



BOLDTEK
寶特 HOLDINGS



BUILDING BLOCKS FOR
GROWTH

ANNUAL REPORT 2018



CONTENTS

01	CORPORATE PROFILE
02	MESSAGE TO SHAREHOLDERS
04	BOARD OF DIRECTORS
06	EXECUTIVE OFFICERS
07	CORPORATE STRUCTURE
08	CORPORATE INFORMATION
09	FINANCIAL HIGHLIGHTS
10	OPERATING AND FINANCIAL REVIEW
13	FINANCIAL CONTENTS
108	STATISTICS OF SHAREHOLDINGS
110	NOTICE OF ANNUAL GENERAL MEETING
	PROXY FORM

This annual report 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 annual report.

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

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).



CORPORATE PROFILE

As part of the corporate branding strategy, the Company had changed its name from Logistics Holdings Limited to Boldtek Holdings Limited in August 2017. Boldtek Holdings Limited (the "Company" or "Boldtek Holdings", and together with its subsidiaries, the "Group"), will more accurately reflect the Group's current business activities and direction which is primarily in property construction, development and/or investment. This will eliminate any market misconceptions of the Group being a logistics player under its former name and allow the public and its business partners to better identify with its current principal activities and business direction.

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

GENERAL BUILDING

Logistics Construction Pte. Ltd., Apex Projects Pte. Ltd. and MSC Engineering Pte. Ltd., are principally engaged in providing building construction services and interior decoration/fitting-out services in Singapore. We have a track record of more than 30 years in the construction business in Singapore, having undertaken numerous public and private projects as a main contractor.

PRECAST MANUFACTURING

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

PROPERTIES DEVELOPMENT AND INVESTMENT

Le Premier Development Pte. Ltd. ("Le Premier Singapore") and Le Premier Development Sdn. Bhd. ("Le Premier Malaysia"), are engaged in property development and investment. Le Premier Singapore residential property development comprises 8 units of freehold cluster houses located at 21 Paya Lebar Crescent, Singapore.

Le Premier Malaysia is currently developing 20 units of freehold 3 storey terraced service industries for sales and also holds a parcel of freehold industrial land to earn rental and/or for capital appreciation. These properties are located in Senai Industrial Park, Johor, Malaysia.

SOIL INVESTIGATION AND TREATMENT

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

VISION

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

MISSION

CUSTOMERS

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

INVESTORS

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

TEAM

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

VALUES

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

MESSAGE TO SHAREHOLDERS



DEAR SHAREHOLDERS,

As part of the corporate branding strategy, the Company had changed its name from Logistics Holdings Limited to Boldtek Holdings Limited in August 2017. Boldtek Holdings Limited (the "Company" or "Boldtek Holdings", and together with its subsidiaries, the "Group"), will more accurately reflect the Group's current business activities and direction which is primarily in property construction, development and/or investment. This will eliminate any market misconceptions of the Group being a logistics player under its former name and allow the public and its business partners to better identify with its current principal activities and business direction.

GENERAL BUILDING

The Group's existing order book stood at S\$140.9 million as at 28 September 2018 and the Company will exercise prudence in tenders to build up its book orders while maintaining market competitiveness amid current industry dynamics and focus on optimising asset utilisation and operational efficiency to fortify the Group against challenges that lie ahead.

In addition, we also successfully upgraded our Building and Construction Authority ("BCA")'s workhead for General Building Works (CW01) to the highest grade, A1 in September 2017, where we can bid for larger-scale projects of unlimited value.

PRECAST MANUFACTURING

With sustained emphasis on construction productivity and quality improvement, projects prescribing Design for Manufacturing and Assembly ("DfMA") technologies have become more prevalent in recent years. Management is actively working with the relevant authorities and professional bodies to develop DfMA technologies in the areas of Prefabricated Prefinished Volumetric Construction ("PPVC") to take advantage of the increased use of these technologies in building construction.

PROPERTIES DEVELOPMENT AND INVESTMENT

The Group's residential property development in Singapore comprised 8 units of freehold cluster houses located at 21 Paya Lebar Crescent ("Singapore cluster houses"). The Group had obtained the temporary occupation permit ("TOP") and sold all the Singapore cluster houses during the financial year ended 30 June 2018 ("FY2018").

In Malaysia, construction of the 20 units of freehold 3 storey terraced service industries for sales, are completed in 1st quarter of financial year ending 30 June 2019 ("Q1FY2019"). During FY2018, a parcel of freehold industrial land ("Malaysia land") was reclassified from development properties to investment properties arising from a change in use from property development purpose to land held to earn rental or for capital appreciation, or both. These properties are located at Senai Industrial Park, Johor, Malaysia.

OUTLOOK

Although market conditions have gradually become more challenging, management has strengthen its business development and tendering headcount to actively participate while prudently tender for projects to build up its book orders.

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

NOTE OF APPRECIATION

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

MR PAO KIEW TEE

Non-Executive Chairman and Independent Director

MR PHUA LAM SOON

Chief Executive Officer

BOARD OF DIRECTORS

PAO KIEW TEE

Non-Executive Chairman and Independent Director

Pao Kiew Tee is our Non-Executive Chairman and Independent Director. He was appointed as our Director on 24 December 2012 and was last re-elected on 29 October 2015. He is also the Chairman of the Audit Committee and a member of both the Nominating Committee and Remuneration Committee of our Company.

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

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

PHUA LAM SOON

Chief Executive Officer

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

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

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

ONG SIEW ENG

Executive Director

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

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

NG KOK SENG
Executive Director

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

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

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

FOO SHIANG PING
Non-Executive Director

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

Mr. Foo is the Founder and Principal Consultant of SP Corporate Advisory, a boutique corporate restructuring and merger and acquisition advisory firm based in Singapore. With 20 years of corporate advisory experience, Mr. Foo's primary dealings are in IPO, mergers and acquisitions, corporate restructuring transactions and fund-raising activities. At present, Mr. Foo is a member of the Singapore Institute of Directors. He is also appointed as the Non-Executive Director of another listed company on the SGX-ST, 800 Super Holdings Limited.

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

CHEN TIMOTHY TECK-LENG
Independent Director

Chen Timothy Teck-Leng was appointed as our Independent Director on 24 December 2012 and was last re-elected on 29 October 2015. He is also the Chairman of both the Nominating Committee and Remuneration Committee and a member of the Audit Committee of our Company.

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

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

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

EXECUTIVE OFFICERS

GO HUI YANG

Financial Controller

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

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

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

LOY YAN RU

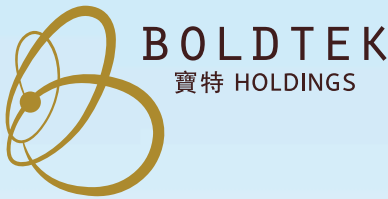
Administration and Human Resources Manager

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

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

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

CORPORATE STRUCTURE



BOLDTEK HOLDINGS LIMITED¹



Building and construction services



Investment holding



Interior decoration and fitting-out services



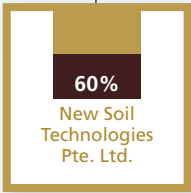
Building and construction services



Investment holding of land and property development



Precast building and construction products manufacturing



Soil investigation, treatment and stabilization, research and experimental development on engineering



Investment holding of land and property development



Precast building and construction products manufacturing

¹ In August 2017, shareholders approved the change of name from Logistics Holdings Limited to Boldtek Holdings Limited as part of our corporate branding strategy. Boldtek Holdings Limited will more accurately reflect our current business activities and direction which is primarily in property construction, development and/or investment. Furthermore, any market misconceptions of us as a logistics player under its former name will be prevented and allow the public and the Company's business partners to better identify with our current principal activities and business direction.



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

PHUA LAM SOON
(Chief Executive Officer)

ONG SIEW ENG
(Executive Director)

NG KOK SENG
(Executive Director)

FOO SHIANG PING
(Non-Executive Director)

CHEN TIMOTHY TECK-LENG
(Independent Director)

AUDIT COMMITTEE

PAO KIEW TEE
(Chairman)

CHEN TIMOTHY TECK-LENG
(Member)

FOO SHIANG PING
(Member)

NOMINATING COMMITTEE

CHEN TIMOTHY TECK-LENG
(Chairman)

PAO KIEW TEE
(Member)

PHUA LAM SOON
(Member)

REMUNERATION COMMITTEE

CHEN TIMOTHY TECK-LENG
(Chairman)

PAO KIEW TEE
(Member)

FOO SHIANG PING
(Member)

JOINT COMPANY SECRETARIES

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

REGISTERED OFFICE

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

SHARE REGISTRAR

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

SPONSOR

PrimePartners Corporate Finance
Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

INDEPENDENT AUDITOR

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

Partner-in-charge
Chin Sin Beng
(Appointed since the financial year
ended 30 June 2018)

PRINCIPAL BANKERS

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

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

RHB Bank Berhad
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur, Malaysia

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

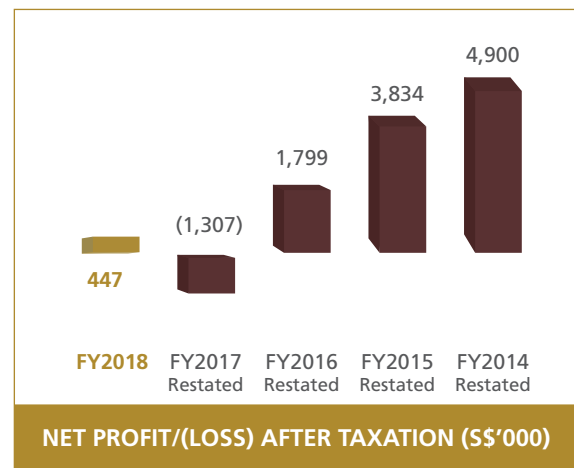
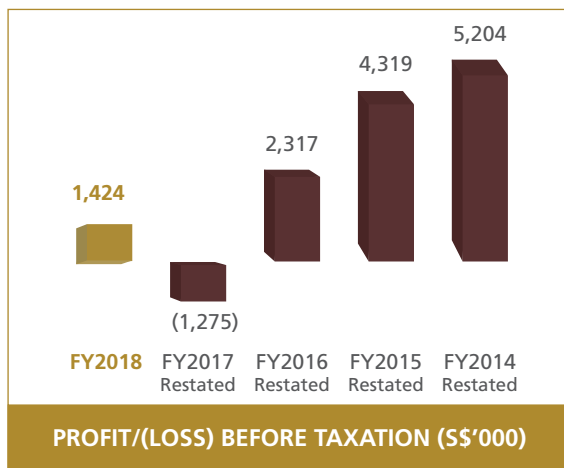
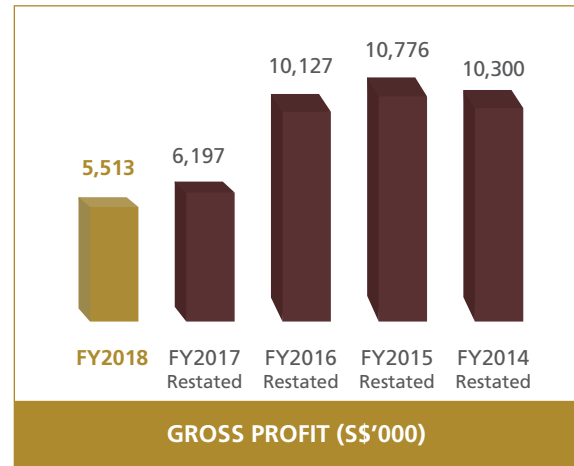
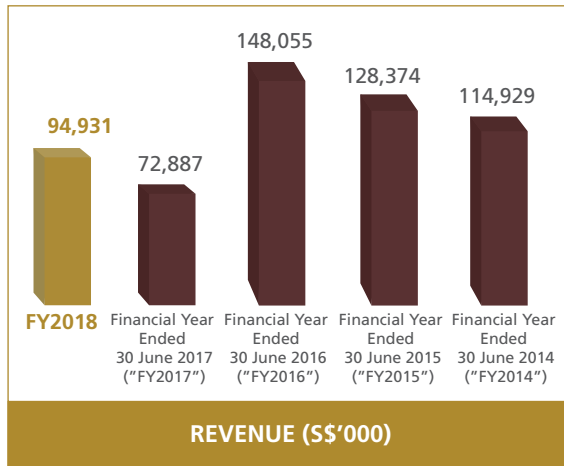
DBS Bank Ltd
12 Marina Boulevard, Level 43
Marina Bay Financial Centre
Singapore 018982

INTERNAL AUDITOR

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

FINANCIAL HIGHLIGHTS

BOLDTEK HOLDINGS LIMITED & ITS SUBSIDIARY CORPORATIONS



S\$'000	FY2014 Restated	FY2015 Restated	FY2016 Restated	FY2017 Restated	FY2018
Revenue	114,929	128,374	148,055	72,887	94,931
Gross profit	10,300	10,776	10,127	6,197	5,513
Profit/(Loss) before taxation	5,204	4,319	2,317	(1,275)	1,424
Profit/(Loss) after taxation	4,900	3,834	1,799	(1,307)	447
Profit/(Loss) attributable to owners of the parent	4,953	4,336	1,932	(1,060)	592
Earnings/(Losses) per share (Singapore cents) ¹	2.91	2.55	1.14	(0.62)	0.33
Total assets	58,649	89,230	81,464	81,360	81,502
Equity attributable to owners of the parent	24,109	26,772	27,094	25,270	27,551
Net asset value per share (Singapore cents) ²	14.31	15.58	15.70	14.49	14.86

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

² The net asset value per ordinary share for FY2014 to FY2017 and FY2018 is computed based on the share capital of the Company of 170,000,000 and 185,625,000 shares respectively.

OPERATING AND FINANCIAL REVIEW

OPERATING REVIEW

GENERAL BUILDING

During FY2018, we secured 10 projects with contract sums amounting to approximately S\$62.9 million. These projects mainly comprised of new building works, term contracts, and addition and alteration works. The Group's existing order book stood at about S\$140.9 million as at 28 September 2018.

In September 2017, we also successfully upgraded our BCA's workhead for General Building Works (CW01) to the highest grade, A1, where we can bid for larger-scale projects of unlimited value.

PRECAST MANUFACTURING

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

PROPERTIES DEVELOPMENT AND INVESTMENT

The Group had obtained the TOP and sold all the Singapore cluster houses during FY2018.

In Malaysia, development of the 20 units of freehold 3 storey terraced service industries for sales, are completed in Q1FY2019. A parcel of freehold industrial

land ("Malaysia land") was reclassified from development properties to investment properties arising from a change in use from property development purpose to land held to earn rental or for capital appreciation, or both during FY2018. These properties are located at Senai Industrial Park, Johor, Malaysia.

FINANCIAL REVIEW

STATEMENT OF PROFIT OR LOSS

REVENUE AND COST OF WORKS

The Group's revenue and cost of works increased by approximately S\$22.0 million or 30.2% and S\$22.7 million or 34.1% respectively due to the operating segments' performance as follows:

GENERAL BUILDING

Revenue increased by approximately S\$3.1 million mainly due to the recognition of higher revenue from on-going projects include, among others, revenue from construction works relating to alteration and addition works, new building works and home improvement program works.

Gross profit increased by approximately S\$2.7 million mainly due to higher gross profit margin for certain projects and decrease in depreciation of property, plant and equipment ("PPE") (included in cost of works) by S\$0.5 million or 36.1% as there are more PPE which were fully depreciated before the end of the reporting period.





PRECAST MANUFACTURING

Revenue decreased by approximately S\$2.6 million mainly due to no additional projects won in FY2018.

Gross loss of approximately S\$0.1 million (FY2017: S\$0.1 million) is mainly attributable to higher material usage and production overheads than anticipated.

PROPERTIES DEVELOPMENT AND INVESTMENT

Revenue increased by approximately S\$21.6 million because the Group had obtained TOP and sold all the Singapore cluster houses in FY2018.

Development properties cost totalling S\$24.9 million was recognised as cost of works.

