.
- (f) To determine, on an annual basis, and as and when circumstances require, if a Director is independent. If the NC determines that a Director, who has one (1) or more of the relationships mentioned under the Code is in fact independent, the NC should disclose in full, the nature of the Director's relationship and provide its views to the Board for the Board's consideration. The NC may at its discretion determine a Director as non-independent even if he has no business or other relationships with the Company, its related companies or its officers and should similarly provide its views to the Board for the Board's consideration.
- (g) To recommend Directors who are retiring by rotation to be put forward for re-election.



## CORPORATE GOVERNANCE

- (h) To decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations, taking into consideration the Director's number of listed company board representations and other principal commitments.
- (i) To be responsible for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the effective contribution and commitment of each individual Director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the Chairman and the assessment shall be disclosed annually.
- (j) To review any training and professional development programmes for the Board.

In the event there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC will review the change to be implemented and make recommendations to the Board accordingly. For the new appointment of Directors, the NC will, in consultation with the Board, examine the strength and capabilities of the existing Board as well as the skills, knowledge and experience contributed by the existing Directors to the Group and the Board. The NC will take into account the future needs of the Group and together with the Board, it will seek candidates who are able to contribute to the Group. The NC will attempt to seek candidates widely and beyond persons directly known to the existing Directors and recommend suitable candidates to the Board and if such candidates are appointed, announcements relating to their appointment will be released via SGXNET. In the event of cessation of appointment of any Director or Executive Officer, the NC will conduct exit interviews with such Director or Executive Officer, as the case may be, and announcements relating to such cessation will also be released via SGXNET.

The NC has in place internal guidelines to address the conflict of competing time commitments of Directors serving on multiple boards. If a Director serves on the board of other companies, the NC will consider whether he/she has been able to devote adequate time and attention to the affairs of the Group. In the event there are sufficient grounds for complaint, the Chairman of the Board will on the advice of the NC, discuss, and if necessary, advise the Director concerned of the issues and the consequences of failure to rectify the situation within the period required.

The current Board members generally do not have more than three (3) directorships in other listed companies. Accordingly, the NC is of the opinion, that they have sufficient energy and time to focus on the affairs of the Group. As such, the NC has currently not set a limit on the number of directorships which a Director can hold in other listed companies. The NC will however not rule out the requirement to set limits on the Directors' directorships in other listed companies should subsequent situations warrant such action. After conducting reviews, the NC is satisfied that currently the Directors have been able to devote adequate time and attention to the affairs of the Group and that they are able to satisfy their duties as Directors to the Company.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. The Company's Constitution provides that one third of the Board or the number nearest to one third is to retire by rotation at every Annual General Meeting ("AGM"). In addition, the Company's Constitution also provides that newly-appointed Directors are required to submit themselves for re-nomination and re-election at the next AGM of the Company.

# CORPORATE GOVERNANCE

The dates of the appointment and last re-election of each Director as at the date of this Annual Report as well as their directorships in listed companies are set out below:

Name of Director	Date of Appointment	Date of Last Re-election	Directorship in Listed Company	
			Present	Past Preceding 3 years
Teo Hock Chwee	28 August 1992	Not applicable <sup>(1)</sup>	T T J Holdings Limited	Nil
Chiong Su Been	7 April 2008	28 November 2014	T T J Holdings Limited	Nil
Lim Yian Poh	5 July 1996	27 November 2015	T T J Holdings Limited Zicom Group Limited CASA Holdings Limited	Nil
Ling Chien Yien <sup>(2)</sup>	5 July 1996	29 November 2013	T T J Holdings Limited	Nil
Leong Yee Yew <sup>(3)</sup>	11 January 2010	27 November 2015	T T J Holdings Limited Zicom Group Limited	Nil

## Notes:

- <sup>(1)</sup> In accordance with the Company's Constitution, the Group's Chairman and MD, Mr Teo Hock Chwee, is not subject to retirement by rotation while he is the MD of the Company and continues to hold that position, and he shall not be taken into account in determining the rotation of retirement of Directors.
- <sup>(2)</sup> Mr Ling Chien Yien was last re-elected on 29 November 2013, therefore in accordance with the Company's Constitution, he will be subject to re-election at this forthcoming AGM.
- <sup>(3)</sup> Mr Leong Yee Yew will be subject to re-election at this forthcoming AGM under the resolution passed at the AGM held on 27 November 2015 pursuant to Section 153(6) of the Companies Act (Cap.50) (which was then in force), such resolution which only permitted the re-appointment of the Director to hold office until the forthcoming AGM.

## Board Performance

**Principle 5:** *There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by the directors to the effectiveness of the Board.*

The NC has established a process for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board. The performance criteria which have been approved by the Board for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, and Board performance in relation to the discharge of its principal responsibilities. In its assessment, the NC takes into consideration the frequency of the Board meetings, Board independence, the rate at which issues raised are adequately dealt with, the effectiveness of the Board Committees, and reports from the various committees. Given the relatively small size of the Board, the Board and the NC are of the opinion that there is no need at present to conduct a separate formal assessment of the Board Committees other than the assessments being carried out in respect of individual Directors and the Board.

The Board and the NC evaluate individual Directors on whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for Board and Committee meetings, and any other duties) and have endeavoured to ensure that Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-considered decisions. The NC also considers whether the Director has a reasonable understanding of the Company's business and the industry, the Director's working relationship with the other members of the Board, as well as feedback from other Directors.



# CORPORATE GOVERNANCE

With respect to FY2016 and after due evaluation, the NC considered the performance of each individual Director and the Board to be satisfactory. For avoidance of doubt, each member of the NC abstains from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

## Access to Information

**Principle 6:** *In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

Directors receive a regular supply of complete, adequate information in a timely manner from Management about the Group and are entitled to request from Management and should be provided with such additional information as needed to make informed decisions so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from Management on financial, business and corporate issues to enable Directors to be properly briefed on issues to be considered at Board meetings. Information provided includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements, including explanations for any material variance between projections and actual results.

All Directors have unrestricted access to the Group's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

All Directors have separate and independent access to the Company Secretary. The Company Secretary administers, attends and prepares minutes of Board meetings, assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and ensures that the Company's Constitution and relevant rules and regulations, including those of the Companies Act (Cap.50) (the "Companies Act") and the Singapore Exchange Securities Trading Limited ("SGX-ST"), are complied with. The Company Secretary ensures the quality, quantity and timeliness of the flow of information within the Board and its Board Committees and between Management and Non-executive Directors, advises the Board on all corporate governance matters, facilitates orientation and assists with professional development as and when required.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

## (B) REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

**Principle 7:** *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

The Remuneration Committee (hereinafter referred to as "RC") comprises Independent Directors, with Mr Leong Yee Yew as the Chairman, and Mr Lim Yian Poh and Mr Ling Chien Yien as members.

## CORPORATE GOVERNANCE

The Board has approved the written terms of reference of the RC. The RC performs the following functions:

- (a) To review and recommend to the Board, a general framework of remuneration and to determine the specific remuneration packages and terms of employment for:
  - each Director;
  - the Chairman and MD (or executive of equivalent rank);
  - senior management of the Group; and
  - employees related to Directors or substantial shareholders of the Group.
- (b) Meetings of the RC will be held as the RC deems appropriate. The RC should meet at least once a year and meetings should be organised so that attendance is maximised. Meetings may be called, at any other time, by the Chairman or any member of the RC. Members of the Board or Management may be invited to the meetings.
- (c) The secretary of the RC shall be the Company Secretary for the time being or such other person as may be nominated by the RC.
- (d) The Company Secretary shall attend all meetings and minute the proceedings thereof.
- (e) Minutes of all meetings shall be confirmed by the chairman of the meeting and circulated to all members of the RC.
- (f) If the Chairman of the RC so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided there is no conflict of interest and with the agreement of the Chairman, obtain copies of the minutes of RC meetings.
- (g) The notice of each meeting of the RC, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the RC at least three (3) working days prior to the date of the meeting.
- (h) To recommend to the Board, the T T J Employee Share Option Scheme or any other performance bonus schemes which may be set up from time to time and to do all acts necessary in connection therewith.
- (i) To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

As part of its review, the RC shall ensure that:

- (i) all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;
- (ii) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element;
- (iii) the remuneration package of employees related to Directors or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;



# CORPORATE GOVERNANCE

- (iv) existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and
- (v) the Executive Directors' and key management personnel's contracts of service contain fair and reasonable termination clauses which are not overly generous.

If necessary, the RC should seek expert advice inside and/or outside the Company on the remuneration of all Directors.

The members of the RC do not participate in any decision concerning their own remuneration.

## Level and Mix of Remuneration

**Principle 8:** *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more for this purpose.*

A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Group's remuneration policy is to provide compensation packages appropriate to attract, retain and motivate the Directors and key personnel required to run the Group successfully.

The remuneration of the Chairman and MD, Mr Teo Hock Chwee, is based on the terms of the service agreement entered into between Mr Teo Hock Chwee and the Company on 1 May 2008 (as the same may be amended and supplemented by the supplemental letter dated 3 November 2009). The aforesaid service agreement shall continue unless otherwise terminated by either party giving not less than six (6) months' notice in writing to the other.

In determining the remuneration of the Non-executive Directors, the RC ensures that the level of remuneration is appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the Non-executive Directors. The RC ensures that Non-executive Directors are not over-compensated to the extent that their independence may be compromised. The Board will, if necessary, consult experts on the remuneration of Non-executive Directors. The Board will recommend the remuneration of the Non-executive Directors for approval at the AGM.

