



COLEX
HOLDINGS LTD

ANNUAL REPORT 2018

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

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

The contact person for the Sponsor is Ms Ling Yuet Shan, Manager, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

CORPORATE PROFILE

Colex Holdings Limited (“Colex”), a 47-year veteran in the waste management industries in Singapore that has pioneered many innovative value-added services which include the fully mechanised waste disposal vehicles and portable waste compactors used in the industry today, was listed on the SESDAQ (now known as Catalist) in April 1999.

Colex attained its ISO 9001:2000 Quality Management System certification in February 2003, which was converted to ISO 9001:2008 in March 2010 and to ISO 9001:2015 in September 2018. The ISO 14001:2004 Environmental Management System certification in May 2010 was converted to ISO 14001:2015 in September 2018 and Bizsafe Level 3 was attained March 2008.

Colex specialises in waste disposal and recycling for a wide portfolio of clients including commercial offices, shopping complexes, food courts, cineplexes, residential buildings and warehouses.

Colex’s unwavering focus on quality and service has resulted in it being awarded by the National Environment Agency (“NEA”), the 5-year Bedok sector municipal waste collection contract in 1999. This was followed by the 7-year Jurong sector municipal waste collection contract which commenced on 1 April 2006.

On 23 November 2012, Colex was awarded a second term 7-year contract for the Jurong sector by the NEA which commenced on 1 April 2013.

In 1999, Colex acquired Integrated Property Management Pte Ltd (“IPM”) and with this acquisition, Colex’s activities were extended to include contract cleaning of commercial, industrial and residential buildings.

On 1 April 2013, the waste disposal segment has been reorganised under Colex Environmental Pte Ltd (“CEPL”), a wholly owned subsidiary of Colex. CEPL’s principal activity is to provide waste management and recycling services to the industrial and commercial segments and disposal and recycling of public waste licensed by NEA. Colex then became the investment and holding company.

On 2 December 2014, CEPL installed the Material Recovery Facility to sort out recyclable items from the municipal waste collection and the industrial and commercial waste business.

Providing customers with quality and value-added services remains Colex’s key guiding principle and strategy in maintaining competitiveness. Where new market opportunities arise, the Group will forge strategic alliances and business relationships with other members of the industry and NEA for greater growth.



CHAIRMAN'S STATEMENT



FINANCIAL REVIEW

Group revenue for the financial year ended 31 December 2018 ("FY2018") decreased by 1.1% to S\$69.301 million from S\$70.056 million for the financial year ended 31 December 2017 ("FY2017"). Revenue from the waste disposal segment increased by 3.9% to S\$37.407 million in FY2018 from S\$35.990 million in FY2017. The increase was mainly due to successful renewal of existing contracts and new contracts secured. Revenue from the contract cleaning segment decreased by 6.4% to S\$31.894 million in FY2018 from S\$34.066 million in FY2017. The decrease was mainly due to the completion of some existing contracts.

The Group's operating profit before tax for FY2018 decreased by 27.4% to S\$3.883 million from S\$5.349 million in FY2017. The decrease in profit was mainly due to the decrease in revenue and other income, an increase in depreciation charges and other operating expenses. This was offset by the lower costs of inventories and consumables used and lower staff costs. Operating profit before tax for the waste disposal segment for FY2018 decreased by 54.2% to S\$0.485 million from S\$1.059 million in FY2017 million mainly due to the increase in other operating expenses and depreciation charges, partially offset by the higher revenue and other income and a decrease in staff costs

for wage-related reasons. Operating profit before tax for the contract cleaning segment for FY2018 decreased by 20.6% to S\$3.620 million from S\$4.558 million in FY2017 mainly due to lower revenue and lower other income, partially offset by the decrease in cost of inventories and consumables used, staff costs and other operating expenses.

Earnings per share decreased from 3.55 Singapore cents in FY2017 to 2.44 Singapore cents in FY2018. The net tangible assets per share increased from 29.05 Singapore cents as at 31 December 2017 to 31.10 Singapore cents as at 31 December 2018.

OPERATIONS HIGHLIGHTS

The very competitive market environment has impacted the overall profitability of the Group for FY2018. Competition on pricing for new sales and renewal of contracts was the main key factor that has eroded the margins and also resulted in some loss of existing contracts. Despite all these challenges, the Group was able to secure new contracts but with lower profit margins and contracts were renewed at lower rates to grow and retain our market shares respectively. Consistency of delivering quality customer service together with flexibility and adaptability of our sales and operations staff has greatly improved our



business relationship with our existing customers whom has continued to engage our services resulting in growing our market shares. The gradual rise in oil price throughout FY2018 and the reduction in Government grant has also affected the overall profitability.

Recruiting locals for our daily operations continued to remain a daunting task. We managed to review our work processes periodically and equipped our workforce with better work knowledge to boost productivity and developed a culture where our efficient manpower are the factors behind the success of our Group.

Recycling rates continued to increase marginally as the recycling culture has yet to be nurtured. The Material Recovery Facilities continued to show gradual improvement to the contribution to the overall profitability.

DIVIDEND

The Board of Directors is pleased to recommend a tax-exempt (one-tier) first and final dividend of 0.50 Singapore cents per ordinary share for FY2018, amounting to total dividend for FY2018 of S\$0.663 million. The proposed first and final dividend, if approved by shareholders at the Company's forthcoming Annual General Meeting on 26 April 2019, will be paid on 17 May 2019.

OUTLOOK

Year 2019 will remain challenging due to the uncertainties of the global economic outlook and this will invariably impact our local market conditions. We will strive to achieve greater heights and continue to deliver outstanding values to our customers by harnessing new technologies and innovation and develop human capital. Our main focus is to stay competitive to ensure growth, viability and sustainability of the business in the long run. This can be achieved by our dynamic and committed management team to bring the company forward.

ACKNOWLEDGEMENT

On behalf of the Board of directors, I would like to express our appreciation to our clients, suppliers and shareholders for their continuous support and to our employees for their unstinting contributions.

HENRY NGO

Chairman

OPERATIONS REVIEW



We continued to intensify our sales effort to secure new accounts with positive contributions and also to align all renewal of contracts in tandem with all the increase in operating costs. By being prudent in controlling our operating expenses and to increase productivity and efficiency in our operations, we managed to maintain our competitive edge. Although operating in a very competitive pricing environment, our sales and operations staff worked relentlessly to deliver quality customer service to gain customer's confidence and trust to increase our market shares although the overall profitability has decreased compared to previous years.

The Cleaning division was again awarded the Clean Mark (Silver) by National Environment Agency under its enhanced Clean Mark accreditation scheme. The scheme recognises companies that deliver high standards of cleaning through the training of workers, use of equipment to improve work processes, and fair employment practices which include the adoption

of Progressive Wage Model (PWM) for the cleaning industry.

THE TEAM

Continuous training of our staff to equip them with the relevant work knowledge and skill upgrading has enabled the Group to provide value added and quality service to satisfy our customers in order to retain their loyalty. Staff are trained on the latest state of the art equipment and smart systems and to keep abreast of the latest technology available in the market. Self-renewal of staff by attending courses and seminars is also key in building a dynamic workforce that will also help the Group to stay competitive.

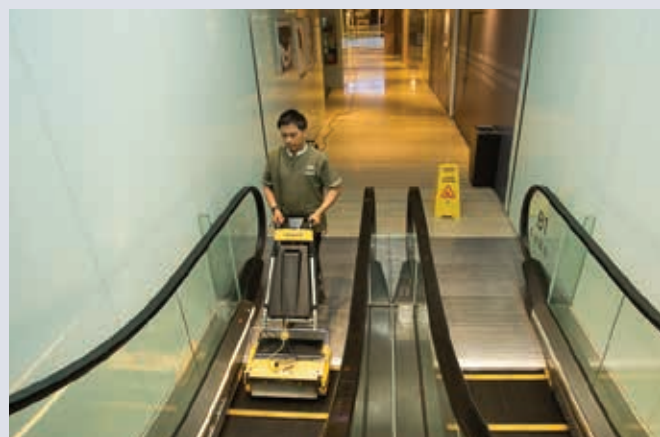
MOVING AHEAD

The market will continue to be very competitive and it is inevitable that the Group will have to operate in a very difficult environment. Therefore, the Group will have to strategize on its business plan on the optimum

operating costs, efficiency and continuous staff training to meet these challenges and to remain profitable by retaining its market shares in the competitive environment.

The current Jurong sector contract for public waste collection and recycling will expire on 31 March 2020. The National Environment Agency (NEA) will call for this Jurong sector tender sometimes in the second quarter of year 2019. Colex Environmental Pte Ltd has been prequalified and will participate in the tender.

The Cleaning division will continue to remain challenging in year 2019. With the implementation of the revised Progressive Wage Model (PWM) in the cleaning industry, cleaners' basic pay set to go up by \$200 in the 3 years starting 1 July 2017. \$60 increment was effected in July 2017 and July 2018 respectively and \$80 increment will take effect in July 2019. The rise in basic pay of cleaners under changes made to the industry's PWM will have a great impact on the operating cost and



profitability of the Group in year 2019. With stiff price competition and economic uncertainties ahead, any contract price increase to offset these rising labour cost may be curtailed by the service buyers.

The Group will not only continue to look for new opportunities to complement its existing business but to strengthen its existing business to bring the Group to the next level of growth.





CORPORATE DATA

COMPANY REGISTRATION NUMBER

197101485G

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PRINCIPAL PLACE OF BUSINESS

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Singapore 637083

Tel: +65 6268 7711

Fax: +65 6264 1219

Email: wastemgt@colex.com.sg

DIRECTORS

Henry Ngo (Chairman)

Desmond Chan Kwan Ling

Fong Heng Boo

Lim Hock Beng

AUDIT COMMITTEE

Fong Heng Boo (Chairman)

Lim Hock Beng

Henry Ngo

NOMINATING COMMITTEE

Fong Heng Boo (Chairman)

Lim Hock Beng

Henry Ngo

REMUNERATION COMMITTEE

Lim Hock Beng (Chairman)

Fong Heng Boo

Henry Ngo

SECRETARY

Foo Soon Soo

REGISTRAR

KCK CorpServe Pte. Ltd.

333 North Bridge Road #08-00

KH KEA Building

Singapore 188721

PRINCIPAL BANKERS

DBS Bank Ltd

Oversea-Chinese Banking Corporation Limited

RHB Bank Berhad

United Overseas Bank Ltd

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

7 Straits View, Marina One

East Tower, Level 12

Singapore 018936

Partner-in-charge: Magdelene Chua

(Appointed in financial year 2017)

FINANCIAL HIGHLIGHTS

	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
REVENUE	69,301	70,056	69,877	66,060	58,707
PROFIT BEFORE TAXATION	3,883	5,349	7,264	6,711	4,814
PROFIT AFTER TAXATION	3,231	4,700	6,382	5,905	4,257
GROSS DIVIDEND PER SHARE (SINGAPORE CENTS)	0.50	0.55	1.10	0.55	0.50
EARNINGS PER SHARE (SINGAPORE CENTS) AFTER TAX	2.44	3.55	4.82	4.46	3.21
DILUTED EARNINGS PER SHARE (SINGAPORE CENTS) AFTER TAX	2.44	3.55	4.82	4.46	3.21
NET TANGIBLE ASSETS PER SHARE (SINGAPORE CENTS)	31.10	29.05	26.61	22.34	18.38
DIVIDEND COVER (TIMES)	4.88	6.45	4.38	8.10	6.42
FIXED ASSETS	18,934	18,932	19,214	20,262	21,087
NET CURRENT ASSETS	24,866	21,433	17,935	11,555	6,844
SHAREHOLDERS' FUND	41,215	38,501	35,259	29,606	24,364



PROFILE OF DIRECTORS

MR HENRY NGO

Mr Ngo has been the Chairman of Colex since 1983 when Colex became a subsidiary of Bonvests Holdings Limited (“Bonvests”). He is also the Chairman and Managing Director of Bonvests, a company listed on the SGX-ST. Under Mr Ngo’s leadership, Bonvests diversified into property development, waste management, ownership and operation of hotels.

MR DESMOND CHAN KWAN LING

Mr Chan is a Director of Colex and oversees all key matters of the waste management division. He is responsible for providing strategic business planning to the operations team and working closely with the Group’s subsidiaries to carry out the Group’s financial reporting functions. Mr Chan joined Colex as a General Manager in 1999 and took charge of the full spectrum of activities in the waste disposal and recycling operations. Following a re-organisation of the Group’s waste management division currently carried out under Colex Environmental Pte Ltd (“CEPL”), a wholly owned subsidiary of Colex, Mr Chan was appointed as Director of CEPL and re-designated as General Manager, CEPL on 7 September 2012. His years of experience span across the automotive and transportation industries with Singapore Power Ltd as Head, Transport before joining Colex. He holds a Bachelor of Science (Hons) in Mechanical Engineering and a Master of Science from the University of Birmingham, United Kingdom. He is a member of the Singapore Institute of Directors.

MR FONG HENG BOO

Mr Fong has been an Independent Director of Colex since March 1999. He was with the Auditor-General’s Office (AGO), Singapore between 1975 and 1993. He was holding the appointment of Assistant Auditor-General when he left the AGO. Prior to his retirement in 2014, Mr Fong was the Director (Special Duties) at the Singapore Totalisator Board as the Head of Finance and Investment functions. Mr Fong has over 45 years of experience in auditing, finance, business development and corporate governance. Mr Fong graduated in 1973 from the University of Singapore (now known as the National University of Singapore) with a Bachelor’s Degree in Accountancy (Honours). He also serves as an Independent Director of three other listed companies in Singapore.

MR LIM HOCK BENG

Mr Lim has been an Independent Director of Colex since March 1999. Since 1996, he has been the Managing Director of Aries Investments Pte Ltd, an investment holding company with its principle interests in investing in quoted securities and properties. Prior to that, he founded Lim Associates (Pte) Ltd (now known as Boardroom Corporate & Advisory Services Pte Ltd) in 1968 and was its Managing Director for 27 years until his retirement in 1995. He has more than 30 years of experience and knowledge in corporate secretarial work, which included advising listed companies on compliance with the Listing Rules of the SGX-ST. He holds a Diploma in Management Accounting & Finance from the National Productivity Board and is a Fellow member of the Singapore Institute of Directors. He currently serves as an Independent Director of two other public listed companies in Singapore.

PROFILE OF KEY EXECUTIVES

MR DING CHEK LEH

Mr Ding is the General Manager in charge of the operations of Integrated Property Management Pte Ltd ("IPM"), a subsidiary of Colex. IPM business is in contract cleaning of commercial, residential and industrial buildings. He worked with the Housing Development Board of Singapore for three years as an Estate Officer before joining IPM in July 1987 as its Operations Manager. Mr Ding was promoted to Senior Operations Manager in April 1989 and subsequently to General Manager in September 1990. He holds an honours degree in Bachelor of Engineering from the University of Canterbury (New Zealand).

MR LIAU KHIN SIONG

Mr Liau was appointed as the Assistant General Manager of Colex on 1 December 2012, assisting the Director in overseeing the day-to-day operations in the waste disposal operations. Mr Liau joined Colex in 2002 as Workshop Manager and was promoted to Senior Manager in August 2005, responsible for the repair and maintenance of all the waste disposal trucks, commercial vehicles and workshop equipment used in the waste disposal business. Prior to joining Colex, he was the Workshop Manager of one of the waste disposal companies, in charge of a fleet of waste disposal vehicles and equipment. He holds a degree in Master of Business Administration from Brunel University.

MR ANTONY CHEN

Mr Chen is the Senior Manager in charge of the marketing and sales services of IPM. He is also involved in the day-to-day operations of work sites such as manpower recruitment and payroll, customer relations, quality control and audit. Mr Chen has worked in IPM since 1987 when he joined as a Business Development Executive. He was promoted to the post of Senior Manager in 1995.

MS NG SIEW GEK

Ms Ng has been the Finance Manager of Colex since September 2009. She joined Colex in 1992 as an Accounts Assistant and was promoted to Deputy Finance Manager in 2008. In October 2015, she was re-designated as Group Finance Manager and responsible for the Group's finance and reporting functions. She holds an honours degree in Bachelor of Arts in Accounting & Finance from the University of Northumbria at Newcastle.

MS GOH GEOK EE

Ms Goh has been the Administration and Human Resource Manager of Colex since June 2000. She joined Colex in 1998 as an Admin Executive and was subsequently promoted to Admin Manager in mid 1998. She holds a degree in Bachelor of Science from the University of New South Wales.

MR HAN HEE GUAN

Mr Han is the Senior Manager of IPM. He joined IPM as Sales Executive in February 2001 and was promoted to Sales Manager in February 2006 and subsequently to Senior Manager in October 2011. He is also involved in the day-to-day operations of work sites such as manpower recruitment, quality control and customer relations.

MR CHEE SANG FOK

Mr Chee joined Colex in September 2002 as an Operations Supervisor. He was promoted to Senior Operations Supervisor in March 2006 and subsequently to Assistant Operations Manager in May 2007. He was promoted to Operations Manager in January 2014. Mr Chee left Colex in June 2016 and rejoined Colex in May 2017 as a Senior Manager (Operations) of Colex. He oversees the Operations and Recycling Department of Colex. He holds a Diploma in Construction Management.



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CORPORATE GOVERNANCE STATEMENT

Colex Holdings Limited (the “Company”) is committed to ensuring and maintaining a high standard of corporate governance within the Company and its subsidiary companies (the “Group”). This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the “Code”), pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (“Catalist Rules”), as well as the disclosure guide developed by the SGX-ST in January 2015. The Company will continue to improve its systems and corporate governance processes in compliance with the Code. There are other sections in this annual report which contain information required by the Code. Hence the report should be read in totality.

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 long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board of Directors (the “Board”) comprises two executives and two independent directors having the appropriate mix of core competencies and diversity of experience to direct and lead the Company. As at the date of this report, the Board comprises the following members:

Mr Henry Ngo (Chairman)
Mr Desmond Chan Kwan Ling (Director)
Mr Fong Heng Boo (Independent Director)
Mr Lim Hock Beng (Independent Director)

The primary role of the Board is to protect and enhance long-term shareholders’ value. It sets the corporate strategies of the Group, sets directions and goals for the Management and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. It establishes 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, supervises the Management and monitors performance of these goals to enhance shareholders’ value. The Board is responsible for the overall corporate governance of the Group.