OTHER INCOME

The Group's other income increased by approximately S\$3.8 million or 546.6% mainly due to the fair value gain on investment properties of S\$3.4 million in relation to the Malaysia land that was reclassified from development properties to investment properties arising from a change in use from property development purpose to land held to earn rental or for capital appreciation, or both. In addition, currency translation gain of S\$0.5 million was recorded arising from the Malaysia subsidiary corporations' monetary liabilities denominated in Singapore dollar due to the strengthening of Malaysia Ringgit ("RM") during FY2018.

OTHER EXPENSES

The Group's other expenses decreased by approximately S\$0.3 million or 80.1%. This is mainly due to the S\$Nil (FY2017: S\$0.4 million) currency translation loss being recognised as a result of the strengthening of RM during FY2018 as explained above.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by approximately S\$0.4 million or 6.5% mainly due to the increase in headcount which lead to higher payroll expenses.

FINANCE COSTS

The Group's finance costs increased by approximately S\$0.3 million or 88.6% mainly due to the increasing interest rate during FY2018.

TAXATION

The Group's income tax expense increased by approximately S\$0.9 million mainly due to the underprovision of income tax for prior financial years and deferred tax liabilities arising from the changes in fair value of investment properties being charged to current financial year.

PROFIT FOR THE FINANCIAL YEAR

Overall, the Group reported profit after tax of approximately S\$0.4 million (FY2017: loss after tax of approximately S\$1.3 million).



OPERATING AND FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

The Group's current assets decreased by approximately S\$16.7 million which is mainly due to the decrease in development properties of approximately \$35.1 million partially offset by the increase in trade and other receivables of approximately S\$18.4 million.

Development properties decreased mainly due to the recognition of the cost of works in relation to the sale and TOP obtained for the Singapore cluster houses and reclassification of the Malaysia land from development properties to investment properties during FY2018.

Trade and other receivables increased mainly due to the progressive billings from the development properties and construction work in progress in excess of billing.

NON-CURRENT ASSETS

Non-current assets increased by approximately S\$16.9 million which is mainly due to the increase in investment properties by approximately S\$18.6 million and partially offset by the decrease in PPE of approximately S\$1.7 million.

Investment properties increased mainly due the reclassification of the Malaysia land from development properties to investment properties measured at fair value in FY2018.

PPE decreased mainly due to the routine depreciation and disposal of PPE offset by the addition of PPE during FY2018.

CURRENT LIABILITIES

The Group's current liabilities increased by approximately S\$1.4 million which is mainly due to the increase in trade and other payables by approximately S\$7.4 million partially offset by the decrease in borrowings of approximately S\$5.9 million.

Trade and other payables increased mainly due to the increase in trade payables and accrued operating expenses as there are more on-going projects as compared to prior financial year.

Borrowings decreased as the proceeds from the sales of Singapore cluster houses were used to repay the borrowings.

NON-CURRENT LIABILITIES

The Group's non-current liabilities decreased by approximately S\$4.2 million mainly due to certain borrowings being reclassified from non-current liabilities to current liabilities in accordance with the term loan's repayment schedule which is partially offset by the increase in deferred tax liabilities arising from the changes in fair value of investment properties.

STATEMENT OF CASH FLOWS

OPERATING ACTIVITIES

Net cash from operating activities was approximately S\$9.7 million mainly from the sales of the Singapore cluster houses.

INVESTMENT ACTIVITIES

Net cash from investing activities was approximately S\$0.1 million mainly from the proceeds from disposal of PPE offset by the purchase of PPE during FY2018.

FINANCING ACTIVITIES

Net cash used in financing activities was approximately S\$10.1 million mainly to the repayment of the borrowings and interest paid partially offset by the proceeds from borrowings and issue of shares during FY2018.

As a result, the Group recorded a net decrease in cash and bank balances of S\$0.2 million.



FINANCIAL CONTENTS

14	CORPORATE GOVERNANCE REPORT
44	DIRECTORS' STATEMENT
47	INDEPENDENT AUDITOR'S REPORT
53	STATEMENTS OF FINANCIAL POSITION
54	CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
55	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
56	CONSOLIDATED STATEMENT OF CASH FLOWS
57	NOTES TO THE FINANCIAL STATEMENTS
108	STATISTICS OF SHAREHOLDINGS
110	NOTICE OF ANNUAL GENERAL MEETING

CORPORATE GOVERNANCE REPORT

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

This report below describes the corporate governance framework and practices of the Company for the financial year ended 30 June 2018 (“FY2018”) with reference to the Code of Corporate Governance 2012 (the “Code”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in January 2015 (the “Guide”).

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code?	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2018.

BOARD MATTERS

The Board’s Conduct of Affairs

1.1 1.2	What is the role of the Board?	<p>The Board has 6 members and comprises the following:</p> <table border="1"> <thead> <tr> <th colspan="2"><i>Table 1.1 – Composition of the Board</i></th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Pao Kiew Tee</td> <td>Non-Executive Chairman and Independent Director</td> </tr> <tr> <td>Phua Lam Soon</td> <td>Chief Executive Officer (“CEO”)</td> </tr> <tr> <td>Ong Siew Eng</td> <td>Executive Director</td> </tr> <tr> <td>Ng Kok Seng</td> <td>Executive Director</td> </tr> <tr> <td>Foo Shiang Ping</td> <td>Non-Executive Director</td> </tr> <tr> <td>Chen Timothy Teck-Leng</td> <td>Independent Director</td> </tr> </tbody> </table>	<i>Table 1.1 – Composition of the Board</i>		Name of Director	Designation	Pao Kiew Tee	Non-Executive Chairman and Independent Director	Phua Lam Soon	Chief Executive Officer (“CEO”)	Ong Siew Eng	Executive Director	Ng Kok Seng	Executive Director	Foo Shiang Ping	Non-Executive Director	Chen Timothy Teck-Leng	Independent Director
<i>Table 1.1 – Composition of the Board</i>																		
Name of Director	Designation																	
Pao Kiew Tee	Non-Executive Chairman and Independent Director																	
Phua Lam Soon	Chief Executive Officer (“CEO”)																	
Ong Siew Eng	Executive Director																	
Ng Kok Seng	Executive Director																	
Foo Shiang Ping	Non-Executive Director																	
Chen Timothy Teck-Leng	Independent Director																	

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management (the "Management"). To fulfill this role, the Board sets the Group's strategic direction, establishes goals for the Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.</p> <p>Apart from its statutory responsibilities, the principal functions of the Board encompass the following:</p> <ul style="list-style-type: none"> • Providing stewardship to the Company including charting its corporate strategies and business plans; • Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives; • Authorizing and monitoring major investment and strategic commitments; • Reviewing and assessing the performance of the Management (comprising executive directors ("Executive Directors") and key management personnel of the Company); • Overseeing the processes for evaluating the adequacy of internal controls, addressing risk management, financial reporting and compliance, and satisfying itself as to the sufficiency of such processes; • Establishing a framework for effective control, including the safeguarding of shareholders' interests and the Company's assets; • Providing guidance and advice to Management; • Being responsible for good corporate governance; • Considering sustainability issues, including environmental and social factors, as part of the Company's strategic formulation; • Identifying key stakeholder groups of the Company and recognize that their perceptions affect the Company's reputation; and • Setting the Company's values and standards, including ethical standards, and ensuring that the obligations to its shareholders and other stakeholders are understood and met. <p>All directors are expected to discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.</p>

CORPORATE GOVERNANCE REPORT

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1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>To assist the Board in the discharge of its responsibilities, the Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). Upon its establishment, the Board Committees operate within clearly defined terms of reference and operating procedures, which would be reviewed on a regular basis. Minutes of all Board Committees meetings will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings. The composition of the Board Committees are as follows:</p> <table border="1"> <caption><i>Table 1.3 – Composition of the Board Committees</i></caption> <thead> <tr> <th></th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Pao Kiew Tee</td> <td>Chen Timothy Teck-Leng</td> <td>Chen Timothy Teck-Leng</td> </tr> <tr> <td>Member</td> <td>Chen Timothy Teck-Leng</td> <td>Pao Kiew Tee</td> <td>Pao Kiew Tee</td> </tr> <tr> <td>Member</td> <td>Foo Shiang Ping</td> <td>Phua Lam Soon</td> <td>Foo Shiang Ping</td> </tr> </tbody> </table>		AC	NC	RC	Chairman	Pao Kiew Tee	Chen Timothy Teck-Leng	Chen Timothy Teck-Leng	Member	Chen Timothy Teck-Leng	Pao Kiew Tee	Pao Kiew Tee	Member	Foo Shiang Ping	Phua Lam Soon	Foo Shiang Ping
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1.4	Have the Board and Board Committees met in the last financial year?	<p>The dates of meetings of the Board, Board Committees and the annual general meetings are scheduled one (1) year in advance. The Board meets regularly at least three (3) times within each financial year and at other times as appropriate, to approve the release of the Group's financial results as well as to consider and resolve major financial and business matters of the Group.</p> <p>The Board and Board Committees may also make decisions by way of circular resolutions in writing.</p> <p>To facilitate the attendance and participation of Directors at Board and Board Committees meetings, the Company's Constitution permits the Directors of the Company to attend meetings through the use of audio-visual communication equipment.</p>																

CORPORATE GOVERNANCE REPORT

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		<p>In FY2018, the number of Board and Board Committees meetings held and the attendance of each Board member are summarised in the table below:</p> <table border="1"> <thead> <tr> <th colspan="5"><i>Table 1.4 – Board and Board Committees Meetings in FY2018</i></th> </tr> <tr> <th></th> <th>Board</th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>No. of meetings held in FY2018</td> <td>4</td> <td>3</td> <td>3</td> <td>2</td> </tr> <tr> <td>Directors</td> <td colspan="4">Number of meetings attended in FY2018</td> </tr> <tr> <td>Pao Kiew Tee</td> <td>4</td> <td>3</td> <td>3</td> <td>2</td> </tr> <tr> <td>Phua Lam Soon</td> <td>4</td> <td>3⁽¹⁾</td> <td>3</td> <td>2⁽¹⁾</td> </tr> <tr> <td>Ong Siew Eng</td> <td>3</td> <td>2⁽¹⁾</td> <td>3⁽¹⁾</td> <td>2⁽¹⁾</td> </tr> <tr> <td>Ng Kok Seng</td> <td>4</td> <td>3⁽¹⁾</td> <td>3⁽¹⁾</td> <td>2⁽¹⁾</td> </tr> <tr> <td>Foo Shiang Ping</td> <td>4</td> <td>3</td> <td>3⁽¹⁾</td> <td>2</td> </tr> <tr> <td>Chen Timothy Teck-Leng</td> <td>4</td> <td>3</td> <td>3</td> <td>2</td> </tr> </tbody> </table> <p>Note: (1) Attendance by invitation.</p>	<i>Table 1.4 – Board and Board Committees Meetings in FY2018</i>						Board	AC	NC	RC	No. of meetings held in FY2018	4	3	3	2	Directors	Number of meetings attended in FY2018				Pao Kiew Tee	4	3	3	2	Phua Lam Soon	4	3 ⁽¹⁾	3	2 ⁽¹⁾	Ong Siew Eng	3	2 ⁽¹⁾	3 ⁽¹⁾	2 ⁽¹⁾	Ng Kok Seng	4	3 ⁽¹⁾	3 ⁽¹⁾	2 ⁽¹⁾	Foo Shiang Ping	4	3	3 ⁽¹⁾	2	Chen Timothy Teck-Leng	4	3	3	2
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1.5	What are the types of material transactions which require approval from the Board?	The Board's approval is required on matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends, acceptance of bank facilities, release of the Group's half year and full year financial results announcements and all interested person transactions.																																																		
1.6 1.7	(a) Are new Directors given formal training? If not, please explain why.	<p>The Board ensures that incoming newly appointed Directors will be given an orientation of the Group's business activities, strategic direction, policies and governance practices to facilitate the effective discharge of their duties. Newly appointed Directors will also be provided with a formal letter setting out their duties and obligations.</p> <p>The Directors have been given briefings by the Management on the Group's business activities and its strategic directions to facilitate the effective discharge of their duties. Management will monitor new laws, regulations and commercial developments and will keep the Board updated accordingly. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts.</p> <p>The Directors are also encouraged to attend relevant seminars such as those organised by SGX-ST, Singapore Institute of Directors and other external professional organisations to keep abreast of developments relevant to their roles.</p>																																																		

CORPORATE GOVERNANCE REPORT

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	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	<p>Briefings, updates and trainings for Directors in FY2018 include the following:</p> <ul style="list-style-type: none"> • The external auditor, Foo Kon Tan LLP ("FKT"), briefed the AC on changes or amendments to accounting standards; and • The internal auditor, KPMG Services Pte Ltd, briefed the AC on sustainability reporting requirements for listed companies in Singapore. <p>In addition, certain directors attended programmes, seminars, briefings and update sessions, such as the core professional development programmes organised by Singapore Institute of Directors with collaboration with Accounting and Corporate Regulatory Authority and SGX-ST for Audit Committee. Attendances in such training sessions helped enhance the performance of the directors in their duties.</p>
BOARD MATTERS		
Board Composition and Guidance		
2.1 2.2	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	The Company endeavours to maintain a strong and independent element on the Board. Two (2) of the Company's Directors are independent, thereby fulfilling the Code's requirement that at least one-third of the Board should comprise Independent Directors.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	<p>The Board considers an Independent Director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs with a view to the best interests of the Company. The Independent Directors have confirmed their independence in accordance with the Code.</p> <p>The NC has also reviewed and is of the view that the two (2) Independent Directors are independent in accordance with the definition of independence in the Code.</p> <p>The independence of each Director will be reviewed annually by the NC in accordance with the definition of independence in the Code.</p>

CORPORATE GOVERNANCE REPORT

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	<p>(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.</p>
2.4	<p>Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.</p>	<p>There are no Independent Directors who has served on the Board beyond nine (9) years from the date of his/her first appointment.</p>
2.5	<p>Has the Board examined its size of the Board?</p>	<p>A review will be undertaken by the Board, together with the NC to determine if the current size of the Board is appropriate for the scope and nature of the Group's operations to facilitate effective decision-making and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. For FY2018, the NC is of the view that the present size of the Board allows it to be effective and not too large as to be unwieldy.</p>

CORPORATE GOVERNANCE REPORT

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2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board's policy in identifying director nominees is primarily for the Board to have an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. They should also provide core competencies such as accounting and finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.																								
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	<p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <p>Table 2.6 – Balance and Diversity of the Board</p> <table border="1"> <thead> <tr> <th></th> <th>Number of Directors</th> <th>Proportion of Board</th> </tr> </thead> <tbody> <tr> <td>Core Competencies</td> <td></td> <td></td> </tr> <tr> <td>Accounting or finance</td> <td>3</td> <td>50%</td> </tr> <tr> <td>Business management</td> <td>4</td> <td>67%</td> </tr> <tr> <td>Legal or corporate governance</td> <td>3</td> <td>50%</td> </tr> <tr> <td>Relevant industry knowledge or experience</td> <td>4</td> <td>67%</td> </tr> <tr> <td>Strategic planning experience</td> <td>4</td> <td>67%</td> </tr> <tr> <td>Customer based experience or knowledge</td> <td>4</td> <td>67%</td> </tr> </tbody> </table>		Number of Directors	Proportion of Board	Core Competencies			Accounting or finance	3	50%	Business management	4	67%	Legal or corporate governance	3	50%	Relevant industry knowledge or experience	4	67%	Strategic planning experience	4	67%	Customer based experience or knowledge	4	67%
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(c) What steps have the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	<p>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.</p> <p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <p>(a) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficiency of the Board; and</p> <p>(b) Annual appraisal carried out on each director on their skill set they possessed.</p> <p>The NC has reviewed and is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, experience and capabilities required for the Board to be effective.</p> <p>The NC also takes into consideration the results of the abovementioned evaluation exercise in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p>																									

CORPORATE GOVERNANCE REPORT

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2.7 2.8		The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of Management to discuss concerns or matters such as the effectiveness of Management. For FY2018, the Non-Executive Directors have met once in the absence of Management.
Chairman and Chief Executive Officer		
3.1 3.2	Are the duties between Chairman and CEO segregated?	<p>The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between them is clearly established, and they are not related to each other.</p> <p>Mr Pao Kiew Tee is the Non-Executive Chairman (the "Chairman") and an Independent Director of the Company, and is responsible for the workings of the Board to ensure the effectiveness and integrity of the governance process.</p> <p>Mr Phua Lam Soon is the CEO of the Company, and is responsible for the business and operational decision of the Group.</p> <p>The CEO works with the Board to determine the strategy for the Group and is responsible for the Group's business performance. The CEO also works with the Management of the Group to ensure that the Management operates in accordance with the strategic and operational objectives of the Group.</p> <p>The Chairman leads the Board to ensure its effectiveness on all aspects of its role. He approves the agenda for the Board and the agenda for Board Committees are approved by the Chairman together with the respective chairpersons of the Board Committees. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the Management and shareholders of the Company. He encourages interactions between the Board and Management, as well as between the Executive and Non-Executive Directors. The Chairman also takes a leading role in ensuring the Company's compliance with corporate governance guidelines.</p>
3.4	Have the Independent Directors met in the absence of the other directors?	<p>The Independent Directors have met in the absence of the other directors at least once in FY2018.</p> <p>The Independent Directors effectively check on Management by constructively challenging and helping to develop proposals on strategy. They monitor and review the reporting and performance of Management in meeting agreed goals and objectives. The Independent Directors may meet regularly on their own as warranted without the presence of Management.</p>

CORPORATE GOVERNANCE REPORT

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Board Membership		
4.1 4.2	What are the duties of the NC?	<p>The Company has constituted the NC to, among other things, make recommendations to the Board on all Board appointments and oversee the Company's succession and leadership development plans.</p> <p>The primary function of the NC is to determine the criteria for identifying candidates, review nominations for the appointment of Directors to the Board, to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. The NC has adopted written terms of reference defining its membership, administration and duties, which includes, <i>inter alia</i>:</p> <ul style="list-style-type: none"> (a) to make recommendations to the Board on all Board appointments and re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors); (b) to ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years; (c) to determine annually whether a Director is independent, in accordance with the guidelines contained in the Code; (d) to decide whether a Director is able to and has adequately carried out his duties as a director of the Company, in particular, where the Director has multiple board representations; (e) to review and approve any new employment of related persons and the proposed terms of their employment; (f) put in place and review Board succession plans for the Directors, and in particular, for the Chairman of the Board and the CEO of the Company; (g) assessing the effectiveness of the Board as a whole and its Board Committees, and the contribution by each individual Director to the effectiveness of the Board; (h) to decide how the Board's performance may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long term shareholders' value; and (i) to review the training and professional development programs for the Board.

