

寶特 LOGISTICS

LOGISTICS HOLDINGS LIMITED

BUILDING
SPACES FOR THE
NEXT GENERATION

2016 ANNUAL REPORT

CONTENTS

01	10
CORPORATE PROFILE	FINANCIAL HIGHLIGHTS
02	11
MESSAGE TO SHAREHOLDERS	OPERATING AND FINANCIAL REVIEW
05	14
BOARD OF DIRECTORS	FINANCIAL CONTENTS
07	97
EXECUTIVE OFFICERS	STATISTICS OF SHAREHOLDINGS
08	99
CORPORATE STRUCTURE	NOTICE OF ANNUAL GENERAL MEETING
09	PROXY FORM
CORPORATE INFORMATION	

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, Senior Manager, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.



CORPORATE PROFILE

Logistics Holdings Limited (the “**Company**” or “**Logistics Holdings**”, and together with its subsidiaries, the “**Group**”), through its wholly-owned subsidiaries, Logistics Construction Pte. Ltd. and Apex Projects Pte. Ltd., is 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.

Logistics Holdings also operates a precast manufacturing plant in the Iskandar region, Johor, Malaysia. The products from this precast plant primarily serve the Group’s public and private residential, industrial or commercial projects in Singapore. The plant’s excess capacity, if any, can be channelled to external customers from Singapore and possibly from the Iskandar region.

Its indirect wholly-owned subsidiaries, Le Premier Development Pte. Ltd. (“**Le Premier Singapore**”) and Le Premier Development Sdn. Bhd. (“**Le Premier Malaysia**”), are engaged in property development. Le Premier Singapore is currently redeveloping a freehold residential site located at 21 Paya Lebar Crescent, which it acquired in 2013, into a high-end landed cluster housing. Le Premier Malaysia is currently developing a plot of freehold land, which it acquired in 2014, in Senai Industrial Park, Johor, Malaysia, into medium industrial factories.

The Company also has two indirect subsidiaries, New Soil Technologies Pte. Ltd. (“**New Soil**”) and MSC Engineering Pte. Ltd. (“**MSC**”), with an indirect interest of 60% and 100% respectively. Together with our partners, New Soil undertakes soil investigation and treatment activities, while MSC supports our building and construction activities.

Logistics Holdings Limited was listed on the SGX-ST Catalist on 18 January 2013.



MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS

In the financial year ended 30 June 2016 ("FY2016"), Logistics Holdings Limited ("Logistics Holding" or the "Company", and together with its subsidiaries, the "Group") continued to see increased revenue year-on-year ("y-o-y"). The Group recorded total revenue of approximately S\$148.1 million, an increase of approximately S\$19.7 million or 15.3% compared to the last financial year. However, net profit in FY2016 saw a decline of approximately S\$1.7 million y-o-y to approximately S\$2.0 million, mainly due to higher than anticipated cost incurred for certain projects and a decrease in other income, albeit a marginal decline in total operating expenses. Cash and cash equivalents increased by approximately one-fold to approximately S\$11.2 million compared to the last financial year and shareholders' equity increased by approximately 1.9% to approximately S\$26.7 million.

DIVIDEND

To show our appreciation for shareholders' support, the Board of Directors has proposed a tax-exempt one-tier first and final cash dividend of 0.4 Singapore cents (S\$0.004) per ordinary share, representing approximately 32.5% of the Group's earnings per share in FY2016. The proposed dividend payment will be put up for approval by the shareholders at the forthcoming annual general meeting on 27 October 2016.

DEVELOPMENTS IN FY2016

CONSTRUCTION

The Group's building construction order book stood at approximately S\$95.8 million as at the date of this report. In order to expand the Group's business, we have successfully upgraded our Building and Construction Authority's workhead for Interior Decoration & Finishing Works (CR06) to the highest grade, L6, where we can bid for larger-scale projects of unlimited value. Notwithstanding the above, we expect the competition to be intense and will continue to tender for new projects prudently.

PROPERTY DEVELOPMENT

The Group's residential property development in Singapore ("Place-8") comprises eight units of freehold cluster houses located at 21 Paya Lebar Crescent. Place-8 is expected to obtain the Temporary Occupation Permit by December 2016. Despite headwinds in the local property market, we are cautiously optimistic about the prospect of the Place-8 project. The freehold medium industrial property development ("Le Premier Industrial Park") in Malaysia (Senai Industrial Park, Johor) comprises ninety-two units of factories and service industry shops in three phases. The construction for the service industry shops (phase one) of the Le Premier Industrial Park project has commenced in June 2016.



MESSAGE TO SHAREHOLDERS

PRECAST MANUFACTURING

The Group's precast manufacturing business is currently supplying to a third-party customer for a public housing project in Singapore. We continue to strive to better our operational capabilities and efficiencies in our precast operations. Going forward, we also intend to work with strategic partners to bid for projects in Singapore and/or Malaysia to supply precast building components.

OUTLOOK

Against the backdrop of an uncertain economic environment, the Group will remain vigilant in our cost and project management. We will continue to leverage on our core competencies and track record in the public sector domain in our efforts to grow our order book and increase our earnings.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, we would like to express our sincere appreciation to the Management and staff of the Group for their hard work and dedication. We would also like to take this opportunity to thank our customers, business partners and valued shareholders for their unwavering support and faith in the Group.

MR PAO KIEW TEE

Non-Executive Chairman and Independent Director

MR PHUA LAM SOON, BBM

Chief Executive Officer



致全体股东 的一封信



尊敬的各位股东，

截至2016年6月30日的财政年度（简称“2016财年”），Logistics Holdings Limited（简称“Logistics Holding”或“本公司”，连同其附属公司统称为“本集团”）的收入与去年同期相比（同比）持续增长。本集团在本财年的总收入约为1.481亿新元，比上一财年增长了近1970万新元，涨幅为15.3%。但是，2016财年的净利润同比下降180万至200万新元。尽管集团的总运营开支略有下降，净利润下滑的主要原因在于个别项目的成本超过预期，以及其他收入减少。此外，相比上一财政年度，2016财年的现金及现金等价物项目激增了大约一倍，达到近1120万新元；股东权益增幅约为1.9%，达到2670万新元左右。

股息

为了答谢各股东长期以来提供的鼎力支持，董事会拟以每股普通股0.4分（即\$0.004，约占集团2016财年每股收益的32.5%）的价格派发单级免税终期现金股息。拟议最终派息将于2016年10月27日召开的股东周年大会上由股东表决通过。

2016年的房地产项目

建筑工程

截至本报告发布之日，集团的建筑工程订单量达到近9580万新元。为了继续拓展集团业务，我们已成功地将建设局要求的室内装修和装潢工程所用工作台（CR06）升级到L6的最高等级，这样我们就有资格竞投更大规模的建筑项目。尽管我们知道竞争很激烈，依然会慎重选择新项目。

房地产开发

本集团在新加坡的住宅开发项目（“Place-8”）包括位于巴耶利峇弯21号的八个永久产权聚落式排屋。Place-8预

期会在2016年12月取得临时入伙准证。尽管本地楼市发展阻力重重，我们对Place-8项目的前景仍保持谨慎的乐观态度。位于马来西亚（柔佛士乃工业园）的中等规模永久产权工业房地产开发项目（“Le Premier工业园”）分三期开发，共含有92个工厂单位及服务业门店。Le Premier工业园服务业门店项目（一期）已于2016年6月开工建设。

预制件生产

本集团目前的预制件生产业务是为一个承办新加坡公共住房项目的第三方客户供应材料。我们将继续努力提升公司预制件业务的营运能力和效率。展望未来，我们也打算与战略合作伙伴一起竞投新加坡和/或马来西亚的建筑构件的预制项目。

发展前景

在经济形势不明朗的背景下，本集团将持续优化成本控制和项目管理，并继续利用公司的核心竞争力以及在公共部门领域所取得的骄人业绩，争取赢得更多订单，提高公司的整体盈利水平。

特此鸣谢

本人谨代表董事会，对集团全体员工的辛勤工作和默默奉献予以诚挚的感谢。我们也想借此机会感谢公司的客户、合作伙伴及尊贵的股东给予集团的坚定信心和支撑。

包久迟先生

非执行主席兼独立董事

潘南舜先生 BBM

执行总裁

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. He is also the Chairman of the Audit Committee and a member of both the Nominating Committee and Remuneration Committee of our Company.

From March 1979 to June 2016, he was a senior government auditor holding the position of senior group director. As a senior auditor, he was the overall-in-charge of a group responsible for auditing the financial statements and operation audits of government ministries and statutory boards. Prior to joining the Singapore Government, he was with various 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 currently an independent director of Wong Fong Industries Limited and Mary Chia Holdings Limited. He was the honorary treasurer and honorary secretary of the Serangoon Gardens Country Club for several years between 1998 and 2012, and is currently also active in various grassroots organizations.

He graduated with a Bachelor of Commerce (Accounting) degree from the University of Otago, Dunedin, New Zealand in 1974 and is a fellow of the Institute of Singapore Chartered Accountants 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 the sole first Director of our Company and also a member of the Nominating Committee.

Mr. Phua is in charge of setting out 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 stewardship, our Group has undertaken a wide range of building constructions services, 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.

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. Between 1986 to 1991, Ms. Ong was a draftsman with Logistics Renovation & Building Construction. Prior to that, she was a product analyst with Cold Storage group between 1984 to 1986.

NG KOK SENG

Executive Director

Ng Kok Seng is our Executive Director. He has been a director of Apex Projects Pte Ltd since its incorporation on 7 October 2008. Mr. Ng was appointed as a Director of our Company on 31 October 2012.

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 18 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 his 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.

BOARD OF DIRECTORS

FOO SHIANG PING

Non-Executive Director

Foo Shiang Ping was appointed as our Non-Executive Director on 24 December 2012. 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 ("M&A") 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 Singapore Exchange Securities Trading Limited ("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. 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 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. He is an independent director for Yangzijiang Shipbuilding (Holdings) Ltd., Tianjin Zhongxin Pharmaceutical Group Corporation Ltd., TMC Education Corporation Ltd. and Sysma Holdings Limited.

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

HO CHOR YAU

Financial Controller

Ho Chor Yau is our Financial Controller. He joined our Group in August 2012.

Mr. Ho oversees all the accounting, internal controls and SGX-ST reporting matters in our Group.

Mr. Ho has more than 18 years of internal audit and broad-based financial management experience. Prior to joining our Group, he had held managerial positions in a pre-IPO company and several SGX mainboard-listed companies, where he handled financial, corporate secretarial, M&A and SGX-ST reporting matters.

Mr. Ho holds a Bachelor of Arts (Hons.) in Accountancy Studies from the University of Portsmouth and a Master of Business Administration from the University of Adelaide. He is a Fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Singapore Chartered Accountants, the Institute of Chartered Secretaries & Administrators and the Singapore Institute of Directors.

YEO GOEK NGO

Accounts Executive

Yeo Goek Ngo is our Accounts Executive. She joined our Group in August 1993.

Ms. Yeo has been our Accounts Executive since August 1993 where she oversees and supervises our Group's accounts, cash flow, financial reporting and project reporting matters including setting up and implementing the account system in our Group and consolidating project reports and financial reports of our Group.

Immediately prior to joining our Group, from March 1985 to August 1993, Ms. Yeo was self-employed providing accounting and related services where she was responsible for preparing and consolidating of financial reports and assisting in setting up accounting control system as per customer's request. Between October 1979 and March 1985, she was the assistant accountant of Tylon (Singapore) Pte Ltd where she supervised the accounting team and was in charge of the budget control and other financial matters. Between August 1974 and June 1979, Ms. Yeo was the cost account executive of a Japanese company with business operations in Singapore where she was involved in the costing control and management of the company. Between February 1971 and June 1974, she was an accounts clerk at a local construction company where she was in charge of the maintenance of full set of accounts in terms of accounts receivables, payables, profit and loss statement and balance sheet preparation.

Ms. Yeo graduated with a Diploma in Life Insurance from Singapore College of Insurance in 1996. Prior to that, she attended an extension course on Management Accounting and Corporate Planning at National University of Singapore in 1980 and a Costing certificate and an Accounting (higher stage certificate) certificate from The London Chamber of Commerce and Industry (Commercial Education Scheme) in 1975 and 1974 respectively.

TEE CHEN CHUAN

Deputy Project Director

Tee Chen Chuan is our Deputy Project Director. He joined our Group in August 2007 as a Project Manager and has over 13 years of experience in this industry. In his capacity as Project Manager with our Group, Mr. Tee has delivered projects to a variety of property forms that have included high rise residential, commercial, industrial and institutional buildings.