The Board considers sustainability in formulating its strategies for the Group. As a waste management and cleaning service provider, sustainability is an integral part of the Group’s business strategy, underpinned by the introduction of a Materials Recovery Facility in 2014 to ensure environmental sustainability. To ensure that sustainability is integrated into our decision-making processes, the Group has established a Sustainability Steering Committee that comprises representatives from various divisions. In 2017, a materiality assessment was conducted to determine current material issues affecting our business and stakeholders and the Company issued its first Sustainability Report in November 2018. The Sustainability Report for the current FY2018 will be uploaded on SGXNET and the Company’s website, www.colex.com.sg by 31 May 2019.

CORPORATE GOVERNANCE STATEMENT

Matters specifically reserved for the Board's approval are:

- corporate policies, strategies and objectives of the Company;
- annual budgets;
- half yearly and full year results announcements;
- annual report and accounts;
- major acquisitions, investments and disposal of assets;
- strategic planning;
- transactions or investments involving a conflict of interest for a substantial shareholder or a Director;
- financial restructuring; and
- share issuance, dividends and other returns to shareholders.

The Board has delegated certain matters to specialised committees of the Board, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and Remuneration Committee ("RC") (collectively, the "Board Committees"), to assist in carrying out and discharging its duties and responsibilities efficiently and effectively. The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each Board Committee is also constantly reviewed by the Board. Please refer to Principles 4 to 5, 7 to 9, 11 and 12 on the activities of the NC, RC and AC respectively.

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all Directors for the financial year ended 31 December 2018 ("FY2018"):

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
Henry Ngo	4	4	4	4	1	1	1	1
Desmond Chan Kwan Ling	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Fong Heng Boo	4	4	4	4	1	1	1	1
Lim Hock Beng	4	4	4	4	1	1	1	1

N.A. – Not applicable, as the Director is not a member of the Board Committees.

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion to measure their contributions. It also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.



CORPORATE GOVERNANCE STATEMENT

ORIENTATION, BRIEFINGS, UPDATES AND TRAININGS PROVIDED FOR DIRECTORS IN FY2018

The Company has in place an orientation process for newly appointed Directors to familiarize themselves with the Company's operations and business activities. Incoming directors joining the Board will receive a formal appointment letter setting out their duties and obligations, be briefed by the NC on their directors' duties and obligations and introduced to the Group's business and governance practice and arrangements, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Group, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

The incoming director will meet up with the senior management and the Company Secretary to familiarise himself/herself with their roles, organisation structure and business practices. This will enable him/her to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary.

The Company will also provide training within one year from the date of appointment for newly appointed Directors who have no prior experience as a director of a Singapore public listed company as prescribed by the SGX-ST under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules. The training of Directors will be arranged and funded by the Company.

During FY2018, the Directors had received updates on regulatory changes to the Catalist Rules, amendments to the Companies Act (Chapter 50) of Singapore (the "Companies Act") and changes to the accounting standards. The Directors had also received appropriate training to develop the necessary skills in facilitating the discharge of their duties. Currently, three of the Directors are members of the Singapore Institute of Directors ("SID"). The Directors, through SID and other advisors, keep themselves abreast of relevant new laws and regulations.

Briefings, updates and trainings for Directors in FY2018 include the following:

- The external auditors, briefed the AC members on developments in accounting and governance standards;
- The Company Secretary briefed the Board on the regulatory changes to the Catalist Rules, amendments to the Companies Act and the Code of Corporate Governance 2018;
- The General Managers updated the Board at each Board meeting on business and strategic developments;
- The Management highlighted to the Board the salient issues as well as the risk management considerations which might impact the Group's businesses and/or operations; and
- Three Directors had also attended appropriate courses, conferences and seminars including programmes run by the SID.

Board Composition and Guidance

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

(Note: The term "10% shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.)

CORPORATE GOVERNANCE STATEMENT

As at the date of this report and shown on page 19, the Board comprises four members, two of whom are independent and non-executive. Key information regarding the Directors and their appointments on various Board Committees is also contained therein. All Board Committees are chaired by an Independent Director, with a majority of members being non-executive and independent.

Mr Lim Hock Beng (“Mr Lim”) and Mr Fong Heng Boo (“Mr Fong”) each has confirmed their independence.

In view that Mr Lim and Mr Fong have served on the Board for more than nine years, the NC conducted a review of their independence. Mr Lim and Mr Fong have abstained from the NC and Board review of their independence. In addition to the independence criteria set out in the Code, the NC reviewed if there are any situation of conflict of interest of the Independent Directors which could impair their independence. Mr Lim and Mr Fong each has confirmed that neither he nor any of his immediate family, relatives and associates (“relevant persons”) have any relationship or business dealings with the Company, its substantial shareholders or controlling shareholders and their relevant persons. Notwithstanding that Mr Lim and Mr Fong have served on the Board for more than nine years, the Board is of the view that they have engaged the Board in constructive discussions, their contributions are relevant and reasoned and they have exercised independent judgement without dominating the Board discussions. The Board further recognises that they have developed significant insight in the Group’s business and operations and can contribute to provide significant and valuable contributions as Independent Directors of the Board. Having subject their independence to rigorous review, the NC and the Board considered Mr Lim and Mr Fong still independent notwithstanding their length of appointment.

The following assessments were conducted and deliberated by the Board before the arriving at the conclusion:–

- review of Board and Board Committee meetings minutes to assess questions and voting actions of Mr Lim and Mr Fong; and
- Mr Lim and Mr Fong’s declaration of independence.

The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.

To meet the changing challenges in the industry which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on an annual basis to ensure that the Board dynamics remain optimal.

As there are two Independent Directors on the Board, the requirement of the Code that at least one-third of the Board be comprised of independent directors is satisfied.

Directors must consult both the Chairman of the Board and the NC Chairman prior to accepting new director appointments. Directors must also immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence. This ensures that Directors continually meet the stringent requirements of independence under the Code.

The Board has considered the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group’s operations. The NC is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.



CORPORATE GOVERNANCE STATEMENT

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Core Competencies	Number of Directors	Proportion of Board
– Accounting or finance	2	50%
– Business management	4	100%
– Legal or corporate governance	2	50%
– Relevant industry knowledge or experience	2	50%
– Strategic planning experience	4	100%

Independent Directors constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

Details of the Board members' qualifications and experience are presented in the "Profile of Directors" section and on page 19 of this Annual Report.

Chairman and Chief Executive Officer

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

Mr Henry Ngo is the Chairman. Mr Desmond Chan Kwan Ling, Director of the Company and General Manager of the Company's subsidiary, Colex Environmental Pte Ltd, oversees the day-to-day management of the waste disposal division of the Company. Mr Ding Chek Leh, General Manager of the Company's subsidiary, Integrated Property Management Pte Ltd, oversees the day-to-day management of the contract cleaning division of the Company. Mr Chan and Mr Ding do not have any relationships (including family relationships) with each other, the Chairman, the other Directors, substantial shareholders or controlling shareholders of the Company.

The roles of the Chairman are separate and distinct from the roles of the General Managers, with each having their own areas of responsibilities. The Company believes that a distinctive separation of responsibilities between the Chairman and the General Managers will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman's responsibilities include:

- scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;
- preparing meeting agenda (in consultation with the General Managers);
- assisting in ensuring the Company's compliance with the Code;
- ensuring that Board meetings are held when necessary;
- reviewing most board papers before they are presented to the Board;

CORPORATE GOVERNANCE STATEMENT

- encouraging constructive relations between the Board and Management;
- facilitating the effective contribution of non-executive directors in particular;
- encouraging constructive relations between executive directors and non-executive directors; and
- promoting high standards of corporate governance.

In assuming his roles and responsibilities, Mr Henry Ngo consults with the Board, AC, NC and RC on major issues and as such, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

Both the General Managers are responsible for the day-to-day management of the affairs of the Group's businesses comprising the waste disposal and cleaning divisions. Both report directly to the Chairman and update the Chairman on the performance of the Group during regular meetings, and ensure that policies and strategies adopted by the Board are implemented.

The Chairman is non-independent and part of the management team. Pursuant to Guideline 2.2 of the Code, the Independent Directors should make up at least half of the Board. Pursuant to Guideline 3.3 of the Code, the Company would be required to appoint a Lead Independent Director.

The Board concurs with the NC that as the Board is small with only 4 members currently of whom two are Independent Directors, there would not be a need for a Lead Independent Director. Both the Independent Directors individually and collectively are and have been available to shareholders as a channel of communication between shareholders and the Board or Management.

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 Fong Heng Boo, Mr Lim Hock Beng and Mr Henry Ngo, the majority of whom, including the Chairman, are independent. The Chairman of the NC is Mr Fong Heng Boo, who is an Independent Non-Executive Director.

The NC functions under the terms of reference which sets out its responsibilities:

- to review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of directors;
- to recommend to the Board on all board appointments, re-appointments and re-nominations;
- to review the independence of the Independent Directors annually, and as and when circumstances require, in accordance with the guidelines set out in the Code;
- to assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board;
- review of board succession plans for directors; and
- review of training and professional development programs for the Board.

The NC will conduct an annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. The NC is charged with the responsibility of re-nominations, having regard to the Director's contributions and performance (e.g. attendance, preparedness, participation and candour including, if applicable, as an Independent Director). In addition, it may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board. The NC may recommend the appointment of a new director to fill a casual vacancy in the Board.

CORPORATE GOVERNANCE STATEMENT

MULTIPLE BOARD REPRESENTATIONS

The NC had considered and is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities. It is for each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively. Notwithstanding, the NC will decide if a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, taking into consideration the number of listed board representations and other principal commitments (if any) as defined in the Code.

Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention has been given to the Group by these Directors.

The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:–

- Declarations by individual Directors of their other listed company board directorships and principal commitments; and
- Assessment of the individual Directors' performance based on the criteria under Principle 5 of this report.

SELECTION, APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has in place a policy and procedures for the appointment of new directors, including description on the search and nomination process. The search for a suitable candidate could be drawn from contacts and the network of existing Directors. The NC can approach relevant institutions such as the SID, professional organisations or business federations to source for a suitable candidate.

The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include among other things, whether the new director can add to or complement the mix of skills and qualifications in the existing Board, relevance of his/her experience and contributions to the business of the Company and the depth and breadth he/she could bring to Board discussions.

New directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board.

The Company currently does not have any alternate directors. Alternate directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age related concerns as well as Management succession plans.

The Constitution of the Company requires one-third of the Board (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) to retire from office at each AGM. Rule 720(4) of the Catalist Rules also require all directors to submit themselves for re-nomination and re-appointment at least once every three years. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

CORPORATE GOVERNANCE STATEMENT

Mr Lim Hock Beng and Mr Fong Heng Boo will retire by rotation pursuant to Regulation 104 of the Constitution at the forthcoming AGM and being eligible have consented to stand for re-election. The NC has recommended to the Board, the re-election of Mr Lim and Mr Fong. In making its recommendation the NC has taken into consideration the contribution and performance of Mr Lim and Mr Fong. The Board has accepted the NC's recommendation. Mr Lim and Mr Fong have abstained from the deliberation of the NC and the Board in respect of their respective nomination for re-election as Director.

The information required under Catalist Rule 720(5) for the Directors to be re-elected at the forthcoming AGM are set out in the "Director's Information" section of this annual report.

Particulars of Directors pursuant to the Code:

<u>Name of Director</u>	<u>Professional Membership/Qualifications</u>	<u>Board Appointment Executive/Non-Executive</u>	<u>Board Committees as Chairman or Member</u>	<u>Date of first appointment as Director</u>	<u>Date of last re-election/re-appointment</u>	<u>Directorship/Chairmanship in other listed companies in Singapore (present and held over preceding 3 years)</u>	<u>Other Principal Commitments</u>
Mr Henry Ngo	Member of Singapore Institute of Directors	Chairman and Executive	Member: Audit Committee Nominating Committee Remuneration Committee	03.11.1983	18.04.2017	Bonvests Holdings Limited	Chairman/ Managing Director of Bonvests Holdings Limited
Mr Desmond Chan Kwan Ling	Bachelor of Engineering (Honours) and Master of Science Member of Singapore Institute of Directors	Executive	–	07.09.2012	18.04.2018	–	General Manager of Colex Environmental Private Limited
Mr Fong Heng Boo	Bachelor of Accountancy (Honours)	Independent Non-Executive	Chairman: Audit Committee Nominating Committee Member: Remuneration Committee	26.03.1999	18.04.2016	Capital Retail China Trust Management Limited Sapphire Corporation Ltd TA Corporation Ltd	Independent Director of Asian American Medical Group Ltd (listed in ASX) Advance SCT Corporation Sheng Ye Capital Ltd and board representation in non-listed companies
Mr Lim Hock Beng	Member of Singapore Institute of Directors	Independent Non-Executive	Chairman: Remuneration Committee Member: Audit Committee Nominating Committee	26.03.1999	18.04.2016	Huan Hsin Holdings Limited GP Industries Limited	Board representation in a non-listed company



CORPORATE GOVERNANCE STATEMENT

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 each director to the effectiveness of the Board.

The NC examines the Board's size to satisfy that it is appropriate for effective decision-making, taking into account the nature and scope of the Group's operations.

The NC will review and evaluate the performance of the Board as a whole and its Board Committees, taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contribution of each Director to the effectiveness of the Board.

In evaluating the Board's performance, the NC implements an assessment process that requires each Director to submit an assessment form of the performance of the Board as a whole during the financial year under review. This assessment process takes into account, inter alia, performance indicators such as the Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with Management and standard of conduct. The results of the assessment exercise were reviewed by the Board and the NC also considered the contribution by each director towards the achievement of the Board for each of the performance indicator. No external facilitator was used in the evaluation process.

The contribution of each individual Director to the effectiveness of the Board is assessed individually and reviewed by the NC Chairman. The assessment criteria include, inter alia, commitment of time, knowledge and abilities, teamwork and overall effectiveness.

The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.

The NC did not propose any changes to the performance criteria for FY2018 as compared to the previous financial year as the economic climate, Board composition and the Group's principal business activities remained substantially the same.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, and the individual Directors' performance, for FY2018 and is of the view that the performance of the Board as a whole, the Board Committees and each individual Director, has been satisfactory and the Board has met its performance objectives.

Access To Information

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

All Directors are from time to time furnished with complete, adequate and timely information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's Management.

Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings on a timely basis prior to the meetings to allow sufficient time for the Directors' review.

CORPORATE GOVERNANCE STATEMENT

Management will also on best endeavours, encrypt documents which bear material price sensitive information when circulating documents electronically.

The Board has unrestricted access to the Company's records and information and the Board has separate and independent access to the Company Secretary and to Management of the Company and of the Group at all times in carrying out their duties.

Management or external consultants engaged on specific projects are available to provide explanatory information in the form of briefings or formal presentations to the Directors in attendance at Board meetings.

The Company Secretary attends all Board meetings and meetings of Board Committees and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board and Board Committees' meetings are circulated to the Board. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees and between Management and Independent Directors, as well as facilitates orientation and assists with professional development as required. The appointment and the removal of the Company Secretary rest with the Board as a whole. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as a Director.

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 or her own remuneration.

The RC comprises Mr Lim Hock Beng, Mr Fong Heng Boo and Mr Henry Ngo, the majority of whom, including its Chairman, are independent. The Chairman of the RC is Mr Lim Hock Beng, who is an Independent Non-Executive Director. The Independent Directors believe that the RC benefits from the experiences and expertise of Mr Henry Ngo. The Independent Directors are of the view that retaining an RC member who is also in an executive position is essential and will foster constructive discussions in proposing the executives' remuneration to the Board. The observation of Mr Henry Ngo who has better understanding of the job duties of executives is valuable to ensure that the remuneration packages commensurate with the job scope and level of responsibilities of each of the executives. Retaining an RC member who is also in an executive position will not lead to a conflict of interest or impede the independence of the RC as no Director or member of the RC is allowed to participate in the deliberation, and has to abstain from voting on any resolution, relating to his own remuneration or that of employees related to him.

The RC recommends to the Board a Directors' fee framework for the Independent Directors who do not receive any other remuneration. The Executive Directors do not receive any Directors' fees. The Chairman does not receive any remuneration from the Group. The RC reviews the specific remuneration packages of Mr Chan and Mr Ding in their capacity as General Managers. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind, will be covered by the RC.

The recommendation of the RC will be submitted for endorsement by the Board. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package.



CORPORATE GOVERNANCE STATEMENT

The RC functions under the terms of reference which sets out its responsibilities:

- to recommend to the Board a framework for remuneration for the Directors of the Company;
- to review the specific remuneration packages for each General Manager; and
- to review the appropriateness of compensation for Independent Directors.

The recommendations of the RC will be submitted to the Board for endorsement. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. No remuneration consultants were engaged by the Company in FY2018.

Level and Mix of Remuneration

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

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The level and structure of remuneration is aligned with the long-term interest and risk policies of the Company, and the RC is of the view that it is 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, while not paying more than necessary for this purpose.

The Company has adopted a performance-related remuneration scheme for the General Managers to ensure the competitiveness of their remuneration packages. The General Managers are paid a fixed monthly salary and incentive bonus based on their operating unit performance and their individual performance. For key management personnel, they are paid a fixed monthly salary and variable bonus based on their operating unit performance. The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and Management of the required experience and expertise. The performance conditions were met in FY2018.

The Company has entered into service contracts with its General Managers. The service contracts cover the terms of employment, salaries and other benefits.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the General Managers and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the operating unit performance (and not on forward-looking results) as well as individual performance, "claw-back" provisions in the service agreements may not be relevant or appropriate.

Independent Directors have no service contracts with the Group. The Board has also recommended a fixed directors' fee for Independent Directors, taking into account the effort, time spent and responsibilities of each Independent Director. The RC will recommend the quantum of directors' fees for each financial year to the Board for endorsement, before seeking shareholders' approval at each AGM.