With regard to the remuneration of other key executives, the RC, together with Management, reviews proposals which are made by the Executive Directors. The remuneration policy for the key management executives takes into consideration the Group's performance, as well as the responsibility and performance of individual key management executives. The latter is measured by goals and objectives set for each key management executive in congruence with the Group's overall goals and objectives. None of the employees in the Company or any of its principal subsidiaries whose remuneration exceed S\$50,000 during the year is a relative of a Director or substantial shareholder of the Company or any of its principal subsidiaries. In addition, the Group is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

# CORPORATE GOVERNANCE

## Disclosure on Remuneration

**Principle 9:** *Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

The total remuneration and detailed breakdown of the top executives of the Group is not disclosed in this Annual Report due to confidentiality reasons and to avoid poaching of the Group's staff. The Group is not disclosing the remuneration of the Executive Directors and the MD to the nearest thousand but in bands of S\$100,000 for similar reasons.

Details of remuneration paid to the Directors and the Group's top one (1) key executive<sup>(1)</sup> in FY2016 are set out below:

Remuneration Band and Name	Fees	Salary	Bonus	Others	Total
<b>Directors who are paid between S\$2,900,000 to S\$3,000,000</b>					
Mr Teo Hock Chwee	–	16%	84%	–	100%
<b>Directors who are paid between S\$350,000 to S\$450,000</b>					
Ms Chiong Su Been	–	48%	44%	8%	100%
<b>Directors who are paid below S\$100,000</b>					
Mr Lim Yian Poh <sup>(2)</sup>	100%	–	–	–	100%
Mr Ling Chien Yien <sup>(3)</sup>	100%	–	–	–	100%
Mr Leong Yee Yew <sup>(4)</sup>	100%	–	–	–	100%
<b>Key Executives who are paid between S\$350,000 to S\$450,000</b>					
Mr Elavarasu Somasundaram	–	46%	45%	9%	100%

### Notes:

<sup>(1)</sup> The Group only had one key executive at the end of FY2016. Mr Hiroshi Utada had resigned from his employment and left the Group in September 2015.

<sup>(2)</sup> Mr Lim Yian Poh's total remuneration for FY2016 in the form of Directors' fees amounts to S\$52,500.

<sup>(3)</sup> Mr Ling Chien Yien's total remuneration for FY2016 in the form of Directors' fees amounts to S\$47,250.

<sup>(4)</sup> Mr Leong Yee Yew's total remuneration for FY2016 in the form of Directors' fees amounts to S\$47,250.

# CORPORATE GOVERNANCE

## (C) ACCOUNTABILITY, AUDIT AND RISK MANAGEMENT

### Accountability

***Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

The Company announces its financial results on a quarterly basis and other information via SGXNET in accordance with the rules of the SGX-ST Listing Manual. The Company aims to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

Management provides all members of the Board with management accounts and such explanation and information on a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

### Risk Management and Internal Control

***Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.***

The Board determines the Group's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the Group's risk management and internal control systems.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board regularly reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls. The Board is of the opinion that the internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

The Board has also received the following assurance from the Group's Chairman and MD and the CFO:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) the Group's risk management and internal controls system are effective.

The Audit Committee reviews the Group's system of internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management. This ensures that such system is sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational and compliance risks.

Based on the internal controls established and maintained by the Group, work performed by the external auditors as well as the internal auditors, and reviews performed by Management, the Board, with the concurrence of the Audit Committee, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems put in place by Management is adequate and effective to address the financial, operational, compliance and information technology risks of the Group.



## CORPORATE GOVERNANCE

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all the significant control policies and procedures and highlight all significant findings to the Directors and the Audit Committee.

### Audit Committee

***Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.***

The Audit Committee ("AC") comprises Non-executive Independent Directors, Mr Lim Yian Poh as the Chairman, and Mr Ling Chien Yien and Mr Leong Yee Yew as members. Mr Lim Yian Poh has financial management experience and Mr Leong Yee Yew has recent and relevant accounting expertise and experience. Accordingly, the AC is appropriately qualified to discharge its responsibilities. The AC will assist the Board in discharging its responsibility to safeguard the assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group. The AC will provide a channel of communication between the Board, Management and the external auditors of the Group on matters relating to audit.

The Board has approved the written terms of reference of the AC. Specifically, the AC's duties include the following:

- (a) review the Group's financial and results of operations and accounting policies;
- (b) review the Group's external auditors' and the internal auditors' audit plans, their scope of work and the results of the external auditors' examination and the internal auditors' evaluation of the Group's internal accounting control systems;
- (c) review the Group's annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board for approval;
- (d) review the financial statements of the Company and the Group before the submission to the Board for approval and prior to the Group's announcement of the results at the end of each reporting period;
- (e) review and discuss with external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response in relation thereto;
- (f) review the co-operation given by the Group's Management and officers to the external auditors;
- (g) undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (h) review and evaluate the Group's administrative, operating and internal accounting controls and procedures;
- (i) review the Group's procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

## CORPORATE GOVERNANCE

- (j) 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 may impact negatively on the Group;
- (k) review and approve any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- (l) review any potential conflicts of interests;
- (m) consider and recommend to the Board proposals to the shareholders on the appointment and re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors and approving the remuneration and terms of engagement of the external auditors;
- (n) review the appointments of and (on an annual basis) review the remuneration of persons occupying managerial positions who are related to a Director, MD or a substantial shareholder of the Company;
- (o) generally undertake such other functions and duties which may be required by statute or the rules of the SGX-ST Listing Manual, and by such amendments made thereto from time to time;
- (p) ensure that all internal control weaknesses are satisfactorily and properly rectified;
- (q) evaluate the independence of the external auditors;
- (r) review the adequacy and effectiveness of the internal audit function and ensuring that a clear reporting structure is in place between the AC and the internal auditors;
- (s) review the Group's key financial risk areas; the outcome of the aforesaid reviews which shall be disclosed in the Company's annual report (or in instances where the findings are material, make appropriate disclosures via SGXNET immediately);
- (t) 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 Singapore law, rule or regulation which has or is likely to have a material impact on the Group's results of operations and/or financial position;
- (u) commission and review the annual internal controls audit until such time the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses; and
- (v) review and report to the Board on the Group's system of internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management. This ensures that such system is sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational and compliance risks.

The AC is authorised to conduct or authorise investigations into any matter within its terms of reference, and has full access to Management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any Executive Director or Executive Officer to attend its meetings.

The AC has reviewed the Group's financial reporting function, internal controls and processes and is satisfied with the adequacy and quality of the same. The AC is satisfied with the adequacy of the Group's financial statements and financial reporting resources and the performance of the Group's finance department.

## CORPORATE GOVERNANCE

The AC has also reviewed the policy and arrangements by which the employees of the Group and any other persons may, in confidence, raise concerns about the possible improprieties in matters of financial reporting or other matters within the Group, with the objectives of ensuring that arrangements are put in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken as and when the need arises. As at the date of this Annual Report, the Group has put in place a whistle-blowing policy for this purpose. Copies of the "Whistle Blowing" policy have been circulated to the employees and are also available at the Company's registered office.

The Group's existing auditors, RSM Chio Lim LLP, have been the external auditors of the Group since 19 August 2002 and Ms Lam Chien Ju is the current audit partner in charge effective from year ended 31 July 2015. During FY2016, the aggregate amount of fees paid to the external auditors was S\$118,000 (exclusive of GST) with audit related work carried out by the external auditors amounting to fees of S\$101,000 and non-audit related work carried out by the external auditors amounting to fees of S\$17,000 (exclusive of GST). The AC is satisfied that the external auditors' independence has not been impaired.

The AC also has full access to the external auditors without the presence of Management and is authorised to have full and unrestricted access to Management and all personnel, records, operations, properties and other informational sources of the Group as required or desirable to properly discharge its responsibilities.

Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the AC are of the opinion that a suitable auditing firm has been appointed to meet the Group's auditing obligations. The Company thereby complies with Rules 712 and 715 of the Listing Manual of the SGX-ST.

The AC recommends to the Board the nomination of RSM Chio Lim LLP for re-appointment as external auditors at the forthcoming AGM of the Company.

### Internal Audit

***Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.***

The internal auditors' primary line of reporting is to the AC Chairman although the internal auditors would also report administratively to the MD. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The AC also ensures that the internal audit function is adequately resourced and has appropriate standing within the Group.

The Group's internal audit function team is staffed with persons with the relevant qualifications and experience and carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Company has outsourced its internal audit function to Paul Wan & Co. Paul Wan & Co. has conducted its internal audit for the Group in FY2016 and reported directly to the AC on its finding. There were no major internal control weaknesses highlighted by Paul Wan & Co. for the attention of the AC for FY2016. The AC has reviewed Paul Wan & Co.'s report on internal controls and processes and is satisfied with the adequacy of the same. The AC will annually assess and ensure the adequacy of the internal audit function.



# CORPORATE GOVERNANCE

## (D) SHAREHOLDERS

### Shareholder Rights

**Principle 14:** *Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

The Company facilitates the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders.

The Constitution of the Company currently allows a shareholder of the Company to appoint up to two proxies to attend and vote in his stead at general meetings, and shareholders who are a "relevant intermediary" (as defined under section 181 of the Companies Act) may also appoint multiple proxies pursuant to the Companies Act.

### Communication with Shareholders

**Principle 15:** *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Rules and the Companies Act, the Board's policy is to ensure that shareholders are informed of all major developments that impact the Group. The Company has an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, the Company will be as descriptive, detailed and forthcoming as possible and avoid boilerplate disclosures.