Mr. Tee's leadership, direction and team building qualities, combined with his varied experience with a variety of clients, consultants and trade contractors makes him an invaluable team member of our Group. Mr. Tee is currently in charge of overseeing and managing the projects undertaken by our Group, including project planning, job site management and quality supervision as well as project delivery. Prior to joining our Group, he was an assistant construction manager at ISGAsia (M) Sdn. Bhd. from September 2005 to August 2007. From October 2003 to September 2005, he was a project engineer with Total Teamwork Sdn. Bhd. and from June 2002 to October 2003, he was a project coordinator with Fullscan Engineering Sdn. Bhd..

Mr Tee graduated from the University of Technology Malaysia with a Bachelor of Engineering in 2002.

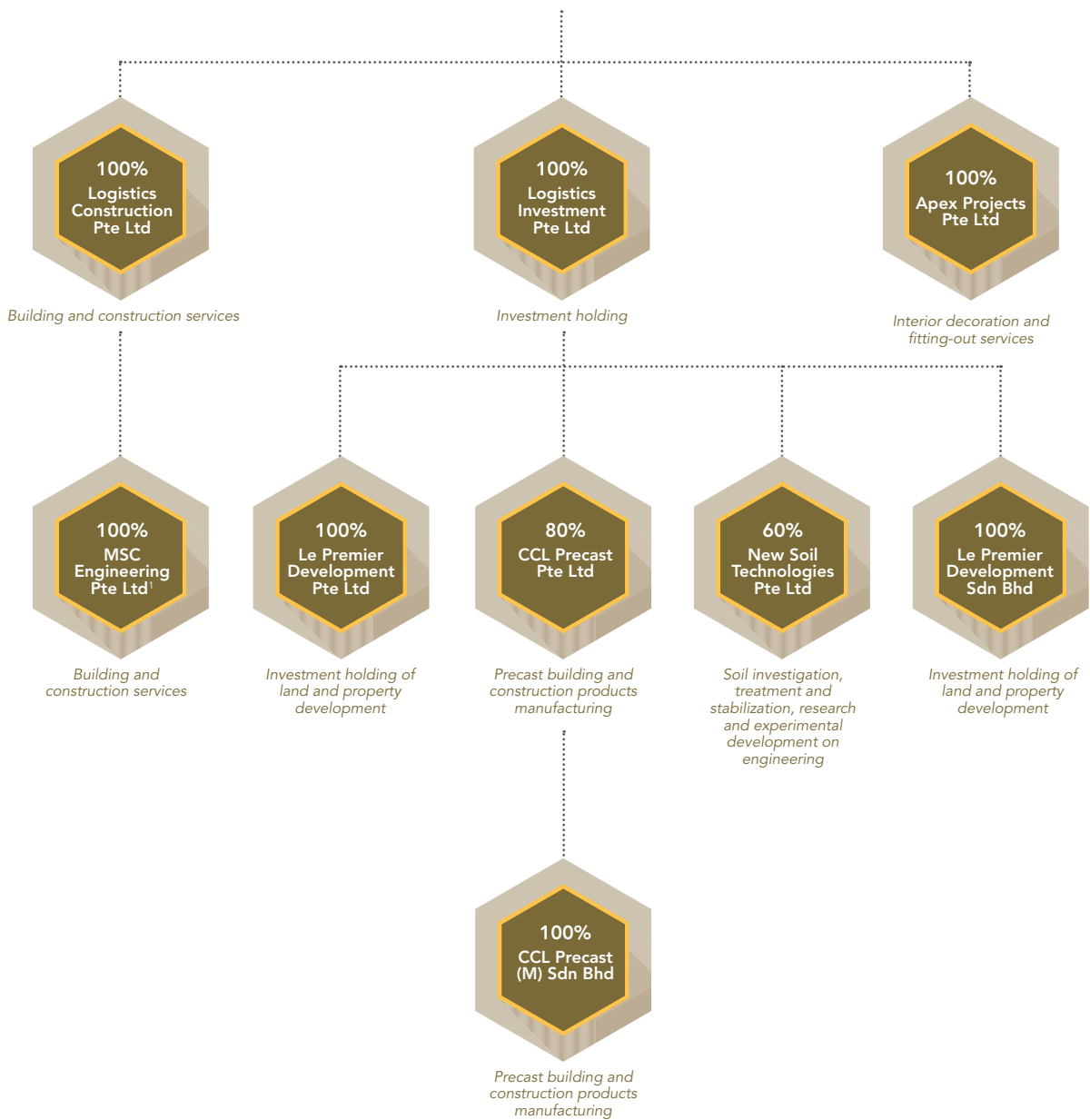
LOY YAN RU

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
STRUCTURELOGISTICS
HOLDINGS LIMITED

¹ On 31 December 2015, Logistics Construction Pte Ltd acquired an additional 30,000 ordinary shares, representing 30.0% shareholding in MSC Engineering Pte Ltd from a minority shareholder. Consequently, MSC Engineering Pte Ltd became a wholly owned subsidiary of Logistics Construction Pte Ltd.

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))
Goh Pei Shan (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

Nexia TS Public Accounting
Corporation Public Accountants and
Chartered Accountants
100 Beach Road
#30-00 Shaw Tower
Singapore 189702
Director-in-charge
Philip Tan Jing Choon
(Appointed since the financial year
ended 30 June 2013)

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

Malayan Banking Berhad

2 Battery Road
Maybank Tower
Singapore 049907

INTERNAL AUDITOR

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

FINANCIAL HIGHLIGHTS

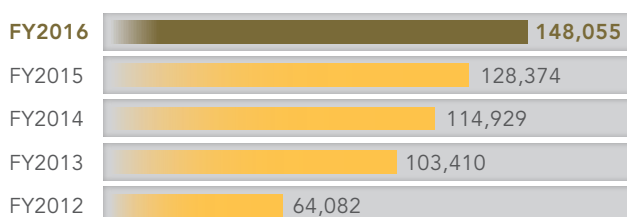
LOGISTICS HOLDINGS LIMITED & ITS SUBSIDIARY CORPORATIONS

S\$'000	FY2012	FY2013	FY2014	FY2015	FY2016
Revenue	64,082	103,410	114,929	128,374	148,055
Gross profit	8,198	10,100	10,300	10,776	10,127
Profit before income tax	6,185	6,465	5,204	4,222	2,481
Net profit	5,137	5,238	4,900	3,737	1,963
Profit attributable to equity holders of the Company	5,117	5,238	4,953	4,239	2,096
Earnings per share (Singapore cents) ¹	3.01	3.08	2.91	2.49	1.23
Total assets	25,213	46,076	58,225	88,709	81,107
Equity attributable to equity holders of the Company	8,814	20,434	23,685	26,251	26,737
Net asset value per share (Singapore cents) ²	6.48	12.02	14.06	15.27	15.49

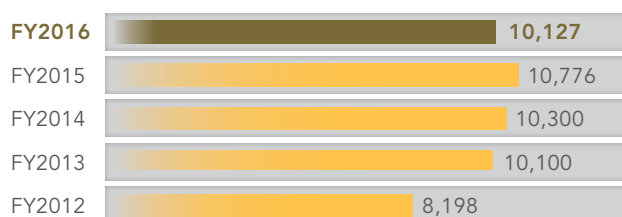
¹ For illustrative and comparative purposes, the earnings per share was computed based on the profit attributable to equity holders of the Company and issued share capital of 170,000,000 shares post the Company's IPO in January 2013.

² The net asset value per ordinary share for FY2012 is computed based on the pre-IPO share capital of the Company of 136,000,000 shares and the net asset value per ordinary share for FY2013 through FY2016 is computed based on the post-IPO share capital of the Company of 170,000,000 shares.

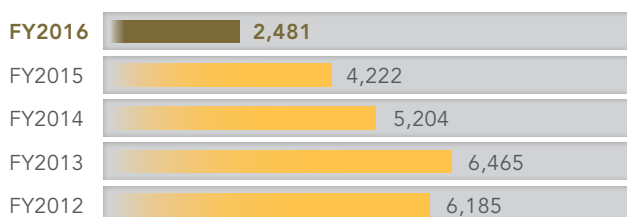
REVENUE (S\$'000)



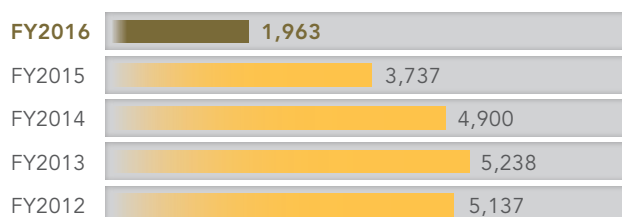
GROSS PROFIT (S\$'000)



PROFIT BEFORE INCOME TAX (S\$'000)



NET PROFIT (S\$'000)



OPERATING AND FINANCIAL REVIEW



OPERATING REVIEW

During the financial year ended 30 June 2016 (“FY2016”) under review, we secured 3 public sector projects amounting to a total of S\$6.7 million as described below:–

- (A) Supply of labour, transport, tools machine, equipment, materials and associated works for the design, construction and completion of the proposed university alumni house (the “Alumni House Project”)

Works on the Alumni House Project has commenced in August 2016 and is expected to be completed by October 2016.

- (B) Internal fitting out works to the proposed new geriatric care centre within a community club (the “Community Club Project”)

The Community Club Project involves the internal fitting out works to the proposed new geriatric care centre within levels 2 and 3 of a community club located at Whampoa Drive.

Works on the Community Club Project has commenced in July 2016 and is expected to be completed by October 2016.

- (C) Design and Construction of 2-Storey Supplier Hub Development and Sheltered Linkway at Pasir Panjang Terminal Phase 3 & 4 (the “Pasir Panjang Project”)

The Pasir Panjang Project involves design and construction of 2-storey supplier hub development and sheltered linkway at Pasir Panjang Terminal Phase 3 & 4.

The construction work has commenced in August 2016 and is scheduled to be completed by July 2017.

During FY2016, we also successfully upgraded our Building and Construction Authority’s workhead for Interior Decoration & Finishing Works (CR06) to the highest grade, L6, where we can bid for larger-scale projects of unlimited value.

The Group continues to operate its precast manufacturing plant in Johor, Malaysia, and is working to improve the operational capabilities and efficiencies in the precast operations. Going forward, we also intend to work with strategic partners to bid for projects in Singapore and/or Malaysia.

In Singapore, the Group’s residential property development comprising eight units of freehold cluster houses situated at 21 Paya Lebar Crescent is expected to obtain the Temporary Occupation Permit by December 2016.

In Malaysia, we have begun construction for phase one of our freehold medium industrial property development located in Senai Industrial Park, Johor, comprising ninety-two units of factories and service industry shops in June 2016.

FINANCIAL REVIEW

INCOME STATEMENT

REVENUE

Our revenue increased by approximately S\$19.7 million or 15.3% from approximately S\$128.4 million in the financial year ended 30 June 2015 (“FY2015”) to approximately S\$148.1 million in FY2016. The increase in revenue was mainly due to higher revenue contribution for work completed for on-going projects. These projects include, among others, revenue from construction works relating to alteration and addition works, new building works, home improvement program works and term contract works.



OPERATING AND FINANCIAL REVIEW

COST OF WORKS

Our cost of works increased by approximately S\$20.3 million or 17.3% from approximately S\$117.6 million in FY2015 to approximately S\$137.9 million in FY2016. The increase in cost of works was mainly attributable to higher cost incurred for materials, subcontracting and projects overheads which was in line with the increase in work done for on-going projects.

GROSS PROFIT MARGIN

Our gross profit margin declined by approximately 1.6 percentage points from 8.4% in FY2015 to 6.8% in FY2016 due to higher increase in cost of works as a result of higher than anticipated costs incurred for certain projects in FY2016.

OTHER INCOME

Our other income decreased by approximately S\$1.1 million or 46.4%, from approximately S\$2.3 million in FY2015 to approximately S\$1.2 million in FY2016. This was mainly due to lower dormitory income contribution of approximately S\$1.0 million as the lease ended during the first half of FY2016 and lower equipment handling income of approximately S\$0.1 million as one of the land leases for the equipment handling ended during FY2016.

OTHER LOSSES

Our other losses increased by approximately S\$0.2 million or 70.1%, from approximately S\$0.3 million in FY2015 to approximately S\$0.5 million in FY2016. This was mainly due to allowance on impairment of property, plant and equipment of approximately S\$0.2 million which was made as the projects which the precast moulds were utilised for had been completed and currency translation loss of the Malaysian ringgit arising at our Malaysia subsidiaries of approximately S\$0.1 million.