The RC has reviewed the fee structure for Independent Directors as being reflective of their responsibilities and work commitments and recommends the directors' fee for FY2018 in accordance with the fee structure for shareholders' approval at the Company's AGM.

CORPORATE GOVERNANCE STATEMENT

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 breakdown of the level and mix of remuneration of the Directors of the Company in bands of S\$250,000 for FY2018 is set out below.

	Salary	Bonus	Directors' Fees	Allowances and Other Benefits	Total Compensation
DIRECTORS					
Below S\$250,000					
Desmond Chan Kwan Ling	79%	13%	–	8%	100%
Henry Ngo	–	–	–	–	–
Fong Heng Boo	–	–	100%	–	–
Lim Hock Beng	–	–	100%	–	–

In view of the competitiveness of the industry for key talent, the Company is of the view that it is in the best interests of the Group not to disclose the exact remuneration of the Directors.

Key Management Personnel (who are not Directors)

	Mix of Remuneration			
	Salary	Bonus	Others	Total
Above S\$250,000				
Executive 1	41%	49%	10%	100%
Below S\$250,000				
Executive 2	83%	7%	10%	100%
Executive 3	71%	16%	13%	100%
Executive 4	90%	8%	2%	100%
Executive 5	90%	8%	2%	100%
Executive 6	56%	21%	23%	100%
Executive 7	82%	7%	11%	100%



CORPORATE GOVERNANCE STATEMENT

The remuneration of the top seven key management personnel (who are not Directors) was shown on a “no name” basis on concern over poaching of these key management personnel by competitors.

The total remuneration paid to the top seven key management personnel was S\$1,156,319 for FY2018.

There are no retirement, termination and post-employment benefits granted to the Directors and the key management personnel.

Immediate Family Member of Directors (including the General Managers)

The Company does not have any employee who is an immediate family member of a Director (including the General Managers) whose remuneration exceeded S\$50,000 during FY2018.

Share Incentive Scheme

The Company does not have any share option or other share incentive schemes.

Accountability and Audit Accountability

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

Undertaking by the Board and Executive Officers in compliance with Catalist Rules

The Board is accountable to the shareholders and is mindful of its obligations to ensure compliance with the Catalist Rules. The Directors and Executive Officers have each signed the respective undertaking in the form set out in Appendix 7H of the Catalist Rules to undertake to use their best endeavours to comply with the Catalist Rules and to procure that the Company shall so comply.

In compliance with the Catalist Rules, the Board ensures timely information and full disclosure of material information to shareholders.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within prescribed periods by the relevant regulations.

The Management currently provides the Board with management accounts which presents a balanced and understandable assessment of the Group’s performance, position and prospects on a quarterly basis and as and when deemed necessary.

Risk Management and Internal Controls

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

The Company maintains a system of internal controls for all companies within the Group. The internal controls are meant to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguarded, operational controls are in place, business risks are suitably protected and proper accounting records are maintained.

CORPORATE GOVERNANCE STATEMENT

With the assistance of the internal auditors and through the AC, the Board reviews the effectiveness of the key internal controls at least annually and on an on-going basis, provides its perspective on management control and ensures that the necessary corrective and preventive actions are taken on a timely basis. There are formal procedures in place for both the internal and external auditors to report independently, conclusions and recommendations on the Group's internal controls to Management and to the AC.

The Company's systems of internal controls have a key role in the identification and management of risks that are significant to the achievement of its business objectives. The process of business risk management has been integrated throughout the Group in its business planning and monitoring processes. The results are reviewed by Management on a continuous basis. The overall risk management process and results will be reviewed by the Board. In addition, comprehensive exercises to assess the risk of each of the business division were conducted by the internal auditors with the participation from the Board and Management. This will provide the Board and the Management with another opportunity to relook at risk management issues.

The significant risk factors relevant to the Group's operations and the associated mitigating factors are discussed as follows:

Economic and market risks

The waste disposal and contract cleaning industry is competitive with many new players trying to under-bid or under-cut the fees of incumbent service providers with the aim of gaining market access or market share. The Company addresses such risks by ensuring that the Group operates within certain market niches where it has competitive advantages and that its costs are controlled to help the Group remain competitive.

Risks associated with labour-intensive operations

The lack of local workers willing to take up employment within this industry poses a recruitment problem, and the employment of foreign workers is subjected to government policies and regulations. The labour-related costs for the industry are also generally on the rise.

As the Group is generally reliant on labour for contractual fulfillment, the ability to attract and retain a pool of workers who are capable of performing the services required in a cost efficient and accident-free manner will be the key to the Group's ability in remaining ahead of the competition.

Financial risk

The Group's operational activities are mainly carried out in Singapore dollars, which is the Group's functional currency. There is minimal exposure to any currency risk arising from movements in foreign currency exchange rates.

The Group has no interest-bearing financial instruments and hence, it is not exposed to any movements in market interest rates. Fixed deposits placed with financial institutions are short term in nature and have minimal interest rates exposure.

The Group has policies in place to ensure that transactions are conducted with customers with strong credit ratings. The Group's credit risks and amount owing by customers are monitored on an on-going basis by the General Managers. The waste disposal division relies on an external agent to carry out its billing for municipal waste collection and for private contracts. Therefore, it is exposed to the risk of uncollectable payables as it is dependent on the external agent for the collection of the payables. The external agent has comprehensive collection procedures to follow up on all the outstanding dues and reports such as aging are given for our regular review. There are also available plans by the external agent for the needy to pay by installment. Financial assistance scheme from the Government such as U-Save is available for those needy residences to settle their arrears. Please refer to Note 25 of the financial statements on page 82 of the Annual Report for a more comprehensive disclosure of our financial risk management.



CORPORATE GOVERNANCE STATEMENT

For FY2018, the Board has received the following letters of assurance from the Group Finance Manager and the General Managers of Colex Environmental Pte Ltd and Integrated Property Management Pte Ltd that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and the Company's risk management and internal controls system are effective.

The Board has relied on the independent auditor's report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Group's operations and finances.

The Board has additionally relied on the internal auditor's reports in respect of, amongst others, areas in procurement and payments, sales and contract management, interested person transactions and human resource and payroll issued to the Company in respect of FY2018 as assurance that the Company's risk management and internal control systems are effective.

Based on the above, the Board believes that the system of internal controls that has been maintained by the Company's management is adequate and effective to meet the needs of the Company in its current business environment.

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 AC comprises Mr Fong Heng Boo, Mr Lim Hock Beng and Mr Henry Ngo, the majority of whom, including its Chairman, are independent. The Chairman of the AC is Mr Fong Heng Boo, who is an Independent Non-Executive Director. The Independent Directors believe that the AC benefits and continues to benefit from the experiences and expertise of Mr Henry Ngo in carrying out its functions effectively.

The AC (excluding Mr Henry Ngo) meets with the external and internal auditors without the presence of Management at least once a year to, amongst others, ascertain if there are any material weaknesses or control deficiencies in the Group's financial reporting and operational systems. Mr Henry Ngo has been excluded from the aforesaid meeting(s) to ensure that the AC remains a platform for external and internal auditors to provide their independent opinions without the influence of Management. This arrangement is essential to ensure that the presence of an executive director on the AC will not lead to any conflict of interest or impede the independence of the AC.

Mr Fong holds a Bachelor Degree in Accountancy (Honours) from the University of Singapore. Mr Lim has more than 30 years of experience and knowledge in corporate secretarial work. Mr Henry Ngo brings to the AC his depth and breadth of commercial and business experience. All the AC members receive updates from the external auditors on updates to accounting and issues which have a direct impact on financial statements. The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the AC's functions.

None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

CORPORATE GOVERNANCE STATEMENT

The AC functions under the terms of reference which sets out its responsibilities as follows:

- to review the audit plans of both the internal and external auditors;
- to review the scope and results of the auditors' reports and their evaluation of the Company's and of the Group's systems of internal controls and all non-audit services provided by the auditors to ensure that such services would not affect the independence of the auditors;
- to review and report to the Board at least annually the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls;
- to review the effectiveness and adequacy of the internal audit function that is outsourced to a professional firm;
- to review the co-operation given by the Company's officers to the internal and external auditors;
- to review the financial statements of the Company and of the Group before submission to the Board;
- to review the significant financial reporting issues and judgements to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- to nominate and review the appointment of internal and external auditors and approve the fees to be paid to the auditors;
- to review with the auditors and Management on the general internal control procedures;
- to review the independence of the internal and external auditors; and
- to review interested persons transactions and ensure that such transactions are conducted at arm's length and are not detrimental to the interests of the Company and its minority shareholders.

For FY2018, in addition to the review with the external auditor of the significant reporting issues and judgements to ensure the integrity of the financial statements of the Group, the AC also reviewed the key audit matter ("KAM") set out in the independent auditor's report for FY2018 and wishes to provide its perspective on the KAM.

The external auditor has identified revenue recognition as a KAM and sets out the work it had performed to ensure revenue recognition by the Group is in accordance with the accounting standards.

The AC considered the KAM presented by the external auditors together with Management. The AC reviewed the revenue recognition policies of the Group and was satisfied with the underlying judgement and estimates used by the Management.

The AC has considered the appropriateness of the external auditor's work and findings and concurs with the external auditor as set out in the independent auditor's report for FY2018 in page 42.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

Each member of the AC shall abstain from voting on any resolutions in respect of matters he is interested in.

The AC has full access to and co-operation of the Management and has full discretion to invite any director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions. While the Company does not have a Chief Financial Officer, the Group's finance functions and reporting functions are supervised by the Group Finance Manager reporting to Mr Desmond Chan Kwan Ling, the General Manager.



CORPORATE GOVERNANCE STATEMENT

The AC meets with both the internal and external auditors without the presence of the Management (including Mr Henry Ngo) at least once every financial year and had done so during FY2018.

The Company confirms that it has complied with Rules 712 and 715 of the Catalyst Rules in engaging PricewaterhouseCoopers LLP (“PWC”) as auditor of the Company and its subsidiaries for FY2018.

The AC reviews the independence of the external auditors, PWC annually. The annual audit fee of S\$65,000 and non-audit fee of S\$30,770 were paid in FY2018. The AC has reviewed the nature and extent of the services rendered by the external auditors for the financial year ended 31 December 2018 and is satisfied that the independence of the external auditors have not been impaired.

The Company has in place a whistle-blowing framework for staff to raise concerns about improprieties in confidence in matters of financial reporting or other matters. The AC oversees the administration of the framework and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. Such concerns raised will be independently investigated and appropriate follow-up action taken. The Board will continue to review the whistle-blowing policy and determine if it should be extended to external parties in due course.

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 AC approves the hiring, removal, evaluation and compensation of the internal auditor. The internal audit function (“IA”) of the Company is out-sourced to KPMG Services Pte Ltd (“KPMG”). The IA reviews the effectiveness of key internal controls, including financial, operational and compliance controls for selected scope of review annually, as approved by the ARC. Procedures are in place for the IA to report independently on their findings and recommendations to the AC for review. The IA reports primarily to the Chairman of the ARC and has full access to the Company’s documents, records, properties and personnel of the Group, including access to ARC.

The Company’s internal audit function is independent of the external audit. The IA, KPMG, is a member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The Company’s engagement with KPMG stipulates that its work shall comply with the KPMG’s global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors (IIA Standards). The Internal Audit continues to meet or exceed the IIA Standards in all key aspects. KPMG has confirmed their independence to the ARC.

During the year, the IA adopted a risk-based audit approach that focused on material internal controls, including financial, operational, compliance and information technology controls. Audits were carried out on all significant business units in the Group. All IA reports are submitted to the ARC for deliberation with copies of these reports extended to the Chairman and CEO, Executive Directors and the relevant key management personnel. The IA has unfettered access to all the Company’s documents, records, properties and personnel, including access to the ARMC.

The AC is satisfied that the internal audit function has adequate resources to perform its function effectively. The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant qualifications and experience.

The AC has reviewed the Company’s internal control assessment and based on the internal auditors’ and external auditors’ reports and the internal controls in place, it is satisfied that there are adequate and effective internal controls to meet the needs of the Group in its current business environment. The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

CORPORATE GOVERNANCE STATEMENT

Confirmation Pursuant to Catalyst Rule 1204(10) of the Listing Manual

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management and the various Board Committees, and interactions between the AC and the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology risks and risk management systems were adequate and effective during FY2018.

Shareholder Rights and Responsibilities

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.

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.

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

In line with continuous obligations of the Company pursuant to the Catalyst Rules, the Board's policy is that all shareholders be informed in a comprehensive manner and on a timely basis of all major developments that impact the Group. The Company does not practice selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Catalyst Rules.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements and news releases;
- Annual Report prepared and issued to all shareholders;
- Notices of and explanatory memoranda for annual general meetings and extraordinary general meetings; and
- Company's website at www.colex.com.sg where shareholders can access timely information on the Group.

The Company's AGMs are the principal forums for dialogue with shareholders. The Directors, including the chairpersons of each of the Board Committees are normally available at the meetings to address shareholders' queries. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Shareholders are encouraged to attend the AGMs and/or the extraordinary general meetings to ensure high levels of accountability and to stay apprised of the Group's strategy and goals. Notice of the meetings will be advertised in newspapers and announced on the SGXNET.

Voting in absentia (including but not limited to the voting by mail, electronic mail or facsimile) which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting. However the Company's Constitution allows the shareholder who is not able to attend the general meeting to appoint proxies to vote in his stead.



CORPORATE GOVERNANCE STATEMENT

The Company will have separate resolutions at general meetings on each distinct issue. The Company's Constitution allows a member (other than a relevant intermediary as defined in section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries which include CPF agent banks nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

The Company's AGM is a forum for the Board to invite shareholders to ask questions on the resolutions tabled at the AGM and to express their views. The Company will consider the use of other forums as set out in Guideline 15.4 of the Code such as analyst briefings as and when applicable.

The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

For FY2018, the Board has proposed a first and final dividend of 0.50 Singapore cents (S\$0.0050) per share at the forthcoming AGM for shareholders' approval. Details of the proposed dividend are stated in the Notice of AGM attached to this annual report. The Company does not have a policy on payment of dividends.

All resolutions at the forthcoming AGM would be put to vote by poll. This will allow greater transparency and more equitable participation by shareholders. Votes cast for and against each resolution will be tallied and scrutinized by the scrutineer and announced to shareholders. The detailed results including the total number and percentage of votes cast for and against each resolution will be announced via SGXNET after the conclusion of the general meeting.

All minutes of general meetings, including the questions raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will be made available to shareholders upon their request.

Dealing in Securities

The Company has complied with Rule 1204(19) of the Catalist Rules in relation to dealings in the Company's securities by Directors and officers of the Company.

The Company has in place a policy prohibiting dealings of the Company's securities by the Company, its Directors and officers on short-term considerations or when they are in possession of price sensitive information and during the period of one month prior to the announcement of the Company's half-year and full-year results, as the case may be, and ending on the date of the announcement of the relevant results. Directors and officers of the Company are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.

The Company has complied with the best practice pursuant to Catalist Rule 1204(19)(c) in not dealing in its own securities during the restricted trading periods.

CORPORATE GOVERNANCE STATEMENT

Interested Persons Transactions Policy

The Company has adopted an internal policy in respect of any transactions with interested persons and has established procedures for the review and approval of the interested person transactions entered into by the Group. The AC has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company's shareholders.

The Group has a general mandate for recurrent interested person transactions approved by shareholders at the extraordinary general meeting held on 17 April 2013. The renewal of the interested person transactions mandate was approved by shareholders at the annual general meeting held on 18 April 2018. Save as disclosed below, there are no other interested person transactions for FY2018.

Name of Interested Person	Aggregate value of all interested person transactions conducted during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Goldvein Pte Ltd ⁽¹⁾	–	S\$305,344
Richvein Pte Ltd ⁽²⁾	–	S\$765,241
Allsland Pte Ltd ⁽³⁾	–	S\$252,216

- (1) Mr Henry Ngo has a 21.23% direct interest and a deemed interest of 1.89% (held through Allsland Pte Ltd) in Bonvests Holdings Limited ("Bonvests"). He also holds 40% interest in the issued share capital of Goldvein Holdings Pte Ltd ("Goldvein") which in turn holds 59.70% shareholdings in the issued share capital of Bonvests. Bonvests in turn holds 100% shareholdings in Goldvein Pte Ltd. Accordingly, Mr Henry Ngo is deemed interested in the whole of the issued share capital of Goldvein Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50 (the "Companies Act"), and Goldvein Pte Ltd is an interested person as defined by the Listing Manual of the SGX-ST, Section B: Rules of Catalist (the "Catalist Rules").
- (2) Bonvests holds 100% shareholdings in the issued share capital of Richvein Pte Ltd. Accordingly, Mr Henry Ngo is deemed interested in the whole of the issued share capital of Richvein Pte Ltd by virtue of Section 7 of the Companies Act, and Richvein Pte Ltd is an interested person as defined by the Catalist Rules.
- (3) Allsland Pte Ltd is wholly-owned by Mr Henry Ngo. Accordingly, Allsland Pte Ltd is an interested person as defined by the Catalist Rules.

Material Contracts

Save for the service agreements between the General Managers (who are also Directors of the Company) and the Company as mentioned above, there were no material contracts entered into by the Company or its subsidiaries involving the interests of its Chairman or any Directors or controlling shareholders which are either still subsisting as at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.



CORPORATE GOVERNANCE **STATEMENT**

Treasury Shares

There are no treasury shares held by the Company as at the end of the financial year ended 31 December 2018.

Non-Sponsor Fees

There were no non-sponsor fees paid to PrimePartners Corporate Finance Pte. Ltd. for FY2018.