CORPORATE GOVERNANCE REPORT

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4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	<p>The Board has set the maximum number of listed company board representations at 8.</p> <p>Having assessed the capacity of the Directors based on factors disclosed in Section 4.4(c) below, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.</p>
	(b) If a maximum has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	<p>The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> • Expected and/or competing time commitments of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.
	(d) Have the Directors adequately discharged their duties?	The NC is of the view that all Directors had adequately carried out their duties as Directors of the Company, taking into consideration the number of listed company board representations and other principal commitments that some of the Directors hold.
4.5	Are there alternate Directors?	As at the date of this report, there are no alternate directors appointed in the Company.
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p>There is a formal and transparent process for the appointment of new Directors to the Board.</p> <p>The NC reviews and recommends all new Board appointments and also the re-nomination and re-appointment of Directors to the Board. The NC assesses to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director contributes and brings to the Board an objective perspective to enable balanced and well-considered decisions to be made.</p>

CORPORATE GOVERNANCE REPORT

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		<p>There is a formal and transparent process for the appointment of new Directors to the Board. The nomination and selection process of a new Director begins with the NC identifying the needs in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board. The NC then prepares a description of the role and the desirable competencies for a particular appointment. If required, the NC may engage professional search firms to undertake research on, or assess candidates for the new position, and will also give due consideration to candidates identified by substantial shareholders, Board members and Management. The NC will then meet with the short-listed candidates to assess their suitability. Where a candidate has been endorsed by the NC, it will then make a recommendation to the Board for approval.</p> <p>The NC makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board.</p> <p>All Directors are subject to the provisions of Regulation 107 of the Company's Constitution whereby one-third of the Directors are required to retire and subject themselves to re-election by the shareholders at each annual general meeting ("AGM"), and each Director is required to subject him/herself for re-nomination and re-election at least once every three (3) years. In addition, any new Director appointed during the year either to fill a casual vacancy or as an addition to the Board will have to retire at the annual general meeting following his/her appointment, and is eligible for re-election if he/she desires.</p> <p>The NC, with the respective member who is interested in the discussion having abstained from the deliberations, has reviewed and recommended to the Board that Mr Pao Kiew Tee and Mr Chen Timothy Teck-Leng be nominated for re-appointment at the forthcoming AGM of the Company. Mr Pao Kiew Tee will, upon re-election as a Director, remain as the Non-Executive Chairman of the Board, Independent Director, Chairman of the AC and a member of the NC and RC of the Company. Mr Chen Timothy Teck-Leng will, upon re-election as a Director, remain as an Independent Director, chairman of the NC and RC and a member of the AC of the Company. In making this recommendation, the NC has considered the Directors' overall contribution and performance. Mr Pao Kiew Tee and Mr Chen Timothy Teck-Leng will be considered independent for the purposes of Rule 704(7) of the SGX-ST Listing Manual Section B: Rules of Catalist ("Catalist Rules").</p>

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4.7	Please provide Directors' key information.	<p>The key information of the Directors, including their appointment dates, present directorships and those held in other listed companies over the past three (3) years, are set out in the section "Board of Directors" of this Annual Report and below:</p> <table border="1" data-bbox="612 607 1428 1653"> <thead> <tr> <th data-bbox="612 607 775 712" rowspan="2">Name of Director</th> <th data-bbox="778 607 927 712" rowspan="2">Date of initial appointment</th> <th data-bbox="930 607 1078 712" rowspan="2">Date of last re-election</th> <th colspan="2" data-bbox="1082 607 1428 674">Directorships in other listed companies</th> </tr> <tr> <th data-bbox="1082 678 1254 712">Current</th> <th data-bbox="1257 678 1428 712">Past 3 Years⁽¹⁾</th> </tr> </thead> <tbody> <tr> <td data-bbox="612 716 775 954">Pao Kiew Tee</td> <td data-bbox="778 716 927 954">24 December 2012</td> <td data-bbox="930 716 1078 954">29 October 2015</td> <td data-bbox="1082 716 1254 954">Wong Fong Industries Limited Mary Chia Holdings Limited New Silkroutes Group Limited</td> <td data-bbox="1257 716 1428 954">Imperium Crown Limited Jubilee Industries Holdings Ltd</td> </tr> <tr> <td data-bbox="612 958 775 1021">Phua Lam Soon</td> <td data-bbox="778 958 927 1021">5 October 2012</td> <td data-bbox="930 958 1078 1021">27 October 2016</td> <td data-bbox="1082 958 1254 1021">Nil</td> <td data-bbox="1257 958 1428 1021">Nil</td> </tr> <tr> <td data-bbox="612 1025 775 1088">Ong Siew Eng</td> <td data-bbox="778 1025 927 1088">31 October 2012</td> <td data-bbox="930 1025 1078 1088">27 October 2017</td> <td data-bbox="1082 1025 1254 1088">Nil</td> <td data-bbox="1257 1025 1428 1088">Nil</td> </tr> <tr> <td data-bbox="612 1093 775 1155">Ng Kok Seng</td> <td data-bbox="778 1093 927 1155">31 October 2012</td> <td data-bbox="930 1093 1078 1155">27 October 2016</td> <td data-bbox="1082 1093 1254 1155">Nil</td> <td data-bbox="1257 1093 1428 1155">Nil</td> </tr> <tr> <td data-bbox="612 1160 775 1223">Foo Shiang Ping</td> <td data-bbox="778 1160 927 1223">24 December 2012</td> <td data-bbox="930 1160 1078 1223">27 October 2017</td> <td data-bbox="1082 1160 1254 1223">800 Super Holdings Limited</td> <td data-bbox="1257 1160 1428 1223">Nil</td> </tr> <tr> <td data-bbox="612 1227 775 1653">Chen Timothy Teck-Leng</td> <td data-bbox="778 1227 927 1653">24 December 2012</td> <td data-bbox="930 1227 1078 1653">27 October 2015</td> <td data-bbox="1082 1227 1254 1653">Yangzijiang Shipbuilding (Holdings) Ltd. Tianjin Zhong Xin Pharmaceutical Group Corporation Limited Sysma Holdings Limited Tye Soon Limited</td> <td data-bbox="1257 1227 1428 1653">Xinren Aluminium Holdings Limited TMC Education Corporation Ltd</td> </tr> </tbody> </table> <p data-bbox="612 1657 1441 1742">Note: (1) Refers to directorships in other listed companies held in the past 3 years but no longer holding.</p>					Name of Director	Date of initial appointment	Date of last re-election	Directorships in other listed companies		Current	Past 3 Years ⁽¹⁾	Pao Kiew Tee	24 December 2012	29 October 2015	Wong Fong Industries Limited Mary Chia Holdings Limited New Silkroutes Group Limited	Imperium Crown Limited Jubilee Industries Holdings Ltd	Phua Lam Soon	5 October 2012	27 October 2016	Nil	Nil	Ong Siew Eng	31 October 2012	27 October 2017	Nil	Nil	Ng Kok Seng	31 October 2012	27 October 2016	Nil	Nil	Foo Shiang Ping	24 December 2012	27 October 2017	800 Super Holdings Limited	Nil	Chen Timothy Teck-Leng	24 December 2012	27 October 2015	Yangzijiang Shipbuilding (Holdings) Ltd. Tianjin Zhong Xin Pharmaceutical Group Corporation Limited Sysma Holdings Limited Tye Soon Limited	Xinren Aluminium Holdings Limited TMC Education Corporation Ltd
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CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
Board Performance														
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>The NC is guided by its terms of reference which set out its responsibility for assessing the Board's effectiveness as a whole and the contribution from each individual Director, including the Chairman of the Board, to the effectiveness of the Board. The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Group's business and that each Director contributes and brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.</p> <p>In assessing the effectiveness of the Board, the NC considers a number of factors, including the discharge of the Board's functions, access to information, participation at Board meetings and communication and guidance given by the Board to the Management. The NC's focus in the assessment of the Board's effectiveness is on its ability to provide supervisory and oversight.</p> <p>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and for assessing the contribution by each Director to the effectiveness of the Board:</p> <table border="1"> <thead> <tr> <th colspan="3"><i>Table 5</i></th> </tr> <tr> <th>Performance Criteria</th> <th>Board</th> <th>Individual Directors</th> </tr> </thead> <tbody> <tr> <td>Qualitative</td> <td> <ol style="list-style-type: none"> 1. Size and composition 2. Access to information 3. Board processes 4. Strategic planning 5. Board accountability </td> <td> <ol style="list-style-type: none"> 1. Adequacy of preparation for Board and Board Committees meetings 2. Contributions to specialist areas and generation of constructive debate 3. Maintenance of independence (where applicable) </td> </tr> <tr> <td>Quantitative</td> <td> <ol style="list-style-type: none"> 1. Performance of the Company's share price over a five year period 2. Revenue growth 3. Net profit margin </td> <td> <ol style="list-style-type: none"> 1. Attendance at Board and Board Committees meetings </td> </tr> </tbody> </table>	<i>Table 5</i>			Performance Criteria	Board	Individual Directors	Qualitative	<ol style="list-style-type: none"> 1. Size and composition 2. Access to information 3. Board processes 4. Strategic planning 5. Board accountability 	<ol style="list-style-type: none"> 1. Adequacy of preparation for Board and Board Committees meetings 2. Contributions to specialist areas and generation of constructive debate 3. Maintenance of independence (where applicable) 	Quantitative	<ol style="list-style-type: none"> 1. Performance of the Company's share price over a five year period 2. Revenue growth 3. Net profit margin 	<ol style="list-style-type: none"> 1. Attendance at Board and Board Committees meetings
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CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>Review of the Board's performance is conducted by the NC annually. The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole.</p> <p>The board evaluation process is conducted annually by way of a board evaluation questionnaire. In FY2018, the review process was as follows:</p> <ol style="list-style-type: none"> 1. All Directors collectively as a whole completed a board evaluation questionnaire on the effectiveness of the Board, the Board Committees and the individual Directors based on criteria disclosed in Table 5 above; 2. The Company Secretary collated and submitted the questionnaire results to the Chairman of the NC in the form of a report; and 3. The NC discussed the report and concluded the performance results during the NC meeting. <p>Each member of the NC has abstained from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director.</p> <p>The NC, having reviewed the overall performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board and each individual Director has been satisfactory.</p> <p>No external facilitator was used in the evaluation process.</p>
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
<u>Developing Remuneration Policies</u>		
7.1 7.2	What is the role of the RC?	<p>The RC is regulated by a set of written terms of reference and has access to independent professional advice, if necessary. Pursuant to the RC's terms of reference, the RC will be responsible for, <i>inter alia</i>, reviewing and recommending to the Board a framework of remuneration for the Directors and key management personnel, including the CEO, other personnel having the authority and responsibility for planning, directing and controlling the activities of the Group, and the employees related to the Executive Directors and controlling shareholders of the Company, and determining specific remuneration packages for each Executive Director as well as for each key management personnel. The review will cover all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and other benefits-in-kind.</p> <p>Annually, the RC will review the level and mix of remuneration and benefits policies and practices of the Company, including long-term incentives. When conducting such reviews, the RC will take into account the performance of the Company and that of individual employees. It will also review and approve the framework for salary reviews, performance bonus and incentives for key management personnel of the Group. The recommendations of the RC on remuneration of Directors and key management personnel will be submitted for endorsement by the entire Board.</p> <p>Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his/her own remuneration. The RC has met to consider and review the remuneration packages of the Executive Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Company.</p> <p>The RC may from time to time, and where necessary or required, engage independent external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel and ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants. Among other things, this helps the Company to stay competitive in its remuneration packages.</p>
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2018.