DISTRIBUTION AND MARKETING EXPENSES

Distribution and marketing expenses decreased by approximately S\$18,000 or 4.3%, from approximately S\$418,000 in FY2015 to approximately S\$400,000 in FY2016, mainly due to lower entertainment expenses.

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by approximately S\$0.2 million or approximately 3.1% from approximately S\$8.0 million in FY2015 to S\$7.8 million in FY2016. The decrease was mainly due to lower: (i) depreciation of approximately S\$0.2 million from our workers dormitories, (ii) repair and maintenance of approximately S\$0.5 million for our workers dormitories and (iii) donation to institutions of public character and expenses incurred for the upkeep of factory of approximately S\$0.1 million, offset by higher: (i) payroll expenses of approximately S\$0.2 million mainly as a result of CPF contributions, bonus and salary adjustments, (ii) licence fee for our precast business of approximately S\$0.2 million and (iii) tender fee and bank charges of approximately S\$0.1 million.

FINANCE EXPENSES

The finance costs increased by approximately S\$44,000 or 30.1%, from approximately S\$146,000 in FY2015 to approximately S\$190,000 in FY2016 mainly due to higher interest payment on short-term loans for working capital purpose. These short-term loans were drawn down towards the second half of FY2015.

INCOME TAX EXPENSE

The overall effective tax rate was 20.9% and 11.5% for FY2016 and FY2015 respectively. The Singapore statutory corporate tax rate for both years of assessment remained at 17.0%. The increase in our effective tax rate for FY2016 was mainly because certain government tax incentives for one of our subsidiaries had been fully utilised in FY2015.

NET PROFIT

As a result of the above, our net profit decreased by approximately S\$1.7 million or approximately 47.5% from approximately S\$3.7 million in FY2015 to S\$2.0 million in FY2016.

STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

The Group's current assets decreased by approximately S\$5.1 million or 6.3% from approximately S\$80.7 million as at 30 June 2015 to approximately S\$75.6 million as at 30 June 2016, mainly due to decrease in trade and other receivables of approximately S\$14.2 million and reduction of inventories of approximately S\$0.9 million, offset by increase in cash and cash equivalents of approximately S\$5.6 million, capitalisation of costs for the development properties in Singapore and Malaysia of approximately S\$3.9 million and higher deposits placed for services in relation to our development properties and utilities of approximately S\$0.5 million.



OPERATING AND FINANCIAL REVIEW

The decrease in trade and other receivables was mainly due to the decrease in amount due from contract customers of approximately S\$14.6 million as a result of lower unbilled amounts for project works performed until 30 June 2016 as most projects were nearing completion, and a decrease in trade receivables by approximately S\$0.8 million offset by higher project retention sum of approximately S\$1.3 million.

NON-CURRENT ASSETS

Non-current assets decreased by approximately S\$2.5 million from approximately S\$8.0 million as at 30 June 2015 to approximately S\$5.5 million as at 30 June 2016. The decrease was mainly attributable to the depreciation expenses of property, plant and equipment of approximately S\$2.3 million.

CURRENT LIABILITIES

The Group's current liabilities decreased by approximately S\$6.8 million or 18.0% from approximately S\$38.2 million as at 30 June 2015 to approximately S\$31.4 million as at 30 June 2016, due to repayment of borrowings of approximately S\$1.9 million, decrease in trade and other payables of approximately S\$5.1 million, and offset by an increase in income tax liabilities of approximately S\$0.1 million.

The decrease in trade and other payables was mainly due to the decrease in trade payables of approximately S\$4.0 million resulting from prompt payment to sub-contractors and lower accrued operating expenses of approximately S\$2.0 million as certain cost of works incurred were not yet billed by subcontractors as at 30 June 2016, offset by higher trade payables to non-controlling interests of approximately S\$0.4 million, higher amount due to contract customers of approximately S\$0.4 million for works performed but not recognised as revenue as at 30 June 2016 and higher non-trade payables to third parties of approximately S\$0.2 million.

NON-CURRENT LIABILITIES

The decrease in non-current liabilities of approximately S\$1.1 million or 4.5% was mainly due to repayment of bank borrowings.

SHAREHOLDERS' EQUITY

As at 30 June 2016, the shareholders' equity stood at approximately S\$26.3 million, as compared to approximately S\$26.0 million as at 30 June 2015. The increase of approximately S\$0.3 million was mainly attributable to net profit of approximately S\$2.0 million in FY2016, offset by the payment of dividends of approximately S\$1.4 million and translation loss of approximately S\$0.2 million.

The Group continued to register net current assets (excluding development properties) of approximately S\$8.4 million as at 30 June 2016 compared to S\$10.5 million as at 30 June 2015.

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

In FY2016, net cash provided by operating activities was approximately S\$9.8 million. This was mainly due to operating cash inflows before working capital changes of approximately S\$5.4 million, adjusted for net working capital inflows of approximately S\$4.8 million and income tax paid of approximately S\$0.4 million. The net working capital inflows was mainly due to a decrease in trade and other receivables of approximately S\$14.0 million and inventories of approximately S\$0.8 million, offset by decrease in trade and other payables of approximately S\$4.8 million, additions to development properties of approximately S\$4.8 million and other current assets of approximately S\$0.5 million.

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash used in investing activities during FY2016 was approximately S\$0.4 million, mainly due to additions of property, plant and equipment.

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash used in financing activities during FY2016 was approximately S\$3.8 million, mainly due to repayment of bank borrowings and finance leases of approximately S\$3.7 million and S\$0.4 million respectively, payment of interest on bank borrowings of approximately S\$0.2 million and payment of dividend of approximately S\$1.4 million. These cash outflows were partially offset by the proceeds from bank borrowings of S\$1.8 million to finance our development property and for working capital needs.

CASH AND CASH EQUIVALENTS

As a result of the above, cash and cash equivalents stood at approximately S\$11.2 million as at 30 June 2016, which was double that of approximately S\$5.6 million as at 30 June 2015.

FINANCIAL CONTENTS

- | | |
|--|---|
| 15
CORPORATE GOVERNANCE
REPORT | 49
CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY |
| 42
DIRECTORS' STATEMENT | 50
CONSOLIDATED STATEMENT OF CASH
FLOWS |
| 45
INDEPENDENT AUDITOR'S REPORT | 51
NOTES TO THE FINANCIAL STATEMENTS |
| 47
CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME | 97
STATISTICS OF SHAREHOLDINGS |
| 48
BALANCE SHEETS | 99
NOTICE OF ANNUAL GENERAL MEETING |



CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Logistics 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 2016 (“**FY2016**”) 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 FY2016.

BOARD MATTERS

The Board’s Conduct of Affairs

1.1	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																	
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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 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 evaluation of 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 recognising 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

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																													
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>The Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). Upon its establishment, the Board Committees operate within clearly defined terms of reference and operating procedures, which would be reviewed on a regular basis. Minutes of all Board Committee meetings will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings. The compositions of the Board Committees are as follows:</p> <table border="1"> <caption>Table 1.3 – Composition of the Board Committees</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																													
	AC	NC	RC																																												
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Member	Foo Shiang Ping	Phua Lam Soon	Foo Shiang Ping																																												
1.4	Have the Board and Board Committees met in the last financial year?	<p>The Board meets on a quarterly basis, and as and when circumstances require. In FY2016, the number of Board and Board Committee meetings held and the attendance of each Board member are shown below.</p> <table border="1"> <caption>Table 1.4 – Board and Board Committee Meetings in FY2016</caption> <thead> <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 FY2016</td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> </tr> <tr> <td>Directors</td> <td colspan="4">Number of meetings attended in FY2016</td> </tr> <tr> <td>Pao Kiew Tee</td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> </tr> <tr> <td>Phua Lam Soon</td> <td>4</td> <td>4⁽¹⁾</td> <td>1</td> <td>2⁽¹⁾</td> </tr> <tr> <td>Ong Siew Eng</td> <td>4</td> <td>4⁽¹⁾</td> <td>1⁽¹⁾</td> <td>2⁽¹⁾</td> </tr> <tr> <td>Ng Kok Seng</td> <td>4</td> <td>4⁽¹⁾</td> <td>1⁽¹⁾</td> <td>2⁽¹⁾</td> </tr> <tr> <td>Foo Shiang Ping</td> <td>4</td> <td>4</td> <td>1⁽¹⁾</td> <td>2</td> </tr> <tr> <td>Chen Timothy Teck-Leng</td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> </tr> </tbody> </table> <p>Note: (1) Attendance by invitation.</p> <p>The Board conducts regularly scheduled meetings. In between the scheduled meetings, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings. To facilitate the attendance and participation of Directors at Board meetings, the Company's Constitution permits the Directors of the Company to attend meetings through the use of audio-visual communication equipment.</p>		Board	AC	NC	RC	No. of meetings held in FY2016	4	4	1	2	Directors	Number of meetings attended in FY2016				Pao Kiew Tee	4	4	1	2	Phua Lam Soon	4	4 ⁽¹⁾	1	2 ⁽¹⁾	Ong Siew Eng	4	4 ⁽¹⁾	1 ⁽¹⁾	2 ⁽¹⁾	Ng Kok Seng	4	4 ⁽¹⁾	1 ⁽¹⁾	2 ⁽¹⁾	Foo Shiang Ping	4	4	1 ⁽¹⁾	2	Chen Timothy Teck-Leng	4	4	1	2
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Chen Timothy Teck-Leng	4	4	1	2																																											

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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-yearly and full year results announcements and interested person transactions of a material nature.
1.6	(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 on 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 Company will also provide training for first-time Directors in areas such as accounting, legal and industry-specific knowledge as appropriate. 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. The Management will monitor new laws, regulations and commercial developments and will keep the Board informed accordingly. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts. Where necessary, the Company will also arrange for the Directors to attend any training programmes in connection with their duties as Directors.</p>
	(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 FY2016 included the following:</p> <ul style="list-style-type: none"> • The external auditors, Nexia TS Public Accounting Corporation ("Nexia TS"), briefed the AC on changes or amendments to accounting standards; and • The internal auditors, KPMG Services Pte Ltd, briefed the AC on sustainability reporting requirements for listed companies in Singapore. <p>Mr Foo Shiang Ping, our Non-Executive Director, has attended the "Corporate Governance Guides for Boards in Singapore" and "Strategic Innovation" organised by the Singapore Institute of Directors.</p> <p>Mr Phua Lam Soon, our CEO, has attended the "Habridge Cambridge CEO Camp: Business Transformation and Sustainability Growth Strategies Programme" and "Senior Management Programme on Internationalisation" organised by Habridge Institute of Management Pte Ltd and National University of Singapore respectively.</p>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
BOARD MATTERS		
Board Composition and Guidance		
2.1 2.2 2.3	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 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>
	<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>	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.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																											
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There is no Independent Director who has served on the Board beyond nine (9) years from the date of his first appointment.																											
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 to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.																											
	(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> <table border="1"> <thead> <tr> <th colspan="3"><i>Table 2.6 – Balance and Diversity of the Board</i></th> </tr> <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>	<i>Table 2.6 – Balance and Diversity of the Board</i>				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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Customer based experience or knowledge	4	67%																											
(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise 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. 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 and the Board Committees 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

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Chairman and Chief Executive Officer		
3.1	Are the duties between Chairman and CEO segregated?	<p>The roles of the Chairman and CEO are separate to ensure a clear division of their responsibilities, an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO 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 FY2016.</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

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1	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 chief executive officer of the Company; and (g) 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.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	<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.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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 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 Company'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>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 himself for re-nomination and re-election at least once every three (3) years. In addition, any new Director appointed during the year either to fill a casual vacancy or as an addition to the Board will have to retire at the annual general meeting following his appointment, and is eligible for re-election if he/she so desires.</p> <p>The NC, with the respective member who is interested in the discussion having abstained from the deliberations, has recommended to the Board that Mr Phua Lam Soon and Mr Ng Kok Seng be nominated for re-appointment at the forthcoming AGM of the Company. Mr Phua Lam Soon will, upon re-election as a Director, remain as the Chief Executive Officer and a member of the NC. Mr Ng Kok Seng will, upon re-election as a Director, remain as an Executive Director. In making this recommendation, the NC has considered the Directors' overall contribution and performance.</p>