Information is communicated to shareholders on a timely basis through SGXNET and other information channels, including a well-maintained and updated corporate website. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as promptly as possible. The Board has established regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns. Communication is made through:

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual reports include all relevant information about the Group, including future developments and other disclosures required by the Companies Act and the relevant accounting standards;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of and explanatory memoranda for AGMs and extraordinary general meetings;
- press and analyst briefings for the Group's annual results as well as other briefings, as appropriate;
- press releases on major developments of the Group;
- disclosures to the SGX-ST; and

## CORPORATE GOVERNANCE

- the Group's website at [www.ttj.com.sg](http://www.ttj.com.sg) at which shareholders can access information on the Group. The website provides, *inter alia*, information on the Group's products and the corporate profile of the Group.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

### Conduct of Shareholder Meetings

**Principle 16:** *Companies should encourage greater shareholder participation at general meetings of the shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

Shareholders have the opportunity to participate effectively in and to vote at general meetings of shareholders to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The Directors regard general meetings of the shareholders as an opportunity to communicate directly with shareholders and encourage greater shareholder participation.

The notice of general meetings of shareholders is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the general meetings of shareholders. All the Directors normally attend the general meetings of shareholders. The Chairmen of the AC, RC and NC are normally available at the meeting to answer those questions relating to the work of these Committees. The Company's external auditors will also be present to assist the Directors in addressing queries by shareholders.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management thereto. These minutes are made available to shareholders upon their request.

The Company puts all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting to avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

### (E) DEALING IN SECURITIES

The Company adopts the following policies in relation to dealings in its securities:

- Officers are not to deal in its securities during the period commencing two (2) weeks before the announcement of the Group's quarterly financial statements and one (1) month before the announcement of the Group's financial statements for the full year, and ending on the date of the announcement of the relevant results.
- In addition, the Company reminds its officers to observe the laws on insider trading at all times, even when dealing in its securities within the permitted trading period.
- The Company's internal compliance code requires that its officer should not deal in the Company's securities on short term considerations.

The Board confirms that the Company has complied with Rule 1207(19) of the SGX-ST Listing Rules.

# CORPORATE GOVERNANCE

## **(F) MATERIAL CONTRACTS**

Save for the service agreement between the Group's Chairman and MD, Mr Teo Hock Chwee, and the Company, there were no other material contracts of the Company or its subsidiary involving the interest of any Director or controlling shareholders subsisting at the end of the reporting year ended 31 July 2016.

## **(G) INTERESTED PERSON TRANSACTIONS**

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

The Company has not obtained any general mandate pursuant to Rule 920 of the Listing Manual. There were no interested person transactions entered into during the financial year under review (excluding transactions less than S\$100,000).



# FINANCIAL REPORTS

	Page
Statement by Directors	33
Independent Auditor's Report	37
Consolidated Statement of Profit or Loss and Other Comprehensive Income	39
Statements of Financial Position	40
Statements of Changes in Equity	41
Consolidated Statement of Cash Flows	42
Notes to the Financial Statements	43





# STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 July 2016.

## 1 Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2 Directors in office at date of statement

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

Teo Hock Chwee  
Chiong Su Been  
Lim Yian Poh  
Ling Chien Yien  
Leong Yee Yew

## 3 Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares in or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

Name of directors and companies in which interests are held	Direct interest	
	At beginning of the reporting year	At end of the reporting year
<b>The Company – T T J Holdings Limited</b>	<b>Number of shares of no par value</b>	
Teo Hock Chwee	154,900,000	84,900,000
Chiong Su Been	1,115,000	1,115,000

Name of directors and companies in which interests are held	Deemed interest	
	At beginning of the reporting year	At end of the reporting year
<b>The Company – T T J Holdings Limited</b>	<b>Number of shares of no par value</b>	
Teo Hock Chwee	80,000,000	210,000,000

# STATEMENT BY DIRECTORS

## 3 Directors' interests in shares and debentures (cont'd)

By virtue of section 7 of the Act, Mr Teo Hock Chwee with interests is deemed to have an interest in the Company and in all the related body corporate of the Company.

The directors' interests as at 21 August 2016 were the same as those at the end of the reporting year.

## 4 Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

## 5 Options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

The T T J Employee Share Option Scheme (the "Scheme") for selected directors and full-time employees of the Group was approved by shareholders of the Company at an Extraordinary General Meeting in January 2010.

The Scheme, which forms an integral component of its compensation plan, is designed to reward and retain eligible participants whose services are vital to its well-being and success. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate and also increase the dedication and loyalty of these participants and motivate them to perform better.

Under the rules of the Scheme, selected directors and full-time employees of the Group are eligible to participate in the Scheme. Controlling shareholders or their associates are however not eligible to participate in the Scheme.

The Scheme is administered by the Remuneration Committee whose members are:

Leong Yee Yew                      (Chairman)  
Lim Yian Poh  
Ling Chien Yien

The number of options to be offered to a participant shall be determined at the discretion of the Remuneration Committee who shall take into account criteria such as the rank and responsibilities with the Group, performance, years of service and potential for future development of the employee, and the performance of the Group. Of the total number of shares available under the Scheme and the aggregate number of shares which may be offered to each participant, no participant shall be entitled to more than 10% of the shares available under the Scheme.

The total number of options to be granted by the Remuneration Committee in any one reporting year shall not exceed 40% of the total number of options which may be granted under the Scheme.



# STATEMENT BY DIRECTORS

## 5 Options (cont'd)

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

## 6 Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

## 7 Report of Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Lim Yian Poh	(Chairman of Audit Committee)
Ling Chien Yien	(Independent director)
Leong Yee Yew	(Independent director)

The Audit Committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the Audit Committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The Audit Committee has recommended to the Board of Directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next Annual General Meeting of the Company.

# STATEMENT BY DIRECTORS

## 8 Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the Board and the Board, the Audit Committee and the Board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 July 2016.

The Board of Directors approved and authorised these financial statements for issue.

On behalf of the directors

Teo Hock Chwee  
Director

Chiong Su Been  
Director

30 September 2016

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF T T J HOLDINGS LIMITED (REGISTRATION NO: 199204617M)

## Report on the financial statements

We have audited the accompanying financial statements of T T J 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 31 July 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

## Auditor's responsibility

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

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

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

## Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF T T J HOLDINGS LIMITED (REGISTRATION NO: 199204617M)

## 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.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

30 September 2016

Partner in charge of audit: Lam Chien Ju  
Effective from year ended 31 July 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 JULY 2016

	Notes	Group	
		2016 \$'000	2015 \$'000
<b>Revenue</b>	5	136,557	94,137
Cost of sales		(97,150)	(66,646)
<b>Gross profit</b>		39,407	27,491
Interest income	6	809	597
Other gains	7	1,174	1,186
Administrative expenses	8	(9,463)	(7,711)
Finance costs	10	(12)	(35)
Other losses	7	(1,068)	(3,028)
<b>Profit before tax from continuing operations</b>		30,847	18,500
Income tax expense	11	(5,069)	(2,951)
<b>Profit from continuing operations, net of tax</b>		25,778	15,549
<b>Other comprehensive loss:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations, net of tax	25A	(571)	(626)
Available-for-sale financial assets, net of tax	25B	(141)	23
<b>Other comprehensive loss for the year, net of tax:</b>		(712)	(603)
<b>Total comprehensive income</b>		25,066	14,946
Profit attributable to owners of the parent, net of tax		25,778	15,548
Profit attributable to non-controlling interests, net of tax		-	1
<b>Profit net of tax</b>		25,778	15,549
Total comprehensive income attributable to owners of the parent		25,066	14,945
Total comprehensive income attributable to non-controlling interests		-	1
<b>Total comprehensive income</b>		25,066	14,946
<b>Earnings per share</b>			
Earnings per share currency unit		<b>Cents</b>	<b>Cents</b>
Basic and diluted	13	7.38	4.45

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2016

	Notes	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	17,592	19,686	-	-
Investment property	15	1,028	3,495	-	-
Investments in subsidiaries	16	-	-	6,440	6,440
Other receivables	17	-	-	1,125	1,875
Other financial assets	18	2,072	833	2,072	833
Lease premium prepayment	19	973	-	-	-
<b>Total non-current assets</b>		<b>21,665</b>	<b>24,014</b>	<b>9,637</b>	<b>9,148</b>
<b>Current assets</b>					
Inventories	20	2,927	3,351	-	-
Trade and other receivables	21	44,757	39,595	2,843	5,064
Other non-financial assets	22	527	550	28	23
Cash and cash equivalents	23	89,196	84,110	20,942	23,890
<b>Total current assets</b>		<b>137,407</b>	<b>127,606</b>	<b>23,813</b>	<b>28,977</b>
<b>Total assets</b>		<b>159,072</b>	<b>151,620</b>	<b>33,450</b>	<b>38,125</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	24	22,890	22,890	22,890	22,890
Retained earnings		104,610	106,792	7,792	14,028
Other reserves	25	(1,712)	(1,000)	(76)	65
<b>Equity, attributable to owners of the parent</b>		<b>125,788</b>	<b>128,682</b>	<b>30,606</b>	<b>36,983</b>
Non-controlling interests		4	4	-	-
<b>Total equity</b>		<b>125,792</b>	<b>128,686</b>	<b>30,606</b>	<b>36,983</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	11	1,169	1,279	-	-
<b>Total non-current liabilities</b>		<b>1,169</b>	<b>1,279</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Income tax payable		5,121	3,235	11	97
Trade and other payables	26	26,029	17,812	2,833	1,045
Other financial liabilities	27	-	166	-	-
Other non-financial liabilities	28	961	442	-	-
<b>Total current liabilities</b>		<b>32,111</b>	<b>21,655</b>	<b>2,844</b>	<b>1,142</b>
<b>Total liabilities</b>		<b>33,280</b>	<b>22,934</b>	<b>2,844</b>	<b>1,142</b>
<b>Total equity and liabilities</b>		<b>159,072</b>	<b>151,620</b>	<b>33,450</b>	<b>38,125</b>