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

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9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown of remuneration of the Directors of the Company for FY2018 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="6"><i>Table 9.2 – Remuneration of the Directors</i></th> </tr> <tr> <th>Directors/ Chief Executive Officer</th> <th>Fees %</th> <th>Salaries (1)%</th> <th>Bonus⁽²⁾ %</th> <th>Other Benefits (3)%</th> <th>Total %</th> </tr> </thead> <tbody> <tr> <td colspan="6">S\$500,001 to below S\$750,000</td> </tr> <tr> <td>Phua Lam Soon</td> <td>–</td> <td>72.85</td> <td>17.83</td> <td>9.32</td> <td>100.00</td> </tr> <tr> <td>Ong Siew Eng</td> <td>–</td> <td>70.98</td> <td>17.16</td> <td>11.86</td> <td>100.00</td> </tr> <tr> <td colspan="6">S\$250,001 to below S\$500,000</td> </tr> <tr> <td>Ng Kok Seng</td> <td>–</td> <td>67.45</td> <td>17.01</td> <td>15.54</td> <td>100.00</td> </tr> <tr> <td colspan="6">Below S\$250,000</td> </tr> <tr> <td>Pao Kiew Tee</td> <td>100.00</td> <td>–</td> <td>–</td> <td>–</td> <td>100.00</td> </tr> <tr> <td>Chen Timothy Teck-Leng</td> <td>100.00</td> <td>–</td> <td>–</td> <td>–</td> <td>100.00</td> </tr> <tr> <td>Foo Shiang Ping</td> <td>100.00</td> <td>–</td> <td>–</td> <td>–</td> <td>100.00</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) Employer Central Provident Fund contributions are included as part of salaries.</p> <p>(2) Annual wage supplement and profit sharing, if any, are included as part of bonus. There was no profit sharing for Mr Phua Lam Soon in FY2018. Please refer to Section 9.6 below for further details.</p> <p>(3) Transportation allowances are included as part of other benefits.</p> <p>The Board, on review, decided not to disclose the exact remuneration details of each individual director and the CEO given the competitive business environment and possible negative impact on the Group's business interest.</p> <p>There are no termination and retirement benefits that may be granted to Directors, the CEO and the top two (2) key management personnel.</p>	<i>Table 9.2 – Remuneration of the Directors</i>						Directors/ Chief Executive Officer	Fees %	Salaries (1)%	Bonus ⁽²⁾ %	Other Benefits (3)%	Total %	S\$500,001 to below S\$750,000						Phua Lam Soon	–	72.85	17.83	9.32	100.00	Ong Siew Eng	–	70.98	17.16	11.86	100.00	S\$250,001 to below S\$500,000						Ng Kok Seng	–	67.45	17.01	15.54	100.00	Below S\$250,000						Pao Kiew Tee	100.00	–	–	–	100.00	Chen Timothy Teck-Leng	100.00	–	–	–	100.00	Foo Shiang Ping	100.00	–	–	–	100.00
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CORPORATE GOVERNANCE REPORT

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9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>Details of remuneration paid to key management personnel of the Group for FY2018 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="5">Table 9.3 – Remuneration of Key Management Personnel</th> </tr> <tr> <th>Key Management Personnel</th> <th>Salaries⁽¹⁾ %</th> <th>Bonus⁽²⁾ %</th> <th>Other Benefits⁽³⁾ %</th> <th>Total %</th> </tr> </thead> <tbody> <tr> <td colspan="5">Below S\$250,000</td> </tr> <tr> <td>Go Hui Yang⁽⁴⁾</td> <td>100.00</td> <td>–</td> <td>–</td> <td>100.00</td> </tr> <tr> <td>Loy Yan Ru⁽⁵⁾</td> <td>93.43</td> <td>6.57</td> <td>–</td> <td>100.00</td> </tr> <tr> <td>Tee Chen Chuan⁽⁶⁾</td> <td>90.14</td> <td>–</td> <td>9.86</td> <td>100.00</td> </tr> <tr> <td>Ho Chor Yau⁽⁷⁾</td> <td>85.73</td> <td>7.70</td> <td>6.57</td> <td>100.00</td> </tr> <tr> <td>Yeo Goek Ngo⁽⁸⁾</td> <td>100.00</td> <td>–</td> <td>–</td> <td>100.00</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) Employer Central Provident Fund contributions are included as part of salaries. (2) Annual wage supplement is included as part of bonus. (3) Transportation allowances are included as part of other benefits. (4) Appointed on 7 May 2018. (5) Ms Loy Yan Ru is the niece of the CEO, Mr Phua Lam Soon, and Executive Director, Ms Ong Siew Eng. (6) Resigned with effect from 11 February 2018. (7) Resigned with effect from 7 May 2018. (8) Resigned with effect from 31 December 2018.</p>	Table 9.3 – Remuneration of Key Management Personnel					Key Management Personnel	Salaries ⁽¹⁾ %	Bonus ⁽²⁾ %	Other Benefits ⁽³⁾ %	Total %	Below S\$250,000					Go Hui Yang ⁽⁴⁾	100.00	–	–	100.00	Loy Yan Ru ⁽⁵⁾	93.43	6.57	–	100.00	Tee Chen Chuan ⁽⁶⁾	90.14	–	9.86	100.00	Ho Chor Yau ⁽⁷⁾	85.73	7.70	6.57	100.00	Yeo Goek Ngo ⁽⁸⁾	100.00	–	–	100.00
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	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The Company currently only has two (2) key management personnel. The aggregate total remuneration paid to the two (2) current and three (3) resigned key management personnel (who are not Directors or the CEO) for FY2018 were approximately S\$116,000 and S\$243,000 respectively.																																								
9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	There were no employees during FY2018 who were immediate family members of a Director and/or the CEO.																																								

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
8.2 9.5	Please provide details of the employee share scheme(s).	<p>The Company has no long-term incentive schemes such as employee share option scheme or share award scheme in place as at the date of this report.</p> <p>The Company is proposing to adopt a share option scheme, known as the Boldtek Employee Share Option Scheme ("Scheme"), subject to shareholders' approval being obtained at an extraordinary general meeting to be convened. The implementation of the Scheme will enable the Company to structure a competitive remuneration package, which is designed as an additional incentive tool to reward and retain employees and Directors (including those who are controlling shareholders or their associates).</p> <p>Please refer to the Company's circular dated 10 October 2018 for further details.</p>
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	<p>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance contribution towards the overall performance of the Group for FY2018. Their remuneration is made up of fixed and variable compensations.</p> <p>The Company's Executive Directors, namely Mr Phua Lam Soon, Ms Ong Siew Eng and Mr Ng Kok Seng are remunerated based on their service agreements with the Company as disclosed in the Company's offer document dated 8 January 2013. The service agreements are valid for an initial period of three (3) years with effect from the date of listing of the Company on the Catalist and thereafter, for such period as the Board of Directors may decide. During the initial period of three (3) years, either party may terminate the service agreement by giving the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on such Director's last drawn monthly salary provided always that such Director shall not be entitled to terminate the employments with the Company during the initial period. The said service agreements were renewed for another three (3) years with effect from 18 January 2016. There were no significant and material changes in the terms and conditions.</p> <p>The fixed remuneration comprises a fixed salary, fixed annual wage supplement, and transport allowance. The profit sharing element for Mr Phua Lam Soon's remuneration is determined based on the audited consolidated profit before tax of the Group (after minority interests but before taking into account the profit sharing) ("PBT"). If the PBT in respect of each financial year is at least S\$5 million, Mr Phua Lam Soon will be entitled to 5% of the Group's PBT in excess of S\$5 million. Where the Group's PBT exceeds S\$6 million for that financial year, Mr Phua Lam Soon will be entitled to the aggregate of S\$50,000 and 7% of the Group's PBT for the amount in excess of S\$6 million. The aforementioned performance conditions have not been met to trigger the profit sharing payment to Mr Phua Lam Soon for FY2018.</p>

CORPORATE GOVERNANCE REPORT

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		<p>The Executive Directors do not receive Directors' fees.</p> <p>The Group has also entered into letters of employment with all the key management personnel. Such letters typically provide for the salaries payable to the key management personnel, their working hours, medical benefits, grounds of termination and certain restrictive covenants. The fixed remuneration comprises a fixed salary, fixed annual wage supplement and transport allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</p>												
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	<p>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:</p> <table border="1" data-bbox="614 853 1431 1514"> <thead> <tr> <th colspan="3" data-bbox="614 853 1431 898">Table 9.6</th> </tr> <tr> <th data-bbox="614 904 794 976">Performance Conditions</th> <th data-bbox="794 904 1145 976">Short-term incentives (such as performance bonus)</th> <th data-bbox="1145 904 1431 976">Long-term incentives</th> </tr> </thead> <tbody> <tr> <td data-bbox="614 983 794 1256">Qualitative</td> <td data-bbox="794 983 1145 1256"> <ol style="list-style-type: none"> 1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors </td> <td data-bbox="1145 983 1431 1256"> <ol style="list-style-type: none"> 1. Leadership 2. Commitment 3. Current market and industry practices </td> </tr> <tr> <td data-bbox="614 1263 794 1514">Quantitative</td> <td data-bbox="794 1263 1145 1514"> <ol style="list-style-type: none"> 1. Relative financial performance of the Group (e.g. in terms of net profit margin) to its industry peers 2. Positive sales growth 3. Productivity enhancement </td> <td data-bbox="1145 1263 1431 1514"> <ol style="list-style-type: none"> 1. Relative financial performance of the Group (e.g. in terms of share price performance) over a 5 years period to its industry peers </td> </tr> </tbody> </table>	Table 9.6			Performance Conditions	Short-term incentives (such as performance bonus)	Long-term incentives	Qualitative	<ol style="list-style-type: none"> 1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors 	<ol style="list-style-type: none"> 1. Leadership 2. Commitment 3. Current market and industry practices 	Quantitative	<ol style="list-style-type: none"> 1. Relative financial performance of the Group (e.g. in terms of net profit margin) to its industry peers 2. Positive sales growth 3. Productivity enhancement 	<ol style="list-style-type: none"> 1. Relative financial performance of the Group (e.g. in terms of share price performance) over a 5 years period to its industry peers
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(c) Were all of these performance conditions met? If not, what were the reasons?	<p>The RC has reviewed and is satisfied that the performance conditions (save for the performance conditions in respect of the profit sharing element of Mr Phua Lam Soon's remuneration which is based on the Group's PBT in respect of each financial year, as disclosed under Principle 9.6 above) were met for FY2018.</p>													

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
11.1 11.2 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board also oversees management in the design, implementation and monitoring of the risk management and internal control systems.</p> <p>The AC and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective for FY2018.</p> <p>The bases for the Board's view are as follows:</p> <ol style="list-style-type: none"> 1. Assurance has been received from the CEO and financial controller (refer to Section 11.3(b) below); 2. An internal audit has been performed by the internal auditor and significant matters highlighted to the AC and key management personnel were appropriately addressed; 3. Key management personnel regularly evaluates, monitors and reports to the AC on material risks; and 4. Discussions were held between the AC, external and internal auditors in the absence of the key management personnel to review and address any potential concerns. <p>The Board recognises that the internal control system maintained by the Management that was in place throughout FY2018 and up to date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguard of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial operational and compliance risks. The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.</p> <p>The Board will review on an annual basis the adequacy and effectiveness of the Company's internal controls system, including financial, operational, compliance and information technology controls.</p>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditors that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	<p>In respect of FY2018, the Board has received assurance from the CEO and financial controller that:</p> <p>(a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and</p> <p>(b) the Company's risk management and internal controls systems are effective.</p> <p>The Board has relied on the external auditor's report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances.</p> <p>The Board has also relied on the internal auditor's report issued to the Company in FY2018 which covered the business processes on procurement and payments, sub-contractors management and follow up on prior financial year internal audit findings as assurance that the Company's risk management and internal control systems are effective.</p>
11.4	Has the Board established a separate risk committee?	<p>The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the Company's risk management framework and policies.</p> <p>Having considered the Group's business operations, existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being. Currently, the AC and the Board assume responsibility for the risk management function.</p>
Audit Committee		
12.1	What is the composition of the AC?	The AC comprises Mr Pao Kiew Tee (Chairman of the AC), Mr Chen Timothy Teck-Leng and Mr Foo Shiang Ping. All members of the AC are Non-Executive Directors and a majority of the AC are independent. Mr Pao Kiew Tee and Mr Chen Timothy Teck-Leng are Independent Directors of the Company.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.2 12.3 12.4	What is the role of the AC?	<p>The AC functions under a set of written terms of reference which sets out its responsibilities set out below. The AC also has explicit authority to investigate any matter within its terms of reference:</p> <ul style="list-style-type: none"> (a) review the scope and results of the audit and its cost effectiveness; (b) review the independence and objectivity of the external auditor annually; (c) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance; (d) review the half year and full year financial results before submission to the Board for approval; (e) review the adequacy of the Group's internal controls, as set out in the Code; (f) review the effectiveness of the Group's internal audit function; (g) meet periodically with the Company's external auditor; plan and discuss the results of the audit examination without the presence of the Management; (h) meet periodically with the Company's internal auditor; plan and discuss the results of the evaluation of the Group's systems of internal controls without the presence of the Management; (i) consider and recommend to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors; (j) review arrangements by which staff of the Group and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; (k) review the external and internal auditors' reports; (l) review the co-operation given by Management to the external auditor; (m) review and approve interested persons transactions, if any, falling within the scope of Chapter 9 of the Catalist Rules; (n) review the adequacy of the business risk management process; (o) review potential conflicts of interest, if any, and ensuring procedures for resolving such conflicts are strictly adhered to; (p) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; (q) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding <i>inter alia</i>, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and (r) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments made thereto from time to time.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																		
		<p>In addition to reviewing the effectiveness of the Group's internal audit function, the internal auditor's primary line of reporting is the Chairman of the AC.</p> <p>Apart from the above functions, the AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the AC will abstain from any deliberations and/or voting in respect of matters in which he is interested.</p> <p>The AC has full access to the Management and also full discretion to invite any Director or key Management to attend its meetings, and has been given reasonable resources to enable it to discharge its function properly.</p>																		
12.5	Has the AC met with the auditors in the absence of key management personnel?	The AC has met with the external and internal auditors, without the presence of key management personnel, at least once in FY2018.																		
12.6	Has the AC reviewed the independence of the external auditors?	<p>The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditor, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor.</p> <p>The AC has recommended to the Board the re-appointment of Messrs FKT as external auditor of the Company at the forthcoming AGM.</p> <p>The AC is satisfied that Messrs FKT and their audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations.</p>																		
	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	<table border="1"> <thead> <tr> <th colspan="3"><i>Table 12.6 – Fees Paid/Payable to the external auditor for FY2018</i></th> </tr> <tr> <th></th> <th>S\$</th> <th>% of total</th> </tr> </thead> <tbody> <tr> <td>Audit fees</td> <td>90,000</td> <td>87.38%</td> </tr> <tr> <td>Non-audit fees</td> <td></td> <td></td> </tr> <tr> <td>– Tax advice</td> <td>13,000</td> <td>12.62%</td> </tr> <tr> <td>Total</td> <td>103,000</td> <td>100.00%</td> </tr> </tbody> </table>	<i>Table 12.6 – Fees Paid/Payable to the external auditor for FY2018</i>				S\$	% of total	Audit fees	90,000	87.38%	Non-audit fees			– Tax advice	13,000	12.62%	Total	103,000	100.00%
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Total	103,000	100.00%																		

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the external auditors.	The non-audit services rendered by the external auditor during FY2018 were not substantial.
12.7	Does the Company have a whistle-blowing policy?	The Group has established a whistle-blowing policy that seeks to provide a channel for the Group's employees and external parties to raise concerns in good faith and in confidence about possible improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The AC will address the issues and/or concerns raised and ensure that necessary arrangements are in place for the independent investigation of issues and/or concerns raised by the employees and external parties and for appropriate follow-up actions. Details of the whistle-blowing policies and arrangements have been made available to the Group's employees and external parties. The Group's employees and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the email address spfoo@spadvisory.com.sg .
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2018, the AC was briefed by the external auditor on changes or amendments to accounting standards and the internal auditor briefed the AC on the sustainability reporting requirements for listed companies in Singapore.
12.9	Is a former partner or director of the company's existing auditing firm acting as a member of the company's AC?	None of the members of the AC were partners of FKT within the last 12 months or has any financial interest in FKT.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	<p>The Board recognises the importance of an internal audit function to maintain a sound system of internal control within the Group to safeguard shareholders' investments and the Company's assets. The AC has the responsibility to review annually the adequacy and effectiveness of the internal audit function, review the internal audit program and ensure co-ordination between internal auditor, external auditor and Management, and ensure that the internal auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies, in particular, the International Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC will also approve the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.</p> <p>The internal audit function of the Group has been outsourced to KPMG Services Pte Ltd ("Internal Auditor"). The Internal Auditor reports primarily to the Chairman of the AC and the objective of the Internal Auditor is to provide a reasonable assurance to the AC on the Group's internal controls and governance processes. An annual internal audit plan which entails the review of the effectiveness of the Group's internal controls has been developed by the Internal Auditor. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The AC is satisfied that the internal audit function is effective, adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced and has the appropriate standing within the Group.</p>
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholders Rights		
14.2	Are shareholders informed of the rules, including voting procedures, that govern general meetings of shareholders?	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
14.3	Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?	The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings.
Communication with Shareholders		
15.1 15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore, it is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	<p>Pertinent information is communicated to shareholders on a regular and timely basis through the following means:</p> <ul style="list-style-type: none"> (a) financial results and annual reports are announced or issued within the mandatory period; (b) material information are disclosed in a comprehensive, accurate and timely manner via SGXNET and from time to time, the media channels thereafter; and (c) the Company's AGM. <p>The Board establishes and maintains regular dialogue with its shareholders, to gather views or inputs and to address shareholders' concerns. The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders of the Company will receive annual reports and are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Any shareholder who is unable to attend is allowed to appoint proxies to vote on his/her behalf at the meeting through proxy forms sent in advance.</p>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at http://www.boldtekholdings.com .
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. The form, frequency and amount of declaration and payment of future dividends on the Company's shares that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Directors: (a) the level of the Group's cash and retained earnings; (b) the Group's actual and projected financial performance; (c) the Group's projected levels of capital expenditure and expansion plans; (d) the Group's working capital requirements and general financing condition; and (e) restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any).
	Is the Company paying dividends for the financial year? If not, please explain why.	The Company is not declaring any dividend for FY2018, taking into account the cash requirements for the Group's operation.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.2 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	At the AGM, the shareholders of the Company will be given the opportunity to voice their views and direct to the Directors or the Management questions regarding the Company. At the Company's general meetings, each distinct issue is proposed as a separate resolution, and all resolutions will be voted on by poll. Shareholders are entitled to attend and vote or to appoint proxies to attend and vote on their behalf at general meetings. Voting in absentia, by mail, facsimile or electronic email is also allowed. The Chairman of the Board and the Chairman of each Board Committee is required to be present to address shareholders' questions at the AGM. The external auditor is also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. After the AGM, the Company will make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentage. The Company Secretary prepares minutes of the general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. Such minutes are available to shareholders upon their request.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance with Catalist Rules 712 and 715.
1204(8)	Material Contracts	There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	Based on the internal controls established and maintained by the Group, work performed by the external and internal auditors, assurance from the CEO and the financial controller, and reviews performed by the Management and the Board Committees, the AC and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective.
1204(17)	Interested Person Transaction ("IPT")	<p>The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis that are not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board.</p> <p>There were no IPTs of S\$100,000 and above for FY2018.</p> <p>The Group does not have a general mandate obtained from shareholders for IPTs.</p>
1024(19)	Dealing in Securities	<p>The Company has adopted an internal code of conduct and policy on dealings in the Company's securities in accordance with Rule 1204(19) of the Catalist Rules. The Company, Directors and officers are prohibited from trading in the Company's securities, during the period commencing one (1) month before the announcement of the Company's half year and full year financial results, and ending on the date of the announcement of the relevant results ("Prohibited Period").</p> <p>In addition, Directors and officers of the Company are reminded:</p> <ul style="list-style-type: none"> (i) not to deal with the Company's securities on short term considerations or if in possession of unpublished material price-sensitive information; (ii) required to report on their dealings in shares of the Company; and (iii) required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the Prohibited Period.
1204(5) 1204(22)	Utilization of proceeds	The Company received net proceeds of approximately S\$2.48 million from the placement of 15,625,000 new shares which was completed on 11 January 2018. At the date of this report, the net proceeds have been fully utilized for payments made for trade payables and employee salaries of approximately S\$2.17 million and S\$0.3 million respectively. The usage of the placement proceeds is in accordance with that announced on 18 December 2017.
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., during FY2018.