DIRECTOR'S INFORMATION

Information on Directors nominated for re-election at the forthcoming annual general meeting – Appendix 7F of the Catalist Rules

	Name of Director to Re-elected	
	Mr Fong Heng Boo	Mr Lim Hock Beng
Date of appointment	26.03.1999	26.03.1999
Date of last re-appointment	18.04.2016	18.04.2016
Age	69	78
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Fong Heng Boo as the Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Fong Heng Boo's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Lim Hock Beng as the Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Lim Hock Beng's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether the appointment is executive and if so, please state the area of responsibility	No	No
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	Independent Director, Chairman of AC and NC and a member of RC	Independent Director, Chairman of RC and a member of AC and NC
Professional memberships/qualifications	Bachelor of Accountancy (Honours)	Member of Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	Prior to his retirement in 2014, Mr Fong was the Director (Special Duties) at the Singapore Totalisator Board as the Head of Finance and Investment functions. He was with the Auditor-General's Office (AGO), Singapore between 1975 and 1993. He was holding the appointment of Assistant Auditor-General when he left the AGO.	Since 1996, he has been the Managing Director of Aries Investments Pte Ltd, an investment holding company with its principle interests in investing in quoted securities and properties.

DIRECTOR'S INFORMATION

	Name of Director to Re-elected	
	Mr Fong Heng Boo	Mr Lim Hock Beng
Shareholding interest in the Company and its subsidiaries	Nil	Nil
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Nil	Nil
Conflict of Interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?	Yes	Yes
Other principal commitments¹ including Directorships		
– Present	<ul style="list-style-type: none"> – Asian American Medical Group Limited – CapitaLand Retail China Trust Management Limited – TA Corporation Ltd – Advance SCT Limited – Sheng Ye Capital Ltd 	<ul style="list-style-type: none"> – Huan Hsin Holdings Ltd – GP Industries Ltd – Aries Investments Pte Ltd – Hokuriku (Singapore) Pte Ltd – Taylor Stanley (Singapore) Pte Ltd
– Past (for the last 5 years)	<ul style="list-style-type: none"> – Pteris Global Ltd – Sapphire Corporation Ltd 	<ul style="list-style-type: none"> – King Wan Corporation Limited – TA Corporation Ltd

¹ Include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

DIRECTOR'S INFORMATION

<i>The general statutory disclosures of the Directors are as follows:</i>	Name of Director to Re-elected	
	Mr Fong Heng Boo	Mr Lim Hock Beng
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes. Mr Fong was appointed Non-Executive Director of China Foodzart International Private Limited on 18th March 2011. The company was incorporated in Singapore doing food manufacturing in China. Mr Fong was appointed to the Board in anticipation of the company applying for a listing on the Singapore Stock Exchange. However, when the company decided not to proceed with the listing, he resigned on 25th August 2011. Sometime in 2014, he became aware of winding up applications against China Foodzart International Private Limited on the grounds that it was unable to pay its debts and it was wound up on 24th September 2013. Mr Fong confirmed that the winding up has not resulted in any liability or obligations imposed against him and there was no wrongful act on his part leading to the winding up process. In addition, he is not aware of any actual or potential claim that would be made against him as a result of the winding up.	No
(c) Whether there is any unsatisfied judgment against him?	No	No

DIRECTOR'S INFORMATION

<i>The general statutory disclosures of the Directors are as follows:</i>	Name of Director to Re-elected	
	Mr Fong Heng Boo	Mr Lim Hock Beng
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

DIRECTOR'S INFORMATION

<i>The general statutory disclosures of the Directors are as follows:</i>	Name of Director to Re-elected	
	Mr Fong Heng Boo	Mr Lim Hock Beng
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
Attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange?	Not applicable.	Not applicable.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable.	Not applicable.



DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

In the opinion of the directors,

- (a) the accompanying financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International);
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Henry Ngo
Desmond Chan Kwan Ling
Fong Heng Boo (Independent director)
Lim Hock Beng (Independent director)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Name of director	Name of company in which shares are held	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
		As at 1.1.2018	As at 31.12.2018 and 21.1.2019	As at 1.1.2018	As at 31.12.2018 and 21.1.2019
The Company (no. of ordinary shares)					
Henry Ngo	Colex Holdings Limited	1,720,000	1,720,000	104,611,560	104,611,560
<u>Immediate holding company</u> (no. of ordinary shares)					
Henry Ngo	Bonvests Holdings Limited	85,357,128	85,357,128	247,617,769	248,187,669
<u>Ultimate holding company</u> (no. of ordinary shares)					
Henry Ngo	Goldvein Holdings Pte. Ltd.	42,502,922	42,502,922	–	–

SHARE OPTION SCHEME

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

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

There were no unissued shares of the Company or any subsidiaries under option at 31 December 2018.



DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

AUDIT COMMITTEE

The Audit Committee at the end of the financial year comprises the following members:

Fong Heng Boo (Chairman)
Lim Hock Beng
Henry Ngo

All members of the Audit Committee are non-executive directors. Except for Mr Henry Ngo who is an Executive Director of Bonvests Holdings Limited, the immediate holding corporation of the Group, all members are independent.

The Audit Committee performs the functions set out in Section 201B(5) of the Singapore Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:

- (i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations;
- (ii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018 as well as the auditor's report thereon;
- (iii) effectiveness of the Company's internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;
- (iv) interested persons transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommend to the Board of Director that PricewaterhouseCoopers LLP be nominated for re-appointment as external auditor at the forthcoming annual general meeting.

Full details regarding the Audit Committee are provided in the Corporate Governance Statement.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP has expressed its willingness to accept the reappointment.

OTHER INFORMATION REQUIRED BY THE SGX-ST

Material information

Apart from the Service Agreements between the executive directors and the Company, there are no material contract to which the Company or any subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year.

Interested persons transactions

There was no interested persons transaction as defined in Chapter 9 of Listing Manual of the Singapore Exchange conducted during the financial year except as disclosed under "Interested Persons Transactions" in the "Corporate Governance Statement Policy" and in Note 20 to the financial statements.

On behalf of the directors

DESMOND CHAN KWAN LING
Director

FONG HENG BOO
Director

13 March 2019



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COLEX HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of Colex Holdings Limited ("the Company") and its subsidiaries ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the statement of financial position of the Company as at 31 December 2018;
- the statement of financial position of the Group as at 31 December 2018;
- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2018;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COLEX HOLDINGS LIMITED

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Revenue recognition from waste disposal and contract cleaning</u></p> <p>Refer to Note 2.18 and Note 3 to the financial statements.</p> <p>For the financial year ended 31 December 2018, revenue from waste disposal and contract cleaning amounted to approximately S\$37 million and S\$32 million respectively. Revenue is recognised and accrued as the services are rendered.</p> <p>We focused on revenue recognition as it is a significant area and there is a risk that revenue could be misstated due to the high volume of customer accounts serviced by the Group.</p>	<p>We have performed the following procedures in relation to revenue recognition:</p> <ul style="list-style-type: none"> • understood, evaluated and tested relevant accounting controls over the revenue recognition process; • tested the period of service billed by checking to underlying supporting documents, on a sample basis; • tested rates applied to underlying agreements, on a sample basis; • re-computed contractual revenue to ascertain the accuracy of the contractual revenue recorded by management for the financial year, on a sample basis; • assessed the reasonableness of number of customer accounts by comparing to external publicly available information; • obtained independent confirmation from the third party agent on the total fees billed to customers for waste disposal services rendered for the current financial year; • performed cut-off procedures to ensure that revenue is recorded in the correct period; and • reviewed credit notes issued after year-end on a sample basis to ensure that they do not relate to revenue recognised for the current financial year. <p>Based on the work performed, we found the Group's revenue recognition relating to waste disposal and contract cleaning to be appropriate.</p>



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COLEX HOLDINGS LIMITED

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COLEX HOLDINGS LIMITED

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF COLEX HOLDINGS LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 13 March 2019

STATEMENT OF FINANCIAL POSITION – THE COMPANY

AS AT 31 DECEMBER 2018

		31 December		1 January
	Note	2018	2017	2017
		\$	\$	\$
ASSETS				
Non-Current Assets				
Investments in subsidiaries	5	4,588,705	4,588,705	4,488,707
		4,588,705	4,588,705	4,488,707
Current Assets				
Trade and other receivables	7	8,373,398	8,674,695	9,668,088
Deposits	8	150	4,650	150
Prepayments	8	2,700	2,700	6,300
Cash and cash equivalents	9	2,736,094	2,177,183	1,959,385
		11,112,342	10,859,228	11,633,923
Total assets		15,701,047	15,447,933	16,122,630
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	10	14,523,504	14,523,504	14,523,504
Retained profits		1,087,045	787,969	1,513,124
Total equity		15,610,549	15,311,473	16,036,628
Current Liabilities				
Trade and other payables	13	40,496	86,460	36,002
Accrual for directors' fees		50,000	50,000	50,000
Current tax payable		2	–	–
		90,498	136,460	86,002
Total liabilities		90,498	136,460	86,002
Total equity and liabilities		15,701,047	15,447,933	16,122,630

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

STATEMENT OF FINANCIAL POSITION – THE GROUP

AS AT 31 DECEMBER 2018

	Note	31 December		1 January
		2018	2017	2017
		\$	\$	\$
ASSETS				
Non-Current Assets				
Property, plant and equipment	4	18,933,979	18,932,133	19,213,953
		18,933,979	18,932,133	19,213,953
Current Assets				
Inventories	6	115,213	135,365	100,425
Trade and other receivables	7	11,121,199	11,336,379	10,512,252
Deposits	8	159,757	183,423	228,271
Prepayments	8	190,288	370,340	237,978
Cash and cash equivalents	9	19,458,216	16,693,443	13,821,922
		31,044,673	28,718,950	24,900,848
Total assets		49,978,652	47,651,083	44,114,801
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	10	14,523,504	14,523,504	14,523,504
Retained profits		26,691,762	23,977,621	20,735,585
Total equity		41,215,266	38,501,125	35,259,089
Non-Current Liabilities				
Provision	11	740,000	740,000	740,000
Deferred tax liabilities	12	1,769,063	1,123,928	1,150,354
Deferred lease liabilities		75,288	–	–
		2,584,351	1,863,928	1,890,354
Current Liabilities				
Trade and other payables	13	5,534,641	6,558,239	6,175,910
Accrual for directors' fees		50,000	50,000	50,000
Deferred lease liabilities		47,901	–	–
Current tax payable	17	546,493	677,791	739,448
		6,179,035	7,286,030	6,965,358
Total liabilities		8,763,386	9,149,958	8,855,712
Total equity and liabilities		49,978,652	47,651,083	44,114,801

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Revenue	3	69,300,967	70,055,599
Other income	14	1,530,037	1,592,806
Cost of inventories and consumables	6	(1,277,010)	(1,423,360)
Staff costs	15	(33,066,787)	(34,182,917)
Depreciation expenses	4	(3,335,683)	(3,205,784)
Other expenses	16	(29,268,454)	(27,486,982)
Finance costs		(55)	–
Profit before taxation		3,883,015	5,349,362
Income tax expense	17	(651,984)	(649,578)
Total profit for the year/Total comprehensive income and attributable to owners of the parent		3,231,031	4,699,784
Earnings per share attributable to equity holders of the Company (expressed in cents per share)	18		
– Basic		2.44	3.55
– Diluted		2.44	3.55

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital \$	Retained profits* \$	Total \$
2018				
Balance as at 31 December 2017		14,523,504	23,977,621	38,501,125
Adoption of SFRS (I) 9	2.2(b)	–	211,984	211,984
Balance as at 1 January 2018		14,523,504	24,189,605	38,713,109
Total profit/Total comprehensive income for the year		–	3,231,031	3,231,031
Dividends paid	19	–	(728,874)	(728,874)
Balance as at 31 December 2018		14,523,504	26,691,762	41,215,266
2017				
Balance as at 1 January 2017		14,523,504	20,735,585	35,259,089
Total profit/Total comprehensive income for the year		–	4,699,784	4,699,784
Dividends paid	19	–	(1,457,748)	(1,457,748)
Balance as at 31 December 2017		14,523,504	23,977,621	38,501,125

* Profits are distributable.

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Cash Flows from Operating Activities			
Profit before taxation		3,883,015	5,349,362
Adjustments for:			
Depreciation of property, plant and equipment	4	3,335,683	3,205,784
Property, plant and equipment written off	16	105,301	96,453
Gain on disposal of property, plant and equipment	14	(32,810)	(26,632)
Interest income	14	(157,662)	(114,212)
Operating profit before working capital changes		7,133,527	8,510,755
Changes in working capital:			
– Inventories		20,152	(34,940)
– Trade and other receivables		449,823	(810,966)
– Deposits and prepayments		203,718	(87,514)
– Trade and other payables		(1,023,598)	382,329
– Deferred lease liabilities		123,189	–
Cash generated from operations		6,906,811	7,959,664
Interest received		135,003	101,051
Income tax paid	17	(138,147)	(737,661)
Net cash generated from operating activities		6,903,667	7,323,054
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		93,336	215,104
Acquisition of property, plant and equipment	4	(3,503,356)	(3,208,889)
Net cash used in investing activities		(3,410,020)	(2,993,785)
Cash Flows from Financing Activities			
Dividends paid	19	(728,874)	(1,457,748)
Net cash used in financing activities		(728,874)	(1,457,748)
Net increase in cash and cash equivalents		2,764,773	2,871,521
Cash and cash equivalents			
Beginning of financial year		16,693,443	13,821,922
End of financial year	9	19,458,216	16,693,443

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

1. GENERAL INFORMATION

Colex Holdings Limited (the “Company”) is listed on the Catalist secondary board on the Singapore Exchange and was incorporated as a limited liability company and is domiciled in Singapore. The registered office is located at 541 Orchard Road #16-00, Liat Towers, Singapore 238881.

The principal activities of the Company are that of an investment holding company. The principal place of business is located at 8 Tuas South Street 13, Singapore 637083. The principal activities of its subsidiaries are that of refuse disposal and contract cleaning.

The immediate holding company is Bonvests Holdings Limited, whilst the ultimate holding company is Goldvein Holdings Pte. Ltd.. Both companies are incorporated in Singapore.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention.

The financial statements are presented in Singapore dollars (“\$”) which is the Company’s functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

The preparation of these financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group’s previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards (“SFRS”).

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Adoption of SFRS(I) (Cont'd)

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening statement of financial position has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

(ii) Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has applied the practical expedient under SFRS(I) 15, not to disclose its information about remaining unsatisfied performance obligations as the Group recognises revenue from the satisfaction of the performance obligation based on its right to invoice.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Adoption of SFRS(I) (Cont'd)

(b) Reconciliation of the Company's equity reported in accordance with SFRS to SFRS(I)

	Note	As at 31 Dec 2017 reported under SFRS(I) \$	Effects of applying SFRS(I) 9 \$	As at 1 Jan 2018 reported under SFRS(I) \$
ASSETS				
Non-Current Assets				
Property, plant and equipment		18,932,133	–	18,932,133
Investments in subsidiaries		–	–	–
		<u>18,932,133</u>	<u>–</u>	<u>18,932,133</u>
Current Assets				
Inventories		135,365	–	135,365
Trade and other receivables	A	11,336,379	211,984	11,548,363
Deposits		183,423	–	183,423
Prepayments		370,340	–	370,340
Cash and cash equivalents		16,693,443	–	16,693,443
		<u>28,718,950</u>	<u>211,984</u>	<u>28,930,934</u>
Total assets		<u>47,651,083</u>	<u>211,984</u>	<u>47,863,067</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital		14,523,504	–	14,523,504
Retained profits	A	23,977,621	211,984	24,189,605
Total equity		<u>38,501,125</u>	<u>211,984</u>	<u>38,713,109</u>
Non-Current Liabilities				
Provision		740,000	–	740,000
Deferred tax liabilities		1,123,928	–	1,123,928
		<u>1,863,928</u>	<u>–</u>	<u>1,863,928</u>
Current Liabilities				
Trade and other payables		6,558,239	–	6,558,239
Accrual for directors' fees		50,000	–	50,000
Current tax payable		677,791	–	677,791
		<u>7,286,030</u>	<u>–</u>	<u>7,286,030</u>
Total liabilities		<u>9,149,958</u>	<u>–</u>	<u>9,149,958</u>
Total equity and liabilities		<u>47,651,083</u>	<u>211,984</u>	<u>47,863,067</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Adoption of SFRS(I) (Cont'd)

- (c) There were no material adjustments to the Group's total comprehensive income arising from the transition from SFRS to SFRS(I).
- (d) There were no material adjustments to the Group's statement of cash flows arising from the transition from SFRS to SFRS(I).

Explanatory notes to reconciliations:

The effects of transition to SFRS(I) arises from the optional exemptions provided for under the adoption of SFRS(I) 9 *Financial Instruments*.

A. Adoption of SFRS(I) 9

As disclosed in Note 2.2(a)(i), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. The Group has the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables and income receivables measured at amortised cost; and
- other financial assets measured at amortised cost.

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 2.6 and Note 25(c).

2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Information on its subsidiaries is disclosed in Note 5.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Group accounting (Cont'd)

(a) Subsidiaries (Cont'd)

(i) Consolidation (Cont'd)

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

(ii) Acquisition

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) Disposal

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**2.3 Group accounting** (Cont'd)*(a) Subsidiaries* (Cont'd)*(iii) Disposal* (Cont'd)

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

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statement of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.4 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit and loss.

2.5 Property, plant and equipment and depreciation

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

	<u>Useful lives</u>
Leasehold building and site improvements	Over remaining lease period
Plant, equipment and containers	5 – 10 years
Office furniture and equipment	3 – 5 years
Motor vehicles	5 – 10 years

The depreciation methods, estimated useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates. The effects of any revision are recognised in profit and loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Property, plant and equipment and depreciation (Cont'd)

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

The projected cost of dismantlement and restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement and restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

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

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit and loss within "other income" or "other expenses".

2.6 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(a) *Classification*

Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

Other than loans and receivables, the Company and the Group have not designated any financial assets as held-to-maturity investments, financial assets at fair value through profit or loss and available-for-sale financial assets on its statements of financial position.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company and the Group provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, deposits and bank balances. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Financial assets (Cont'd)

(b) *Recognition and derecognition*

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

Financial assets are derecognised when the rights to receive cash flows from the investments expired or are transferred and the Group has substantially transferred all of the risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit and loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit and loss.

(c) *Impairment*

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit and loss.