CORPORATE GOVERNANCE REPORT

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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="576 618 1439 1845"> <thead> <tr> <th rowspan="2">Name of Director</th> <th rowspan="2">Date of initial Appointment</th> <th rowspan="2">Date of last re-election</th> <th colspan="2">Directorships in other listed companies</th> </tr> <tr> <th>Current</th> <th>Past 3 Years⁽¹⁾</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Pao Kiew Tee</td> <td rowspan="2">24 December 2012</td> <td rowspan="2">29 October 2015</td> <td>Wong Fong Industries Limited</td> <td>Imperium Crown Limited</td> </tr> <tr> <td>Mary Chia Holdings Limited</td> <td>Jubilee Industries Holdings Ltd</td> </tr> <tr> <td>Phua Lam Soon</td> <td>5 October 2012</td> <td>30 October 2013</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Ong Siew Eng</td> <td>31 October 2012</td> <td>29 October 2014</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Ng Kok Seng</td> <td>31 October 2012</td> <td>30 October 2013</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Foo Shiang Ping</td> <td>24 December 2012</td> <td>29 October 2014</td> <td>800 Super Holdings Limited</td> <td>Nil</td> </tr> <tr> <td rowspan="4">Chen Timothy Teck-Leng</td> <td rowspan="4">24 December 2012</td> <td rowspan="4">29 October 2015</td> <td>TMC Education Corporation Ltd</td> <td>Hu An Cable Holdings Ltd</td> </tr> <tr> <td>Yangzijiang Shipbuilding (Holdings) Ltd.</td> <td>Xinren Aluminium Holdings Limited</td> </tr> <tr> <td>Tianjin Zhongxin Pharmaceutical Group Corporation Limited</td> <td></td> </tr> <tr> <td>Sysma Holdings Limited</td> <td></td> </tr> </tbody> </table> <p>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	Imperium Crown Limited	Mary Chia Holdings Limited	Jubilee Industries Holdings Ltd	Phua Lam Soon	5 October 2012	30 October 2013	Nil	Nil	Ong Siew Eng	31 October 2012	29 October 2014	Nil	Nil	Ng Kok Seng	31 October 2012	30 October 2013	Nil	Nil	Foo Shiang Ping	24 December 2012	29 October 2014	800 Super Holdings Limited	Nil	Chen Timothy Teck-Leng	24 December 2012	29 October 2015	TMC Education Corporation Ltd	Hu An Cable Holdings Ltd	Yangzijiang Shipbuilding (Holdings) Ltd.	Xinren Aluminium Holdings Limited	Tianjin Zhongxin Pharmaceutical Group Corporation Limited		Sysma Holdings Limited	
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CORPORATE GOVERNANCE REPORT

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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 Committee 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 Committee 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 Committee 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 Committee meetings
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CORPORATE GOVERNANCE REPORT

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	(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 FY2016, 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 NC Chairman 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

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Access to Information																		
6.1 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?	<p>Table 6 – Types of information provided by key management personnel to Independent Directors</p> <table border="1"> <thead> <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 auditors' report(s)</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>	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 auditors' report(s)	Yearly	6. Shareholding statistics	Yearly	7. External auditor's report	Yearly
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6.3	What is the role of the Company Secretary?	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 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.																
REMUNERATION MATTERS																		
Developing Remuneration Policies																		
7.1	What is the role of the RC?	The RC is regulated by a set of written terms of reference and has access to independent professional advice, if necessary. Pursuant to the RC's terms of reference, the RC will be responsible for, <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.																

CORPORATE GOVERNANCE REPORT

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		<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 FY2016.
Disclosure on Remuneration		
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

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																						
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown of remuneration of the Directors of the Company for FY2016 is as follows:</p> <p>Table 9.2 – Remuneration of the Directors</p> <table border="1"> <thead> <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>70.95</td> <td>17.34</td> <td>11.71</td> <td>100.00</td> </tr> <tr> <td>Ong Siew Eng</td> <td>–</td> <td>68.73</td> <td>16.68</td> <td>14.59</td> <td>100.00</td> </tr> <tr> <td colspan="6">Below S\$250,000</td> </tr> <tr> <td>Ng Kok Seng</td> <td>–</td> <td>69.48</td> <td>12.46</td> <td>18.06</td> <td>100.00</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 FY2016. Please refer to Section 9.6 below for further details.</p> <p>(3) Transportation allowances and benefit-in-kind car instalments are included as part of other benefits.</p> <p>The Board, on review, in view of the competitive business environment and to maintain confidentiality of remuneration policies of the Company, the remuneration details of each individual director and the CEO are disclosed in bands.</p> <p>There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top four key management personnel.</p>	Directors/Chief Executive Officer	Fees %	Salaries ⁽¹⁾ %	Bonus ⁽²⁾ %	Other Benefits ⁽³⁾ %	Total %	S\$500,001 to below S\$750,000						Phua Lam Soon	–	70.95	17.34	11.71	100.00	Ong Siew Eng	–	68.73	16.68	14.59	100.00	Below S\$250,000						Ng Kok Seng	–	69.48	12.46	18.06	100.00	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

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																														
9.3	<p>(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> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p>	<p>Details of remuneration paid to key management personnel of the Group for FY2016 is as follows:</p> <table border="1" data-bbox="580 584 1441 981"> <caption data-bbox="580 584 1441 629">Table 9.3 – Remuneration of Key Management Personnel</caption> <thead> <tr> <th data-bbox="580 629 919 748">Key Management Personnel</th> <th data-bbox="919 629 1046 748">Salaries⁽¹⁾ %</th> <th data-bbox="1046 629 1174 748">Bonus⁽²⁾ %</th> <th data-bbox="1174 629 1302 748">Other Benefits⁽³⁾ %</th> <th data-bbox="1302 629 1441 748">Total %</th> </tr> </thead> <tbody> <tr> <td colspan="5" data-bbox="580 748 1441 792">Below S\$250,000</td> </tr> <tr> <td data-bbox="580 792 919 837">Ho Chor Yau</td> <td data-bbox="919 792 1046 837">76.86</td> <td data-bbox="1046 792 1174 837">17.06</td> <td data-bbox="1174 792 1302 837">6.08</td> <td data-bbox="1302 792 1441 837">100.00</td> </tr> <tr> <td data-bbox="580 837 919 882">Yeo Goek Ngo</td> <td data-bbox="919 837 1046 882">92.31</td> <td data-bbox="1046 837 1174 882">7.69</td> <td data-bbox="1174 837 1302 882">–</td> <td data-bbox="1302 837 1441 882">100.00</td> </tr> <tr> <td data-bbox="580 882 919 927">Tee Chen Chuan</td> <td data-bbox="919 882 1046 927">77.59</td> <td data-bbox="1046 882 1174 927">13.88</td> <td data-bbox="1174 882 1302 927">8.53</td> <td data-bbox="1302 882 1441 927">100.00</td> </tr> <tr> <td data-bbox="580 927 919 972">Loy Yan Ru⁽⁴⁾</td> <td data-bbox="919 927 1046 972">87.95</td> <td data-bbox="1046 927 1174 972">12.05</td> <td data-bbox="1174 927 1302 972">–</td> <td data-bbox="1302 927 1441 972">100.00</td> </tr> </tbody> </table> <p data-bbox="580 1025 1441 1048">Notes:</p> <p data-bbox="580 1055 1441 1077">(1) Employer Central Provident Fund contributions are included as part of salaries.</p> <p data-bbox="580 1084 1441 1106">(2) Annual wage supplement is included as part of bonus.</p> <p data-bbox="580 1113 1441 1135">(3) Transportation allowances and benefit-in-kind car instalments are included as part of other benefits.</p> <p data-bbox="580 1142 1441 1164">(4) Loy Yan Ru is the niece of the CEO, Mr Phua Lam Soon, and Executive Director, Ms Ong Siew Eng.</p> <p data-bbox="572 1368 1441 1644">The Company only has four key management personnel. The aggregate total remuneration paid to the top four key management personnel (who are not Directors or the CEO) for FY2016 was approximately S\$453,000.</p>	Key Management Personnel	Salaries ⁽¹⁾ %	Bonus ⁽²⁾ %	Other Benefits ⁽³⁾ %	Total %	Below S\$250,000					Ho Chor Yau	76.86	17.06	6.08	100.00	Yeo Goek Ngo	92.31	7.69	–	100.00	Tee Chen Chuan	77.59	13.88	8.53	100.00	Loy Yan Ru ⁽⁴⁾	87.95	12.05	–	100.00
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9.4	<p>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.</p>	<p>There were no employees during FY2016 who were immediate family members of a Director and/or the CEO.</p>																														

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
9.5	Please provide details of the employee share scheme(s).	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.
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 FY2016. 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 to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on such Director's last drawn monthly salary provided always that such Director shall not be entitled to terminate the employments with the Company during the initial period. The said service agreements were renewed for another three (3) years with effect from 18 January 2016 with no significant or material changes to the terms and conditions.</p> <p>The fixed remuneration comprises a fixed salary, fixed annual wage supplement, and transport allowance. The variable compensation of Mr Phua Lam Soon 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. As the Group recorded a PBT of approximately S\$2.48 million for FY2016, the aforementioned performance conditions have not been met to trigger the payment.</p> <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>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
	(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="579 622 1439 1290"> <thead> <tr> <th colspan="3" data-bbox="579 622 1439 667">Table 9.6</th> </tr> <tr> <th data-bbox="579 667 798 745">Performance Conditions</th> <th data-bbox="801 667 1117 745">Short-term incentives (such as performance bonus)</th> <th data-bbox="1120 667 1439 745">Long-term incentives</th> </tr> </thead> <tbody> <tr> <td data-bbox="579 750 798 1003">Qualitative</td> <td data-bbox="801 750 1117 1003"> <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="1120 750 1439 1003"> <ol style="list-style-type: none"> 1. Leadership 2. Commitment 3. Current market and industry practices </td> </tr> <tr> <td data-bbox="579 1008 798 1290">Quantitative</td> <td data-bbox="801 1008 1117 1290"> <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="1120 1008 1439 1290"> <ol style="list-style-type: none"> 1. Relative financial performance of the Group (e.g. in terms of share price performance) over a 5-year 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-year 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 FY2016.</p>												

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
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>Based on the internal controls established and maintained by the Group, work performed by the internal auditors, 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.</p> <p>The basis 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 done by the internal auditors 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 and 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 FY2016 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 and risk management systems.</p>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<p>(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>	<p>Yes, in respect of FY2016, the Board has received assurance from the CEO and financial controller that (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and (b) the Company's risk management and internal controls systems are effective.</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 additionally relied on the internal auditor's report issued to the Company in FY2016 in respect of, amongst others, the follow-up audit for procurement and subcontracting, human resource and payroll and project management as assurances that the Company's risk management and internal control systems are effective.</p>
Audit Committee		
<p>12.1 12.4</p>	<p>What is the role of the AC?</p>	<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 auditors annually; (c) review the significant financial reporting issues and judgements 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-yearly 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;

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(g) meet periodically with the Company's external auditors; plan and discuss the results of the audit examination without the presence of the Management;</p> <p>(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;</p> <p>(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;</p> <p>(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;</p> <p>(k) review the external and internal auditors' reports;</p> <p>(l) review the co-operation given by the Group's officers to the external auditors;</p> <p>(m) review and approve interested persons transactions, if any, falling within the scope of Chapter 9 of the Catalist Rules;</p> <p>(n) review the adequacy of the business risk management process;</p> <p>(o) review potential conflicts of interest, if any, and ensuring procedures for resolving such conflicts are strictly adhered to;</p> <p>(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;</p> <p>(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</p> <p>(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.</p> <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>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation															
		<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 auditors and the internal auditors, without the presence of key management personnel, at least once in FY2016.															
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 auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.</p> <p>The AC has recommended to the Board the re-appointment of Messrs Nexia TS Public Accounting Corporation as external auditors of the Company at the forthcoming AGM.</p> <p>The AC is satisfied that Messrs Nexia TS Public Accounting Corporation 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.	<p>Table 12.6 – Fees Paid/Payable to the external auditors for FY2016</p> <table border="1"> <thead> <tr> <th></th> <th>S\$</th> <th>% of total</th> </tr> </thead> <tbody> <tr> <td>Audit Fees</td> <td>92,000</td> <td>85%</td> </tr> <tr> <td>Non-audit fees</td> <td></td> <td></td> </tr> <tr> <td>– Tax advice</td> <td>16,000</td> <td>15%</td> </tr> <tr> <td>Total</td> <td>108,000</td> <td>100%</td> </tr> </tbody> </table>		S\$	% of total	Audit Fees	92,000	85%	Non-audit fees			– Tax advice	16,000	15%	Total	108,000	100%
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Audit Fees	92,000	85%															
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	(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 auditors during FY2016 were not substantial.															