This year, a materiality assessment was conducted to determine current material issues affecting our business and stakeholders. In accordance with the Catalist Rules, the Group will issue its Sustainability Report by 30 June 2019 and upload the full Sustainability Report on SGXNET and the Company's website.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The directors present their statement to the members together with the audited consolidated financial statements of Boldtek Holdings Limited (the "Company") and its subsidiary corporations (collectively the "Group") for the financial year ended 30 June 2018 and the statement of financial position of the Company as at 30 June 2018.

In the opinion of the directors,

- (a) the accompanying consolidated 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 30 June 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interest in shares or debentures

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

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.7.2017	As at 30.6.2018	As at 1.7.2017	As at 30.6.2018
<u>The Company</u>				
		Number of ordinary shares		
Phua Lam Soon	14,701,600	14,701,600	103,273,600	103,273,600
Ong Siew Eng	14,873,600	14,873,600	103,101,600	103,101,600
Ng Kok Seng	1,490,000	1,490,000	–	–
Foo Shiang Ping	130,000	130,000	–	–

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Directors' interest in shares or debentures (Continued)

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.7.2017	As at 30.6.2018	As at 1.7.2017	As at 30.6.2018
Immediate and ultimate holding corporation	Number of ordinary shares			
<u>Yi Investment Pte. Ltd.</u>				
Phua Lam Soon	25,000	25,000	25,000	25,000
Ong Siew Eng	25,000	25,000	25,000	25,000

The directors' interests in the shares of the Company at 21 July 2018 were the same at 30 June 2018.

By virtue of Section 7 of the Singapore Companies Act (Cap 50) (the "Act"), Phua Lam Soon and Ong Siew Eng are deemed to have interests in all the related corporations.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit committee

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

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

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

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

- (a) the scope and the results of the audit with independent auditor and internal auditor;
- (b) the audit plans of the independent auditor and internal auditor and the results of the evaluation of the Group's systems of internal accounting controls;
- (c) the Group's financial and operating results and accounting policies;
- (d) the statement of financial position of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the independent auditor's report on those financial statements;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Audit committee (Continued)

- (e) the half-yearly and annual announcements and press releases on the results and financial positions of the Company and the Group;
- (f) interested person transactions (if any) falling within the scope of the Rules of Catalist of SGX-ST (the "Catalist Rule"), Chapter 9 of the Catalist Rules;
- (g) effectiveness of the Group's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditor;
- (h) the co-operation and assistance given by the management to the independent auditor and internal auditor; and
- (i) the re-appointments of the independent auditor and internal auditor of the Group.

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

The AC is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the AC are provided in the Corporate Governance Report.

In appointing our auditors for the Company and subsidiary corporations, we have complied with Rules 712 and 715 of the Catalist Rule.

Independent auditor

Foo Kon Tan LLP was appointed as auditor of the Company until the conclusion of the Annual General Meeting of the Company through an extraordinary general meeting held on 4 May 2018.

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

On behalf of the Directors

.....
PHUA LAM SOON

.....
NG KOK SENG

4 October 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

Opinion

We have audited the accompanying financial statements of Boldtek Holdings Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the statement of financial position of the Group and statement of financial position of the Company as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and the Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

Key Audit Matters (Continued)

Key audit matter

Completeness and accuracy of revenue recognised on construction contracts

For the financial year ended 30 June 2018, the Group recognised construction revenue of \$37.4 million.

The Group recognised revenue from its construction contracts based on the percentage-of-completion (POC) method. The POC on construction projects was measured by reference to the proportion of contract costs incurred for the work performed as at balance sheet date relative to the estimated total costs of contract at completion.

In the event when it is probable that the total contract costs exceed the total contract revenue, a provision for foreseeable losses would be recognised as an expense in the profit or loss immediately.

We focused on this area because of the significant judgement required in preparing reasonable estimates of the initial budgeted costs and periodic review of the budgeted cost subsequently.

Significant estimation and assumptions are also used in preparing the budgeted costs and determining the actual cost incurred which could result in material variance to the amount recognised in profit or loss to date and therefore also in the current period. Furthermore, included in the contract revenue are claims made against the customers for delays and additional costs. Key judgement was required in determining the claims for work done to be recognised as contract revenue. The inclusion of these amounts could result in a material error in the level of profit or loss, especially if they were not recoverable.

How our audit addressed the matter

We assessed the revenue recognition policies adopted to ensure compliance with FRS. We carried out testing of key controls over revenue recognition. We also performed substantive testing including test of details of transactions.

Our audit procedures over revenue recognition includes:

- i. Obtained an understanding and tested key controls over the recognition of contract revenue and evaluated the design and implementation of key controls over the budgeting process recognition of contract cost and tested the effectiveness of these key controls, on a sample basis, and determined that these controls were operating effectively throughout the financial year.
- ii. For significant projects identified, we verified the actual costs incurred against the underlying documents such as suppliers' invoices and progress claims from subcontractors. We have performed a re-computation to ascertain whether the revenue was recognised according to the POC of each identified project. We have also assessed the key assumptions used by management in estimating the total budgeted cost for the projects and claims for work done against the customers by inspection of correspondence with customers.
- iii. We have also assessed the adequacy of provision for foreseeable losses on projects that are identified with low margin or is loss making.

Based on our audit procedures performed, we consider management's judgement in preparing the key estimates to be within a reasonable range.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

Key Audit Matters (Continued)

Key audit matter

Net realisable value of development properties

As at 30 June 2018, the Group has development properties of \$6,939,000 located in Malaysia. These properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less estimated costs of completion and selling expenses. The determination of the estimated net realisable value of these development properties is critically dependent upon the management's expectations of future selling prices, which are affected by, amongst other things, demand supply factors, interest rates, government policies and economic conditions. There is a risk that the future selling prices may be lower than costs and/or estimated net realisable values, resulting in a loss when these properties are sold.

How our audit addressed the matter

We assessed the Group's forecast selling prices by comparing these forecast selling prices to, where available, recently transacted sales prices of units in the same project as well as comparable properties.

We have also performed substantive testing on the development costs incurred and ascertained the appropriateness of management's budgetary process over the review and updating of budgeted costs and recording of costs; and tested major costs components to source documents such as suppliers' invoices and progress claims from subcontractors.

We have evaluated the competence, capabilities and objectivity of the external valuer engaged by the management and discussed the key assumptions and critical judgemental areas with the external valuer and understood the approaches taken by the valuer in determining the valuation of the development properties.

Based on our audit procedures performed, we consider management's evaluation on the net realisable value of development properties to be reasonable.

Valuation of investment properties

As at 30 June 2018 the Group has investment properties of \$19,170,000 located in Singapore and Malaysia.

Investment properties are stated at their fair values based on independent external valuations as at 30 June 2018. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. These estimates include adjustments made for differences between the subject properties and comparable, taking into consideration differences such as location, size, tenure, accessibility, infrastructure available and property conditions.

We have performed the following procedures in response to the risk over the valuation of investment properties:

- i. We assessed the Group's processes for the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers;
- ii. Evaluated the competence, capabilities and objectivity of the external valuers engaged by management;
- iii. Discussed the key assumptions and critical judgemental areas with the external valuers and understood the approaches taken by the valuers in determining the valuation of the investment properties; and
- iv. Reviewed the classification and disclosures of investment properties in the financial statements, including disclosure of significant judgments, estimates and assumption and fair value hierarchy.

Based on our audit procedures performed, we consider management's valuation methodology and key assumptions applied to be reasonable.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

Other matter

The financial statements for the year ended 30 June 2017 were audited by another firm of auditors whose report dated 6 October 2017 expressed an unmodified opinion on those financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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 BOLDTEK HOLDINGS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Chin Sin Beng.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 4 October 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	The Group			The Company	
		30 June 2018 \$'000	30 June 2017 \$'000	1 July 2016 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
			Restated	Restated		
ASSETS						
Non-Current Assets						
Investments in subsidiary corporations	3	–	–	–	20,172	20,172
Property, plant and equipment	4	1,887	3,599	5,272	7	14
Investment properties	5	19,170	580	580	–	–
Deferred tax assets	6	10	–	–	–	–
		21,067	4,179	5,852	20,179	20,186
Current Assets						
Inventories	7	34	41	125	–	–
Development properties	9	6,939	42,007	35,871	–	–
Trade and other receivables	10	49,224	30,840	27,298	10,734	8,551
Other current assets	11	854	746	1,148	3	4
Cash and bank balances	12	3,384	3,547	11,170	416	152
		60,435	77,181	75,612	11,153	8,707
Total assets		81,502	81,360	81,464	31,332	28,893
EQUITY AND LIABILITIES						
Capital and Reserves						
Share capital	13	17,676	15,196	15,196	17,676	15,196
Retained profits		12,905	12,313	14,053	6,026	6,232
Currency translation reserve	14	(564)	(597)	(513)	–	–
Merger reserve	15	(2,014)	(2,014)	(2,014)	–	–
Capital reserve	16	(876)	(52)	(52)	–	–
Property revaluation reserve	17	424	424	424	–	–
Equity attributable to owner of the parent		27,551	25,270	27,094	23,702	21,428
Non-controlling interests		36	(643)	(396)	–	–
Total equity		27,587	24,627	26,698	23,702	21,428
Non-Current Liabilities						
Borrowings	18	2,187	7,251	23,248	–	–
Deferred tax liabilities	6	963	96	157	–	–
		3,150	7,347	23,405	–	–
Current Liabilities						
Trade and other payables	19	28,956	21,569	26,864	5,825	5,460
Current tax payable		5	163	503	5	5
Borrowings	18	21,804	27,654	3,994	1,800	2,000
		50,765	49,386	31,361	7,630	7,465
Total liabilities		53,915	56,733	54,766	7,630	7,465
Total equity and liabilities		81,502	81,360	81,464	31,332	28,893

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Year ended 30 June 2018 \$'000	Year ended 30 June 2017 \$'000
Revenue	20	94,931	Restated 72,887
Cost of works		(89,418)	(66,690)
Gross profit		5,513	6,197
Other income	21	4,481	693
Other expenses	22	(70)	(351)
Distribution and marketing costs		(606)	(626)
Administrative expenses		(7,347)	(6,898)
Finance costs	23	(547)	(290)
Profit/(Loss) before taxation		1,424	(1,275)
Taxation	24	(977)	(32)
Total profit/(loss) for the financial year	25	447	(1,307)
Other comprehensive income/(loss) after tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		33	(84)
Other comprehensive income/(loss) for the financial year, net of tax of nil		33	(84)
Total comprehensive income/(loss) for the financial year		480	(1,391)
Profit/(Loss) attributable to:			
Owners of the parent		592	(1,060)
Non-controlling interests		(145)	(247)
		447	(1,307)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		625	(1,144)
Non-controlling interests		(145)	(247)
		480	(1,391)
Earnings/(Losses) per share attributable to owner of the parent (cents)			
Basic and diluted	26	0.33	(0.62)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note	←----- Attributable to equity holders of the Company ----->							Equity attributable to owner of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Retained profits \$'000	Currency translation reserve \$'000	Merger reserve \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Property revaluation reserve \$'000			
	15,196	14,120	(513)	(2,014)	(52)	-	-	26,737	(396)	26,341
35	-	(67)	-	-	-	424	424	357	-	357
	15,196	14,053	(513)	(2,014)	(52)	424	424	27,094	(396)	26,698
	-	(1,066)	-	-	-	-	-	(1,066)	(247)	(1,313)
35	-	6	-	-	-	-	-	6	-	6
	-	(1,060)	-	-	-	-	-	(1,060)	(247)	(1,307)
	-	-	(84)	-	-	-	-	(84)	-	(84)
	-	(1,060)	(84)	-	-	-	-	(1,144)	(247)	(1,391)
27	-	(680)	-	-	-	-	-	(680)	-	(680)
	15,196	12,313	(597)	(2,014)	(52)	424	424	25,270	(643)	24,627
	-	592	-	-	-	-	-	592	(145)	447
	-	-	33	-	-	-	-	33	-	33
	-	592	33	-	-	-	-	625	(145)	480
13	2,480	-	-	-	-	-	-	2,480	-	2,480
3	-	-	-	-	(824)	-	-	(824)	824	-
	2,480	-	-	-	(824)	-	-	1,656	824	2,480
	17,676	12,905	(564)	(2,014)	(876)	424	424	27,551	36	27,587

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Year ended 30 June 2018 \$'000	Year ended 30 June 2017 \$'000
			Restated
Cash Flows from Operating Activities			
Profit/(Loss) before taxation		1,424	(1,275)
Adjustments for:			
Depreciation of property, plant and equipment	4	1,577	2,021
Loss/(Gain) on disposal of property, plant and equipment		70	(6)
Interest expense	23	547	290
Changes in fair value of investment properties	21	(3,355)	–
Unrealised currency translation differences		(478)	(1,200)
Operating loss before working capital changes		(215)	(170)
Inventories		7	91
Development properties		21,337	(5,357)
Trade and other receivables		(18,344)	(3,547)
Other current assets		(101)	397
Trade and other payables		7,333	(5,318)
Cash generated from/(used in) operations		10,017	(13,904)
Income taxes paid		(278)	(433)
Net cash generated from/(used in) operating activities		9,739	(14,337)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		(152)	(451)
Proceeds from disposal of property, plant and equipment		295	6
Net cash generated from/(used in) investing activities		143	(445)
Cash Flows from Financing Activities			
Acquisition of non-controlling interest in a subsidiary corporation	3	*	–
Dividends paid	27	–	(680)
Repayment of finance lease liabilities	18.1	(351)	(331)
Proceeds from borrowings	18.1	3,946	9,653
Repayment of borrowings	18.1	(15,042)	(1,167)
Interest paid		(1,094)	(290)
Proceeds from issue of shares	13	2,480	–
Net cash (used in)/generated from financing activities		(10,061)	7,185
Net decrease in cash and bank balances		(179)	(7,597)
Cash and bank balances at beginning		3,547	11,170
Exchange differences on translation of cash and bank balances at beginning		16	(26)
Cash and bank balances at end		3,384	3,547

* Denotes amount less than \$1,000

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

1 General information

The financial statements of the Company and of the Group for the financial year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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

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

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

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

2(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC").