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



# STATEMENTS OF CHANGES IN EQUITY

## YEAR ENDED 31 JULY 2016

Group	Total equity \$'000	Attributable to parent sub-total \$'000	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Non- controlling interests \$'000
<b>Current year:</b>						
<b>Opening balance at 1 August 2015</b>	128,686	128,682	22,890	106,792	(1,000)	4
<b>Movements in equity:</b>						
Total comprehensive income for the year	25,066	25,066	–	25,778	(712)	–
Dividends paid (Note 12)	(27,960)	(27,960)	–	(27,960)	–	–
<b>Closing balance at 31 July 2016</b>	<b>125,792</b>	<b>125,788</b>	<b>22,890</b>	<b>104,610</b>	<b>(1,712)</b>	<b>4</b>
<b>Previous year:</b>						
<b>Opening balance at 1 August 2014</b>	118,741	118,738	22,998	96,137	(397)	3
<b>Movements in equity:</b>						
Total comprehensive income for the year	14,946	14,945	–	15,548	(603)	1
Purchase of treasury shares (Note 24)	(108)	(108)	(108)	–	–	–
Dividends paid (Note 12)	(4,893)	(4,893)	–	(4,893)	–	–
<b>Closing balance at 31 July 2015</b>	<b>128,686</b>	<b>128,682</b>	<b>22,890</b>	<b>106,792</b>	<b>(1,000)</b>	<b>4</b>

Company	Total equity \$'000	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000
<b>Current year:</b>				
<b>Opening balance at 1 August 2015</b>	36,983	22,890	14,028	65
<b>Movements in equity:</b>				
Total comprehensive income for the year	21,583	–	21,724	(141)
Dividends paid (Note 12)	(27,960)	–	(27,960)	–
<b>Closing balance at 31 July 2016</b>	<b>30,606</b>	<b>22,890</b>	<b>7,792</b>	<b>(76)</b>
<b>Previous year:</b>				
<b>Opening balance at 1 August 2014</b>	31,987	22,998	8,913	76
<b>Movements in equity:</b>				
Total comprehensive income for the year	9,997	–	10,008	(11)
Purchase of treasury shares (Note 24)	(108)	(108)	–	–
Dividends paid (Note 12)	(4,893)	–	(4,893)	–
<b>Closing balance at 31 July 2015</b>	<b>36,983</b>	<b>22,890</b>	<b>14,028</b>	<b>65</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## YEAR ENDED 31 JULY 2016

	Group	
	2016	2015
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	30,847	18,500
Adjustments for:		
Interest expense	12	35
Interest income	(809)	(597)
Depreciation of investment property	2,467	2,468
Depreciation of property, plant and equipment	1,725	1,868
Dividend income	(62)	(32)
Net gain on disposal of available-for-sale financial assets	–	(102)
Gain on disposal of plant and equipment	(78)	(37)
Plant and equipment written off	5	64
Operating cash flows before changes in working capital	34,107	22,167
Cash restricted in use over three months	–	310
Trade and other receivables	(4,878)	14,404
Inventories	431	2,463
Trade and other payables	9,041	(4,286)
Net cash flows from operations	38,701	35,058
Income taxes paid	(3,276)	(4,243)
Income taxes refund	36	82
Net cash flows from operating activities	35,461	30,897
<b>Cash flows from investing activities</b>		
Dividends received	26	3
Payment of lease premium	(1,016)	–
Purchase of property, plant and equipment	(546)	(948)
Purchase of other financial assets	(1,344)	(60)
Proceeds from disposal of plant and equipment	92	200
Proceeds from disposal of other financial assets	–	1,247
Interest received	809	597
Net cash flows (used in) / from investing activities	(1,979)	1,039
<b>Cash flows from financing activities</b>		
Decrease in bills payables	(180)	(567)
Interest paid	(12)	(35)
Dividend paid to equity owners	(27,960)	(4,893)
Purchase of treasury shares	–	(108)
Net cash flows used in financing activities	(28,152)	(5,603)
<b>Net increase in cash and cash equivalents</b>	5,330	26,333
Cash and cash equivalents, statement of cash flows, beginning balance	84,110	57,772
Net effect of exchange rate changes on cash and cash equivalents	(244)	5
<b>Cash and cash equivalents, statement of cash flows, ending balance (Note 23)</b>	89,196	84,110

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

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as "parent") and the subsidiaries.

The Board of Directors approved and authorised these financial statements for issue on the date of the Statement by Directors.

The Company is an investment holding company. It is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The principal activities of the subsidiaries are described in the Notes to the financial statements below.

The registered office is: 57 Pioneer Road, Singapore 628508. The Company is situated in Singapore.

### Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

### Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 1. General (cont'd)

### Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at Note 2C, where applicable.

## 2. Significant accounting policies and other explanatory information

### 2A. Significant accounting policies

#### Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest income or expense is recognised using the effective interest method. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established. This is usually ex-dividend date for quoted shares. Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts (see below).

#### Construction contracts – revenues and results

When the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with the contract are recognised in profit or loss by reference to the stage of completion of the contract activity at the end of the reporting year using the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs method except where this would not be representative of the stage of completion. Contract costs consist of costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract and such other costs as are specifically chargeable to the customer under the terms of the contract. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. The stage of completion method relies on estimates of total expected contract revenue and costs, as well as dependable measurement of the progress made towards completing a particular contract. Recognised revenues and profits are subject to revisions during the contract in the event that the assumptions regarding the overall contract outcome are revised. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The work in progress contracts have operating cycles longer than one year. The management includes in current assets amounts relating to the contracts realisable over a period in excess of one year.



# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

#### Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

#### Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

#### Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

#### Property, plant and equipment

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold properties and improvements	-	Over the terms of lease that are from 1.67% to 3.33%
Leasehold land	-	Over the terms of lease that is 3.33%
Plant, fixtures and equipment	-	10% to 33.3%
Construction work-in-progress	-	Not depreciated

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Property, plant and equipment (cont'd)

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

#### Investment property

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs, the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes only, the fair values are measured periodically on a systematic basis at least once yearly by management. The annual rate of depreciation is 13% over the terms of the lease.

#### Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

#### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity 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. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

#### Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

#### Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.



# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. 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 measured, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading. No transactions are recorded at settlement date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable 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.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Financial assets (cont'd)

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.
4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading available-for-sale financial assets reserve. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against available-for-sale financial assets reserve and is not subsequently reversed through profit or loss. However for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. Usually non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value. For unquoted equity instruments impairment losses are not reversed.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

#### Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

#### Provisions

A liability or provision is recognised when there is 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. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Fair value measurement

Fair value is taken to be 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 (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

### 2B. Other explanatory information

#### Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.



# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2B. Other explanatory information (cont'd)

#### Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

### 2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

#### Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

#### Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note on inventories.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Construction contracts:

On construction contracts, revenues are recorded on the stage of completion basis. The stage of completion is determined by dividing the cumulative costs incurred as at the end of reporting year by the sum of incurred costs and anticipated costs for completing a contract. The stage of completion is then applied to the contract value to determine the cumulative revenue earned. This method of revenue recognition requires management to prepare cost estimates to complete contracts in progress, and in making such estimates, judgements are required to evaluate contingencies such as potential variances in scheduling, cost of materials, labour costs and productivity, the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. Estimated revenues on contracts include future revenues from claims when such additional revenues can be reliably established. These estimates are based on management's business practices as well as its historical experience, and management regularly reviews underlying estimates of project profitability. The related amounts are disclosed in Notes 5 and 21A.

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the class of assets at the end of the reporting year affected by the assumption is \$4,237,000 (2015: \$5,456,000).

Term of lease of leasehold property:

The annual rate of depreciation for leasehold properties is charged over the terms of the respective leases. There is leasehold property with carrying value of \$5,203,000 (2015: \$5,338,000) with lease term of 30 years and with an option to renew for a further 30 years. The leasehold property has been depreciated on the assumption that the Group will exercise the option to extend the lease by another 30 years.

## 3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Mr Teo Hock Chwee, a director and significant shareholder.

### 3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantees if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 3. Related party relationships and transactions (cont'd)

### 3B. Key management compensation:

	Group	
	2016 \$'000	2015 \$'000
Salaries and other short-term employee benefits	3,919	2,233

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2016 \$'000	2015 \$'000
Remuneration of directors of the Company	3,364	1,619
Fees to directors of the Company	147	147

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

### 3C. Other receivables from related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from related parties are as follows:

	Company Subsidiaries	
	2016 \$'000	2015 \$'000
Other receivables:		
Balance at beginning of the year	6,333	6,016
Amounts paid out and settlement of liabilities on behalf of another party	3	504
Amounts paid in and settlement of liabilities on behalf of the Company	(4,430)	(187)
Balance at end of the year	1,906	6,333

## 4. Financial information by operating segments

### 4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 4. Financial information by operating segments (cont'd)

### 4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

For management purposes the Group is organised into two primary strategic operating segments – structural steel specialists and operation of dormitory. The results of all other activities, mainly investment holding and operation of testing centre, which are not included within the two primary segments, are included in the “other” segment. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment’s operating results is the major financial indicator: earnings from operations before depreciation and amortisation, interests and income taxes (called “Recurring EBITDA”).