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.7	Does the Company have a whistle-blowing policy?	Yes, 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 FY2016, the AC was briefed by the external auditors on changes or amendments to accounting standards and the internal auditors, KPMG Services Pte Ltd, briefed the AC on the sustainability reporting requirements for listed companies in Singapore.
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 maintaining 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 carry out its function according to the standards set by nationally or internationally recognised professional bodies, in particular, the 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 Auditors"). The Internal Auditors reports primarily to the Chairman of the AC and the objective of the Internal Auditors 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 Auditors. 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 adequately qualified (given, <i>inter alia</i>, its adherence to standards set by internationally recognised professional bodies) and resourced and has the appropriate standing within the Group to discharge its duties effectively.</p>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Communication with Shareholders		
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 press; 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> <p>The Company solicits feedback from and addresses the concerns of shareholders via an external investor relations company, Financial PR Pte Ltd, whose contact details can be found through the Company's corporate website at http://www.logisticsholdings.com.sg and also on press releases that the Company disseminates from time to time.</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.logisticsholdings.com.sg .
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: <ul style="list-style-type: none"> (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.	For FY2016, the Board has proposed the payment of a first and final dividend of Singapore cents 0.40 (S\$0.004) per ordinary share at the forthcoming AGM for shareholders' approval. Details of the proposed dividend are stated in the Notice of AGM attached to this Annual Report.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 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. <p>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.</p> <p>The Chairman of each Board Committee is required to be present to address shareholders' questions at the AGM. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.</p> <p>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, and will prepare minutes of the AGM. Such minutes are available to shareholders upon their request.</p>

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 were no material contracts 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 FY2016 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 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 FY2016.</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 to deal 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. In addition, the officers of the Company are reminded (i) not to deal with the Company's securities on short term considerations or if they are in possession of unpublished material price-sensitive information; and (ii) that they are required to report on their dealings in shares of the Company.</p> <p>Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.</p>
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., during FY2016.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2016 and the balance sheet of the Company as at 30 June 2016.

In the opinion of the directors,

- (i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 47 to 96 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) 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 arrangements 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' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares and debentures of the Company or its related corporation, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 30 June 2016	At 1 July 2015	At 30 June 2016	At 1 July 2015
The Company				
<u>(No. of ordinary shares)</u>				
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	–	–
Immediate and Ultimate Holding Corporation				
– Yi Investment Pte. Ltd.				
<u>(No. of ordinary shares)</u>				
Phua Lam Soon	25,000	25,000	–	–
Ong Siew Eng	25,000	25,000	–	–

The directors' interests in the ordinary shares of the Company as at 21 July 2016 were the same as those as at 30 June 2016.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Directors' interests in shares or debentures (Cont'd)

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 the share capital of all the subsidiary corporations, at the beginning and at the end of the financial year.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit committee

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

The Audit Committee 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 auditors of the Company:

- a) the scope and the results of the audit without the presence of the Management;
- b) the audit plans of the independent auditor and internal auditors and the results of the evaluation of the Group's systems of internal accounting controls without the presence of the Management;
- c) the Group's financial and operating results and accounting policies;
- d) the balance sheet of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the independent auditors' report on those financial statements;
- e) the half-yearly and annual announcements and press releases on the results and financial positions of the Company and the Group;
- f) interested person transactions (if any) falling within the scope of the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Catalist Rule"), Chapter 9 of the Catalist Rules;
- g) the co-operation and assistance given by the Management to the Group's independent auditor and internal auditors; and
- h) the re-appointments of the independent auditor and internal auditors of the Group.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Audit committee (Cont'd)

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

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

.....
Phua Lam Soon
Director

.....
Ng Kok Seng
Director

29 September 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOGISTICS HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Logistics Holdings Limited (the "Company") and its subsidiary corporations (the "Group") set out on pages 47 to 96, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2016 and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and of financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOGISTICS HOLDINGS LIMITED (CONT'D)

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.

*Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants*

*Director-in-charge: Philip Tan Jing Choon
Appointed since financial year ended 30 June 2013*

Singapore

29 September 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Revenue	4	148,055	128,374
Cost of works		(137,928)	(117,598)
Gross profit		10,127	10,776
Other income	5	1,253	2,337
Other losses arising from currency exchange difference – net		(551)	(324)
Expenses			
– Distribution and marketing		(400)	(418)
– Administrative		(7,758)	(8,003)
– Finance	8	(190)	(146)
Profit before income tax		2,481	4,222
Income tax expense	9	(518)	(485)
Net profit		1,963	3,737
Other comprehensive income, net of tax:			
Items that may be classified subsequently to profit and loss:			
Currency translation differences arising from consolidation			
– losses		(198)	(313)
Total comprehensive income		1,765	3,424
Profit attributable to:			
Equity holders of the Company		2,096	4,239
Non-controlling interests		(133)	(502)
		1,963	3,737
Total comprehensive income attributable to:			
Equity holders of the Company		1,898	3,926
Non-controlling interests		(133)	(502)
		1,765	3,424
Earnings per share attributable to equity holders of the Company (cents per share)			
Basic and diluted	10	1	3

The accompanying notes form an integral part of these financial statements

BALANCE SHEETS

AS AT 30 JUNE 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	11,170	5,592	289	242
Trade and other receivables	12	27,261	41,429	6,368	6,247
Inventories	13	125	977	-	-
Construction contract work-in-progress	14	37	54	-	-
Development properties	15	35,871	31,980	-	-
Other current assets	16	1,148	657	20	17
		75,612	80,689	6,677	6,506
Non-current assets					
Investments in subsidiary corporations	17	-	-	19,772	20,122
Property, plant and equipment	18	5,272	7,697	-	-
Investment properties	19	223	229	-	-
Deferred income tax assets	23	-	94	-	-
		5,495	8,020	19,772	20,122
Total assets		81,107	88,709	26,449	26,628
LIABILITIES					
Current liabilities					
Trade and other payables	20	26,864	31,966	2,959	645
Borrowings	21	3,994	5,883	2,000	4,000
Current income tax liabilities	9	503	393	7	7
		31,361	38,242	4,966	4,652
Non-current liabilities					
Borrowings	21	23,248	24,256	-	-
Deferred income tax liabilities	23	157	245	-	-
		23,405	24,501	-	-
Total liabilities		54,766	62,743	4,966	4,652
NET ASSETS		26,341	25,966	21,483	21,976
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	15,196	15,196	15,196	15,196
Retained profits	25	14,120	13,384	6,287	6,780
Currency translation reserve	26(a)	(513)	(315)	-	-
Other reserve	26(c)	(52)	-	-	-
Merger reserve	26(b)	(2,014)	(2,014)	-	-
		26,737	26,251	21,483	21,976
Non-controlling interests		(396)	(285)	-	-
Total equity		26,341	25,966	21,483	21,976

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Attributable to equity holders of the Company						Non-controlling interests	Total equity
		Share capital	Retained profits	Currency		Other reserve	Total		
				translation reserve	Merger reserve				
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2016									
Beginning of financial year		15,196	13,384	(315)	(2,014)	-	26,251	(285)	25,966
Profit for the financial year		-	2,096	-	-	-	2,096	(133)	1,963
Other comprehensive income for the financial year		-	-	(198)	-	-	(198)	-	(198)
Total comprehensive income for the financial year		-	2,096	(198)	-	-	1,898	(133)	1,765
Dividend relating to 2015	27	-	(1,360)	-	-	-	(1,360)	-	(1,360)
Acquisition of additional equity interest in subsidiary corporation	17, 26(c)	-	-	-	-	(52)	(52)	22	(30)
Total transactions with owners, recognised directly in equity		-	(1,360)	-	-	(52)	(1,412)	22	(1,390)
End of financial year		15,196	14,120	(513)	(2,014)	(52)	26,737	(396)	26,341
2015									
Beginning of financial year		15,196	10,505	(2)	(2,014)	-	23,685	217	23,902
Profit for the financial year		-	4,239	-	-	-	4,239	(502)	3,737
Other comprehensive income for the financial year		-	-	(313)	-	-	(313)	-	(313)
Total comprehensive income for the financial year		-	4,239	(313)	-	-	3,926	(502)	3,424
Dividend relating to 2014	27	-	(1,360)	-	-	-	(1,360)	-	(1,360)
Total transactions with owners, recognised directly in equity		-	(1,360)	-	-	-	(1,360)	-	(1,360)
End of financial year		15,196	13,384	(315)	(2,014)	-	26,251	(285)	25,966

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Net profit		1,963	3,737
Adjustments for:			
– Income tax expense		518	485
– Depreciation	18, 19	2,343	2,180
– Gain on disposal of property, plant and equipment	5	*	(8)
– Interest expense	8	190	146
– Allowance for impairment of property, plant and equipment	6	245	–
– Unrealised currency translation differences		136	(304)
		5,395	6,236
Changes in working capital:			
– Trade and other receivables		14,047	(14,491)
– Other current assets		(491)	(234)
– Trade and other payables		(4,835)	11,423
– Inventories		800	(977)
– Construction contract work-in-progress		17	122
– Development properties		(4,769)	(17,673)
Cash generated from/(used in) operations		10,164	(15,594)
Income tax paid		(402)	(431)
Net cash provided by/(used in) operating activities		9,762	(16,025)
Cash flows from investing activities			
Additions to property, plant and equipment		(341)	(3,620)
Acquisition of additional equity interest in subsidiary corporation		(30)	–
Proceeds from disposal of property, plant and equipment		*	8
Net cash used in investing activities		(371)	(3,612)
Cash flows from financing activities			
Dividend paid to equity holders of the Company	27	(1,360)	(1,360)
Repayment of finance lease liabilities		(358)	(356)
Proceeds from borrowings		1,768	17,878
Repayment of borrowings		(3,666)	(667)
Interest paid		(190)	(146)
Net cash (used in)/provided by financing activities		(3,806)	15,349
Net increase/(decrease) in cash and cash equivalents		5,585	(4,288)
Cash and cash equivalents			
Beginning of financial year		5,592	9,889
Effect on currency translation on cash and cash equivalents		(7)	(9)
End of financial year	11	11,170	5,592

* Denotes amount less than \$1,000.00

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

The financial statements of the Group for the financial year ended 30 June 2016 were authorised for issue in accordance with resolution of the Board of Directors of Logistics Holdings Limited on 29 September 2016.

1 General information

Logistics Holdings Limited (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 address of its registered office is 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 17.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The consolidated financial statements are presented in Singapore Dollar ("S\$") and all values are rounded to the nearest thousand (\$'000) except otherwise indicated.

Interpretations and amendments to published standards effective in 2016

On 1 July 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.2 Group accounting (Cont'd)

(a) Subsidiary corporations (Cont'd)

(i) Consolidation (Cont'd)

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

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) 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 corporation 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 corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.2 Group accounting (Cont'd)

(a) *Subsidiary corporations (Cont'd)*

(iii) *Disposals*

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

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

Please refer to the paragraph "Investments in Subsidiary Corporations" for the accounting policy under Note 2.7.

(b) *Transaction with non-controlling interest*

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

2.3 Revenue recognition

Revenue comprise the fair value of the consideration received or receivable for sales of goods and rendering services in the ordinary course of the Group's activities. Revenue are presented, net of goods and services tax, rebates and discounts, and after eliminating revenue within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Revenue from construction works*

Revenue from construction contract is recognised based on the percentage of completion method as disclosed in Note 2.9.

(b) *Revenue from building and maintenance and equipment handling income*

Revenue from rendering of services is recognised when the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.3 Revenue recognition (Cont'd)

(c) Revenue from consultation services

Revenue from consultation services is recognised when the services are rendered.

(d) Revenue from sales of goods – Precast manufacturing

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the sales of goods is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Rental and dormitory income

Rental and dormitory income from operating leases is recognised on a straight-line basis over the lease term.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

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

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold buildings	over the lease term
Plant and machinery	5 years
Computer	1 year
Office equipment & furniture and fittings	5 years
Motor vehicles	5 years
Renovation	5 years
Dormitory	2 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

(b) Depreciation (Cont'd)

Asset under construction included in property, plant and equipment is not depreciated as the asset is not yet available for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

2.5 Investment properties

Investment properties include office units that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over their remaining lease terms of 45 years.

The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

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

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.6 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 plus a portion of attributable profit (where applicable) less progress billings and the estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Properties under development

The cost of properties under development comprise specifically identifiable costs, including acquisition costs, development expenditure, borrowing costs (Note 2.26) and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis as part of the cost of the development property 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 property will exceed sale proceed of the development property, the expected loss is recognised as an expense immediately. The development properties in progress have operating cycle longer than one year.