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

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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

Significant judgements made and assumptions used in applying accounting policies

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

Revenue recognition from construction contracts

The Group uses the stage of completion method to account for its contract revenue and contract costs arising from construction contracts. The stage of completion is measured by reference to the estimated total costs incurred to date as compared to the total budgeted costs of the construction contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(a) Basis of preparation (Continued)

Significant judgements made and assumptions used in applying accounting policies (Continued)

Revenue recognition from construction contracts (Continued)

Significant management's judgement is required to estimate the total budgeted contract costs and the costs of uncompleted contracts which include estimation for variation works and any other claims from contractors or sub-contractors. Management has performed the cost studies, taking into account the costs to date and costs to complete on each contract. Management has also reviewed the status of such contracts and is satisfied that the estimated costs to complete, the total contract costs and the expected profitability are realistic. Any changes to the total budgeted contract costs will impact the percentage of completion, resulting in an impact to the revenue recognised. Revenue arising from additional work done and variation orders, whether billed or unbilled, is recognised when the amount can be measured reliably and its receipt is considered probable.

Income taxes

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

Deferred taxation on investment properties

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

Impairment of trade and other receivables

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Management assessed and determined that there is no objective evidence of impairment and the Group's and the Company's trade and other receivables are collectible and no allowance for doubtful debt is considered necessary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(a) Basis of preparation (Continued)

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

Impairment of investments in subsidiary corporations

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

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

A reasonably possible change in key assumptions does not indicate impairment, where the recoverable amount would fall below the carrying amounts of the assets. The carrying amount of the Company's investments in subsidiary corporations is disclosed in Note 3.

Valuation of investment properties

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

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

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

A 5% difference in the fair value of these assets from management's estimates would result in approximately an increase/decrease of \$953,000 in the Group's total profit for the financial year. The carrying amounts of the Group's investment properties are disclosed in Note 5.

Development properties

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(a) Basis of preparation (Continued)

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

Development properties (Continued)

A 5% reduction in the estimated selling prices of the development properties from management's estimated selling prices would result in approximately a decrease of \$483,000 to the estimated net realisable value of the Group's development properties. However, this will not result in any impairment since the estimated net realisable value would still be higher than the carrying amount of the development properties as at the end of the reporting period. The carrying amount of the Group's development properties are disclosed in Note 9.

2(b) Interpretations and amendments to published standards effective in 2017

The adoption of the amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* did not result in substantial changes to the accounting policy of the Group and Company and had no material impact on the financial statements of the Group and the Company. As this is a disclosure standard, it does not have any impact to the financial position and performance of the Group.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* required entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows – excluding contributed equity – to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way – e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances.

Apart from the additional disclosure in Note 18.1, the application of the above amendment does not have any impact on the Group's consolidated financial statements.

2(c) Standards issued but not yet effective

Adoption of a new financial reporting framework in 2018

In December 2017, ASC issued a new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)"), which is to be adopted by Singapore-incorporated companies listed on the SGX-ST, for annual periods beginning on or after 1 January 2018. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Group and the Company will be adopting the new framework for the first time for financial year ending 30 June 2019 and SFRS(I) 1 *First time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(c) Standards issued but not yet effective (Continued)

Adoption of a new financial reporting framework in 2018 (Continued)

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

Management has performed a preliminary analysis of the transition options and other requirements of SFRS(I) 1 and has determined that there is no change to the Group's current accounting policies or material adjustments on transition to the new framework, other than those arising from the election of certain transition options available under SFRS(I) 1.

Management will be electing the transition option to reset the translation reserve to zero as at date of transition that will result in material adjustments on transition to the new framework.

Impact on the adoption of SFRS(I) 1

The following table provides the estimated effects on the Group's statement of financial position in the period of the initial application of SFRS(I) 1.

	1 July 2017 (As reported) \$'000	Effect of SFRS(I) 1 \$'000	1 July 2017 (As adjusted under SFRS(I) 1) \$'000
Currency translation reserve	(597)	597	–
Retained profits	12,313	(597)	11,716
	30 June 2018 (As reported) \$'000	Effect of SFRS(I) 1 \$'000	30 June 2018 (As adjusted under SFRS(I) 1) \$'000
Currency translation reserve	(564)	564	–
Retained profits	12,905	(564)	12,341

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(c) Standards issued but not yet effective (Continued)

Impact on the adoption of SFRS(I) 1 (Continued)

In addition to the adoption of the new framework, the following new SFRS(I)s, Amendments to SFRS(I) and Interpretations of SFRS(I) ("SFRS(I) INT") that are relevant to the Group and the Company were issued but not effective:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 15	<i>Revenue from Contracts with Customers (with clarifications issued)</i>	1 January 2018
SFRS(I) 9	<i>Financial Instruments</i>	1 January 2018
Amendments to SFRS(I) 1-40	<i>Investment Property: Transfers of Investment Property</i>	1 January 2018
SFRS(I) INT 22	<i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
SFRS(I) 16	<i>Leases</i>	1 January 2019

SFRS(I) 15 *Revenue from Contracts with Customers (with clarifications issued)*

SFRS(I) 15 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in contract.
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided).
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The Group has completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect significant changes to the basis of revenue recognition for its revenue from construction works, building and maintenance, sales of precast manufacturing products and sales of development properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(c) Standards issued but not yet effective (Continued)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 *Financial Instruments* is a package of improvements introduced by SFRS(I) 9 which include a logical model for:

- Classification and measurement;
- A single, forward-looking “expected loss” impairment model; and
- A substantially reformed approach to hedge accounting.

The Group has completed its initial assessment of the impact on the Group’s financial statements. Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS(I) 9. The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. On adoption of SFRS(I) 9, the Group does not expect a significant increase in the impairment loss allowance.

Amendments to SFRS(I) 1-40 *Investment Property: Transfers of Investment Property*

SFRS(I) 1-40 *Investment Property: Transfers of Investment Property* has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use.

The Group has completed its initial assessment but does not expect any significant changes to the Group’s basis for transferring a property to, or from, investment property arising from the adoption of the above amendments to SFRS(I) 1-40 *Investment Property: Transfers of Investment Property* since the transfer can only occur when there is evidence of change in use for the property.

SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.

The Group has completed its initial assessment of adopting SFRS(I) INT 22 based on currently available information and the Group does not expect the adoption of SFRS(I) INT 22 to have any significant impact on the financial statements of the Group and the Company.

This assessment may be subject to change arising from ongoing analysis, until the Group adopts SFRS(I) 15, SFRS(I) 9, Amendments to SFRS(I) 1-40 and SFRS(I) INT 22 in 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(c) Standards issued but not yet effective (Continued)

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases.

Based on the Group's preliminary assessment, the Group expects the operating leases relating to workers' quarters, office equipment and office premise to be recognised as right of use assets with corresponding lease liabilities under the new standard. This would also increase the gearing ratio of the Group. The Group plans to adopt the new standard on the required effective date by applying SFRS(I) 16 retrospectively using the modified retrospective approach as an adjustment to the opening balance of retained profits as at 1 July 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to SFRS(I) 16 and assessing the possible impact of adoption.

2(d) Significant accounting policies

Consolidation

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

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

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

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

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary corporation at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Consolidation (Continued)

- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained profits, as appropriate.

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

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

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

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

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

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

Changes in the Group's ownership interests in subsidiary corporations that do not result in the Group losing control over the subsidiary corporations are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary corporations. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Consolidation (Continued)

When the Group loses control of a subsidiary corporation, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary corporation and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary corporation are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary corporation (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary corporation at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions with Non-Controlling Interest

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

Acquisitions

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

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. When the excess is negative, a bargain purchase gain is recognised directly in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Investment in subsidiary corporations

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

Property, plant and equipment and depreciation

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

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

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

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

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

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

Investment properties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Investment properties (Continued)

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

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

Development properties

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

Properties under development

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

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Construction contracts (Continued)

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability under trade and other payables, as amounts due to construction contracts customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Financial assets

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

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expired or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides 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 the reporting period. These are classified as non-current assets.

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

Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Inventories (Continued)

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

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

Cash and bank balances

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

Share capital

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

Dividends

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

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

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expired or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method. Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

Provision

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

The directors review the provisions 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, a provision is discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Leases

Where the Group is the lessee,

Finance leases

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

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

Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Leases (Continued)

Where the Group is the lessor,

Operating leases

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

Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Income taxes (Continued)

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

Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

Employee leave entitlements

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

Key management personnel

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

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company and the Group if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Related parties (Continued)

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

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary corporation and fellow subsidiary corporation is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Impairment of non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Impairment of non-financial assets (Continued)

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

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

With the exception of goodwill,

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

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

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts, and after eliminating sales within the Group. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Revenue recognition (Continued)

The Group recognises revenue when the specific criteria for each of the Group's activities are met as follows:

Revenue from construction works

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see above).

Revenue from building and maintenance

Revenue from building and maintenance is recognised when the services are rendered.

Revenue from precast manufacturing

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Rental income

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

Revenue from sales of development properties

Revenue from sales of development properties is recognised when significant risks and rewards of ownership of the real estate is transferred to the buyer, which may be:

- (a) on a continuous transfer basis; or
- (b) at a single point of time (e.g. at completion, upon or after delivery).

Under (a), revenue is recognised based on the percentage of completion method when the transfer of significant risks and rewards of ownership of the development properties in their current state occurs as construction progresses. Under the percentage of completion method, revenue and costs are recognised by reference to the stage of completion of the development activity at the end of the reporting period based on the contract costs incurred to date which was verified by independent qualified surveyors and compared to the total contract costs to complete the development properties. Where no certification of value is available, the stage of completion is determined based on the costs incurred to date as compared to the total budgeted costs of the development. Profits are recognised only in respect of properties with finalised sales agreements. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Revenue recognition (Continued)

Revenue from sales of development properties (Continued)

Under (b), where transfer of significant risks and rewards of ownership coincides with the time when the property is completed or when the development units are delivered to the purchasers, revenue is recognised upon completion of construction, and when legal title passes to the buyer or when equitable interest in the property rests with the buyer upon release of the handover notice to the buyer, whichever is earlier. Payments received from buyers prior to this stage are recorded as deferred revenue and are classified as current liabilities.

In determining whether revenue should be recognised on a continuous transfer basis or at a single point of time, the Group evaluate and consider the terms and conditions of the sale of the development properties.

Borrowing costs

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

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

Functional currencies

Functional and presentation currency

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

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2(d) Significant accounting policies (Continued)

Conversion of foreign currencies (Continued)

Transactions and balances (Continued)

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

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

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the end of reporting period of that statement of financial position;
- (ii) income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3 Investments in subsidiary corporations

	The Company	
	2018 \$'000	2017 \$'000
<u>Equity investments at cost</u>		
At beginning of financial year	20,522	20,122
Additions	*	400
At end of financial year	<u>20,522</u>	<u>20,522</u>
<u>Impairment losses</u>		
At beginning and end of financial year	<u>(350)</u>	<u>(350)</u>
<u>Net carrying amount</u>		
At end of financial year	<u>20,172</u>	<u>20,172</u>

* Denotes amount less than \$1,000

The subsidiaries are:

Name	Country of incorporation/ and operation	Proportion of ownership interest/ voting power		Principal activities
		2018 %	2017 %	
<u>Held by the Company</u>				
Logistics Construction Pte. Ltd. ⁽¹⁾	Singapore	100	100	General Contractors (Building construction including major upgrading works)
Apex Projects Pte. Ltd. ⁽¹⁾⁽⁴⁾	Singapore	100	100	General Contractors (Building construction including major upgrading works) and landscape care and maintenance service activities
Boldtek Investment Pte. Ltd. ⁽¹⁾	Singapore	100	100	Investment holding
<u>Held by Boldtek Investment Pte. Ltd.</u>				
Le Premier Development Pte. Ltd. ⁽¹⁾	Singapore	100	100	Real estate developers
CCL Precast Pte. Ltd. ⁽¹⁾⁽³⁾	Singapore	100	80	Manufacture of articles of cement, concrete and plaster
New Soil Technologies Pte. Ltd. ⁽¹⁾	Singapore	60	60	Soil investigation, treatment and stabilisation, research and experimental development on engineering
Le Premier Development Sdn. Bhd. ⁽²⁾	Malaysia	100	100	Investment holding of land and property development

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3 Investments in subsidiary corporations (Continued)

Name	Country of incorporation/ and operation	Proportion of ownership interest/ voting power		Principal activities
		2018	2017	
		%	%	
<u>Held by CCL Precast Pte. Ltd.</u> CCL Precast (M) Sdn. Bhd. ⁽²⁾	Malaysia	100	100	Manufacture of articles of cement, concrete and plaster
<u>Held by Logistics Construction Pte. Ltd.</u> MSC Engineering Pte. Ltd. ⁽¹⁾	Singapore	100	100	General contractors (Building construction including major upgrading works)

(1) Audited by Foo Kon Tan LLP, principal member firm of HLB International in Singapore.

(2) Audited by HLB Ler Lum, Malaysia.

(3) On 1 December 2017, the Company acquired the remaining 200,000 ordinary shares from the non-controlling interest for a consideration of \$1.

(4) On 3 March 2017, the Company increased the cost of investment for a cash consideration of \$400,000.

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

	The Group	
	2018 \$'000	2017 \$'000
Amount paid on changes in ownership interest in a subsidiary corporation	*	-
Non-controlling interest acquired	(824)	-
Difference recognised in capital reserve (Note 16)	(824)	-

* Denotes amount less than \$1,000

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

The Company undertakes to provide financial support to certain subsidiary corporations with net current liabilities to ensure that subsidiary corporations can meet their contractual obligations when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

4 Property, plant and equipment

The Group	Leasehold buildings \$'000	Plant and machinery \$'000	Office equipment, furniture and fittings and computers \$'000	Motor vehicles \$'000	Renovation \$'000	Dormitory \$'000	Construction in progress \$'000	Total \$'000
<u>Cost</u>								
At 1 July 2016	2,172	6,431	719	977	719	1,103	–	12,121
Exchange difference on translation	–	(148)	(11)	*	*	–	–	(159)
Additions	–	94	38	174	5	–	140	451
Disposals	–	–	–	(49)	–	–	–	(49)
At 30 June 2017	2,172	6,377	746	1,102	724	1,103	140	12,364
Exchange difference on translation	–	169	12	*	*	–	–	181
Additions	–	80	36	–	26	–	10	152
Disposals	–	(862)	(8)	(18)	–	(1,103)	–	(1,991)
At 30 June 2018	2,172	5,764	786	1,084	750	–	150	10,706
<u>Accumulated depreciation and impairment losses</u>								
At 1 July 2016	1,281	2,818	503	663	481	1,103	–	6,849
Exchange difference on translation	–	(52)	(4)	*	*	–	–	(56)
Depreciation charge for the year	334	1,395	78	103	111	–	–	2,021
Disposals	–	–	–	(49)	–	–	–	(49)
At 30 June 2017	1,615	4,161	577	717	592	1,103	–	8,765
Exchange difference on translation	–	96	7	*	*	–	–	103
Depreciation charge for the year	334	947	93	95	108	–	–	1,577
Disposals	–	(497)	(8)	(18)	–	(1,103)	–	(1,626)
At 30 June 2018	1,949	4,707	669	794	700	–	–	8,819
<u>Net book value</u>								
At 30 June 2018	223	1,057	117	290	50	–	150	1,887
At 30 June 2017	557	2,216	169	385	132	–	140	3,599

* Denotes amount less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

4 Property, plant and equipment (Continued)

The Company	Plant and machinery \$'000
<u>Cost</u>	
At 1 July 2016	–
Additions	17
At 30 June 2017	17
Additions	12
At 30 June 2018	29
<u>Accumulated depreciation</u>	
At 1 July 2016	–
Depreciation charge	3
At 30 June 2017	3
Depreciation charge	19
At 30 June 2018	22
<u>Net book value</u>	
At 30 June 2018	7
At 30 June 2017	14

(a) The carrying amounts of motor vehicle and plant and machinery held under finance leases amount to \$26,000 (2017: \$51,000) and \$180,000 (2017: \$540,000) respectively at the end of the reporting period.