The impairment allowance is reduced through profit and loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

The accounting for financial assets from 1 January 2018 are as follows:

(d) *Classification and measurement*

The Group classifies its financial assets as financial assets recognised at amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Financial assets (Cont'd)

(d) Classification and measurement (Cont'd)

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables. Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(e) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 25 (c) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and income receivable, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(f) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Inventories

Inventories which principally comprise consumables and bins to be consumed in the rendering of services, are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition.

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

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

2.8 Cash and cash equivalents

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

2.9 Share capital

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

2.10 Dividends

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

2.11 Trade and other payables

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

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

2.12 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.13 Provision

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

The provision for dismantlement and restoration is based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value of money. Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

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

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

2.14 Leases

(a) *When the Group is the lessee*

(i) *Lessee – Finance leases*

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

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

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.14 Leases (Cont'd)

(a) *When the Group is the lessee (Cont'd)*

(ii) *Lessee – Operating leases*

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

Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

(b) *When the Group is the lessor*

(i) *Lessor – Operating leases*

Assets leased out under operating leases are in respect of the sub-lease of the Group's rented premises where the Group retains substantially all risks and rewards incidental to ownership. Rental income (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.15 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Income taxes (Cont'd)

Deferred income tax is measured:

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

2.16 Employee benefits

(a) *Defined contribution plans*

The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the profit or loss in the period to which the contributions relate. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognised as and when they become entitled to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

(c) *Key management personnel*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.17 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiaries

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.18 Revenue recognition

The Group provides waste disposal services and contract cleaning services. Sales are recognised in the accounting period in which the services are rendered. For recurring service contracts, revenue is recognised over time, based on the actual services provided. Revenue from ad-hoc cleaning services is recognised at a point in time, based on the price specified in the contract, as and when the services are rendered.

The customers are invoiced monthly. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

2.19 Other income

(a) *Interest income*

Interest income is recognised on a time-apportioned basis using the effective interest rate method.

(b) *Operating lease income*

Operating lease income is recognised on straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.19 Other income (Cont'd)

(c) Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.20 Functional currencies

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

2.21 Operating segments

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

3. REVENUE

Disaggregation of revenue from contracts with customers:

The Group derives revenue from the transfer of services over time and at a point in time in the following major service lines.

	Over time \$	At a point in time \$	Total \$
2018			
Waste disposal	37,407,158	–	37,407,158
Contract cleaning	31,516,917	376,892	31,893,809
	68,924,075	376,892	69,300,967
2017			
Waste disposal	35,989,653	–	35,989,653
Contract cleaning	33,718,191	347,755	34,065,946
	69,707,844	347,755	70,055,599

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold building and site improvements	Plant, equipment and containers	Office furniture and equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$
<u>Cost</u>					
At 1 January 2017	5,993,057	10,838,278	339,091	15,253,551	32,423,977
Additions	296,668	1,508,691	40,282	1,363,248	3,208,889
Disposals	–	(56,691)	(29,759)	(974,043)	(1,060,493)
Write-off	–	(299,985)	(24,571)	–	(324,556)
At 31 December 2017	6,289,725	11,990,293	325,043	15,642,756	34,247,817
Additions	70,438	1,329,512	18,264	2,085,142	3,503,356
Disposals	–	(22,392)	–	(1,177,118)	(1,199,510)
Write-off	–	(399,309)	(40,715)	(73,266)	(513,290)
At 31 December 2018	6,360,163	12,898,104	302,592	16,477,514	36,038,373
<u>Accumulated depreciation</u>					
At 1 January 2017	1,030,704	5,119,515	263,887	6,795,918	13,210,024
Depreciation	358,674	1,332,580	44,266	1,470,264	3,205,784
Disposals	–	(54,350)	(29,759)	(787,912)	(872,021)
Write-off	–	(208,355)	(19,748)	–	(228,103)
At 31 December 2017	1,389,378	6,189,390	258,646	7,478,270	15,315,684
Depreciation	383,804	1,384,659	36,814	1,530,406	3,335,683
Disposals	–	(22,166)	–	(1,116,818)	(1,138,984)
Write-off	–	(297,340)	(39,359)	(71,290)	(407,989)
At 31 December 2018	1,773,182	7,254,543	256,101	7,820,568	17,104,394
<u>Net book value</u>					
At 31 December 2018	4,586,981	5,643,561	46,491	8,656,946	18,933,979
At 31 December 2017	4,900,347	5,800,903	66,397	8,164,486	18,932,133
At 1 January 2017	4,962,353	5,718,763	75,204	8,457,633	19,213,953

The leasehold building and site improvements relate to a single storey detached factory on the leasehold land with an area of 8,854 square metres at 8 Tuas South Street 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. INVESTMENTS IN SUBSIDIARIES

	31 December 2018	2017	1 January 2017
	\$	\$	\$
<u>The Company</u>			
<i>Unquoted equity investments, at cost</i>			
At beginning of the financial year	4,588,705	4,488,707	4,488,707
Subscription of shares	-	99,998	-
<i>At end of the financial year</i>	4,588,705	4,588,705	4,488,707

The Group has the following subsidiaries as at 31 December 2018 and 2017 and 1 January 2017:

<u>Name</u>	<u>Principal activities</u>	<u>Place of incorporation/ and operation</u>	<u>Proportion of ownership interest and voting right held by the Group</u>		
			2018	2017	2016
			%	%	%
<u>Held by the Company</u>					
Integrated Property Management Pte Ltd*	Contract cleaning	Singapore	100	100	100
Colex Environmental Pte Ltd*	Refuse disposal	Singapore	100	100	100
Juz Clean Pte Ltd*	General cleaning	Singapore	100	100	100

* Audited by PricewaterhouseCoopers LLP, Singapore

The Company has subscribed for additional 99,998 shares in its subsidiary company, Juz Clean Pte Ltd in the financial year ended 31 December 2017.

6. INVENTORIES

	31 December 2018	2017	1 January 2017
	\$	\$	\$
<u>The Group</u>			
Inventories, at cost			
Bins and consumables	115,213	135,365	100,425

The cost of inventories and consumables recorded as an expense amounted to \$1,277,010 (2017: \$1,423,360).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. TRADE AND OTHER RECEIVABLES

	The Company			The Group		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	\$	\$	\$	\$	\$	\$
Trade receivables						
– Third parties	–	–	–	10,347,661	10,874,821	9,953,144
– Subsidiary	–	–	684,851	–	–	–
Income receivable	–	–	–	719,370	665,201	806,119
Less: Loss allowance	–	–	–	(40,793)	(315,236)	(326,029)
Net trade receivables	–	–	684,851	11,026,238	11,224,786	10,433,234
Interest receivable	–	–	–	89,670	67,011	53,850
Amounts owing by						
subsidiaries (non-trade)	8,372,000	8,672,000	8,981,999	–	–	–
Staff advance	–	–	–	2,715	2,800	4,059
Net GST receivables	1,398	2,695	1,238	1,398	2,695	1,238
Sundry receivables	–	–	–	1,178	39,087	19,871
Net other receivables	8,373,398	8,674,695	8,983,237	94,961	111,593	79,018
Total	8,373,398	8,674,695	9,668,088	11,121,199	11,336,379	10,512,252

Trade receivables are normally on a 30 days payment terms. The Group has not identified any specific concentrations of credit risk as the amounts represent a large number of receivables spread over a number of customers.

Income receivable represents unbilled trade receivable arising from services being rendered at year end.

The amounts owing by subsidiaries (non-trade) represent advances which are unsecured, interest-free and repayable upon demand.

Sundry receivables represent mainly miscellaneous receivables from insurance claims and other reimbursements.

Further details of credit risk on trade and other receivables are disclosed in Note 25(c).

8. DEPOSITS AND PREPAYMENTS

	The Company			The Group		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	\$	\$	\$	\$	\$	\$
Rental, utilities and other deposits	150	4,650	150	159,757	183,423	228,271
Prepayment of subscriptions and other expenses	2,700	2,700	6,300	190,288	370,340	237,978

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. CASH AND CASH EQUIVALENTS

	The Company			The Group		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	\$	\$	\$	\$	\$	\$
Cash	-	-	-	3,324	2,679	3,487
Bank balances	2,736,094	2,177,183	1,959,385	7,935,982	6,089,714	7,818,435
Fixed deposits	-	-	-	11,518,910	10,601,050	6,000,000
	2,736,094	2,177,183	1,959,385	19,458,216	16,693,443	13,821,922

The fixed deposits have an average maturity of 6.1 months (31 December 2017 – 5.1 months; 1 January 2017 – 8.2 months) from the end of the financial year and the average effective interest rate is 1.514% (31 December 2017 – 1.249%; 1 January 2017 – 1.684%) per annum for the Group. Fixed deposits are also recallable on demand by the Group based on the cash flows requirements of the Group without incurring significant penalties and interest loss.

10. SHARE CAPITAL

	No. of ordinary shares		Amount	
	2018	2017	2018	2017
			\$	\$
<u>The Group and The Company</u>				
<u>Issued and fully paid, with no par value</u>				
Balance at beginning and at end of year	132,522,560	132,522,560	14,523,504	14,523,504

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

11. PROVISION

	31 December		1 January
	2018	2017	2017
	\$	\$	\$
<u>The Group</u>			
Provision for dismantlement and restoration cost	740,000	740,000	740,000
Balance at beginning and at end of year	740,000	740,000	740,000

A provision for dismantlement and restoration cost is recognised for the expected costs associated with restoring the leasehold land on expiry of lease on 30 November 2030 from JTC Corporation to its original condition based on the requirements of the lease contract. Provision for dismantlement and restoration cost is the present value of the estimated costs of dismantlement, removal and restoration to be incurred for the leased land at 8 Tuas South Street 13 (Note 4), which is obtained from a third party contractor. The Group assumed that the leased land will be restored using technology and materials that are currently available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. DEFERRED TAX LIABILITIES

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

	31 December 2018 \$	2017 \$	1 January 2017 \$
<u>The Group</u>			
Deferred income tax (assets)/liabilities			
To be recovered within one year	(132,504)	(532,261)	(375,427)
To be settled after one year	1,901,567	1,656,189	1,525,781
	1,769,063	1,123,928	1,150,354

Movements in deferred tax liabilities during the financial year are as follows:

	2018 \$	2017 \$
<u>The Group</u>		
Balance at beginning	1,123,928	1,150,354
Tax charged to profit and loss (Note 17)		
– current year	199,066	243,371
– under/(over) provision in previous years	446,069	(269,797)
Balance at end	1,769,063	1,123,928

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

	Provision for unutilised leave \$	Unutilised capital allowances \$	Total \$
Deferred income tax assets			
<u>The Group</u>			
At 1 January 2017	(47,410)	(337,171)	(384,581)
Charged/(credited) to profit and loss	3,127	(150,807)	(147,680)
At 31 December 2017	(44,283)	(487,978)	(532,261)
Charged to profit and loss	4,694	395,063	399,757
At 31 December 2018	(39,589)	(92,915)	(132,504)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. DEFERRED TAX LIABILITIES (Cont'd)

	Accelerated tax depreciation \$	Other \$	Total \$
Deferred income tax liabilities			
<u>The Group</u>			
At 1 January 2017	1,525,781	9,154	1,534,935
Charged to profit and loss	130,408	(9,154)	121,254
At 31 December 2017	1,656,189	-	1,656,189
Charged to profit and loss	245,378	-	245,378
At 31 December 2018	1,901,567	-	1,901,567

13. TRADE AND OTHER PAYABLES

	The Company			The Group		
	31 December 2018	2017	1 January 2017	31 December 2018	2017	1 January 2017
	\$	\$	\$	\$	\$	\$
Trade payables	-	-	-	1,480,699	2,208,014	2,132,780
Net GST payable	-	-	-	649,289	687,561	668,544
Deposits received	-	-	-	123,669	120,303	113,612
Accrued operating expenses	40,496	86,460	36,000	2,710,332	3,161,820	3,150,002
Others	-	-	2	570,652	380,541	110,972
	40,496	86,460	36,002	5,534,641	6,558,239	6,175,910

Trade payables are generally on a 30 days credit terms.

Further details of liquidity risk on trade and other payables are disclosed in Note 25(d).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. OTHER INCOME

	2018	2017
	\$	\$
<u>The Group</u>		
Operating lease income	20,696	20,099
Interest income on fixed deposits/current account	157,662	114,212
Government grants:		
– Skills Development Fund	101,487	67,618
– Employment Credit Scheme	1,078,848	1,261,949
– Productivity and Innovation Credit Scheme	–	40,000
– WorkPro Grant	49,152	–
Gain from disposal of property, plant and equipment	32,810	26,632
Late payment charges	39,034	39,143
Other income	50,348	23,153
	<u>1,530,037</u>	<u>1,592,806</u>

Included in government grants are the following:

- (a) The Skills Development Fund are grants introduced to support workforce upgrading programmes and to provide training grants to employers when they send their employees to attend training. The fund is administrated by the SkillsFuture Singapore Agency (SSG).
- (b) Employment Credit Scheme consists of Special Employment Credit, Temporary Employment Credit Scheme and Wage Credit Scheme.
- The Special Employment Credit are cash grants introduced in the Singapore Budget 2011 to encourage employers to attract and retain older low-wage Singaporeans. The amount an employer can receive depends on the fulfillment of certain conditions under the scheme.
 - The Wage Credit Scheme is a 3-year scheme that was introduced in the Singapore Budget 2013 (extended in Budget 2015 for 2 years up to year 2017 and further extended in Budget 2018 for 3 more years up to year 2020) to help businesses alleviate business costs in a tight labour market. The Wage Credit will be paid to eligible employers for wage increases between 2013 and 2020.
 - The Temporary Employment Credit Scheme is a 3-year scheme that was introduced in the Singapore Budget 2014 to help businesses cope with higher wage costs arising from higher employer CPF contributions. The Temporary Employment Credit will be paid to eligible employers between 2015 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. OTHER INCOME (Cont'd)

- (c) The Productivity and Innovation Credit Scheme allows 400% tax deductions or allowances for qualifying expenditure incurred in any of the six qualifying activities from the Years of Assessment (YAs) 2011 to 2018. For qualifying expenditure incurred after 1 August 2017, eligible businesses can exercise an irrevocable option to convert qualifying expenditure of up to \$100,000 for each YA into cash, at a conversion rate of 40%. The scheme had lapsed after 2017.
- (d) WorkPro Grant is introduced by government for 3 years effective from 1 July 2016 to 30 June 2019 is to encourage employers to implement age-friendly practices to create inclusive workplaces that support the employment and employability of older workers. One of the grant under WorkPro Grant is the Job Redesign Grant. Employer is able to receive grant for purchase of equipment and tools that have positive impact on older workers by providing easier, safer and smarter jobs.

15. STAFF COSTS

	2018	2017
	\$	\$
<u>The Group</u>		
Directors' remuneration		
– salaries and related costs	211,451	698,465
– CPF contributions	7,567	22,440
	219,018	720,905
Key management personnel other than directors		
– salaries and related costs	1,072,390	669,663
– CPF contributions	83,929	77,423
	1,156,319	747,086
Other than directors and key management personnel		
– salaries and related costs	28,904,321	29,783,438
– CPF contributions	2,787,129	2,931,488
	31,691,450	32,714,926
	33,066,787	34,182,917

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. OTHER EXPENSES

	2018	2017
	\$	\$
<u>The Group</u>		
Dumping fees	19,925,407	18,426,182
Distillate fees	1,263,334	970,244
Service agency fees	1,542,863	1,438,223
Rental expenses	511,288	377,209
Subcontractor fees	2,569,015	2,952,524
Repair and maintenance	1,270,137	1,091,804
Parts purchased	167,240	131,333
Upkeep expense	108,639	139,720
Insurance	149,432	137,960
Transportation	83,148	99,998
Utilities	164,477	148,725
Service expense	208,201	164,771
Container & Compactor Maintenance	85,678	70,543
Road tax	2,828	67,093
Property tax	77,500	77,500
Directors' fee	50,000	50,000
Legal and professional fee	137,751	178,674
Audit fee		
– Auditor of the Company	65,000	65,000
– Other auditors	9,100	9,200
Non-audit fee		
– Auditor of the Company	30,770	15,100
Bank charges	82,605	83,551
Office supplies	108,613	113,088
Property, plant and equipment written off	105,301	96,453
Others	550,127	582,087
	29,268,454	27,486,982

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. INCOME TAX EXPENSE

(a) Income tax expense

	2018 \$	2017 \$
<u>The Group</u>		
Current taxation	546,491	670,052
Deferred taxation (Note 12)	199,066	243,371
	745,557	913,423
(Over)/under provision in respect of prior years		
– current taxation	(539,642)	5,952
– deferred taxation (Note 12)	446,069	(269,797)
	(93,573)	(263,845)
	651,984	649,578

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

	2018 \$	2017 \$
<u>The Group</u>		
Profit before taxation	3,883,015	5,349,362
Tax at statutory rate of 17% (2017 – 17%)	660,113	909,392
Tax effect on:		
– Expenses not deductible for tax	119,238	146,874
– Income not subjected to tax	(606)	(11,328)
– Enhanced allowance/deductions under Productivity and Innovation Credit	–	(95,590)
– Singapore statutory stepped income exemption	(29,651)	(25,925)
– (Over)/under provision of tax in respect of prior years	(93,573)	(263,845)
– Tax rebate	(10,575)	(10,000)
– Others	7,038	–
	651,984	649,578

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. INCOME TAX EXPENSE (Cont'd)**(b) Movement of current tax payable**

	2018	2017
	\$	\$
<u>The Group</u>		
Beginning of financial year	677,791	739,448
Income tax paid	(138,147)	(737,661)
Tax expense	546,491	670,052
(Over)/Under provision in prior financial years	(539,642)	5,952
End of financial year	546,493	677,791

18. EARNINGS PER SHARE

The earnings per share is calculated based on the consolidated profit attributable to owners of the parent divided by the weighted average number of shares in issue of 132,522,560 shares (2017: 132,522,560 shares) during the financial year.

For the purpose of calculating diluted earnings per share, profit attributable to owners of the parent of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential shares. As there are no dilutive potential ordinary shares that were outstanding during the year, the basic earnings per share is the same as the diluted earnings per share.