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

### 4B. Profit or loss from continuing operations and reconciliations

	Structural steel \$'000	Dormitory \$'000	Other \$'000	Adjustments and eliminations \$'000	Group \$'000
<b>Continuing operations</b>					
<b>2016</b>					
<b>Revenue by segment</b>					
Sales to external parties	118,006	18,000	551	–	136,557
Inter-segment sales	–	904	3,769	(4,673)	–
Total revenue	118,006	18,904	4,320	(4,673)	136,557
<b>Recurring EBITDA</b>					
Depreciation	(1,611)	(2,567)	(14)	–	(4,192)
Finance costs	(12)	–	–	–	(12)
Interest income	401	77	331	–	809
Profit before tax from continuing operations	19,562	10,577	708	–	30,847
Income tax expense					(5,069)
Profit from continuing operations					25,778



# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 4. Financial information by operating segments (cont'd)

### 4B. Profit or loss from continuing operations and reconciliations (cont'd)

	Structural steel \$'000	Dormitory \$'000	Other \$'000	Adjustments and eliminations \$'000	Group \$'000
<b>Continuing operations</b>					
<b>2015</b>					
<b>Revenue by segment</b>					
Sales to external parties	74,118	19,122	897	-	94,137
Inter-segment sales	-	1,089	2,670	(3,759)	-
Total revenue	74,118	20,211	3,567	(3,759)	94,137
<b>Recurring EBITDA</b>					
Depreciation	(1,697)	(2,568)	(71)	-	(4,336)
Finance costs	(35)	-	-	-	(35)
Interest income	325	49	223	-	597
Profit before tax from continuing operations	5,152	11,865	1,483	-	18,500
Income tax expense					(2,951)
Profit from continuing operations					15,549

### 4C. Assets and reconciliations

	Structural steel \$'000	Dormitory \$'000	Other \$'000	Unallocated \$'000	Group \$'000
<b>2016</b>					
Total assets for reportable segments	127,299	7,960	23,789	-	159,048
Unallocated:					
Tax recoverable	-	-	-	24	24
Total Group assets	127,299	7,960	23,789	24	159,072
<b>2015</b>					
Total assets for reportable segments	114,213	12,048	25,320	-	151,581
Unallocated:					
Tax recoverable	-	-	-	39	39
Total Group assets	114,213	12,048	25,320	39	151,620
<b>Expenditure for non-current assets:</b>					
2016	545	1	-	-	546
2015	940	7	1	-	948

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 4. Financial information by operating segments (cont'd)

### 4D. Liabilities and reconciliations

	Structural steel \$'000	Dormitory \$'000	Other \$'000	Unallocated \$'000	Group \$'000
<b>2016</b>					
Total liabilities for reportable segments	20,557	3,549	2,884	–	26,990
Unallocated:					
Income tax payable	–	–	–	5,121	5,121
Deferred tax liabilities	–	–	–	1,169	1,169
Total Group liabilities	20,557	3,549	2,884	6,290	33,280
<b>2015</b>					
Total liabilities for reportable segments	13,247	4,072	1,101	–	18,420
Unallocated:					
Income tax payable	–	–	–	3,235	3,235
Deferred tax liabilities	–	–	–	1,279	1,279
Total Group liabilities	13,247	4,072	1,101	4,514	22,934

### 4E. Geographical information

	Revenue	
	2016 \$'000	2015 \$'000
Singapore	131,804	93,706
Malaysia	4,745	421
India	8	10
Total continuing operations	136,557	94,137
<b>Non-current assets</b>		
	2016 \$'000	2015 \$'000
Singapore	9,518	11,566
Malaysia	9,923	11,438
India	152	177
Total continuing operations	19,593	23,181

Revenues are attributed to countries on the basis of the project's location, irrespective of the origin of the services. The non-current assets exclude any financial instruments. The non-current assets are analysed by the geographical area in which the assets are located.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 4. Financial information by operating segments (cont'd)

### 4F. Information about major customers

Revenue from major customers, which are individually amounting to 10% or more of the Group's revenue, is derived from the structural steel segment.

	2016 \$'000	2015 \$'000
Top 1 customer	32,065	13,384
Top 2 customers	53,658	25,912
Top 3 customers	74,832	-

## 5. Revenue

	Group	
	2016 \$'000	2015 \$'000
Revenue from construction contracts	118,006	74,118
Rental income and service charges from investment property	18,000	19,122
Dividend income from quoted corporations	62	32
Other revenue	489	865
Total revenue	136,557	94,137

## 6. Interest income

	Group	
	2016 \$'000	2015 \$'000
Interest income from banks	809	597

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 7. Other gains and (other losses)

	Group	
	2016 \$'000	2015 \$'000
Bad debts written off trade receivables	(155)	–
Back charges to subcontractors	45	160
Foreign exchange adjustments losses	(908)	(736)
Reclassification adjustments included in profit or loss on sale of available-for-sale investments from reserve	–	102
Gain on disposal of plant and equipment	78	37
Government grants	163	183
Inventories written down	–	(2,014)
Inventories written off	–	(214)
Plant and equipment written off	(5)	(64)
Rental income	53	37
Scrap income	416	476
Other income	419	191
Net	<u>106</u>	<u>(1,842)</u>
Presented in profit or loss as:		
Other gains	1,174	1,186
Other losses	(1,068)	(3,028)
Net	<u>106</u>	<u>(1,842)</u>

## 8. Administrative expenses

The major components include the following:

	Group	
	2016 \$'000	2015 \$'000
Employee benefits expense (Note 9)	<u>6,770</u>	<u>5,061</u>



# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 9. Employee benefits expense

	Group	
	2016 \$'000	2015 \$'000
Short term employee benefits expense	24,895	22,015
Contributions to defined contribution plans	915	946
Total employee benefits expense	<u>25,810</u>	<u>22,961</u>
Allocation of the employee benefits expense:		
Cost of sales	19,040	17,900
Administrative expenses	6,770	5,061
	<u>25,810</u>	<u>22,961</u>

## 10. Finance costs

	Group	
	2016 \$'000	2015 \$'000
Interest expense	<u>12</u>	<u>35</u>

## 11. Income tax

### 11A. Components of tax expense recognised in profit or loss include:

	Group	
	2016 \$'000	2015 \$'000
Current tax expense:		
Current tax expense	5,304	3,025
Over adjustments in respect of prior periods	(166)	(9)
Subtotal	<u>5,138</u>	<u>3,016</u>
Deferred tax income:		
Deferred tax expense / (income)	118	(66)
(Over) / Under adjustments in respect of prior periods	(187)	1
Subtotal	<u>(69)</u>	<u>(65)</u>
Total income tax expense	<u>5,069</u>	<u>2,951</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 11. Income tax (cont'd)

### 11A. Components of tax expense recognised in profit or loss include (cont'd):

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2015: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2016 \$'000	2015 \$'000
Profit before tax	30,847	18,500
Income tax expense at the above rate	5,244	3,145
Expenses not deductible for tax purposes	1,009	745
Enhanced tax deductions and allowances	(981)	(738)
Stepped income tax exemption and tax rebates	(138)	(138)
Effect of different tax rates in different countries	266	(92)
Over adjustments to tax in respect of prior periods	(353)	(8)
Other minor items	22	37
Total income tax expense	5,069	2,951

There are no income tax consequences of dividends to owners of the Company.

### 11B. Deferred tax balance in the statement of financial position:

The deferred tax amounts and movements in the year are as follows:

Group	Statement of financial position		Income / (expense) recognised in profit or loss	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deferred tax (liabilities) / assets:				
Excess of book over tax depreciation on plant and equipment	(1,396)	(1,402)	(46)	52
Other timing differences	186	72	115	13
Exchange differences on translating foreign operations recognised in other comprehensive income	41	51	-	-
Net balance	(1,169)	(1,279)	69	65

It is impracticable to estimate the amount expected to be settled or used within one year.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 12. Dividends on equity shares

	Rate per share –cents		Group and Company	
	2016	2015	2016 \$'000	2015 \$'000
Final tax exempt (one-tier) dividend paid	8.0	1.4	27,960	4,893

In respect of the current reporting year, the directors propose that a final dividend of 1.7 cents per share with a total of \$5,942,000 be paid to shareholders after the Annual General Meeting to be held on 30 November 2016. There are no income tax consequences. This dividend is subject to approval by shareholders at the next Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders.

## 13. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2016 \$'000	2015 \$'000
Numerators: earnings attributable to equity:		
Profit for the year attributable to equity holders	25,778	15,548
	'000	'000
Denominators: weighted average number of equity shares		
Basic	349,500	349,568
Earnings per share - cents	7.38	4.45

The weighted average number of equity shares refers to shares in circulation during the reporting period. The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation of the treasury shares. The fully diluted earnings per ordinary share is the same as the basic earnings per ordinary share as there were no options granted or outstanding during the reporting year.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 14. Property, plant and equipment

Group	Construction work-in- progress \$'000	Leasehold properties and improvements \$'000	Leasehold land \$'000	Plant, fixtures and equipment \$'000	Total \$'000
Cost:					
At beginning of year 1 August 2014	-	14,512	4,863	20,343	39,718
Foreign exchange adjustments	-	(515)	(400)	(619)	(1,534)
Additions	-	10	-	938	948
Disposals	-	-	-	(750)	(750)
At end of year 31 July 2015	-	14,007	4,463	19,912	38,382
Foreign exchange adjustments	-	(470)	(356)	(569)	(1,395)
Additions	165	6	-	375	546
Disposals	-	-	-	(482)	(482)
At end of year 31 July 2016	165	13,543	4,107	19,236	37,051
Accumulated depreciation:					
At beginning of year 1 August 2014	-	3,282	650	13,921	17,853
Foreign exchange adjustments	-	(52)	(57)	(392)	(501)
Depreciation for the year	-	323	94	1,451	1,868
Disposals	-	-	-	(524)	(524)
At end of year 31 July 2015	-	3,553	687	14,456	18,696
Foreign exchange adjustments	-	(63)	(56)	(380)	(499)
Depreciation for the year	-	256	83	1,386	1,725
Disposals	-	-	-	(463)	(463)
At end of year 31 July 2016	-	3,746	714	14,999	19,459
Carrying value:					
At 1 August 2014	-	11,230	4,213	6,422	21,865
At 31 July 2015	-	10,454	3,776	5,456	19,686
At 31 July 2016	165	9,797	3,393	4,237	17,592

Allocation of the depreciation expense:

	Group	
	2016 \$'000	2015 \$'000
Cost of sales	1,407	1,557
Administrative expenses	318	311
Total	1,725	1,868

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 14. Property, plant and equipment (cont'd)

The leasehold land is for the land for a factory in Malaysia.