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

<u>Location</u>	<u>Description</u>	<u>Existing use</u>	<u>Tenure/lease term</u>
24 Kranji Road, Singapore 739465	Building	Workshop/office/storage of construction equipment	Leasehold/30 years expiring 30 September 2020

5 Investment properties

	The Group	
	2018 \$'000	2017 \$'000
<u>At fair value</u>		Restated
At beginning of financial year	580	580
Reclassified from development properties (Note 9)	15,235	–
Changes in fair value included in profit or loss (Note 21)	3,355	–
At end of financial year	19,170	580

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

5 Investment properties (Continued)

The following amounts are recognised in profit or loss:

	The Group	
	2018 \$'000	2017 \$'000
Rental income	32	30
Direct operating expenses arising from:		
– Investment properties that generate rental income	(10)	(8)

Investment properties are leased to non-related parties under operating leases Note 29(ii).

Fair value measurement of the Group's investment properties

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

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

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

(1) During the financial year, the property was reclassified from development properties (Note 9) to investment properties arising from a change in use from property development purpose to land held to earn rental or for capital appreciation, or both. The investment property has been pledged as security for borrowings (Note 18a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

5 Investment properties (Continued)

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

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

The Group	Level 1	Level 2	Level 3	Fair value as at 30 June 2017
	\$'000	\$'000	\$'000	\$'000
Investment property located at Singapore	-	-	580	580

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

	Valuation Techniques	Significant unobservable inputs	Sensitivity
Investment properties located at Singapore and Malaysia	Direct comparison method/ Cost method	Land size factor, taking into plot size, of 5.00% to 20.00% Location factor, taking into account the differences in accessibility and individual factors such as infrastructure available and frontage, of 5.00% to 20.00%	A slight increase in the land size factor used would result in a corresponding increase in fair value and vice versa. A slight increase in the location factor used would result in a corresponding increase in fair value and vice versa.

6 Deferred tax assets and liabilities

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

	The Group	
	2018	2017
	\$'000	\$'000
Deferred tax assets	(10)	-
Deferred tax liabilities	963	96
	<u>953</u>	<u>96</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

6 Deferred tax assets and liabilities (Continued)

The balance comprises tax on the following temporary differences:

The Group	Accelerated tax depreciation \$'000	Fair value gain on investment properties \$'000	Tax losses \$'000	Provision \$'000	Total \$'000
At 1 July 2017	96	-	-	-	96
Charged to profit or loss (Note 24)	52	805	-	-	857
At 30 June 2018	148	805	-	-	953
At 1 July 2016	197	-	(19)	(21)	157
(Credited)/Charged to profit or loss (Note 24)	(101)	-	19	21	(61)
At 30 June 2017	96	-	-	-	96

Subject to agreement with the relevant authorities, the Group has unabsorbed capital allowances and tax losses of \$1,327,000 (2017: \$1,372,000) and \$2,717,000 (2017: \$1,228,000) respectively available for offset against future taxable profits provided that the provisions of relevant tax legislations are complied with. No deferred tax has been recognised due to the unpredictability of future profit streams. The unabsorbed capital allowance and tax losses may be carried forward indefinitely subject to conditions imposed by law including the retention of majority shareholders as defined.

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

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	The Group	
	2018 \$'000	2017 \$'000
Capital allowances	314	322
Tax losses	561	279
	875	601

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

7 Inventories

	The Group	
	2018 \$'000	2017 \$'000
Raw materials for precast manufacturing business	34	41

The cost of inventories recognised as an expense and included in cost of works amounted to \$7,000 (2017: \$1,685,000) for the Group's precast manufacturing business.

8 Construction contract work-in-progress

	The Group	
	2018 \$'000	2017 \$'000
Contract costs incurred plus recognised profits (less recognised loss to date)	466,525	413,796
Less: Progress billings	(432,474)	(391,247)
	<u>34,051</u>	<u>22,549</u>
Contracts in progress at end of the reporting period:		
Amounts due from construction contracts customers included in trade and other receivables (Note 10)	34,770	23,106
Amounts due to construction contracts customers included in trade and other payables (Note 19)	(719)	(557)
	<u>34,051</u>	<u>22,549</u>
Retentions on construction contracts (Note 10)	<u>2,139</u>	<u>2,359</u>

9 Development properties

	The Group	
	2018 \$'000	2017 \$'000
Freehold land		
– Singapore	–	13,400
– Malaysia	685	12,447
	<u>685</u>	<u>25,847</u>
Development costs		
– Singapore	–	10,764
– Malaysia	6,254	5,396
	<u>6,254</u>	<u>16,160</u>
	<u>6,939</u>	<u>42,007</u>

The development properties have been pledged as security for borrowings (Note 18a). During the financial year, interest expense capitalised in development properties amounted to \$547,000 (2017: \$863,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

9 Development properties (Continued)

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

Location	Description	Tenure	Expected date of completion	Gross floor area (square metres)	The Group's Interest (%)
Lot No. PTD 109172 to 109191 Mukim of Senai, District of Kulaijaya Johor, Malaysia	20 units of 3 storey terraced service industries	Freehold	1st quarter of financial year ending 30 June 2019	10,532 ⁽¹⁾	100
21 Paya Lebar Crescent, Singapore	8 units of residential cluster houses	Freehold	Temporary occupation permit ("TOP") ⁽²⁾	1,551	100

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

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

10 Trade and other receivables

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade receivables				
Non-related parties	11,835	5,005	-	-
Subsidiary corporations	-	-	5,335	3,152
Goods and services tax ("GST") receivables	478	352	-	-
	12,313	5,357	5,335	3,152
Construction contracts				
Amounts due from construction contracts customers (Note 8)	34,770	23,106	-	-
Retentions (Note 8)	2,139	2,359	-	-
	36,909	25,465	-	-
Non-trade receivables				
Non-related parties	2	2	-	-
Subsidiary corporations	-	-	5,399	5,399
	2	2	5,399	5,399
Staff advances	-	16	-	-
	49,224	30,840	10,734	8,551

Outstanding balances with subsidiary corporations are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

10 Trade and other receivables (Continued)

Credit risk concentration profile

	The Group	
	2018 \$'000	2017 \$'000
By types of customers		
State-owned entities ⁽¹⁾	4,986	3,242
Other companies ⁽²⁾	1,818	1,470
Buyers of the development properties ⁽³⁾	5,509	645
	12,313	5,357

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

(2) At the end of the reporting period, there was nil (2017: one) debtor that exceeded 10% of the Group's total trade receivables.

(3) At the end of the reporting period, there were two (2017: nil) debtors that exceeded 10% of the Group's total trade receivables.

The table below is an analysis of trade receivables as at 30 June:

	The Group	
	2018 \$'000	2017 \$'000
Not past due and not impaired ^(a)	10,446	4,002
Past due but not impaired ^(b)	1,867	1,355
	12,313	5,357

(a) Trade receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Group.

(b) Ageing of receivables that are past due but not impaired:

	The Group	
	2018 \$'000	2017 \$'000
Past due less than 3 months	1,541	1,097
Past due more than 3 months but less than 6 months	12	44
Past due more than 6 months	314	214
	1,867	1,355

The Group has not recognised an allowance for impairment of receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

11 Other current assets

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Deposits	813	699	–	–
Prepayments	41	47	3	4
	854	746	3	4

12 Cash and bank balances

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash on hand	47	33	–	–
Cash at bank	3,337	3,514	416	152
	3,384	3,547	416	152

13 Share capital

	← No. of ordinary shares →		← Amount →	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Issued and fully paid, with no par value</u>				
At beginning of financial year	170,000	170,000	15,196	15,196
Issue of ordinary shares	15,625	–	2,480	–
Balance at end of year	185,625	170,000	17,676	15,196

On 11 January 2018, the Company issued 15,625,000 (2017: Nil) ordinary shares for a total consideration of \$2,480,000 (2017: \$Nil) for cash to provide funds for the Group's working capital purposes. The newly issued shares rank pari passu in all respects with the previously issued shares.

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

14 Currency translation reserve

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

15 Merger reserve

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

16 Capital reserve

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

17 Property revaluation reserve

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

Property revaluation reserve is not available for distribution to the Company's shareholders.

18 Borrowings

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Bank borrowings	21,601	27,305	1,800	2,000
Obligations under finance leases (Note 18.1)	203	349	–	–
	21,804	27,654	1,800	2,000
Non-current				
Bank borrowings	2,187	7,046	–	–
Obligations under finance leases (Note 18.1)	–	205	–	–
	2,187	7,251	–	–
Total borrowings	23,991	34,905	1,800	2,000

(a) Security granted

The borrowings' interest rates of the Group and the Company ranged from 1.15% to 6.06% and 2.81% to 3.85% (2017: 1.15% to 5.50% and 2.72% to 2.99%) respectively.

Certain bank borrowings and obligations under finance leases are secured by corporate guarantees given by the Company (Note 31.4). The Company's bank borrowing is secured by corporate guarantee given by a subsidiary corporation.

Bank borrowings obtained for development properties (Note 9) and certain investment properties (Note 5) would be fully repaid by November 2019 and are secured by (i) future rental proceeds, insurance coverage, rights title, interest and sale proceeds relating to mortgage; and (ii) debentures for floating and fixed assets. Any directors' and shareholders' loans are in subordination to the bank borrowings of the Group.

Finance lease liabilities of the Group would be fully repaid by June 2019 and are secured over the leased motor vehicle and plant and machinery (Note 4) as the legal titles are retained by lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

18 Borrowings (Continued)

18.1 Obligations under finance leases

	The Group	
	2018 \$'000	2017 \$'000
Minimum lease payments payable:		
Due not later than one year	205	358
Due later than one year and not later than five years	–	207
	<u>205</u>	<u>565</u>
Less: Finance charges allocated to future periods	(2)	(11)
Present value of minimum lease payments	<u>203</u>	<u>554</u>
Present value of minimum lease payments:		
Due not later than one year	203	349
Due later than one year and not later than five years	–	205
	<u>203</u>	<u>554</u>

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

Reconciliation of liabilities arising from financing activities

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

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

* Interest paid includes interest payment and interest expense capitalised in development properties (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

19 Trade and other payables

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade payables				
Non-related parties	10,504	7,152	70	10
Non-controlling interests	–	559	–	–
GST payables	190	–	32	33
	<u>10,694</u>	<u>7,711</u>	<u>102</u>	<u>43</u>
Amounts due to construction contracts customers (Note 8)	719	557	–	–
Non-trade payables				
Non-related parties	1	1	–	–
Directors	2,482	2,242	480	240
Subsidiary corporations	–	–	5,021	4,922
	<u>2,483</u>	<u>2,243</u>	<u>5,501</u>	<u>5,162</u>
Deferred revenue	1,694	895	–	–
Deposits	41	41	–	–
Accrued operating expenses	13,325	10,122	222	255
	<u>28,956</u>	<u>21,569</u>	<u>5,825</u>	<u>5,460</u>

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

20 Revenue

Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax, are detailed as follows:

	The Group	
	2018 \$'000	2017 \$'000
Revenue from construction works	37,419	42,902
Revenue from building and maintenance	35,692	27,136
Revenue from precast manufacturing	230	2,849
Revenue from sales of development properties	21,590	–
	<u>94,931</u>	<u>72,887</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

21 Other income

	The Group	
	2018	2017
	\$'000	\$'000
Equipment handling income	222	208
Rental income	219	30
Gain on disposal of property, plant and equipment	–	6
Government grant – Wage credit scheme	18	15
Government grant – Special employment credit	4	10
Government grant – Temporary employment credit	14	26
Insurance compensation	52	26
Waiver of non-trade payable	–	200
Scrap sales of used equipment	64	93
Changes in fair value of investment properties	3,355	–
Currency translation gain	488	–
Others	45	79
	4,481	693

22 Other expenses

	The Group	
	2018	2017
	\$'000	\$'000
Loss on disposal of property, plant and equipment	70	–
Currency translation loss	–	351
	70	351

23 Finance costs

	The Group	
	2018	2017
	\$'000	\$'000
Interest expense:		
Bank borrowings	1,085	1,137
Obligations under finance lease	9	16
	1,094	1,153
Interest expense capitalised in development properties ⁽¹⁾ (Note 9)	(547)	(863)
Finance costs recognised in profit or loss	547	290

(1) The rate used to determine the amount of borrowing costs eligible for capitalisation ranged from 5.18% to 6.06% (2017: 2.89% to 5.50%), which is the effective interest rate of the specific borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

24 Taxation

	The Group	
	2018 \$'000	2017 \$'000
Current taxation	–	93
Deferred taxation	805	3
Under/(Over) provision of deferred taxation in respect of prior financial years	52	(64)
Underprovision of current taxation in respect of prior financial years	120	–
	977	32

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

	The Group	
	2018 \$'000	2017 \$'000
Profit/(Loss) before taxation	1,424	Restated (1,275)
Tax at statutory rate of 17% (2017: 17%)	242	(217)
Effect of tax rate for different jurisdiction	204	(131)
Tax effect on non-deductible expenses	100	325
Tax effect on non-taxable income	(46)	(243)
Deferred tax assets on temporary difference not recognised	282	355
Effect of tax losses disallowed	31	–
Utilisation of deferred tax assets previously not recognised	(8)	–
Under/(Over) provision of taxation in respect of prior financial years	172	(64)
Others	–	7
	977	32

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

25 Total profit/(loss) for the financial year

	The Group	
	2018 \$'000	2017 \$'000
Purchase of materials	4,414	8,931
Fees on audit services paid/payable to:		Restated
– Auditor of the Company	90	90
– Other auditor	3	4
Fees on non-audit services paid/payable to:		
– Auditor of the Company	13	16
– Other auditor	23	26
Depreciation of property, plant and equipment	1,577	2,021
Directors' fees ⁽¹⁾	149	153
Donation	34	58
Salaries and bonuses	8,535	8,433
Employer's contribution to defined contribution plans	516	395
Other short-term benefits	241	245
Entertainment expenses	70	71
Delivery charges	523	511
Professional charges	272	241
Property and land tax	97	467
Rental on operating leases	714	321
Sub-contractor charges	49,795	46,235
Utilities	116	280
Worksite and factory expenses	4,431	4,604
Changes in inventories	7	91
Cost of development properties (included in cost of works)	24,942	–
Others	809	1,021
Total cost of works, distribution and marketing costs and administrative expenses	97,371	74,214

(1) Included in the directors' fees was an amount of \$10,000 (2017: \$14,000) paid to a subsidiary corporation's director.

26 Earnings/(Losses) per share attributable to owner of the parent

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

	The Group	
	2018	2017
Profit/(Loss) attributable to owner of the parent (\$'000)	592	Restated (1,060)
Weighted average number of shares in issue ('000)	177,277	170,000
Basic and diluted earnings/(losses) per share (cents)	0.33	(0.62)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

27 Dividends

	The Group	
	2018	2017
	\$'000	\$'000
Ordinary dividends paid:		
First and final tax-exempt (one-tier) dividend paid in respect of the previous financial year of \$Nil (2017: \$0.004) per share	-	680

28 Related party transactions

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

(a) Sales and purchases of goods and services

	The Group	
	2018	2017
	\$'000	\$'000
Advisory fees paid to a director	48	48
Sales to a director	-	(2)

(b) Compensation of directors and key management personnel

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

	The Group	
	2018	2017
	\$'000	\$'000
Salaries and bonuses	1,559	1,583
Directors' fees	139	139
Employer's contribution to defined contribution plans including		
Central Provident Fund	71	76
Other short-term benefits	180	196
	1,949	1,994

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

29 Operating lease commitments (non-cancellable)

(i) Where the Group is the lessee

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

	The Group	
	2018 \$'000	2017 \$'000
Not later than one year	650	713
Later than one year and not later than five years	303	730
	953	1,443

Leases are negotiated for terms ranging from one to five years and rental fixed.