2.7 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiary corporations, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

Property, plant and equipment

Investment properties

Investments in subsidiary corporations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.8 Impairment of non-financial assets (Cont'd)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2.9 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.10 Cash and cash equivalents

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

2.11 Financial assets

(a) *Classification*

The Group classifies its financial assets as 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 are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(b) *Recognition and derecognition*

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

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

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) *Impairment*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.11 Financial assets (Cont'd)

(e) Impairment (Cont'd)

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

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

2.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods comprise raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.13 Trade and other payables

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

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

2.14 Income taxes

Current income tax for current and prior period 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 balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.14 Income taxes (Cont'd)

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

Deferred income tax is measured:

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

Current and deferred income taxes are recognised as income and expense in profit or loss.

2.15 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.16 Currency translation

(a) **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 are presented in Singapore Dollar, which is the functional currency of the Company.

(b) **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 exchange 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 balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "financial cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains/(losses) – net".

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.16 Currency translation (Cont'd)

(c) Translation of Group entities' financial statements

The results and financial positions 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 balance sheet date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the 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. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.17 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.18 Share capital

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

2.19 Dividends to Company's shareholders

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

2.20 Government grant

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

Government grant relating to income should be presented as a credit to the statement of comprehensive income, either separately or under general heading such as "other income". Alternatively, they may be deducted in reporting the related expense.

2.21 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.22 Leases

(a) *When the Group is the lessee*

The Group leases certain plant and machinery under finance leases and workers quarters, office equipment and office under operating leases from non-related parties.

(i) *Lessee – Finance leases*

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

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

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee – Operating leases*

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

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor*

(i) *Lessor – Operating leases*

Leases of investment properties and dormitory where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of incentives given to the lessee) is recognised in profit or loss on a straight line basis over the lease term.

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

Contingent rents are recognised as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2 Significant accounting policies (Cont'd)

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.24 Financial guarantees

A Financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee are recognised initially as a liability at fair value, adjusted for translation costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

Intra-group transactions are eliminated on consolidation.

2.25 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.26 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factor including expectations of future events that are believed to be reasonable under circumstances.

(a) Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant estimate is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making this estimate, the Group evaluates by relying on past experience.

If the revenue on uncompleted contracts at the balance sheet date increases/decreases by 5% from management's estimates, the Group's revenue will increase/decrease by \$15,251,000 (2015: \$17,651,000) and \$19,528,000 (2015: \$21,750,000) respectively.

If the contract costs of uncompleted contracts to be incurred increase/decrease by 5% from management's estimates, the Group's profit before tax will increase/decrease by \$2,147,000 (2015: \$1,550,000) and \$2,443,000 (2015: \$2,035,000) respectively.

(b) 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. The carrying amounts of the Group's current income tax liabilities were \$393,000 and \$503,000 as at 30 June 2015 and 2016 respectively. The carrying amounts of the Group's deferred income tax assets were \$94,000 and Nil as at 30 June 2015 and 2016 respectively. The carrying amounts of the Group's deferred income tax liabilities were \$245,000 and \$157,000 as at 30 June 2015 and 2016 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

3 Critical accounting estimates, assumptions and judgements (Cont'd)

(c) Property, plant and equipment

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

The recoverable amounts of these assets and, where applicable, CGU, have been determined based on higher of the fair value less costs of disposal or value-in-use calculations. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised to profit or loss for the differences.

An impairment charge of \$245,000 (2015: Nil) arose in precast operations CGU during the financial year ended 30 June 2016, which reduced the carrying amount of certain plant and machinery allocated to precast operations CGU, based on the recoverable amount determined based on the fair value less costs of disposal performed by an independent third party valuer. The carrying amount of property, plant and equipment allocated to precast operations CGU as at 30 June 2016 is \$2,017,000 (2015: \$3,230,000). If the valuation of property, plant and equipment had been lower by 10%, the Group would have recognised a further impairment charge of property, plant and equipment by \$201,700 (2015: \$323,000).

4 Revenue

	Group	
	2016 \$'000	2015 \$'000
Revenue from construction works	122,926	113,999
Revenue from building and maintenance	24,016	14,186
Revenue from precast manufacturing	491	189
Revenue from consultation services	622	–
	148,055	128,374

5 Other income

	Group	
	2016 \$'000	2015 \$'000
Equipment handling income	290	406
Dormitory income	730	1,784
Rental income (Note 19)	34	46
Gain on disposal of property, plant and equipment	*	8
Government grant – PIC bonus	–	15
Government grant – Wage credit scheme	53	27
Government grant – Special employment credit	14	9
Government grant – Temporary employment credit	26	–
Settlement claim from sub-contractor	65	–
Other	41	42
	1,253	2,337

* Denotes amount less than \$1,000.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

6 Expenses by nature

	Group	
	2016 \$'000	2015 \$'000
Purchase of materials ⁽²⁾	20,141	18,598
Fees on audit services paid/payable to:		
– Auditor of the Company	88	85
– Other auditor	4	3
Fees on non-audit services paid/payable to:		
– Auditor of the Company	16	14
– Other auditor	36	37
Allowance for impairment of property, plant and equipment (Note 18)	245	–
Depreciation	2,343	2,180
Directors' fees ⁽¹⁾	151	144
Dormitory expenses	306	774
Donation	74	124
Employee compensation (Note 7)	9,907	9,241
Entertainment expenses	79	119
Delivery charges	332	280
Professional charges	343	335
Property and land tax	122	125
Rental on operating leases	461	477
Sub-contractor charges recognised in the profit and loss	97,531	85,797
Utilities	213	236
Worksite and factory expenses	11,900	7,637
Changes in inventories	852	(977)
Other expenses	942	790
Total cost of works, distribution and marketing and administrative expenses	146,086	126,019

(1) Included in the directors' fees, an amount of \$12,000 (2015: \$14,000) was paid to a director of Le Premier Development Pte Ltd.

(2) Included in the purchase of materials, an amount of \$928,936 (2015: \$2,128,339) relating to purchase of materials for precast manufacturing purpose.

7 Employee compensation

	Group	
	2016 \$'000	2015 \$'000
Salaries and bonuses	9,183	8,580
Employer's contribution to defined contribution plans	436	408
Other short-term benefits	288	253
	9,907	9,241

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

8 Finance expenses

	Group	
	2016 \$'000	2015 \$'000
Bank borrowings	1,090	660
Finance lease liabilities	23	31
	1,113	691
Finance expense capitalised in:		
– Development properties (Note 15)	(923)	(545)
Finance expenses recognised in profit or loss	190	146

9 Income tax expense

(a) Income tax expense

	Group	
	2016 \$'000	2015 \$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
– Current income tax	498	386
– Deferred income tax (Note 23)	113	117
	611	503
Under/(over) provision in prior years:		
– Current income tax	14	(38)
– Deferred income tax (Note 23)	(107)	20
	(93)	(18)
	518	485

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2016 \$'000	2015 \$'000
Profit before income tax	2,481	4,222
Tax calculated at tax rate of 17% (2015: 17%)	422	718
Effects of:		
– Tax incentives	(201)	(616)
– Expenses not deductible for tax purposes	454	424
– Deferred tax assets not recognised	74	38
– Effect of tax rate for different jurisdiction	(119)	(61)
– Other	(19)	–
Tax charge	611	503

During the financial year, in relation to the Singapore group relief system, the Group utilised tax losses of \$775,000 (2015: \$1,306,000) to set off the assessable income of a subsidiary corporation within the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

9 Income tax expense (Cont'd)

(b) Movement in current income tax liabilities

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Beginning of financial year	393	476	7	6
Income tax paid	(402)	(431)	(7)	(6)
Tax expense	498	386	7	7
Under/(over) provision in prior years	14	(38)	–	–
End of financial year	503	393	7	7

10 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

	Group	
	2016	2015
Net profit attributable to equity holders of the Company (\$'000)	2,096	4,239
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	170,000	170,000
Basic and diluted earnings per share (cents per share)	1	3

Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per shares or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

There were no dilutive potential ordinary shares during the financial year ended 30 June 2016 and 2015.

11 Cash and cash equivalents

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash on hand	35	35	–	–
Cash at bank	11,135	5,557	289	242
	11,170	5,592	289	242

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

12 Trade and other receivables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables				
– Non-related parties	3,741	4,559	–	–
– Subsidiary corporations	–	–	969	848
	3,741	4,559	969	848
Construction contracts				
– Due from customers (Note 14)	20,370	34,989	–	–
– Retentions (Note 14)	3,141	1,830	–	–
	23,511	36,819	–	–
Non-trade receivables				
– Non-related parties	3	15	–	–
– Non-controlling interests	–	30	–	–
– Subsidiary corporations	–	–	5,399	5,399
	3	45	5,399	5,399
Staff advances	6	6	–	–
	27,261	41,429	6,368	6,247

Non-trade receivables from subsidiary corporations and non-controlling interests are unsecured, interest-free and repayable on demand.

13 Inventories

	Group	
	2016 \$'000	2015 \$'000
Relating to precast manufacturing:		
Raw materials	50	91
Finished goods	75	886
	125	977

The cost of inventories recognised as an expense and included in “cost of works” amounted to \$1,780,000 (2015: \$1,151,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

14 Construction contracts

	Group	
	2016 \$'000	2015 \$'000
Construction contract work-in-progress:		
Beginning of financial year	54	176
Contract costs incurred	114,415	102,067
Contract expenses recognised in profit or loss	(114,432)	(102,189)
End of financial year	37	54
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	621,326	371,985
Less: Progress billings	(601,431)	(337,106)
	19,895	34,879
Presented as:		
Due from customers on construction contracts (Note 12)	20,370	34,989
Due to customers on construction contracts (Note 20)	(475)	(110)
	19,895	34,879
Retentions on construction contracts (Note 12)	3,141	1,830

15 Development properties

	Group	
	2016 \$'000	2015 \$'000
Freehold land	26,384	27,265
Development costs	9,487	4,715
	35,871	31,980

During the financial year, \$923,000 (2015: \$545,000) borrowing costs was capitalised as cost of development properties (Note 8). The rate used to determine the amount of borrowing costs eligible for capitalisation was ranging from 2.89% to 5.50% (2015: 1.90% to 5.50%), which is the effective interest rate of the specific borrowings.

The development properties have been pledged as security for borrowings (Note 21).

As at 30 June 2016, the details of the Group's development properties are as follows:

Location	Description	Tenure	Expected date of completion	Gross floor area (sqm.)
21 Paya Lebar Crescent, Singapore	Residential development	Freehold	4th quarter of 2016	1,551
Lot 2656 (GRN 237453) Mukim of Senai, District of Kulaijaya, Johor, Malaysia	Industrial development	Freehold	2nd quarter of 2019	112,805

The development properties are currently under construction stage.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

16 Other current assets

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deposits	1,028	535	–	–
Prepayments	120	122	20	17
	1,148	657	20	17

17 Investments in subsidiary corporations

	Company	
	2016 \$'000	2015 \$'000
<u>Equity investments at cost</u>		
Beginning of financial year	20,122	11,622
Additions	–	8,500
Allowance on impairment of subsidiary corporation	(350)	–
End of financial year	19,772	20,122

On 31 December 2015, the Group's wholly-owned subsidiary corporation, Logistics Construction Pte. Ltd. acquired the remaining 30% of the issued shares of its subsidiary corporation, MSC Engineering Pte. Ltd. for a purchase consideration of \$30,000. The Group now holds 100% of the equity share capital of MSC Engineering Pte. Ltd.. The carrying amount of the non-controlling interests in MSC Engineering Pte. Ltd. on the date of acquisition was \$22,000. The Group derecognised non-controlling interest of \$22,000 and recorded a decrease in equity attributable to owners of the parent of \$52,000. The effect of changes in the ownership interest of MSC Engineering Pte. Ltd. on the equity attributable to owners of the Company during the year is summarise as below:

	2016 \$'000
Carrying amount of non-controlling interests acquired	(22)
Consideration paid to non-controlling interests	(30)
Excess of consideration paid recognised in Parent's equity [Note 26(c)]	(52)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

17 Investments in subsidiary corporations (Cont'd)

Details of the subsidiary corporations are as follows:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by individual entities		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by the non-controlling interests	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
Logistics Construction Pte. Ltd. ⁽¹⁾	General Contractors (Building construction including major upgrading works)	Singapore	100	100	100	100	-	-
Apex Projects Pte. Ltd. ⁽¹⁾	General Contractors (Building construction including major upgrading works) and landscape care and maintenance service activities	Singapore	100	100	100	100	-	-
Logistics Investment Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100	100	100	-	-
<i>Held by Logistics Investment Pte. Ltd.</i>								
Le Premier Development Pte. Ltd. ⁽¹⁾	Real estate developers	Singapore	100	100	100	100	-	-
CCL Precast Pte. Ltd. ⁽¹⁾	Manufacture of articles of cement, concrete and plaster	Singapore	80	80	80	80	20	20
New Soil Technologies Pte. Ltd. ⁽¹⁾	Soil investigation, treatment and stabilisation, research and experimental development on engineering	Singapore	60	60	60	60	40	40
Le Premier Development Sdn. Bhd. ⁽²⁾⁽³⁾	Investment holding of land and property development	Malaysia	100	100	100	100	-	-
<i>Held by CCL Precast Pte. Ltd.</i>								
CCL Precast (M) Sdn Bhd. ⁽²⁾⁽³⁾	Manufacture of articles of cement, concrete and plaster	Malaysia	100	100	80	80	20	20
<i>Held by Logistics Construction Pte. Ltd.</i>								
MSC Engineering Pte. Ltd. ⁽¹⁾	General Contractors (Building construction including major upgrading works)	Singapore	100	70	100	70	-	30

(1) Audited by Nexia TS Public Accounting Corporation, Singapore.