	2018	2017
	Cents	Cents
<u>The Group</u>		
Basic and diluted earnings per share	2.44	3.55

19. DIVIDENDS

	2018	2017
	\$	\$
<u>The Group and The Company</u>		
Ordinary dividends paid		
– final tax-exempt (one-tier) dividend paid in respect of the previous financial year of 0.55 cents (2017 – 0.55 cents) per share and a special tax-exempt (one-tier) dividend paid in respect of the previous financial year of Nil cents (2017 – 0.55 cents) per share	728,874	1,457,748

At the forthcoming Annual General Meeting, a final tax-exempt (one-tier) ordinary dividend of 0.50 cents per share amounting to \$662,613 will be proposed. These financial statements do not reflect this dividend payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 31 December 2019.

The payment of this dividend will not have any tax consequences for the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. RELATED PARTY TRANSACTIONS

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

	2018	2017
	\$	\$
<u>The Group</u>		
With companies in which a director of the Company has interest		
– Contract cleaning revenue	199,960	200,935
– Waste disposal revenue	31,560	30,893
– Operating lease income	20,696	20,099
With fellow subsidiaries		
– Contract cleaning revenue	979,152	993,840
– Waste disposal revenue	126,084	125,444
– Food and beverages expenses	1,791	–
– Web-hosting expenses	240	–
With a director of the Company		
– Contract cleaning revenue	8,000	8,200

21. OPERATING LEASE INCOME

The Group leases out part of its office premise to a related company under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the statement of financial position date but not recognised as receivables, are as follows:

	31 December	1 January
	2018	2017
	\$	\$
<u>The Group</u>		
Lease which expires:		
Not later than one year	5,155	4,861

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. COMMITMENTS**(a) Capital commitments**

	31 December 2018	2017	1 January 2017
	\$	\$	\$
The Group			
Capital expenditure contracted but not provided for in the financial statements – Property, plant and equipment	22,000	766,894	368,039

(b) Operating lease commitments (non-cancellable)

The Group leases land, office premises, staff accommodation and office equipment from non-related parties under non-cancellable operating lease agreements.

The future minimum lease payables under non-cancellable operating leases contracted for at the statement of financial position date but not recognised as liabilities, are as follows:

	31 December 2018	2017	1 January 2017
	\$	\$	\$
The Group			
Lease which expires:			
Not later than one year	1,025,297	977,967	966,364
Later than one year and not later than five years	1,541,203	1,431,423	1,552,529
Later than five years	2,828,713	3,191,634	3,543,325

23. CONTINGENT LIABILITIES

The Company has given letter of financial support to one of its subsidiary, Colex Environmental Pte. Ltd. with aggregate net current liabilities of \$3,569,852 as at 31 December 2018 (2017 – \$4,140,817) to enable them to continue to operate as a going concern and to meet their respective obligations as and when they fall due.

24. OPERATING SEGMENTS

(a) For management purposes, the Group is organised into the following reportable operating segments as follows:

- (1) the waste disposal activities consist of provision of waste disposal services for domestic waste, commercial waste and industrial waste, sale and rental of equipment to customers and repair of waste compactors; and
- (2) the contract cleaning includes provision of cleaning services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. OPERATING SEGMENTS (Cont'd)

- (a) For management purposes, the Group is organised into the following reportable operating segments as follows: (Cont'd)

Except as indicated above, there are no operating segments that have been aggregated to form the above reportable operating segments.

The directors of the Company monitor the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit and loss which in certain respects, as set out below, is measured differently from operating profit and loss in the consolidated financial statements.

Sales between operating segments are carried out at arm's length. The revenue from external parties reported to the management is measured in a manner consistent with that in statement of comprehensive income.

<u>The Group</u>	Waste disposal \$	Contract Cleaning \$	Others \$	Total \$
31 December 2018				
Revenue				
External sales	37,407,158	31,893,809	-	69,300,967
Result				
Segment result	471,677	3,475,837	(222,106)	3,725,408
Interest income	12,972	144,632	58	157,662
Interest expense	(55)	-	-	(55)
Profit before taxation	484,594	3,620,469	(222,048)	3,883,015
Income tax expense	(638,325)	(13,657)	(2)	(651,984)
Profit after taxation from ordinary activities	(153,731)	3,606,812	(222,050)	3,231,031
Other information				
Segment assets	25,925,539	21,312,770	2,740,343	49,978,652
Segment liabilities	5,608,603	3,064,285	90,498	8,763,386
Capital expenditure	3,399,883	103,473	-	3,503,356
Depreciation of property, plant and equipment	3,029,164	306,519	-	3,335,683

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. OPERATING SEGMENTS (Cont'd)**(a)** For management purposes, the Group is organised into the following reportable operating segments as follows: (Cont'd)

<u>The Group</u>	Waste disposal \$	Contract Cleaning \$	Others \$	Total \$
31 December 2017				
Revenue				
External sales	35,989,653	34,065,946	–	70,055,599
Result				
Segment result	1,054,785	4,447,772	(267,407)	5,235,150
Interest income	4,000	110,212	–	114,212
Profit before taxation	1,058,785	4,557,984	(267,407)	5,349,362
Income tax expense	36,500	(686,078)	–	(649,578)
Profit after taxation from ordinary activities	1,095,285	3,871,906	(267,407)	4,699,784
Other information				
Segment assets	26,273,903	19,189,952	2,187,228	47,651,083
Segment liabilities	5,715,219	3,298,279	136,460	9,149,958
Capital expenditure	2,756,227	452,662	–	3,208,889
Depreciation of property, plant and equipment	2,900,110	305,674	–	3,205,784

(b) Geographical segments

The Group currently operates solely in Singapore.

(c) Segment revenue and expense

All segment revenue and expense are directly attributable to the segments. There is no revenue from transactions with a single external customer that amounts to 10 per cent or more of the Group's revenues.

(d) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of cash, receivables, inventory and property, plant and equipment, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

(e) Inter-segment transfers

Segment revenue, segment expenses and segment result include transfer between business segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. Those transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors meets periodically to analyse and formulate measures to manage the Company's and the Group's exposure to market risk, including principally changes in interest rates. Generally, the Company and the Group employ a conservative strategy regarding its risk management. As the Company's and the Group's exposure to market risk is kept at a minimum level, the Company and the Group have not used any derivatives or other instruments for hedging purposes. The Company and the Group do not hold or issue derivative financial instruments for trading purposes.

The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The Group's activities expose it to credit risk, liquidity risk and interest rate risk.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

As at 31 December 2018, the Company's and the Group's financial instruments mainly consisted of cash and cash equivalents, receivables and payables.

(a) Foreign currency risk

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

The Company's and the Group's operational activities are mainly carried out in Singapore dollars which is the functional currency. There is insignificant exposure to any risk arising from movements in foreign currency exchange rates.

(b) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Company's and the Group's exposure to movements in market interest rates relate primarily from fixed term deposits placed with financial institutions. The Company has no policy to hedge against interest rate risk.

The Company and the Group are not exposed to any cash flows interest rate risk as it does not have any monetary financial instruments with variable interest rates.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. The Company's and the Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Company and the Group adopt the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company and the Group adopt the policy of dealing only with high credit quality counterparties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Credit risk (Cont'd)

The Company's and the Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Credit assessment of each debtor is performed by management based on an evaluation of the payment history and credit profile of the debtor. Where applicable, credit exposure to an individual counterparty will be restricted by approved credit limits. The counterparty's payment profile and credit exposure are continuously monitored at the Company and at Group level by respective management. The Group's trade receivables comprise of 37 (2017 – 29 debtors) which represented 60% of trade receivables. At the Company level, there is no credit risk exposure as its balances are with subsidiary companies and management does not expect issues with collections based on past collection history.

As the Company and Group do not hold collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Company's and the Group's major classes of financial assets are trade and other receivables and bank deposits. Cash is held with reputable financial institutions and subjected to immaterial credit loss.

The movements in credit loss allowance are as follows:

	Trade receivables \$
<u>The Group</u>	
Balance as at 1 January 2018 under SFRS	315,236
Adoption of SFRS(I) 9 [Note 2.2(b)]	(211,984)
Balance as at 1 January 2018 under SFRS(I) 9	103,252
Write-back of unutilised amount	(23,818)
Changes in credit risk	44,062
Receivable written off as uncollectible	(82,703)
Balance as at 31 December 2018	40,793

The impaired trade receivables comprise mainly numerous long overdue inactive debtors of individually insignificant amounts for which the directors of the Company and the Group are of the opinion that the debts are not recoverable.

(i) Other financial assets at amortised cost

As disclosed in Notes 7 and 8, financial assets at amortised cost of the Company and the Group comprise of interest receivable, amounts owing by subsidiaries (non-trade), staff advance, sundry receivables, rental, utilities and other deposits which are subjected to immaterial credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Credit risk (Cont'd)

(ii) Trade receivables and income receivable

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and income receivable.

In measuring the expected credit losses, trade receivables and income receivable are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) of the country to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in the factor.

Trade receivables and income receivable are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 30 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments after the Group had exhausted all means for collection. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in the profit and loss.

The Group's credit risk exposure in relation to trade receivables and income receivable under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

	← Past due →					Total
	Current	Within 30 days	30 to 60 days	60 to 90 days	More than 90 days	
The Group	\$	\$	\$	\$	\$	\$
Waste disposal service						
Expected loss rate*	0.04%	0.33%	0.85%	2.24%	12.94%	
Trade receivables	3,247,283	767,738	318,678	105,325	238,480	4,677,504
Income receivable	719,370	–	–	–	–	719,370
Loss allowance	1,520	2,553	2,695	2,362	30,850	39,980
Contract cleaning service						
Expected loss rate*	0.00%	0.00%	0.00%	0.00%	0.44%	
Trade receivables	2,526,606	1,916,590	742,747	297,845	186,369	5,670,157
Loss allowance	–	–	–	–	813	813

* Rounded to the nearest 2 decimal places

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Credit risk (Cont'd)

(ii) Trade receivables and income receivable (Cont'd)

The Group's credit risk exposure in relation to trade receivables and income receivable under SFRS(I) 9 as at 1 January 2018 are set out in the provision matrix as follows:

	← Past due →					Total
	Current	Within 30 days	30 to 60 days	60 to 90 days	More than 90 days	
The Group	\$	\$	\$	\$	\$	\$
Waste disposal service						
Expected loss rate*	0.41%	0.54%	1.54%	2.36%	21.80%	
Trade receivables	3,364,312	819,486	264,873	111,499	154,964	4,715,134
Income receivable	665,201	–	–	–	–	665,201
Loss allowance	16,602	4,445	4,085	2,633	33,783	61,548
Contract cleaning service						
Expected loss rate*	0.00%	0.00%	0.00%	0.00%	22.70%	
Trade receivables	2,917,892	1,991,420	690,125	376,555	183,695	6,159,687
Loss allowance	–	–	–	–	41,704	41,704

* Rounded to the nearest 2 decimal places

Previous accounting policy for impairment of trade receivables and income receivable

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 30 days overdue).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Credit risk (Cont'd)

(ii) Trade receivables and income receivable (Cont'd)

Previous accounting policy for impairment of trade receivables and income receivable (Cont'd)

The Group's and the Company's credit risk exposure in relation to trade receivables and income receivable under SFRS 39 as at 31 December 2017 and 1 January 2017 are set as follows:

(i) Trade receivables and income receivable that are neither past due nor impaired:

	The Company		The Group	
	31 December 2017	1 January 2017	31 December 2017	1 January 2017
	\$	\$	\$	\$
Current	–	–	6,930,803	6,431,940

Trade receivables and income receivable that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) The ageing analysis of trade and other receivables past due but not impaired is as follows:

	The Company		The Group	
	31 December 2017	1 January 2017	31 December 2017	1 January 2017
	\$	\$	\$	\$
Past due less than 2 months	–	–	3,688,398	3,323,544
Past due over 2 months	–	–	605,585	677,750
	–	–	4,293,983	4,001,294

Based on the historical default rate, the Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired. These receivables are mainly arising by customers that have a good credit record with the Group.

(iii) The carrying amount of trade receivables individually determined to be impaired are as follows:

	The Company		The Group	
	31 December 2017	1 January 2017	31 December 2017	1 January 2017
	\$	\$	\$	\$
Gross amount	–	–	315,236	326,029

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)**(c) Credit risk** (Cont'd)*(ii) Trade receivables and income receivable* (Cont'd)*Previous accounting policy for impairment of trade receivables and income receivable* (Cont'd)

(iv) The movement in allowance for impairment is as follows:

	Allowance for impairment of trade receivables \$
<u>The Group</u>	
Balance at 1 January 2017	326,029
Allowance made	64,979
Allowance write back	(37,183)
Allowance utilised	(38,589)
Balance at 31 December 2017	<u>315,236</u>

The impaired trade receivables comprise mainly numerous long overdue inactive debtors of individually insignificant amounts for which the directors of the Company and the Group are of the opinion that the debts are not recoverable.

(d) Liquidity risk

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset.

The Company's and the Group's exposure to liquidity arises primarily from mismatches of the maturities of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Liquidity risk (Cont'd)

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

The Group	The Company	The Group	
	Less than 1 year \$	Less than 1 year \$	More than 1 year \$
At 31 December 2018			
Trade and other payables	40,496	4,885,352	–
Accrual for directors' fees	50,000	50,000	–
Deferred lease liabilities	–	47,901	75,288
	90,496	4,983,253	75,288
At 31 December 2017			
Trade and other payables	86,460	5,870,678	–
Accrual for directors' fees	50,000	50,000	–
	136,460	5,920,678	–
At 1 January 2017			
Trade and other payables	36,002	5,507,366	–
Accrual for directors' fees	50,000	50,000	–
	86,002	5,557,366	–

The Group maintains sufficient levels of cash and cash equivalents to meet their working capital requirements.

(e) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market price.

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

(f) Fair value measurements

The carrying amount of trade and other receivables, deposits and trade and other payables are assumed to approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's risk management capabilities; and
- (d) To provide an adequate return to shareholders.

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce debt.

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

Total capital is calculated as equity plus total borrowings. Total borrowings consist of obligations under trade and other payables, accrual for directors' fee and deferred lease liabilities.

	The Company			The Group		
	31 December 2018	2017	1 January 2017	31 December 2018	2017	1 January 2017
	\$	\$	\$	\$	\$	\$
Total borrowings	90,496	136,460	86,002	5,707,830	6,608,239	6,225,910
Total equity	15,610,549	15,311,473	16,036,628	41,215,266	38,501,125	35,259,089
Total capital	15,701,045	15,447,933	16,122,630	46,923,096	45,109,364	41,484,999
Gearing ratio	0.58%	0.88%	0.53%	12.16%	14.65%	15.01%

Gearing has a significant influence on the Group's and the Company's capital structure and the management monitors capital using a gearing ratio. The gearing ratio is calculated as total borrowings divided by total capital.

The Group and the Company is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. FINANCIAL INSTRUMENTS

Accounting classifications of financial assets and financial liabilities

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

	The Company \$	The Group \$
31 December 2018		
Financial assets, at amortised cost	11,108,244	30,737,774
Financial liabilities, at amortised cost	90,496	5,058,541
31 December 2017		
Loans and receivables	10,853,833	28,210,550
Financial liabilities, at amortised cost	136,460	5,920,678
1 January 2017		
Loans and receivables	11,626,385	24,561,207
Financial liabilities, at amortised cost	86,002	5,557,366

28. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

(a) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 December 2018, the Group has non-cancellable operating lease commitments of \$4,369,916 (Note 22(b)). Of these commitments, approximately \$138,305 relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (Cont'd)

(a) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019) (Cont'd)

For the remaining lease commitments the Group expects to recognise right-of-use assets and lease liabilities of approximately \$4.3 million on 1 January 2019. Overall net assets will remain the same and net current assets will be approximately \$0.6 million lower due to the presentation of a portion of the liability as a current liability. The Group expects that net profit after tax will decrease by approximately \$63,000 for 2019 as a result of adopting the new rules.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

(b) SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- (i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- (ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- (iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- (iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- (v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 January 2019.

29. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Colex Holdings Limited on 13 March 2019.



SHAREHOLDINGS STATISTICS

AS AT 19 MARCH 2019

Issued & Fully Paid-Up Capital	:	S\$14,523,504
Number & Class of Shares	:	132,522,560 ordinary shares with one vote for each ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	327	23.94	312,250	0.24
1,001 – 10,000	728	53.29	4,073,300	3.07
10,001 – 1,000,000	305	22.33	15,959,050	12.04
1,000,001 AND ABOVE	6	0.44	112,177,960	84.65
Total:	1,366	100.00	132,522,560	100.00

LIST OF 20 LARGEST SHAREHOLDERS

AS AT 19 MARCH 2019

No.	Name	No. of Shares	% shares
1	BONVESTS HOLDINGS LIMITED	104,611,560	78.94
2	CHUA SWEE MING	2,158,500	1.63
3	NGO HENRY	1,720,000	1.30
4	YIM CHEE CHONG	1,488,600	1.12
5	THIAN YIM PHENG	1,120,900	0.85
6	CHIAM HOCK POH	1,078,400	0.81
7	LEH BEE HOE	905,900	0.68
8	DBS NOMINEES PTE LTD	902,100	0.68
9	RAFFLES NOMINEES(PTE) LIMITED	544,000	0.41
10	OCBC NOMINEES SINGAPORE PTE LTD	438,500	0.33
11	KUNG HOOI KOON	400,000	0.30
12	UNITED OVERSEAS BANK NOMINEES P L	366,800	0.28
13	FAIRLADY JEWELLERS PTE LTD	324,000	0.24
14	PHILLIP SECURITIES PTE LTD	299,500	0.23
15	PANG CHEOW JOW	289,000	0.22
16	LEE CHEE MENG	280,000	0.21
17	GBM VENTURE PTE LTD	250,000	0.19
18	LAM KUM LOONG	233,700	0.18
19	HSBC (SINGAPORE) NOMINEES PTE LTD	212,400	0.16
20	NG HOCK KON	200,000	0.15
Total:		117,823,860	88.91

SHAREHOLDINGS STATISTICS

AS AT 19 MARCH 2019

SHAREHOLDINGS IN THE HAND OF THE PUBLIC AS AT 19 MARCH 2019

Percentage of shareholdings held in the hands of the public is 19.76% and hence Rule 723 of the Section B: Rules of Catalist of the SGX-ST Listing Manual is complied with.