The leasehold properties as at 31 July 2016 are as follows:

	Location	Description	Approximate Land Area (sq m)/ Size	Tenure
(a)	57 Pioneer Road Singapore 628508	Office and factory	17,000	30 years leasehold commencing from 16 November 1994 and an option to renew for a further period of 30 years
(b)	PL0 522, Jalan Keluli 7, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia	Office and factory	86,198	60 years leasehold commencing 8 October 1997

## 15. Investment property

	Group	
	2016 \$'000	2015 \$'000
At cost:		
At beginning and end of the year	18,916	18,916
Accumulated depreciation:		
At beginning of the year	15,421	12,953
Depreciation for the year	2,467	2,468
At end of the year	17,888	15,421
Net book value:		
At beginning of the year	3,495	5,963
At end of the year	1,028	3,495
Fair value for disclosure purposes only:		
Fair value at end of the year (Level 3)	3,000	8,800

The investment property is described as follows:

Location	Description	Approximate Land Area (sq m)/ Size	Tenure
Terusan Lodge I 5A Jalan Papan, Singapore 619406	Dormitory	20,291	14 January 2008 to 12 January 2017



# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 15. Investment property (cont'd)

The fair value of the investment property for disclosure purpose was measured in July 2016 based on a valuation made by management at least once yearly. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

For fair value measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation techniques and information about the significant unobservable inputs used in the fair value measurement are as follows:

Valuation technique for recurring fair value measurement:	Discounted cash flow method
Significant unobservable inputs and range:	<ol style="list-style-type: none"> <li>Estimated discount rate using post-tax rate that reflect current market assessments at the risks specific to the property. 11.1% (2015: 11.1%).</li> <li>For FY2015, growth rates based on projected rental rates and occupancy rates for remaining duration of the lease. Changes in rental rates and occupancy rates are based on past practices and expectations of future changes in the market. 2015: -50.0% to -21.0% For FY2016, rental income is based on committed occupancy rates and rental rates for remaining duration of the lease.</li> <li>Cash flow forecasts derived from the most recent financial budgets and plans approved by management. 0.5 years (2015: 1.5 years).</li> </ol>
Relationship of unobservable inputs to fair value:	<p>The estimated fair value would increase (decrease) if:</p> <ol style="list-style-type: none"> <li>Expected market rental growth was higher (lower).</li> <li>The occupancy rate was higher (lower).</li> <li>Discount rate was lower (higher).</li> </ol>

	Group	
	2016 \$'000	2015 \$'000
Rental and service income from investment property	18,000	19,122
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	5,396	5,352

The depreciation expense is charged under cost of sales.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

The investment property is leased out under operating leases. Also see Note 33 on operating lease income commitments. The management has not entered into contractual obligations for the maintenance or enhancement of the investment property.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 16. Investments in subsidiaries

	Company	
	2016 \$'000	2015 \$'000
Carrying value in the books of the Company comprising:		
Unquoted equity shares at cost	6,440	6,440
Net book value of subsidiaries in the books of the Company	107,292	101,977

The listing of and information on the subsidiaries is given below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost in books of Company		Effective percentage of equity held	
	2016 \$'000	2015 \$'000	2016 %	2015 %
T T J Design and Engineering Pte Ltd <sup>(a)</sup> Singapore Engineering and construction contractors	5,420	5,420	100	100
FRC Civil Engineering Pte. Ltd. <sup>(a)</sup> Singapore Lodging and boarding houses and other investment holding company	520	520	100	100
T T J Lodge Pte. Ltd. <sup>(a)</sup> Singapore Operation of dormitory	500	500	100	100
T T J Investment Pte. Ltd. <sup>(a)</sup> Singapore Dormant	—*	—*	100	100
	6,440	6,440		
Held through T T J Design and Engineering Pte Ltd MTTJ Engineering Sdn. Bhd. <sup>(b)</sup> Malaysia Metal fabrication and general engineering (SQM Chartered Accountants, Malaysia)	4,709	4,709	100	100
TTJ Design & Engineering (India) Private Limited <sup>(c)</sup> India Engineering and construction contractors / Operation of testing centre (Suresh Surana & Associates Chartered Accountants)	220	220	99	99

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 16. Investments in subsidiaries (cont'd)

\* amount less than \$500

(a) Audited by RSM Chio Lim LLP.

(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(c) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

## 17. Other receivables, non-current

	Company	
	2016 \$'000	2015 \$'000
Loan receivable from subsidiary (Note 3)	1,125	1,875
Movements during the year:		
Balance at beginning of the year	1,875	2,062
Reclassified as current	(750)	(187)
Balance at end of the year	1,125	1,875

The agreement for the loan receivable provides that it is with fixed interest of 2.35% (2015: 2.35%) per year and is repayable by equal quarterly instalments over 4 years from March 2014. The carrying amount is a reasonable approximation of fair value (Level 3). The amount was not past due.

## 18. Other financial assets

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Investments available-for-sale at fair value through other comprehensive income:				
Quoted equity shares in corporations	2,072	833	2,072	833
Balance at end of the year	2,072	833	2,072	833
Movements during the year:				
Fair value at beginning of the year	833	1,866	833	1,085
Additions	1,380	89	1,380	89
Disposals	-	(1,247)	-	(407)
(Decrease) / increase in fair value through other comprehensive income	(141)	125	(141)	66
Fair value at end of the year	2,072	833	2,072	833

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 18. Other financial assets (cont'd)

### 18A. Disclosures relating to investments

The below information gives a summary of the significant sector concentrations within the investment portfolio which are all included under Level 1 securities:

Group and Company	2016 \$'000	2015 \$'000	2016 %	2015 %
Quoted equity shares in corporations				
Financial services industry - Singapore	1,819	736	88	88
Property industry - Singapore	95	97	4	12
Multi industry - Singapore	158	-	8	-
Total investments	<u>2,072</u>	<u>833</u>	<u>100</u>	<u>100</u>

Sensitivity analysis: The effect on pre-tax profit or other comprehensive income is not significant.

## 19. Lease Premium Prepayment

	Group	
	2016 \$'000	2015 \$'000
At cost:		
At beginning of the year	-	-
Additions	1,016	-
At end of the year	<u>1,016</u>	-
Accumulated amortisation:		
At beginning of the year	-	-
Amortisation for the year	17	-
At end of the year	<u>17</u>	-
Balance to be amortised:		
Current portion : Not later than one year (Note 22)	26	-
Non-current portion	973	-
	<u>999</u>	-
The non-current portion is to be amortised as follows:		
Later than one year and not later than five years	105	-
Later than five years	868	-
	<u>973</u>	-

The lease premium prepayment is for the foreshore area at 57 Pioneer Road Singapore 628508. They are amortised over the period of the lease term on the straight line method. The lease expires in 2054. The lease is not transferable.

The amortisation for the year has been capitalised in construction work-in-progress under property, plant and equipment (Note 14).

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 20. Inventories

	Group	
	2016 \$'000	2015 \$'000
Raw materials	200	16
Consumables and supplies	144	296
Fabricated materials	2,583	3,039
	<u>2,927</u>	<u>3,351</u>
The write-downs of inventories charged to profit or loss included in other losses	-	2,014
Raw materials and consumables used	<u>59,092</u>	<u>21,985</u>

There are no inventories pledged as security for liabilities.

## 21. Trade and other receivables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables:				
Outside parties	15,241	5,146	-	-
Less allowance for impairment	(36)	(36)	-	-
Subsidiaries (Note 3)	-	-	1,889	563
Net trade receivables – subtotal	<u>15,205</u>	<u>5,110</u>	<u>1,889</u>	<u>563</u>
Construction contracts:				
Receivables from customers on construction contracts (Note 21A)	14,278	22,662	-	-
Retention receivables on construction contracts (Note 21A)	12,021	8,974	-	-
Accrued contract revenue (Note 21A)	1,638	2,116	-	-
Net construction contracts – subtotal	<u>27,937</u>	<u>33,752</u>	<u>-</u>	<u>-</u>
Other receivables:				
Subsidiaries (Note 3) #a	-	-	781	4,458
Deposits to secure services	834	448	-	-
Other receivables	822	317	173	43
Less: allowance for impairment	(65)	(71)	-	-
Tax recoverable	24	39	-	-
Net other receivables – subtotal	<u>1,615</u>	<u>733</u>	<u>954</u>	<u>4,501</u>
Total trade and other receivables	<u>44,757</u>	<u>39,595</u>	<u>2,843</u>	<u>5,064</u>

#a Includes loans of \$750,000 (2015: \$4,430,000) with fixed interest of 2.35% per annum (2015: 2.35%). The loans are repayable on demand except for \$750,000 (2015: \$750,000) which is repayable by equal quarterly instalments. These amounts are not past due.



# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 21. Trade and other receivables (cont'd)

	Group	
	2016 \$'000	2015 \$'000
Movements in above allowance:		
Balance at beginning of the year	107	113
Foreign exchange adjustments	(6)	(6)
Balance of end of the year	101	107

## 21A. Contracts work-in-progress comprises:

	Group	
	2016 \$'000	2015 \$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date on uncompleted contracts	188,102	135,071
Less progress payments received and receivable to date	(174,785)	(112,851)
Net amount arising from construction contracts at end of the year	13,317	22,220
Included in the accompanying statement of financial position as follows:		
Under construction contracts (Note 21)	14,278	22,662
Under other non-financial liabilities (Note 28)	(961)	(442)
	13,317	22,220
Amount of contract retention receivables as an asset under construction contracts (Note 21)	12,021	8,974
Accrued contract revenue as an asset under construction contracts (Note 21)	1,638	2,116

It is impracticable to estimate the amount expected to be realised or settled over one year.