(2) Audited by C.H. Teo & Co., Malaysia.

(3) For the purpose of the consolidated financial statements, these financial statements are reviewed and/or audited by Nexia TS Public Accounting Corporation, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

17 Investments in subsidiary corporations (Cont'd)

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Company.

Carrying value of non-controlling interests

	2016 \$'000	2015 \$'000
CCL Precast Pte. Ltd. and its subsidiary corporation	(509)	(273)
Other subsidiary corporations with immaterial non-controlling interests	113	(12)
	(396)	(285)

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 30 June 2016 and 2015.

CCL Precast Pte. Ltd. and its subsidiary corporation

Summarised balance sheet as at 30 June

	2016 \$'000	2015 \$'000
Current		
Assets	611	3,263
Liabilities	(5,124)	(7,048)
Total current net liabilities	(4,513)	(3,785)
Non-current		
Assets	2,022	3,287
Liabilities	(55)	(794)
Total non-current net assets	1,967	2,493
Net liabilities	(2,546)	(1,292)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

17 Investments in subsidiary corporations (Cont'd)

Summarised financial information of subsidiary corporations with material non-controlling interests (Cont'd)

CCL Precast Pte. Ltd. and its subsidiary corporation (Cont'd)

Summarised statement of comprehensive income for financial year ended 30 June

	2016 \$'000	2015 \$'000
Revenue	4,449	2,742
Loss before income tax	(1,280)	(1,885)
Income tax credit/(expense)	17	(141)
Net loss, net of income tax	(1,263)	(2,026)
Other comprehensive loss	(9)	(7)
Total comprehensive loss	(1,272)	(2,033)

Summarised statement of cash flows for financial year ended 30 June

	2016 \$'000	2015 \$'000
Net cash provided by operating activities	868	463
Net cash used in investing activities	(30)	(2,681)
Net cash (used in)/provided by financing activities	(727)	1,281
Net increase/(decrease) in cash and cash equivalents	111	(937)
Cash and cash equivalents at beginning of financial year	242	1,188
Effect on currency translation on cash and cash equivalents	(3)	(9)
Cash and cash equivalents at end of financial year	350	242

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

18 Property, plant and equipment

	Leasehold buildings \$'000	Plant and machinery \$'000	Office equipment, furniture and fittings and computer \$'000	Motor vehicles \$'000	Renovation \$'000	Dormitory \$'000	Construction- in-progress \$'000	Total \$'000
Group								
2016								
<u>Cost</u>								
Beginning of financial year	2,172	5,509	702	745	693	1,103	1,075	11,999
Currency translation differences	-	(195)	(14)	*	*	-	-	(209)
Transferred	-	1,075	-	-	-	-	(1,075)	-
Additions	-	42	31	242	26	-	-	341
Disposal	-	-	-	(10)	-	-	-	(10)
End of financial year	2,172	6,431	719	977	719	1,103	-	12,121
<u>Accumulated depreciation and impairment losses</u>								
Beginning of financial year	948	1,192	406	585	374	797	-	4,302
Depreciation charge	333	1,405	98	88	107	306	-	2,337
Currency translation differences	-	(24)	(1)	*	*	-	-	(25)
Disposal	-	-	-	(10)	-	-	-	(10)
Impairment charge (Note 6)	-	245	-	-	-	-	-	245
End of financial year	1,281	2,818	503	663	481	1,103	-	6,849
Net book value								
End of financial year	891	3,613	216	314	238	-	-	5,272

* Denotes amount less than \$1,000.00.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

18 Property, plant and equipment (Cont'd)

	Leasehold buildings \$'000	Plant and machinery \$'000	Office equipment, furniture and fittings and computer \$'000	Motor vehicles \$'000	Renovation \$'000	Dormitory \$'000	Construction- in-progress \$'000	Total \$'000
Group								
2015								
<u>Cost</u>								
Beginning of financial year	2,172	3,022	380	649	689	1,103	391	8,406
Currency translation differences	–	(53)	–	–	–	–	(32)	(85)
Additions	–	2,540	322	123	4	–	716	3,705
Disposal	–	–	–	(27)	–	–	–	(27)
End of financial year	2,172	5,509	702	745	693	1,103	1,075	11,999
<u>Accumulated depreciation</u>								
Beginning of financial year	614	320	281	487	270	184	–	2,156
Depreciation charge	334	872	125	125	104	613	–	2,173
Disposal	–	–	–	(27)	–	–	–	(27)
End of financial year	948	1,192	406	585	374	797	–	4,302
Net book value								
End of financial year	1,224	4,317	296	160	319	306	1,075	7,697

(a) The carrying amounts of plant and machinery held under finance leases amount to \$900,000 (2015: \$1,260,000) at the balance sheet date.

(b) In previous financial year, the Group revised the useful life of the dormitory from 3 years to 2 years. Dormitory's useful life is dependent on the renewal of Temporary Occupation License ("TOL") for use of state land with HDB which is on yearly basis. The revision in estimate has been applied on prospective basis from 1 July 2014. The effect of the above revision on depreciation charge in current and future periods are as follows:

	2016 \$'000	2015 \$'000
Increase in depreciation charge	(306)	(613)

(c) As at 30 June 2016, the details of the Group's leasehold buildings are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

18 Property, plant and equipment (Cont'd)

- (d) During the financial year, the Group have made an impairment of \$245,000 (2015: Nil) on certain plant and machinery relating to its precast operations as this plant and machinery would not be able to generate sufficient future economic benefit.

19 Investment properties

	Group	
	2016	2015
	\$'000	\$'000
<u>Cost</u>		
Beginning and end of financial year	320	320
<u>Accumulated depreciation</u>		
Beginning of financial year	91	84
Depreciation charge	6	7
End of financial year	97	91
Net book value		
End of financial year	223	229
Fair value for disclosure purposes only:		
Fair value at the end of financial year	580	750
The following amounts are recognised in profit or loss:		
Rental income (Note 5)	34	46
Direct operating expenses arising from:		
– Investment properties that generate rental income	(10)	(3)

Investment properties are leased to non-related parties under operating leases (Note 31(b)).

As at 30 June 2016, the details of the Group's investment properties are as follows:

Location	Description/Existing use	Tenure/lease term
19 Woodland Industrial Park E1 #02-02, Singapore 757719	Office unit	Leasehold/ 60 years expiring 8 January 2055
19 Woodland Industrial Park E1 #02-03, Singapore 757719	Office unit	Leasehold/ 60 years expiring 8 January 2055

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

19 Investment properties (Cont'd)

Fair value hierarchy – Recurring fair value measurements

Description	Fair value measurements using		
	Quoted prices		
	in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	\$'000	\$'000	\$'000
30 June 2016			
Investment properties:			
– Office units #02-02	–	290	–
– Office units #02-03	–	290	–
30 June 2015			
Investment properties:			
– Office units #02-02	–	377	–
– Office units #02-03	–	373	–

Valuation techniques used to derive Level 2 fair values

The fair value measurement is categorised under Level 2 of the fair value hierarchy, generally derived using market approach, by making reference to sales evidence as available in the market and where appropriate on the basis of capitalisation of the net rental income. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre.

There is no change in the valuation technique used for the financial years ended 30 June 2016 and 2015.

During the financial year, the management have valued the investment properties to be approximately \$580,000 based on the valuations determined by independent and qualified valuers, Associated Property Consultants Pte. Ltd. to determine the fair value of the Group's properties at the end of current financial year based on the properties' highest and best use based on the valuation technique as above.

In previous financial year, the management valued the investment properties to be approximately \$750,000 based on the valuations determined by the reference to Singapore Real Estate Exchange. The management has also taken into consideration the current property measures and economic conditions in their review and estimation of the fair value of the investment properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

20 Trade and other payables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables				
– Non-related parties	11,054	15,143	35	46
– Non-controlling interests	562	176	–	–
	11,616	15,319	35	46
Construction contracts				
– Due to customers (Note 14)	475	110	–	–
Non-trade payables				
– Non-related parties	220	–	–	–
– Director	2	5	–	5
– Non-controlling interests	200	200	–	–
– Subsidiary corporations	–	–	2,657	345
	422	205	2,657	350
Deposits	37	67	–	–
Accrued operating expenses	14,314	16,265	267	249
	26,864	31,966	2,959	645

Non-trade payables to a director is unsecured, interest-free and is payable on demand.

Non-trade payables to subsidiary corporations and non-controlling interests are unsecured, interest-free and repayable on demand.

21 Borrowings

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current				
Bank borrowings	3,667	5,667	2,000	4,000
Finance lease liabilities (Note 22)	327	216	–	–
	3,994	5,883	2,000	4,000
Non-current				
Bank borrowings	22,725	23,264	–	–
Finance lease liabilities (Note 22)	523	992	–	–
	23,248	24,256	–	–
Total borrowings	27,242	30,139	2,000	4,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

21 Borrowings (Cont'd)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
6 months or less	496	515	–	–
6 – 12 months	3,498	5,509	2,000	4,000
Between one and five years	23,248	24,115	–	–
	27,242	30,139	2,000	4,000

(a) Security granted

Bank borrowings and finance lease liabilities (Note 22) are secured by corporate guarantees given by the Company.

Certain bank borrowings obtained for development properties were secured by (i) future rental proceed, insurance coverage, rights title and interest and sale proceeds relating to mortgage (ii) Subordination of directors and shareholders loans and (iii) Debentures for floating and fixed assets.

Finance lease liabilities of the Group are secured over the leased plant and machinery (Note 18) as the legal titles are retained by lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

(b) Fair value of non-current borrowings

The fair value are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2016 \$'000	2015 \$'000
Bank borrowings	21,816	20,680
Finance lease liabilities	493	788

	Group	
	2016	2015
Bank borrowings	3.62% to 5.35%	5.35% to 5.44%
Finance lease liabilities	4.97%	4.12%

The fair values are within Level 2 of the fair values hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

22 Finance lease liabilities

The Group leases motor vehicles and plant and machinery from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal value at the end of the lease term.

	Group	
	2016	2015
	\$'000	\$'000
Minimum lease payments due		
– Not later than one year	343	381
– Between one and five years	533	876
	876	1,257
Less: Future finance charges	(26)	(49)
Present value of finance lease liabilities	850	1,208

The present values of finance lease liabilities are analysed as follows:

Not later than one year (Note 21)	327	216
Later than one year (Note 21)	523	992
Total	850	1,208

23 Deferred income taxes

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

	Group	
	2016	2015
	\$'000	\$'000
Deferred income tax assets		
– to be recovered within one year	–	94
Deferred income tax liabilities		
– to be settled within one year	157	245

Movement in deferred income tax account is as follows:

	Group	
	2016	2015
	\$'000	\$'000
Beginning of financial year	151	14
Tax charge to profit or loss (Note 9(a))	113	117
(Over)/under provision in prior years (Note 9(a))	(107)	20
End of financial year	157	151

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

23 Deferred income taxes (Cont'd)

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

Group

Deferred income tax assets

	Tax losses \$'000	Provisions \$'000	Total \$'000
2016			
Beginning of financial year	(96)	(21)	(117)
Charged to profit and loss	77	–	77
End of financial year	<u>(19)</u>	<u>(21)</u>	<u>(40)</u>
2015			
Beginning of financial year	(65)	(22)	(87)
Charged/(credited) to profit and loss	(31)	1	(30)
End of financial year	<u>(96)</u>	<u>(21)</u>	<u>(117)</u>

Deferred income tax liabilities

	Accelerated tax depreciation \$'000
2016	
Beginning of financial year	268
Charged to profit and loss	(71)
End of financial year	<u>197</u>
2015	
Beginning of financial year	101
Credited to profit and loss	167
End of financial year	<u>268</u>

Deferred income tax assets are recognised for provision for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$101,000 (2015: \$17,000), unabsorbed industrial building allowance of \$129,000 (2015: \$98,000) and unabsorbed capital allowance \$838,000 (2015: \$519,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirement by those companies in Singapore and Malaysia. The unrecognised tax losses, unabsorbed industrial building allowance and unabsorbed capital allowance have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

24 Share capital

	Group and Company	
	Number of shares '000	Issued and paid-up share capital \$'000
30 June 2016 and 2015		
Beginning and end of financial year	170,000	15,196

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

25 Retained profits

- (a) Retained profits of the Group and the Company are distributable.
- (b) Movement in retained profits for the Company is as follows:

	Company	
	2016 \$'000	2015 \$'000
Beginning of financial year	6,780	248
Net profits	867	7,892
Dividend paid (Note 27)	(1,360)	(1,360)
End of financial year	6,287	6,780

26 Reserve

- (a) **Currency translation reserve**

	Group	
	2016 \$'000	2015 \$'000
Beginning of the financial year	(315)	(2)
Currency translation differences arising from consolidation	(198)	(313)
End of financial year	(513)	(315)

- (b) **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 2016

26 Reserve (Cont'd)

(c) Other reserves – premium paid on acquisition of non-controlling interests

	Group	
	2016 \$'000	2015 \$'000
Beginning of the financial year	–	–
Acquisition of additional equity interest in subsidiary corporation (Note 17)	52	–
End of financial year	52	–

Other reserves are non-distributable.