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

	<u>Direct Interest</u>	<u>%</u>	<u>Deemed Interest</u>	<u>%</u>
Bonvests Holdings Limited	104,611,560	78.94	–	–
Goldvein Holdings Pte. Ltd.*	–	–	104,611,560	78.94
Mr Henry Ngo**				
– In own name	1,720,000	1.30	–	–
– through Goldvein Holdings Pte. Ltd.	–	–	104,611,560	78.94
Mr Patrick Tse**				
– through Goldvein Holdings Pte. Ltd.	–	–	104,611,560	78.94
Mr James Sookanan**				
– through Goldvein Holdings Pte. Ltd.	–	–	104,611,560	78.94
Mr Wilfred Hsieh**				
– through Goldvein Holdings Pte. Ltd.	–	–	104,611,560	78.94

* Goldvein Holdings Pte. Ltd. has a 59.78% interest in the issued share capital of Bonvests Holdings Limited. Accordingly, Goldvein Holdings Pte. Ltd. is deemed to be interested in the 104,611,560 shares in the issued and paid-up capital of the Company held by Bonvests Holdings Limited by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.

** Mr Henry Ngo, Mr Patrick Tse, Mr James Sookanan and Mr Wilfred Hsieh are siblings who each holds approximately 20% or more of the shares in Goldvein Holdings Pte. Ltd. and accordingly, are each deemed to be interested in the 104,611,560 shares in the issued and paid-up share capital of the Company deemed to be held by Goldvein Holdings Pte. Ltd. by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Conference Room, Level 1, 8 Tuas South Street 13, Singapore 637083 on Friday, 26 April 2019 at 10.00 a.m. to transact the following businesses:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final dividend (one-tier tax-exempt) of 0.50 Singapore cents per ordinary share for the financial year ended 31 December 2018. **(Resolution 2)**
3. To re-elect Mr Lim Hock Beng, a Director retiring pursuant to Regulation 104 of the Constitution of the Company. **(Resolution 3)**
(See Explanatory Note 1)
4. To re-elect Mr Fong Heng Boo a Director retiring pursuant to Regulation 104 of the Constitution of the Company. **(Resolution 4)**
(See Explanatory Note 2)
5. To approve the payment of Directors' fee of S\$50,000 for the financial year ended 31 December 2018 (2017: S\$50,000). **(Resolution 5)**
6. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. **(Resolution 6)**

As Special Business

To consider and if thought fit, pass the following ordinary resolution, with or without modifications:

7. Authority to allot and issue shares in the capital of the Company –
 - “(a) That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company (“**Directors**”), to:
 - (i) allot and issue shares in the capital of the Company (the “**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:
- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) does not exceed one hundred per cent. (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;
 - (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
 - (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, Chapter 50 of Singapore and otherwise, and the Constitution for the time being of the Company; and
 - (iv) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; and
- (c) the Directors be and are hereby authorised to do any and all acts which they deem necessary and expedient in connection with paragraphs (a) and (b) above.”

(Resolution 7)

[See Explanatory Note 3]



NOTICE OF **ANNUAL GENERAL MEETING**

8. Proposed Renewal of the Shareholders' General Mandate for Interested Person Transactions.

"That:

- (1) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, for the Company, its subsidiaries and associated companies that are entities at risk (as defined in Chapter 9 of the Catalist Rules), or any of them, to enter into any of the transactions falling within the categories of interested person transactions described in Section 2.7 of the Appendix to this Annual Report dated 11 April 2019 with the class of interested persons (as described in Section 2.6 of the Appendix), provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders and are in accordance with the review procedures for such interested person transactions (the "IPT Mandate");
- (2) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (3) the Board of Directors of the Company and any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this resolution."

(Resolution 8)

[See Explanatory Note 4]

Any Other Business

9. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

Foo Soon Soo
Secretary
11 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Free shuttle service will be available to transport shareholders to the Annual General Meeting's venue. The shuttle bus will depart at 9.00 a.m. from Lakeside MRT Station (at the exit point facing Boon Lay Way). If you wish to use the shuttle service, please contact Ms Jeslyn Chong at tel: +65 6268 7711 or email at wastemgt@colex.com.sg.

Explanatory notes:

1. Mr Lim Hock Beng will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and member of the Audit and Nominating Committees. He will be considered independent for the purposes of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Detailed information on Mr Lim can be found under "Particulars of Directors" in the Corporate Governance Statement and the "Director's Information" section contained in the Company's Annual Report 2018.
2. Mr Fong Heng Boo will, upon re-election as a Director of the Company, remain as Chairman of the Audit and Nominating Committees and member of the Remuneration Committee. He will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information on Mr Fong can be found under "Particulars of Directors" in the Corporate Governance Statement and the "Director's Information" section contained in the Annual Report 2018.
3. The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower Directors of the Company from the date of the above Annual General Meeting until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the total number of Shares issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares will be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's Shares.
4. The Ordinary Resolution 8 proposed in item 8 above, if passed, will authorise the interested person transactions as described in Appendix and recurring in the financial year and will empower the Directors, from the date of the Annual General Meeting until the date the next Annual General Meeting is to be held, to do all acts necessary to give effect to the IPT Mandate. The rationale for and categories of interested person transactions pursuant to the IPT Mandate are set out in greater detail in Appendix accompanying this Annual Report.



NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Each of the resolutions to be put to the vote of members at the Annual General Meeting (and at any adjournment thereof) will be voted on by way of a poll.
2. A Depositor is not regarded as a member of the Company entitled to attend and vote at the Annual General Meeting unless his name appears on the Depository Register not less than 72 hours before the time of the Annual General Meeting.
3. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint not more than two proxies to attend, speak and vote in his stead at the Annual General Meeting and any such proxy need not be a member of the Company.
4. A member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
5. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 72 hours before the time appointed for the Annual General Meeting.

Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) and is deemed to have warranted that where such member discloses the personal data of such proxy(ies) and/or representative(s) to the Company (or its agents or service providers), that the member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for (i) the processing, administration and analysis by the Company (or its agents or service providers) of proxy(ies) and 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 (ii) compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member's breach of warranty.

APPENDIX DATED 11 APRIL 2019

(AS REFERRED TO IN RESOLUTION 8 OF THE NOTICE OF ANNUAL GENERAL MEETING)

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt about its contents or the action you should take, you should consult your legal, financial, tax or other professional adviser immediately.

This Appendix is circulated to shareholders of the Company together with the Company's annual report. Its purpose is to provide shareholders of the Company with the relevant information relating to, and to seek shareholders' approval to renew the shareholders' mandate for Interested Person Transactions (as defined hereinafter) to be tabled at the Annual General Meeting to be held at the Conference Room, Level 1, 8 Tuas South Street 13, Singapore 637083 on 26 April 2019 at 10.00 a.m. or at any adjournment thereof. The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

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

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

The contact person for the Sponsor is Ms Ling Yuet Shan, Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**DEFINITIONS**

"Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"AGM"	:	The annual general meeting of the Company to be held on 26 April 2019
"Allsland"	:	Allsland Pte. Ltd.
"Associate(s)"	:	(a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none"> (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

APPENDIX DATED 11 APRIL 2019

(AS REFERRED TO IN RESOLUTION 8 OF THE NOTICE OF ANNUAL GENERAL MEETING)

“Audit Committee”	:	The audit committee of the Company
“Auditors”	:	The auditors of the Company for the time being
“Board”	:	The board of Directors of the Company for the time being
“Bonvests”	:	Bonvests Holdings Limited
“Catalist Rules”	:	The Catalist Rules (Section B: Rules of the Catalist) of the SGX-ST, as amended or modified from time to time
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Colex Holdings Limited
“Contract Gross Margin”	:	The expected gross margin to be generated from the Interested Person Transaction and which is derived from dividing the difference between the contract value and relevant variable costs and expenses that are directly attributable to that contract, as determined by the respective business units, over the contract value
“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company, unless otherwise determined by the SGX-ST; or (b) in fact exercises control over the Company
“Directors”	:	The directors of the Company for the time being
“Entity at risk”	:	<ul style="list-style-type: none"> (a) the listed company; (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “listed group”), or the listed group and its interested person(s), has control over the associated company.
“Executive Director”	:	A director of the Company who holds an executive position
“Future Associate(s)”	:	New Associate(s) of Mr Henry Ngo which may arise in the future
“Goldvein”	:	Goldvein Pte. Ltd.
“Goldvein Holdings”	:	Goldvein Holdings Pte. Ltd.
“Group”	:	The Company and its subsidiaries, and in the context of the Proposed Renewal of the IPT Mandate, shall have the meaning ascribed to it in Section 2.3 of this Appendix
“Head of Finance”	:	The Company’s finance personnel who is heading the finance team at that point in time
“IPT” or “Interested Person Transaction”	:	The categories of transactions with the Interested Person(s) which fall within the Proposed Renewal of the IPT Mandate, as set out in Section 2.7 of this Appendix
“IPT Mandate”	:	The Shareholders’ general mandate obtained by the Company pursuant to Chapter 9 of the Catalist Rules, permitting companies within the Group, or any of them, to enter into the IPTs, provided that such IPTs are on an arm’s length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders
“Interested Person(s) or IP”	:	The interested person(s) of the Company who fall within the IPT Mandate, if renewed, being Mr Henry Ngo and/or his Associates (which currently include Allsland, Goldvein and Richvein, and which will include Future Associates, if any)
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Appendix, being 29 March 2019

APPENDIX DATED 11 APRIL 2019

(AS REFERRED TO IN RESOLUTION 8 OF THE NOTICE OF ANNUAL GENERAL MEETING)

“Non-Interested Directors”	:	The Directors who are deemed to be independent for the purposes of making a recommendation to Shareholders in respect of the proposed renewal of the IPT Mandate, being Mr Desmond Chan Kwan Ling, Mr Fong Heng Boo and Mr Lim Hock Beng
“NTA”	:	Net tangible assets
“Ordinary Resolution”	:	The ordinary resolution 8 as set out in the notice of AGM, which is enclosed with the Annual Report
“Richvein”	:	Richvein Pte.Ltd.
“Securities Accounts”	:	Securities accounts maintained by a Depositor with CDP but does not include securities sub-accounts
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts
“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholders”	:	A person who holds directly or indirectly 5% or more of the total issued share capital of the Company
“S\$” and “cents”	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
“%”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be.

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Act or any statutory modification thereof and used in this Appendix shall have the meaning assigned to it under the Act or such statutory modification, as the case may be, unless the context otherwise requires.

Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day in this Appendix shall be a reference to Singapore time, unless otherwise stated.



APPENDIX DATED 11 APRIL 2019

(AS REFERRED TO IN RESOLUTION 8 OF THE NOTICE OF ANNUAL GENERAL MEETING)

COLEX HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197101485G)

Directors:

Mr Henry Ngo (*Chairman*)
Mr Desmond Chan Kwan Ling (*Director*)
Mr Fong Heng Boo (*Independent Director*)
Mr Lim Hock Beng (*Independent Director*)

Registered Office:

541 Orchard Road
#16-00 Liat Towers
Singapore 238881

11 April 2019

To: The Shareholders of Colex Holdings Limited

Dear Sir/Madam

1. INTRODUCTION

The Company's existing IPT Mandate was first approved by Shareholders at the extraordinary general meeting held on 17 April 2013 and renewed at the annual general meeting of the Company held on 18 April 2018. The IPT Mandate will, unless renewed again, expire on the date of the forthcoming AGM.

Accordingly, the Directors propose that the IPT Mandate be renewed at the forthcoming AGM in the terms of the Ordinary Resolution 8 to be proposed at the forthcoming AGM and (unless revoked or varied by the Company in general meeting) to continue in force until the next annual general meeting of the Company. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next and each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to transactions with the interested persons.

The purpose of this Appendix, is to explain the rationale for, and provide Shareholders with information relating to, the proposed renewal of the IPT Mandate as set out below.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Background

The Group is mainly engaged in the provision of waste management services and contract cleaning services. The waste management segment is undertaken by the Company's wholly-owned subsidiary, Colex Environmental Pte. Ltd. and deals with waste disposal services for domestic, commercial and industrial waste, sale and rental of equipment to customers, and repair of waste compactors. The contract cleaning segment is undertaken by the Company's wholly-owned subsidiary, Integrated Property Management Pte. Ltd., which provides cleaning services to industrial, commercial and residential properties.

APPENDIX DATED 11 APRIL 2019

(AS REFERRED TO IN RESOLUTION 8 OF THE NOTICE OF ANNUAL GENERAL MEETING)

From time to time, transactions will arise between the Group and the IP(s) as more particularly described in Section 2.6 of this Appendix. The Company is a subsidiary of Bonvests, a company listed on the SGX-ST. Mr Henry Ngo, who is the Chairman of the Company and the Chairman and Managing Director of Bonvests, is deemed interested in the 78.94% shareholding in the issued share capital of the Company held by Bonvests.

As at the Latest Practicable Date, Mr Henry Ngo has a 21.23% direct interest and a deemed interest of 1.89% (held through Allsland Pte Ltd) in Bonvests. He also has a 40.00% interest in the issued share capital of Goldvein Holdings, which in turn has a 59.70% interest in the issued share capital of Bonvests. Bonvests wholly owns Goldvein and Richvein. Accordingly, Mr Henry Ngo is deemed interested in the entire issued share capital of Goldvein and Richvein by virtue of Section 7 of the Act and Goldvein and Richvein are each an interested person as defined by Chapter 9 of the Catalist Rules. Allsland is wholly-owned by Mr Henry Ngo and accordingly, is an interested person as defined by Chapter 9 of the Catalist Rules.

In view of the above, the Company wishes to seek the approval of Shareholders (which shall exclude Shareholders who are required to abstain from voting pursuant to Rule 920(1)(b)(viii) of the Catalist Rules) for the proposed renewal of the IPT Mandate in respect of future IPT(s) that the Group may enter into with the IP(s), as more particularly set out in Section 2.7 of this Appendix.

2.2 Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, where a listed company or any of its subsidiaries or associated companies that are defined as an “entity at risk” proposes to enter into a transaction with an “interested person”, an immediate announcement or an immediate announcement and shareholders’ approval is required in respect of that transaction if its value is equal to, or more than, certain financial thresholds.

In particular, an immediate announcement is required where:

- (a) the transaction is of a value equal to, or more than, 3% of the group’s latest audited NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group’s latest audited NTA.

Further, shareholders’ approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or more than, 5% of the group’s latest audited NTA; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5% of the group’s latest audited NTA.

The above requirements for immediate announcement and/or for shareholders’ approval do not apply to any transaction below S\$100,000, and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk and hence excluded from the ambit of Chapter 9 of the Catalist Rules.

APPENDIX DATED 11 APRIL 2019

(AS REFERRED TO IN RESOLUTION 8 OF THE NOTICE OF ANNUAL GENERAL MEETING)

Rule 920 of the Catalist Rules permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is also subject to annual renewal.

For illustration purposes, based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018, the audited NTA of the Group was approximately S\$41,215,266. Accordingly, in relation to the Group and for the purposes of Chapter 9 of the Catalist Rules for the current financial year, Shareholders' approval is required where:

- (a) the Interested Person Transaction is of a value equal to, or more than, approximately S\$2,060,763 being 5% of the latest audited NTA value of the Group; or
- (b) the Interested Person Transaction, when aggregated with other transactions entered into with the same Interested Person during the same financial year, is of a value equal to, or more than, approximately S\$2,060,763.

2.3 Rationale for the Proposed Renewal of the IPT Mandate

The IP(s) are actively involved in the businesses of property development and investment and hotel ownership and management, and would continually require waste management and/or contract cleaning services as part of maintenance of their properties. The Group is one of the larger and more established providers of such waste management and/or contract cleaning services. It is therefore envisaged that in the ordinary course of their businesses, transactions between the Group and the IP(s) will occur from time to time and/or on a regular basis. Such transactions would include, but are not limited to:

- (a) the provision of waste management services to the Interested Person(s);
- (b) the provision of contract cleaning services to the Interested Person(s);
- (c) lease of properties or spaces to or from the Interested Person(s);
- (d) the provision or receipt of staff secondment to or from the Interested Person(s);
- (e) the provision or obtaining of corporate-related services from the Interested Person(s); and
- (f) the purchase of goods and services, such as, but not limited to, general food and beverage and hotel rooms from hotel properties owned and/or managed by the Interested Person(s).

The nature and scope of transactions which are proposed to be covered under the IPT Mandate, if renewed, are detailed in Section 2.7 below.

The Directors believe that transacting with the IP(s) would not be less favourable to the Group compared to those extended to or received from unrelated third parties.

In relation to the provision of waste management and contract cleaning services, such transactions will provide the Group with other revenue streams and bolster the Group's market share in the waste management and contract cleaning industries.

APPENDIX DATED 11 APRIL 2019

(AS REFERRED TO IN RESOLUTION 8 OF THE NOTICE OF ANNUAL GENERAL MEETING)

Furthermore, leasing the Group's unutilised properties or spaces to the IP(s) will unlock the value of the Group's unutilised properties or spaces and provide additional income from companies and/or persons with known and good credit standing. Leasing of unutilised properties or spaces from the Interested Person(s) will also benefit the Group given the past business dealings and familiarity of the Group with the Interested Person(s).

The secondment of staff to or from the IP(s) will allow the hosting entity to meet their operational manpower needs and/or to benefit from the expertise and experience of the secondee. In addition, such secondment will allow both the hosting and supplying entities to benefit from the secondee's experiences gained during his/her secondment term and hence, create value within the Group.

With regards to the provision or obtaining of corporate services, and the purchase of goods and services and hotel rooms from hotel properties owned and/or managed by the IP(s), the Group will benefit from having access to quotations from the IP(s), in addition to obtaining quotations from third parties, and with the various quotations available for assessment, this will ensure that the Group obtains competitive prices for goods and services of similar quantity and specifications.