## 22. Other non-financial assets

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Advance payments	97	7	-	-
Prepayments	398	536	28	23
Lease premium prepayment (Note 19)	26	-	-	-
Others	6	7	-	-
	527	550	28	23

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 23. Cash and cash equivalents

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Not restricted in use	89,196	84,110	20,942	23,890

The rate of interest for the cash on interest earning balances ranged between 0.56% and 2.58% (2015: 0.35% and 2.10%).

## 24. Share capital

Group and Company	Number of shares issued '000	Share capital \$'000	Treasury shares \$'000	Total \$'000
Ordinary shares of no par value:				
Balance at beginning of the year 1 August 2014	349,800	23,054	(56)	22,998
Treasury shares purchased #a	(300)	-	(108)	(108)
Balance at end of the year 31 July 2015 and 31 July 2016	349,500	23,054	(164)	22,890

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

#a Under the mandate approved at the Annual General Meeting, 300,000 treasury shares were acquired in the previous reporting year on the Singapore Stock Exchange for a consideration of \$108,000.

	Number of treasury shares		Fair value	
	2016 '000	2015 '000	2016 \$'000	2015 \$'000
At beginning of the year	500	200	225	72
At end of the year	500	500	178	225

### Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 24. Share capital (cont'd)

### Capital management: (cont'd)

There are no external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk from borrowings.

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

## 25. Other reserves

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Foreign currency translation reserve (Note 25A)	(1,636)	(1,065)	-	-
Available-for-sale financial assets reserve (Note 25B)	(76)	65	(76)	65
Total at end of the year	(1,712)	(1,000)	(76)	65

All reserves classified on the face of the statements of financial position as retained earnings represent past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

### 25A. Foreign currency translation reserve

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At beginning of the year	(1,065)	(439)	-	-
Exchange differences on translating foreign operations	(571)	(626)	-	-
At end of the year	(1,636)	(1,065)	-	-

The currency translation reserve accumulates all foreign exchange differences.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 25. Other reserves (cont'd)

### 25B. Available-for-sale financial assets reserve

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At beginning of the year	65	42	65	76
(Losses) / gains on remeasuring available-for-sale financial assets	(141)	125	(141)	66
Reclassification adjustments for gains included in profit or loss – realised on disposal	-	(102)	-	(77)
At end of the year	(76)	65	(76)	65

## 26. Trade and other payables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables:				
Outside parties and accrued liabilities	22,789	14,065	2,833	1,045
Other payables:				
Deposits received	2,996	3,478	-	-
Other payables	244	269	-	-
Net other payables – subtotal	3,240	3,747	-	-
Total trade and other payables	26,029	17,812	2,833	1,045

## 27. Other financial liabilities

	Group	
	2016 \$'000	2015 \$'000
Bills payable to banks (secured) (Note 27A)	-	166
	-	166

The fixed interest rate paid for bills payable to banks was ranging from 5.25% to 5.45%.

### 27A. Bills payable (secured)

The bank agreements for the credit facilities provided among other matters for the following:

1. Repayable on demand.
2. Corporate guarantee from the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 28. Other non-financial liabilities

	Group	
	2016 \$'000	2015 \$'000
Due to customers on construction contracts (Note 21A)	961	442

## 29. Financial instruments: information on financial risks

### 29A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assets:				
Cash and cash equivalents	89,196	84,110	20,942	23,890
Loans and receivables	44,733	39,556	3,968	6,939
Available-for-sale financial assets	2,072	833	2,072	833
At end of the year	136,001	124,499	26,982	31,662
Financial liabilities:				
Other financial liabilities measured at amortised cost	-	166	-	-
Trade and other payables measured at amortised cost	26,029	17,812	2,833	1,045
At end of the year	26,029	17,978	2,833	1,045

Further quantitative disclosures are included throughout these financial statements.

### 29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However, these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior staff.
4. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.



# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 29. Financial instruments: information on financial risks (cont'd)

### 29C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

### 29D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and debtors unless otherwise disclosed in the notes to the financial statements below.

Note 23 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 60 days (2015: 30 to 60 days). But some customers take a longer period to settle the amounts.

- (a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables:				
31 to 60 days	6,175	1,424	5	12
61 to 90 days	140	1	5	13
Over 90 days	874	264	–	312
Total	<u>7,189</u>	<u>1,689</u>	<u>10</u>	<u>337</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 29. Financial instruments: information on financial risks (cont'd)

### 29D. Credit risk on financial assets (cont'd)

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables:				
Over 180 days	36	36	-	-
Total	36	36	-	-

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling \$36,000 (2015: \$36,000) that are determined to be impaired at the end of the reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at the end of the reporting year:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Top 1 customer	5,491	1,407	1,433	420
Top 2 customers	7,938	2,419	1,748	563
Top 3 customers	9,955	2,948	1,889	563

### 29E. Liquidity risk – financial liabilities maturity analysis

There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 90 days (2015: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Financial guarantee contracts – For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 29. Financial instruments: information on financial risks (cont'd)

### 29E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Company	Less than 1 year \$'000	1 – 5 years \$'000	Total \$'000
<b>2016</b>			
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	13,700	6,269	19,969
<b>2015</b>			
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	4,645	16,109	20,754

Bank facilities:	Group	
	2016 \$'000	2015 \$'000
Undrawn borrowing facilities	24,539	22,001
Unused bank guarantees	7,674	7,955

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

### 29F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assets with interest:				
Fixed rates	68,156	64,550	22,267	28,185
Floating rates	5,286	361	–	–
Total at end of the year	73,442	64,911	22,267	28,185
Financial liabilities with interest:				
Fixed rates	–	166	–	–
Total at end of the year	–	166	–	–

Sensitivity analysis: The effect on pre-tax profit is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 29. Financial instruments: information on financial risks (cont'd)

### 29G. Foreign currency risks

Analysis of amounts denominated in non-functional currency:

Group	Malaysian Ringgit \$'000	British Pound \$'000	United States Dollar \$'000	Vietnam Dong \$'000	Euro Dollar \$'000	Singapore Dollar \$'000	Total \$'000
<b>2016:</b>							
Financial assets:							
Cash	553	-	4,870	2	-	407	5,832
Loans and receivables	-	-	2,406	4	-	-	2,410
Total financial assets	553	-	7,276	6	-	407	8,242
Financial liabilities:							
Trade and other payables	-	16	659	-	13	354	1,042
Total financial liabilities	-	16	659	-	13	354	1,042
Net financial assets / (liabilities) at end of the year	553	(16)	6,617	6	(13)	53	7,200
<b>2015:</b>							
Financial assets:							
Cash	602	-	2,481	38	-	1,271	4,392
Loans and receivables	-	-	7	4	-	-	11
Total financial assets	602	-	2,488	42	-	1,271	4,403
Financial liabilities:							
Trade and other payables	-	92	2,172	-	3	773	3,040
Total financial liabilities	-	92	2,172	-	3	773	3,040
Net financial assets / (liabilities) at end of the year	602	(92)	316	42	(3)	498	1,363

The Company's financial assets and financial liabilities are denominated in its functional currency.

There is exposure to foreign currency risk as part of the Group's normal business.

Sensitivity analysis: The effect on pre-tax profit is not significant.

### 29H. Equity price risk

There are investments in equity shares. As a result, such investments are exposed to market price risk arising from uncertainties about future values of the investment securities. The fair values of these assets are disclosed in Note 18.

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 30. Items in profit or loss

In addition to the profit and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2016 \$'000	2015 \$'000
Audit fees to the independent auditors of the Company	101	141
Audit fees to the other independent auditors	13	18
Other fees to the independent auditors of the Company	17	34
Other fees to the other independent auditors	5	7

## 31. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2016 \$'000	2015 \$'000
Commitments to purchase of property, plant and equipment	529	-

## 32. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2016 \$'000	2015 \$'000
Not later than one year	2,068	3,161
Later than one year and not later than five years	3,794	2,546
Later than five years	8,899	8,588
Rental expense for the year	3,249	3,105

Operating lease payments are for rentals payable by the Company's subsidiaries for certain of office premises and dormitory blocks included in Notes 14 and 15. The lease rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.



# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 32. Operating lease payment commitments – as lessee (cont'd)

The rental expense is charged as follows:

	Group	
	2016 \$'000	2015 \$'000
Cost of sales	3,125	2,994
Administrative expenses	124	111
Total	3,249	3,105

## 33. Operating lease income commitments – as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2016 \$'000	2015 \$'000
Not later than one year	6,568	13,731
Later than one year and not later than five years	29	2,845
Rental income for the year	17,983	19,116

Operating lease income commitments is for rentals receivable for certain office premises and dormitories. The lease rental income terms are generally negotiated for a term of one to three years.

## 34. Events after the end of the reporting year

On 8 September 2016, the Group incorporated a wholly owned subsidiary in Singapore named T T J Green Energy Pte. Ltd. with issued and paid-up share capital of \$1.