(ii) Where the Group is the lessor

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

	The Group	
	2018 \$'000	2017 \$'000
Not later than one year	66	18
Later than one year and not later than five years	-	6
	66	24

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

30 Operating segments

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

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

The Group's activities comprise the following reportable segments:

- (i) General building which involved the construction and building and maintenance works such as excavation, piling, sub-structures and superstructures works, architectural works, aluminum cladding and curtain walling, mechanical and engineering works, supply and installation of furniture/interior fitting-out works, external works, and landscaping;
- (ii) Precast manufacturing which involved the manufacturing and trading of concrete precast products;
- (iii) Properties development and investment involved investment in and trading of and development of industrial and residential properties; and
- (iv) Soil investigation and treatment which involved providing consultation services. While this segment does not meet the quantitative threshold required by FRS 108 *Operating Segments* for the reportable segments, management has concluded that this segment should be reported, as it is closely monitored by the Board of Directors as a potential growth operating segment and is expected to contribute to the Group revenue in the future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

30 Operating segments (Continued)

	General building		Precast manufacturing		Properties development and investment		Soil investigation and treatment		Unallocated segments		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group	73,111	70,038	230	2,849	21,590	-	-	-	-	-	-	-	94,931	72,887
Business segments	1,078	4,374	152	629	-	-	-	-	-	-	(1,230)	(5,003)	-	-
Revenue	74,189	74,412	382	3,478	21,590	-	-	-	-	-	(1,230)	(5,003)	94,931	72,887
Gross profit/(loss)	10,081	6,707	(138)	(73)	(3,352)	-	-	-	-	-	(1,078)	(437)	5,513	6,197
Other income													4,481	693
Unallocated costs													(8,023)	(7,875)
Finance costs													(547)	(290)
Profit/(Loss) before taxation													1,424	(1,275)
Taxation													(977)	(32)
Total profit/(loss) for the financial year													447	(1,307)
Total profit/(loss) for the financial year includes:														
Depreciation of property, plant and equipment	1,090	1,217	465	795	3	6	-	-	19	3	-	-	1,577	2,021
Changes in fair value of investment properties	-	-	-	-	3,355	-	-	-	-	-	-	-	3,355	-
Segment assets	45,061	32,758	946	1,386	31,088	42,751	150	140	4,257	4,325	-	-	81,502	81,360
Total assets includes:														
Additions to:														
Property, plant and equipment	89	223	41	64	-	7	10	140	12	17	-	-	152	451
Development properties	-	-	-	-	3,605	5,357	-	-	-	-	-	-	3,605	5,357
Segment liabilities	35,244	26,515	2,113	2,716	9,235	21,753	13	13	7,310	5,736	-	-	53,915	56,733

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

30 Operating segments (Continued)

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

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

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

	The Group	
	2018 \$'000	2017 \$'000
Segment assets for reportable segments	77,245	Restated 77,035
Unallocated:		
Cash and bank balances	3,384	3,547
Other current assets	854	746
Other receivables	2	18
Deferred tax assets	10	–
The Company's property, plant and equipment	7	14
	81,502	81,360

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

Unallocated liabilities comprise of other payables (excluding accrued operating expenses), current tax payable, deferred tax liabilities, the Company's borrowing, trade payables and accrued operating expenses.

	The Group	
	2018 \$'000	2017 \$'000
Segment liabilities for reportable segments	46,605	50,997
Unallocated:		
Other payables (excluding accrued operating expenses)	4,218	3,179
The Company's borrowings	1,800	2,000
Current tax payable	5	163
Deferred tax liabilities	963	96
The Company's trade payables and accrued operating expenses	324	298
	53,915	56,733

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

30 Operating segments (Continued)

Information about major customers

The Group's revenue of approximately \$64,725,000 (2017: \$67,520,000) are derived from state-controlled entities. These revenue are attributable to general building activities in Singapore.

Geographical segments

	The Group	
	2018 \$'000	2017 \$'000
		Restated
Revenue		
Singapore	<u>94,931</u>	<u>72,887</u>
Non-current assets		
Singapore	1,616	2,971
Malaysia	<u>19,451</u>	<u>1,208</u>
	<u>21,067</u>	<u>4,179</u>

31 Financial risk management objectives and policies

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

31 Financial risk management objectives and policies (Continued)

31.1 Foreign currency risk

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

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

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

Sensitivity analysis for foreign currency risk

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

If SGD weakens or strengthens by 5% against the functional currency of each group entity, the Group's total profit for the financial year will increase/decrease by \$685,000 (2017: total loss for the financial year will decrease/increase by \$433,000)

31.2 Interest rate risk

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

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

Sensitivity analysis for interest rate risk

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's total profit for the financial year would decrease/increase by \$120,000 (2017: the Group's total loss for the financial year would increase/decrease by \$175,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank borrowings.

No sensitivity analysis for interest rate risk is presented for the Company as it is assessed to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

31 Financial risk management objectives and policies (Continued)

31.3 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 and cash and bank balances. For trade receivables, 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.

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

Exposure to credit risk

As the Company and the Group do not hold any 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 statements of financial position.

The Company's and the Group's major classes of financial assets are bank balances, trade and other receivables. Cash is held with reputable financial institutions.

31.4 Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

31 Financial risk management objectives and policies (Continued)

31.4 Liquidity risk (Continued)

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

The Group	On demand or within one year \$'000	Between two and five years \$'000	Adjustment \$'000	Total \$'000
At 30 June 2018				
Trade and other payables (excluding GST payables, amounts due to construction contracts customers and deferred revenue)	26,353	–	–	26,353
Borrowings	22,105	2,220	(334)	23,991
	<u>48,458</u>	<u>2,220</u>	<u>(334)</u>	<u>50,344</u>
At 30 June 2017				
Trade and other payables (excluding GST payables, amounts due to construction contracts customers and deferred revenue)	20,117	–	–	20,117
Borrowings	28,201	7,585	(881)	34,905
	<u>48,318</u>	<u>7,585</u>	<u>(881)</u>	<u>55,022</u>

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Capital management

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

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

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

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

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

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Borrowings	23,991	34,905	1,800	2,000
Trade and other payables (excluding amounts due to construction contracts customers and deferred revenue)	26,543	20,117	5,825	5,460
Cash and bank balances	(3,384)	(3,547)	(416)	(152)
Net debt	47,150	51,475	7,209	7,308
Equity attributable to owner of the parent	27,551	25,270	23,702	21,428
Total capital	74,701	76,745	30,911	28,736
Net debt to total capital ratio	63.1%	67.1%	23.3%	25.4%

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

33 Financial instruments

Accounting classifications of financial assets and financial liabilities

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

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assets				
Loans and receivables, at amortised cost:				
Trade receivables (excluding GST receivables)	11,835	5,005	5,335	3,152
Amounts due from construction contracts				
customers	36,909	25,465	-	-
Other receivables	2	2	-	-
Staff advances	-	16	-	-
Deposits	813	699	-	-
Cash and bank balances	3,384	3,547	416	152
Subsidiary corporations	-	-	5,399	5,399
	52,943	34,734	11,150	8,703
Financial liabilities				
At amortised cost:				
Trade payables (excluding GST payables)	10,504	7,711	70	10
Other payables	2,483	2,243	5,501	5,162
Deposits	41	41	-	-
Accrued operating expenses	13,325	10,122	222	255
Borrowings	23,991	34,905	1,800	2,000
	50,344	55,022	7,593	7,427

34 Fair value measurement

Definition of fair value

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

34.1 Fair value measurement of financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

34 Fair value measurement (Continued)

34.1 Fair value measurement of financial instruments (Continued)

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

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

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

Reconciliation of Level 3 fair value measurement

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

35 Change in accounting policy

The Group has made a change to the accounting policy with respect to the measurement of investment properties from cost to fair value model as this will result in the financial statements providing reliable and more relevant information. This change in accounting policy resulted in prior financial years comparative figures being restated.

The changes in the abovementioned accounting policy has been accounted for retrospectively and accordingly, comparative figures for the financial years ended 30 June 2016 and 2017 have been restated. The effects of change on the statement of financial position and consolidated statement of profit or loss and other comprehensive income are summarised below:

The Group	30 June 2017			1 July 2016		
	Previously stated \$'000	Restated \$'000	Increase/ (Decrease) \$'000	Previously stated \$'000	Restated \$'000	Increase/ (Decrease) \$'000
<u>Statement of financial position</u>						
Investment properties	217	580	363	223	580	357
Retained profits	12,374	12,313	(61)	14,120	14,053	(67)
Property revaluation reserve	–	424	424	–	424	424
The Group				Previously stated \$'000	Restated \$'000	Decrease \$'000
<u>Consolidated statement of profit or loss and other comprehensive income</u>						
Administrative expenses				6,904	6,898	6

STATISTICS OF SHAREHOLDINGS

AS AT 27 SEPTEMBER 2018

SHARE CAPITAL

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

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

AS AT 27 SEPTEMBER 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 – 99	0	0.00	0	0.00
100 – 1,000	11	3.94	7,400	0.01
1,001 – 10,000	58	20.79	450,500	0.24
10,001 – 1,000,000	192	68.82	22,319,300	12.02
1,000,001 and above	18	6.45	162,847,800	87.73
TOTAL	279	100.00	185,625,000	100.00

TOP TWENTY LARGEST SHAREHOLDERS AS AT 27 SEPTEMBER 2018

	NAME OF SHAREHOLDER	NO.	%
		OF SHARES	OF SHARES
1	YI INVESTMENT PTE. LTD.	88,400,000	47.62
2	ONG SIEW ENG	14,873,600	8.01
3	PHUA LAM SOON	14,701,600	7.92
4	UOB KAY HIAN PTE LTD	8,725,000	4.70
5	LIM LAI HIONG	6,046,000	3.26
6	PHILLIP SECURITIES PTE LTD	4,664,600	2.51
7	LIM CHYE KIM	4,415,800	2.38
8	BUK MUM FATT	2,785,000	1.50
9	ONG AH SIEW	2,564,500	1.38
10	TAN CHIEN MIN CONROY (CHEN JIANMING)	2,447,400	1.32
11	LIM CHIN TONG	2,415,000	1.30
12	BOH GEOK YUEN (MO YUYAN)	1,868,500	1.01
13	TAN YEW MENG	1,843,700	0.99
14	TAN KENG PENG	1,600,000	0.86
15	BOH GEOK LING (MO YULING)	1,594,600	0.86
16	NG KOK SENG (HUANG GUOSHENG)	1,490,000	0.80
17	CHUA HOI TEK	1,300,000	0.70
18	ASIAN TRUST INVESTMENT PTE LTD	1,112,500	0.60
19	LI ZHIFEN	995,000	0.54
20	TAN ENG SENG	993,800	0.54
	Total:	164,836,600	88.80

STATISTICS OF SHAREHOLDINGS

AS AT 27 SEPTEMBER 2018

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 27 September 2018

Name of substantial shareholders	Direct interest		Deemed interest	
	No. of ordinary shares	%	No. of ordinary shares	%
Yi Investment Pte. Ltd. ⁽¹⁾	88,400,000	47.62	–	–
Phua Lam Soon ⁽¹⁾⁽²⁾	14,701,600	7.92	103,273,600	55.64
Ong Siew Eng ⁽¹⁾⁽³⁾	14,873,600	8.01	103,101,600	55.54
Asian Trust Investment Pte Ltd ⁽⁴⁾	1,112,500	0.60	8,400,000	4.53
Pai Keng Pheng ⁽⁵⁾	–	–	9,512,500	5.12
Pai Kheng Hian ⁽⁶⁾	–	–	9,512,500	5.12

1 Yi Investment Pte. Ltd. is an investment holding company incorporated in the Republic of Singapore. The shareholders of Yi Investment Pte. Ltd. are our CEO, Phua Lam Soon (50.00%) and our Executive Director, Ong Siew Eng (50.00%). Accordingly, Phua Lam Soon and Ong Siew Eng are deemed to be interested in 88,400,000 shares in Boldtek Holdings Limited held by Yi Investment Pte. Ltd..

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

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

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

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

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

SHAREHOLDINGS IN THE HANDS OF PUBLIC

As at 27 September 2018, approximately 29.07% of the issued ordinary shares of the Company were held in the hands of the public based on the information available to the Company. Accordingly, the Company has complied with Rule 723 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING ("AGM") OF BOLDTEK HOLDINGS LIMITED (THE "COMPANY") WILL BE HELD AT 24 KRANJI ROAD, SINGAPORE 739465 ON THE 29th DAY OF OCTOBER 2018 AT 3.00 PM

TO TRANSACT THE FOLLOWING AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Audited Financial Statements for the financial year ended 30 June 2018 ("FY2018") together with the Directors' Statement and Auditors' Report thereon. **(Resolution 1)**
2. To approve the payment of S\$138,600 as Directors' Fees for the financial year ending 30 June 2019, to be paid on a quarterly basis in arrears. **(Resolution 2)**
3. To re-elect Mr Pao Kiew Tee who is retiring under Regulation 107 of the Constitution, as Director of the Company.

Mr Pao Kiew Tee will, upon such re-election, remain as Non-Executive Chairman and Independent Director of the Company. Mr Pao will also remain as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. Mr Pao will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Limited ("Catalist Rules").

(Resolution 3)

[See Explanatory Note (1)]

4. To re-elect Mr Chen Timothy Teck-Leng who is retiring under Regulation 107 of the Constitution, as Director of the Company.

Mr Chen Timothy Teck-Leng will, upon such re-election, remain as an Independent Director, Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee of the Company. Mr Chen will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Limited ("Catalist Rules").

(Resolution 4)

[See Explanatory Note (1)]

5. To re-appoint Messrs Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business that may be properly transacted at an annual general meeting.

TO TRANSACT THE FOLLOWING SPECIAL BUSINESS

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

provided that:

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

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

- (1) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;
- (2) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and
- (3) any subsequent bonus issue, consolidation or sub-division of Shares.

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

- (d) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until

NOTICE OF ANNUAL GENERAL MEETING

the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 6)

[See Explanatory Note (2)]

BY ORDER OF THE BOARD

PAO KIEW TEE

NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

10 October 2018

Notes:

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

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

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

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

(3) If the member is a corporation, the instrument appointing a proxy must be executed under its common seal or the hand of its duly authorised officer or attorney.

(4) The instrument appointing a proxy must be deposited at the registered office of the Company at 24 Kranji Road, Singapore 739465 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

Explanatory Notes:

(1) Please refer to the Section “Board of Directors” in the annual report for the financial year ended 30 June 2018 for information on Mr Pao Kiew Tee and Mr Chen Timothy Teck-Leng.

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

Personal Data Privacy:

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

BOLDTEK HOLDINGS LIMITED

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

IMPORTANT:

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

**PROXY FORM
ANNUAL GENERAL MEETING**

I/We _____ (Name), _____ (NRIC/Passport No.)

of _____ (Address)

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

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

and/or (delete as appropriate)

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

or failing *him/her/them, the Chairman of the Annual General Meeting of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at 24 Kranji Road, Singapore 739465 on 29 October 2018 at 3.00 p.m. and at any adjournment thereof.

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

* Please delete accordingly

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

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Adoption of Audited Financial Statements, Directors' Statement and Auditor's Report for the financial year ended 30 June 2018.		
2.	Approved of payment of Directors' Fees amounting to S\$138,600.00 for the financial year ending 30 June 2019, to be paid on a quarterly basis in arrears.		
3.	Re-election of Mr Pao Kiew Tee as a Director of the Company.		
4.	Re-election of Mr Chen Timothy Teck-Leng as a Director of the Company.		
5.	Re-appointment of Messrs Foo Kon Tan LLP as Auditor of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
6.	General authority to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore.		

Dated this _____ day of _____ 2018

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

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

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

- 1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

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

"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act (Chapter 50) of Singapore.
- 3 The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 24 Kranji Road, Singapore 739465 not less than 48 hours before the time fixed for the Annual General Meeting.
- 4 Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 5 The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
- 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 7 A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
- 8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.
- 9 Terms and expressions not defined herein shall have the same meanings ascribed to them in the Annual Report 2018.
- 10 **PERSONAL DATA PRIVACY:** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, Listing Rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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寶特控股有限公司
BOLDTEK HOLDINGS LIMITED

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