In view of the time-sensitive nature of these commercial transactions, the IPT Mandate, if renewed pursuant to Rule 920 of the Catalist Rules, will enable:

- (a) the Company;
- (b) subsidiaries of the Company that are not listed on the SGX-ST or an approved exchange; or
- (c) associated companies of the Company that are not listed on the SGX-ST or an approved exchange, provided that the Group or the Group and the Interested Person(s), has control over the associated company,

(collectively, the "**Group**")

in the ordinary course of its business, to enter into the IPT(s) with the IP(s) without being separately subject to the obligations under Rules 905 and 906 of the Catalist Rules, provided that such transactions are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the minority shareholders of the Company.

2.4 Benefits of the Proposed Renewal of the IPT Mandate

The IPT Mandate, if renewed, will dispense with the need for the Company to announce the entry by the relevant entity in the Group into each IPT that exceeds 3% of the Group's latest audited NTA, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant entity in the Group into such IPT that exceeds 5% of the Group's latest audited NTA. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an ad hoc basis, will improve administrative efficacy considerably, and will allow manpower resources and time to be channelled towards attaining other business objectives available to the Group. Notwithstanding the above, Shareholders will be updated on the value of such IPT(s) through the Company's interim and full-year financial statements and in its annual report.

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2.5 Validity Period of the IPT Mandate, if Renewed

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

2.6 Classes of Interested Persons

The IPT Mandate, if renewed, will apply to IPT(s) (as described in Section 2.7 below) which are carried out between any entity in the Group with Mr Henry Ngo and/or his Associates (which currently include Allsland, Goldvein and Richvein, and will include Future Associates, if any).

2.7 Categories of Interested Person Transactions

The Group envisages that in the ordinary course of their business, a wide range of transactions between the Group and the IP(s) are likely to occur from time to time. Such transactions would include, but are not limited to:

(a) Waste Management Services

The Group may enter into contracts to provide waste management services such as refuse disposal service for industrial, commercial and/or residential properties owned by or that will be owned by the IP(s). The provision of waste management services includes (but is not limited to) the supply of refuse containers for neat storage and accumulation of incinerable waste and the collection of refuse at a fixed frequency for disposal at authorised incineration plants. The type of refuse containers supplied, and the frequency of collection along with the type of truck used for such collection is dependent on the nature and volume of waste generated by the property.

(b) Contract Cleaning Services

The Group may enter into long-term or ad hoc contracts to provide contract cleaning services for industrial commercial and/or residential properties owned by or that will be owned by the IP(s). Depending on the type and cleaning requirements of a property, the type of cleaning services include (but is not limited to) cleaning of lavatories, replenishing and supply of toiletries, polishing of floors and furniture, and removing rubbish, debris and leaves in open compounds and carpark areas.

(c) Lease of Properties or Spaces

The Group may lease to or from the IP(s) properties or spaces including (but not limited to) industrial, commercial and/or residential properties or spaces.

(d) Secondment of Staff

From time to time, secondment of staff might take place between the Group and the IP(s) to meet the respective company's operational needs and/or expertise requirements (for example, in the areas of management and technical knowledge or know-how).

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(e) Corporate-related Services

The Group may provide and/or obtain corporate-related services to or from the IP(s) which include (but are not limited to) rental of meeting facilities, and finance and accounting services.

(f) Purchase of Goods and Services

The Group may procure or purchase food and beverage and hotel rooms from hotel properties owned and/or managed by the IP(s).

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the IPT Mandate, if renewed. The IPT Mandate, if renewed, will also not cover any transaction by any entity in the Group with an IP that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions. Finally, transactions with other interested persons (other than the classes of Interested Persons detailed in Section 2.6 above) that do not fall within the ambit of the renewed IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

2.8 Guidelines and Review Procedures for Interested Person Transactions

(a) Review Procedures

Having regard to the nature of the IPT(s) and the criteria in establishing the review procedures which is to ensure that such review procedures are adequate and/or commercially practicable in ensuring that the IPTs are carried out on an arm's length basis, on normal commercial terms, are in the interest of the Company and are not prejudicial to the interests of the Company and the minority Shareholders, the Group have put in place the following review procedures for the IPT(s):

- (i) All IPT(s) shall be conducted in accordance with the Group's usual business practices and policies, consistent with the usual margins or prices or rates extended to or received by the Group for the same or substantially similar type of services or products between the Group and unrelated third parties and the terms are not less favourable to the Group compared to those extended to or received from unrelated third parties;
- (ii) where possible and practicable, the Group will use its reasonable endeavours to make comparisons with at least two other invoices issued to or quotes received from unrelated third parties for the same or substantially similar type of transactions. In the event where it is impossible or impracticable to obtain comparable prices of contemporaneous transactions of similar services due to the customisation or nature of services to be provided to the IP, an executive director of the relevant company within the Group and the Head of Finance (both of whom must have no interest, direct or indirect, in the IPT) will, subject to the Approval Thresholds as set out in Section 2.8(b) below, evaluate and weigh the benefits of, and rationale for transacting with the Interested Person, taking into account factors such as, but not limited to, the nature and scope of services, customer requirements and specifications, duration of contract, credit standing and the Group's then prevailing capacity and resources;

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(AS REFERRED TO IN RESOLUTION 8 OF THE NOTICE OF ANNUAL GENERAL MEETING)

- (iii) subject to and in accordance with Sections 2.8(a)(i) and/or (ii) above, in the case of the provision of waste management services and contract cleaning services, the terms of the IPT shall be such that the Group obtains a positive Contract Gross Margin for the said transaction;
- (iv) subject to and in accordance with Sections 2.8(a)(i) and/or (ii) above, in the case of the lease of properties or spaces to or from an Interested Person, the Group shall take appropriate steps to ensure that such lease or rental payable is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries regarding similar properties or spaces and obtaining necessary reports or reviews published by property agents or independent valuers, where considered appropriate. The amount of rent payable shall be no higher than the highest price or rate quoted by unrelated third parties for a similar property in terms of size, location, quality of premise, services provided, credit terms and deposits needed. The amount of rent receivable shall be no lower than the lowest price or rate quoted by unrelated third parties for a similar property in terms of size, location, quality of premise, services provided, credit terms and deposits needed;
- (v) subject to and in accordance with Sections 2.8(a)(i) and/or (ii) above, in the case of providing and/or obtaining corporate-related services to or from an Interested Person, the prices or rates of such transactions shall not be lower than that received from or higher than those paid to unrelated third parties, taking into account the type of corporate-related services rendered and its accompanying nature;
- (vi) subject to and in accordance with Sections 2.8(a)(i) and/or (ii) above, in the case of the procurement or purchase of food and beverage and hotel rooms from hotel properties owned and/or managed by the IP(s), the prices of such transactions shall not be higher than that paid by other unrelated third parties, taking into account any discounts or preferential rates accorded to unrelated third parties and/or corporate customers or in accordance with industry norms; and
- (vii) in the case of the secondment of staff to or from an IP (being an entity), the salary of the seconded staff payable shall be determined on a pro-rated basis and based on his or her existing salary (including bonuses or other monetary benefit), and the seconded staff shall be entitled to other accompanying terms and conditions of employment under his or her employment contract.

(b) Approval Thresholds

In addition to the review procedures, the following approval procedures will be implemented to supplement existing internal control procedures for IPT(s) to ensure that such transactions are undertaken on an arm's length basis and on normal commercial terms and are not prejudicial to minority shareholders:

(i) Category 1 threshold

The Category 1 threshold shall apply where the aggregate value of the IPT(s) entered into with the same IP within a financial year of the Company is equal to or exceeds S\$1,000,000. Such transaction(s) must be reviewed and approved by the Audit Committee prior to being contracted.

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(ii) *Category 2 threshold*

The Category 2 threshold shall apply where the aggregate value of the IPT(s) entered into with the same IP within a financial year of the Company is equal to or exceeds S\$100,000 but is less than S\$1,000,000. Such transaction(s) must be reviewed and approved by an executive director of the relevant company within the Group and the Head of Finance (both of whom must have no interest, direct or indirect, in the IPT). For the avoidance of doubt, such transaction does not require the prior approval of the Audit Committee but shall be reviewed on a half-yearly basis by the Audit Committee.

The threshold limits set out above are adopted by the Company taking into account, inter alia, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at as a result of the balancing exercise after considering the operational efficiency for the day-to-day business operations of the Group and the internal control for IPT(s). The threshold limits act as an additional safeguard to supplement the review procedures which will be implemented by the Company for IPT(s).

If any person has an interest in a transaction falling within a category of transactions to be reviewed or approved by him or her, he or she will abstain from any decision making in respect of that transaction.

(c) ***Register of Interested Person Transactions***

The Company will maintain a register of all IPTs (the "**IPT Register**") including the IPT(s) carried out with IP(s) pursuant to the renewed IPT Mandate, and the register shall include all information pertinent to all the IPT(s), such as, but not limited to, the list of Associates, the nature of the IPT, the amount of the IPT(s), the basis and rationale for determining the transaction prices, material terms and conditions and supporting evidence and quotations obtained to support such basis. For the avoidance of doubt, all IPTs, including IPT(s) below S\$100,000, shall be recorded in the IPT Register.

The IPT Register shall be prepared, maintained and monitored by the Head of Finance of the Company, who shall not be interested in any of the IPT(s) and who is duly delegated to do so by the Audit Committee. The IPT Register will be reviewed by the internal auditors of the Company on an annual basis to ascertain that the guidelines and procedures established to monitor the IPT(s) (including the guidelines and review procedures set out in Sections 2.8(a) and 2.8(b) of this Appendix which are proposed to be established in respect of the IPT(s) have been complied with.

(d) ***Half-Yearly Review by the Audit Committee***

The Audit Committee shall review the IPT Register and any accompanying reports on a half-yearly basis (or such other more frequent basis as may be required or as the Audit Committee may deem necessary) to ascertain that the established review procedures to monitor the IPTs (including the guidelines and review procedures set out in Sections 2.8(a) and 2.8(b) of this Appendix which are proposed to be established in respect of the IPT(s) have been complied with.



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If during these reviews by the Audit Committee, the Audit Committee is of the view that the established review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary (such as, where relevant, to obtain a fresh mandate for IPT(s) to ensure that the mandated IPT(s) will be conducted based on an arm's length basis and on normal commercial terms and hence, will not be prejudicial to the interests of the Company and its minority Shareholders.

If a member of the Audit Committee has an interest in an IPT to be reviewed by the Audit Committee, he will abstain from voting on any resolution, and/or any decision and/or any review of the established review procedures in respect of that IPT. Approval of that IPT will be undertaken by the remaining members of the Audit Committee.

In addition, the Board will also ensure that all disclosure, approvals and other requirements on IPT(s), including those required by prevailing legislation, the Catalist Rules and relevant accounting standards, are complied with.

2.9 Disclosure in Financial Results Announcement and Annual Report

The Company will announce the aggregate value of transactions conducted with the IP(s) pursuant to the renewed IPT Mandate for the relevant financial periods which the Company is required to report on pursuant to the Catalist Rules and within the time required for the announcement of such reports.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the IP(s) pursuant to the renewed IPT Mandate during the financial year, and in the annual reports for subsequent financial years that the renewed IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

The name of the IP and the corresponding aggregate value of the IPT(s) will be presented in the following format:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
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(AS REFERRED TO IN RESOLUTION 8 OF THE NOTICE OF ANNUAL GENERAL MEETING)

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Henry Ngo						
– through Goldvein Holdings Pte. Ltd.	–	–	104,611,560 ⁽²⁾	78.94	104,611,560	78.94
– in own name	1,720,000	1.30	–	–	1,720,000	1.30
Substantial Shareholders						
Bonvests Holdings Limited	104,611,560 ⁽¹⁾	78.94	–	–	104,611,560	78.94
Goldvein Holdings Pte. Ltd.	–	–	104,611,560 ⁽¹⁾	78.94	104,611,560	78.94
Patrick Tse						
– through Goldvein Holdings Pte. Ltd.	–	–	104,611,560 ⁽²⁾	78.94	104,611,560	78.94
James Sookanan						
– through Goldvein Holdings Pte. Ltd.	–	–	104,611,560 ⁽²⁾	78.94	104,611,560	78.94
Wilfred Hsieh						
– through Goldvein Holdings Pte. Ltd.	–	–	104,611,560 ⁽²⁾	78.94	104,611,560	78.94

(1) Goldvein Holdings Pte. Ltd. has a 59.70% interest in the issued share capital of Bonvests Holdings Limited. Accordingly, Goldvein Holdings Pte. Ltd. is deemed interested in the 104,611,560 shares in the issued and paid-up share capital of the Company held by Bonvests Holdings Limited by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.

(2) Mr Henry Ngo, Mr Patrick Tse, Mr James Sookanan and Mr Wilfred Hsieh are siblings who each hold approximately 20% or more of the shares in Goldvein Holdings Pte. Ltd. and accordingly, are each deemed to be interested in the 104,611,560 shares in the issued and paid-up share capital of the Company deemed to be held by Goldvein Holdings Pte. Ltd. by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.

Save as disclosed herein, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the proposed renewal of the IPT Mandate.

4. STATEMENT OF THE AUDIT COMMITTEE

Mr Henry Ngo being an interested person in the IPT Mandate, has abstained from the Audit Committee's review and determination in relation to the proposed renewal of the IPT Mandate.

Pursuant to Rule 920(1)(c) of the Catalist Rules and having considered, inter alia, the terms, the rationale and the benefits of the proposed renewal of the IPT Mandate in Section 2 of this Appendix, the Audit Committee (save for Mr Henry Ngo) has reviewed the guidelines and review procedures, as set out in Section 2.8 of this Appendix and proposed by the Company for determining the terms of the IPT(s) as well as the half-yearly reviews to be made by the Audit Committee in relation thereto (collectively, "**Guidelines and Review Procedures**"), the Audit Committee confirms that:–

- (i) the Guidelines and Review Procedures for the IPT(s) have not changed since the last Shareholders' approval for the IPT Mandate obtained at the annual general meeting held on 18 April 2018; and
- (ii) the Guidelines and Review Procedures are sufficient to ensure that the IPT(s) will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.



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5. ABSTENTION FROM VOTING

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, Mr Henry Ngo will abstain, and has undertaken to ensure that his Associates will abstain from voting on the resolution approving the proposed renewal of the IPT Mandate herein.

Further, Mr Henry Ngo also undertakes to decline, and shall ensure that his Associates decline to accept appointment as proxy(ies) to vote at the forthcoming AGM in respect of the Ordinary Resolution relating to the proposed renewal of the IPT Mandate for other Shareholders unless the Shareholder concerned shall have given specific instructions as to the manner in which his/her votes are to be cast at the AGM.

6. DIRECTORS' RECOMMENDATION

Having considered, inter alia, the terms of the IPT Mandate, the rationale for the proposed renewal of the IPT Mandate in Section 2.3 of this Appendix and the statement of the Audit Committee, the Non-Interested Directors are unanimously of the opinion that the IPT Mandate, if renewed, is in the best interests of the Company. The Non-Interested Directors unanimously agree that the guidelines and review procedures for determining the terms of the IPT(s) as stated in Section 2.8 of this Appendix pursuant to the proposed renewal of the IPT Mandate, as well as the half-yearly reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that the IPT(s) will be made with the Group on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, the Non-Interested Directors unanimously recommend that Shareholders vote in favour of the Ordinary Resolution 8 as set out in the Notice of AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, and the Group and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information contained in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

Yours faithfully,

For and on behalf of the Board of Directors of
Colex Holdings Limited

Fong Heng Boo
Independent Director

PROXY FORM
ANNUAL GENERAL MEETING

Colex Holdings Limited

Registration No. 197101485G
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend the Annual General Meeting and vote
2. For investors who have used their CPF monies to buy shares in Colex Holdings Limited, this Annual Report is forwarded to them at the request of the CPF Approved Nominees.
3. The Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PERSONAL DATA PRIVACY

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

I/We _____ (Name)
of _____ (Address)
being a member/members of COLEX HOLDINGS LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	(%)

and/or [delete as appropriate]

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	(%)

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Conference Room, Level 1, 8 Tuas South Street 13, Singapore 637083 on Friday, 26 April 2019 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Ordinary Resolutions	No. of votes or indicate with a tick*	
		For	Against
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' Statement and the Auditors' Report thereon.		
2.	To approve a first and final dividend (one-tier tax-exempt) of 0.50 Singapore cents per ordinary share for the financial year ended 31 December 2018.		
3.	To re-elect Mr Lim Hock Beng as a Director of the Company.		
4.	To re-elect Mr Fong Heng Boo as a Director of the Company.		
5.	To approve Directors' fee of S\$50,000 for the financial year ended 31 December 2018.		
6.	To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to allot and issue shares in the capital of the Company.		
8.	To renew the shareholders' mandate for Interested Person Transactions.		

* All resolutions would be put to vote by poll in accordance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited. If you wish to exercise all your votes "For" or "Against", please tick "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2019.

Total number of Shares held	
CDP Register	
Register of Members	



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

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

Notes

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of shares is not inserted, this instrument appointing a proxy or proxies shall be deemed to relate to the entire number of ordinary shares in the Company registered in your name(s).
2. A member (other than a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. A relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend the meeting and vote.
4. 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/her vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF Investor and SRS Investors shall be precluded from attending the Annual General Meeting.
5. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding or the number of shares to be represented by each proxy. If no such proportion or number is specified, the nomination shall be deemed to be in the alternative.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting.

Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
7. The instrument appointing a proxy or proxies, together with the power of attorney or other authority, if any, under which it is signed or a duly certified copy thereof, shall be attached to the instrument of proxy and must be deposited at the Registered Office at 541 Orchard Road #16-00 Liat Towers, Singapore 238881 not later than 72 hours before the time set for the Annual General Meeting.
8. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing; or if the appointor is a corporation, under its seal, or under the hand of its attorney or duly authorised officer.
9. 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 its Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or when the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares in the Company are deposited in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
11. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.



Company Registration Number: 197101485G

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