## 35. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)

# NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

## 36. New or amended standards in issue but not yet effective

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018
FRS 116	Leases	1 Jan 2019

# STATISTICS OF SHAREHOLDINGS

## AS AT 14 OCTOBER 2016

Number of Issued Shares (excluding Treasury Shares)	:	349,500,000
Number/Percentage of Treasury Shares	:	500,000 (0.14%)
Class of Equity Security	:	Ordinary shares
Voting Rights of Ordinary Shareholders	:	One vote per share

### DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	53	5.67	39,600	0.01
1,001 - 10,000	348	37.26	2,301,700	0.66
10,001 - 1,000,000	519	55.57	35,638,900	10.20
1,000,001 and above	14	1.50	311,519,800	89.13
Total	934	100.00	349,500,000	100.00

### SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 14 October 2016, approximately 15.0% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

### TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	Teo Hock Chwee	164,900,000	47.18
2	CIMB Securities (Singapore) Pte Ltd	50,885,000	14.56
3	Hong Leong Finance Nominees Pte Ltd	50,000,000	14.31
4	Maybank Nominees (S) Pte Ltd	30,000,000	8.58
5	HSBC (Singapore) Nominees Pte Ltd	3,054,000	0.87
6	Ng Kwong Chong or Liu Oi Fui Ivy	2,258,000	0.65
7	DBS Nominees Pte Ltd	2,066,200	0.59
8	Raffles Nominees (Pte) Ltd	1,909,200	0.55
9	UOB Kay Hian Pte Ltd	1,125,000	0.32
10	Chiong Su Been	1,115,000	0.32
11	Elavarasu Somasundaram	1,100,000	0.31
12	Loh Tee Yang	1,061,000	0.30
13	Teo Teck Heong	1,035,000	0.30
14	Yeow Tik Hong Alvin	1,011,400	0.29
15	Eng Tiong Heng	912,000	0.26
16	Phillip Securities Pte Ltd	791,500	0.23
17	Ng Yiau Heong	791,000	0.23
18	See Beng Lian Janice	630,000	0.18
19	Buddharaju Srirammaraju	600,000	0.17
20	Yee Lat Shing	600,000	0.17
	Total	315,844,300	90.37

# STATISTICS OF SHAREHOLDINGS

AS AT 14 OCTOBER 2016

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 14 October 2016)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Teo Hock Chwee	164,900,000	47.18	130,000,000	37.20

### Note:

Mr Teo Hock Chwee's deemed interest in T T J Holdings Limited arises from the shares held in his securities accounts with sub-depository agents as his nominees.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of T T J Holdings Limited will be held at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 on 30 November 2016 at 2.30 p.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the reporting year ended 31 July 2016 together with the Statement by Directors and the Auditors' Report. **(Resolution 1)**
2. To declare a first and final dividend of 1.7 Singapore cent per ordinary share (tax exempt one-tier) for the reporting year ended 31 July 2016. **(Resolution 2)**
3. To re-appoint Mr Leong Yee Yew who is retiring under the resolution passed at the Annual General Meeting of the Company held on 27 November 2015 pursuant to Section 153(6) of the Companies Act, Cap. 50 (which was then in force). **(Resolution 3)**  
  
*[See Explanatory Note (i)]*
4. To re-elect Mr Ling Chien Yien who is retiring pursuant to Article 90 of the Constitution of the Company. **(Resolution 4)**  
  
*[See Explanatory Note (ii)]*
5. To approve the payment of Directors' fees of S\$147,000 to the Directors of the Company for the reporting year ending 31 July 2017. **(Resolution 5)**
6. To re-appoint Messrs RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other business that may be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

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

"Resolved that

- (a) pursuant to Section 161 of the Companies Act, Cap. 50 (the "Act") and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the Company at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares and convertibles securities to be issued pursuant to this Resolution does not exceed more than 50% of the total number of issued shares (excluding treasury shares), of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders must be not more than 20% of the total number of issued shares (excluding treasury shares);



# NOTICE OF ANNUAL GENERAL MEETING

- (b) for the purpose of determining the aggregate number of shares that may be issued under (a) above, the percentage of issued share capital is based on the issued share capital of the Company (excluding treasury shares) at the time of the passing of this Resolution after adjusting for:
- (i) new shares arising from the conversion or exercise of convertible securities;
  - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares; and
- (c) unless revoked or varied by the Company in general meeting, such authority shall 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 the earlier.”

**(Resolution 7)**

*[See Explanatory Note (iii)]*

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

“That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, (the “Companies Act”), the exercise by the Directors of all powers of the Company to purchase or otherwise acquire Shares, not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) market purchase(s) (each a “Market Purchase”) transacted on the SGX-ST through the ready market or as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through 1 or more duly licensed stockbrokers appointed by the Company for the purpose; or
  - (ii) off-market purchase(s) (each an “Off-Market Purchase”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “Share Purchase Mandate”);

# NOTICE OF ANNUAL GENERAL MEETING

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next Annual General Meeting of the Company is held; or
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held;

(c) in this Resolution:

**"Prescribed Limit"** means 10% of the number of issued Shares as at the date of passing of this Resolution; and

**"Maximum Price"** in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 115% of the Average Closing Price of the Shares;

where:

**"Average Closing Price"** means the average of the closing market prices of a Share over the last five market days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

**"date of the making of the offer"** means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors and each of them be and are hereby authorised to deal with the shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as they think fit, which is allowable under the Companies Act.
- (e) the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they or he may consider necessary, desirable or expedient to give effect to the transactions contemplated by this Resolution."

**(Resolution 8)**

*[See Explanatory Note (iv)]*

# NOTICE OF ANNUAL GENERAL MEETING

10. To consider and, if thought fit, to pass the following resolution as a Special Resolution, with or without modifications:

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

**(Resolution 9)**

*[See Explanatory Note (v)]*

## By Order of the Board

Tan Swee Gek  
Company Secretary

3 November 2016

## Explanatory Note:

- (i) The effect of Ordinary Resolution 3 proposed in item 3 above, is to re-appoint as a Director of the Company Mr Leong Yee Yew who is over 70 years of age and who is retiring under the resolution passed at the Annual General Meeting of the Company held on 27 November 2015 pursuant to Section 153(6) of the Companies Act, Cap. 50 (which was then in force), such resolution which only permitted the re-appointment of the Director to hold office until this Annual General Meeting. If passed, Ordinary Resolution 3 will authorise the continuation of the Director in office from the date of this Annual General Meeting onwards without limitation in tenure, subject to any prevailing applicable laws, including listing rules and the Company's Constitution.

Mr Leong Yee Yew, upon re-appointment, will remain as an Independent Director, the Chairman of the Remuneration Committee, a member of the Audit Committee, a member of the Nominating Committee, and will be considered independent of the Management.

- (ii) Mr Ling Chien Yien, upon re-election, will remain as an Independent Director, the Chairman of the Nominating Committee, a member of the Audit Committee, a member of the Remuneration Committee, and will be considered independent of the Management.

- (iii) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company up to an amount not exceeding, in total, 50% of the issued share capital of the Company (excluding treasury shares); at the time of passing of this resolution, of which up to 20% may be issued other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares which may be issued, the percentage of share capital shall be based on the Company's issued share capital (excluding treasury shares) at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of convertible securities, (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed and (c) any subsequent consolidation or subdivision of shares.

- (iv) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10 per cent. of the total number of issued Shares excluding any Shares which are held as treasury shares by the Company, at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Letter to Shareholders dated 3 November 2016.

# NOTICE OF ANNUAL GENERAL MEETING

- (v) The Special Resolution 9 proposed in item 10 above is to adopt a new Constitution following the wide-ranging changes to the Companies Act, Cap. 50 (the "Companies Act") introduced pursuant to the Companies (Amendment) Act 2014 (the "Amendment Act"). The new Constitution will replace the Company's existing Constitution (the memorandum and articles of association of the Company which were in force immediately before 3 January 2016) and, inter alia, incorporate amendments to take into account the changes to the Companies Act introduced pursuant to the Amendment Act. Please refer to the Letter to Shareholders dated 3 November 2016 for more details.

## Notes:

- 1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- 2)
  - (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint one (1) or two (2) proxies to attend, speak, and vote on his behalf at the Annual General Meeting. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.
  - (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two (2) proxies to attend, speak, and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

The instrument appointing a proxy or proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 57 Pioneer Road, Singapore 628508 not less than 48 hours before the time appointed for holding the Annual General Meeting.

A depositor shall not be regarded as a member of a Company entitled to attend, speak, and vote at the Annual General Meeting unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) 72 hours before the time fixed for the Annual General Meeting.

## Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or 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 proxy(ies) and/or representative(s) 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.

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**IMPORTANT:**

1. For Investors who have used their CPF monies to buy ordinary shares in the capital of T T J Holdings Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees.
2. This Proxy Form is not valid for use by such CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.
4. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two (2) proxies to attend, speak, and vote at the Meeting.

**PROXY FORM**  
**Annual General Meeting**

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of T T J Holdings Limited (the "Company") hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of my/our shareholding	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of my/our shareholding	
			No. of shares	%

failing which, the Chairman of the Annual General Meeting (the "Meeting"), as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Meeting, to be held at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 on 30 November 2016 at 2.30 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 Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions Relating To:	For	Against
	<b>Ordinary Business</b>		
1.	Adoption of Statement by Directors and Audited Financial Statements for reporting year ended 31 July 2016		
2.	To declare a final dividend of 1.7 Singapore cent per ordinary share (tax exempt one-tier) for the reporting year ended 31 July 2016		
3.	Re-appointment of Mr Leong Yee Yew as Director		
4.	Re-election of Mr Ling Chien Yien as Director		
5.	Approval of Directors' Fees for the reporting year ending 31 July 2017		
6.	Re-appointment of Messrs RSM Chio Lim LLP as Auditors		
	<b>Special Business</b>		
7.	Authority to allot and issue new shares		
8.	Renewal of Share Purchase Mandate		
9.	Adoption of new Constitution		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

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

<b>Total number of Shares held</b>

 \_\_\_\_\_  
 Signature of Member(s) or Common Seal

**Important: Please read notes overleaf**




## 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), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2.
  - (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint one (1) or two (2) proxies to attend, speak, and vote on his behalf at the Meeting. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.
  - (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two (2) proxies to attend, speak, and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's Proxy Form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 57 Pioneer Road, Singapore 628508 at least 48 hours before the time of the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of 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.
6. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A corporation which 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.
7. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.
8. The Company shall be entitled to reject a Proxy Form 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 Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

## Personal Data Privacy:

By attending the Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.



# **TTJ HOLDINGS LIMITED**



Company Registration No.: 199204617M  
(Incorporated in the Republic of Singapore)

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