27 Dividends

	Group	
	2016 \$'000	2015 \$'000
<i>Ordinary dividends declared and paid</i>		
First and final exempt (one-tier) dividend paid in respect of the previous financial year of \$0.008 (2015: \$0.008) per share	1,360	1,360

At the coming Annual General Meeting, a final exempt dividend of \$0.004 per share amounting to a total of \$680,000 will be recommended. The financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ended 30 June 2016.

28 Immediate and ultimate holding corporation

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

29 Related party transactions

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

29 Related party transactions (Cont'd)

In addition to the information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2016	2015
	\$'000	\$'000
Advisory fees paid to a director	48	48
Facility fees paid to a director	–	10

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2016	2015
	\$'000	\$'000
Salaries and bonuses	1,621	1,501
Directors' fees	139	130
Employer's contribution to defined contribution plans including Central Provident Fund	76	67
Other short-term benefits	228	198
	2,064	1,896

Included in the above is total compensation to executive directors of the Company amounting to \$1,472,000 (2015: \$1,337,000).

30 Contingent liabilities

The Company has issued corporate guarantees for borrowings of its subsidiary corporations. These borrowings of the subsidiary corporations amounted to \$24,391,000 (2015: \$26,139,000) at the balance sheet date.

The Company has 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 banks with regard to the subsidiary corporations are not material. The subsidiary corporations for which the guarantees were provided are in favourable equity positions and are profitable, with no default in the payment of borrowings and credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

31 Commitments

(a) Operating lease commitments – where the Group is a lessee

The Group leases dormitory for workers and site office under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are analysed as follows:

	Group	
	2016 \$'000	2015 \$'000
Not later than one year	178	397
Between one and five years	22	152
	200	549

(b) Operating lease commitment – where the Group is a lessor

The Group leases out leasehold properties and factory area to non-related parties under non-cancellable operating lease. The leases have ranging terms, escalation clauses and renewal rights.

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

	Group	
	2016 \$'000	2015 \$'000
Not later than one year	4	38
Between one and five years	–	4
	4	42

32 Financial risk management

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors establishes the detail policies such as authority levels, oversight responsibilities, risk identification and measurement.

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

32 Financial risk management (Cont'd)

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Market risk

(i) Currency risk

	SGD \$'000	MYR \$'000	Total \$'000
<u>At 30 June 2016</u>			
Financial assets			
Cash and cash equivalents	10,617	553	11,170
Trade and other receivables	27,206	55	27,261
Inter-company balances	19,375	13	19,388
Other financial assets	933	95	1,028
	<u>58,131</u>	<u>716</u>	<u>58,847</u>
Financial liabilities			
Borrowings	16,805	10,437	27,242
Trade and other payables	25,895	494	26,389
Inter-company balances	14,479	4,909	19,388
	<u>57,179</u>	<u>15,840</u>	<u>73,019</u>
Net financial assets/(liabilities)	<u>952</u>	<u>(15,124)</u>	<u>(14,172)</u>
Currency exposure of financial assets net of those denominated in the respective entities functional currency			
	<u>551</u>	<u>-</u>	<u>-</u>
<u>At 30 June 2015</u>			
Financial assets			
Cash and cash equivalents	5,469	123	5,592
Trade and other receivables	41,356	73	41,429
Inter-company balances	11,073	1,591	12,664
Other financial assets	535	-	535
	<u>58,433</u>	<u>1,787</u>	<u>60,220</u>
Financial liabilities			
Borrowings	19,061	11,078	30,139
Trade and other payables	29,648	2,208	31,856
Inter-company balances	10,243	2,421	12,664
	<u>58,952</u>	<u>15,707</u>	<u>74,659</u>
Net financial liabilities	<u>(519)</u>	<u>(13,920)</u>	<u>(14,439)</u>
Currency exposure of financial liabilities net of those denominated in the respective entities functional currency			
	<u>(324)</u>	<u>-</u>	<u>-</u>

If the SGD changes against the MYR by 6% (2015: 3%) with all other variables including tax rate being held constant, the effect arising from the net financial position will be \$27,000 (2015: \$8,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

32 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk mainly arises from bank borrowings at variable interest rates. The Group manages its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group.

The effective interest rates for the bank borrowings ranged from 1.8% to 6.5% (2015: 1.5% to 2%) per annum above Bank's Cost of Funds.

If the interest rates increases/decreases by 1% (2015: 1%) with all other variables including tax rate being held constant, the effect to the net profit after tax of the Group would have been lower/higher by \$1,078,000 (2015: \$1,096,000) and \$640,000 (2015: \$615,000) respectively as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that counter-party will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of focusing on government bodies as its customers due to their low default risk on billings and payments. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the directors based on going credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by directors. The trade receivables of the Group comprise 4 debtors (2015: 4 debtors) that individually represented more than 10% of trade receivables.

As the Group and the Company 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 balance sheet.

	Company	
	2016	2015
	\$'000	\$'000
Corporate guarantee provided to banks on subsidiary corporations' borrowings (Note 30)	24,391	26,139

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

32 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2016	2015
	\$'000	\$'000
<u>By types of customers</u>		
Government bodies	2,435	2,575
Other companies	1,306	1,984
	3,741	4,559

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2016	2015
	\$'000	\$'000
Past due < 3 months	726	514
Past due 3 to 6 months	76	84
Past due over 6 months	262	332
	1,064	930

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having an adequate amount of committed credit facilities to enable it to meet its normal operating commitments. The Group's objective is to maintain a balance between continuing of funding and flexibility through the use of bank borrowings, bank overdrafts and finance lease liabilities. As at balance sheet date, assets held by the Group for managing liquidity risks included cash and cash equivalents as disclosed in Note 11.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

32 Financial risk management (Cont'd)

(c) Liquidity risk (Cont'd)

	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Total \$'000
Group				
30 June 2016				
Trade and other payables	26,389	–	–	26,389
Borrowings	4,736	14,287	9,889	28,912
Finance lease liabilities	343	533	–	876
	31,468	14,820	9,889	56,177
30 June 2015				
Trade and other payables	31,856	–	–	31,856
Borrowings	6,739	12,869	11,735	31,343
Finance lease liabilities	381	685	190	1,256
	38,976	13,554	11,925	64,455
				Within 1 year \$'000
Company				
30 June 2016				
Trade and other payables				2,959
Financial guarantees contracts (Note 30)				24,391
				27,350
30 June 2015				
Trade and other payables				645
Financial guarantees contracts (Note 30)				26,139
				26,784

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the Group's gearing ratio and compliance of externally imposed capital requirements. The Group's strategy is to maintain: (i) gearing ratio and (ii) net tangible worth at not less than \$8 million (2015: \$8 million) at all times.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

32 Financial risk management (Cont'd)

(d) Capital risk (Cont'd)

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as finance lease liabilities plus borrowings and trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

(i) Gearing ratio

	Group	
	2016 \$'000	2015 \$'000
Net debt	42,461	56,403
Total equity	26,341	25,966
Total capital	68,802	82,369
Gearing ratio	61.7%	68.5%

(ii) Net tangible worth

Net tangible worth is calculated as total assets less total liabilities.

	Group	
	2016 \$'000	2015 \$'000
Total assets	81,107	88,709
Total liabilities	(54,766)	(62,743)
Net worth	26,341	25,966

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 June 2016 and 2015.

(e) Fair value measurements

The carrying amount of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rates that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

32 Financial risk management (Cont'd)

(f) Financial instruments by category

The carrying amount at the different categories of financial instruments is disclosed on the face of the balance sheet and in the note to the financial statements, except the following:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Loans and receivables	39,459	47,556	6,657	6,489
Financial liabilities at amortised cost	53,631	61,995	4,959	4,645

33 Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors 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. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes. Currently the business segments operate in Singapore and Malaysia.

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 in construction & 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 in trading and manufacturing of concrete precast products.
- (iii) Properties investment involved investment in and trading of and development of residential properties.
- (iv) Soil investigation and treatment which involved providing consultation services. This segment does not meet the quantitative threshold required by FRS108 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 Group revenue in the future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

33 Segment information (Cont'd)

	General building activity \$'000	Precast manufacturing activity \$'000	Properties investment \$'000	Soil investigation and treatment \$'000	Elimination \$'000	Total \$'000
Group						
2016						
Revenue						
– External	146,942	491	–	622	–	148,055
– Inter-segment	1,772	3,959	–	98	(5,829)	–
	148,714	4,450	–	720	(5,829)	148,055
Gross profit	9,103	911	–	388	(275)	10,127
Other income						1,253
Impairment charge						(245)
Unallocated costs						(8,464)
Finance expense						(190)
Profit before income tax						2,481
Income tax expense						(518)
Net profit						1,963
Net profit includes:						
– Depreciation	1,519	819	5	–	–	2,343
Segment assets	26,504	2,187	36,199	–	–	64,890
Total assets includes:						
Additions to property, plant and equipment	303	30	8	–	–	341
Additions to development properties	–	–	4,769	–	–	4,769
Segment liabilities	12,210	2,490	22,726	–	–	37,426

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

33 Segment information (Cont'd)

	General building activity \$'000	Precast manufacturing activity \$'000	Properties investment \$'000	Elimination \$'000	Total \$'000
Group					
2015					
Revenue					
– External	128,185	189	–	–	128,374
– Inter-segment	–	2,553	–	(2,553)	–
	128,185	2,742	–	(2,553)	128,374
Gross profit	11,125	(318)	–	(31)	10,776
Other income					2,337
Unallocated costs					(8,745)
Finance expense					(146)
Profit before income tax					4,222
Income tax expense					(485)
Net profit					3,737
Net profit includes:					
– Depreciation	1,786	394	–	–	2,180
Segment assets	43,950	4,577	31,996	–	80,523
Total assets includes:					
Additions to property, plant and equipment	1,013	2,681	11	–	3,705
Additions to development properties	–	–	17,673	–	17,673
Segment liabilities	28,686	5,592	22,617	–	56,895

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

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

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitors the property, plant and equipment, investment properties, development properties, construction contract work-in-progress and receivables attributable to each segment. All assets are allocated to reportable segments other than cash and cash equivalents, other current assets, other receivables, and deferred income tax assets.

	2016 \$'000	2015 \$'000
Segment assets for reportable segments	64,890	80,523
Unallocated:		
– Cash and cash equivalents	11,170	5,592
– Other current assets	1,148	657
– Other receivables	3,899	1,843
– Deferred income tax assets	–	94
	81,107	88,709

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

33 Segment information (Cont'd)

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

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. The liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than other payables, income tax liabilities, and deferred income tax liabilities.

	2016 \$'000	2015 \$'000
Segment liabilities for reportable segments	37,426	56,895
Unallocated:		
– Other payables	14,680	1,210
– Borrowings	2,000	4,000
– Income tax liabilities	503	393
– Deferred income tax liabilities	157	245
	54,766	62,743

Revenue from major operating activities

Revenue from external customers are derived mainly from the general building activities.

Revenue from external customers

Revenue of approximately \$140,678,000 (2015: \$125,066,000) are derived from government bodies. These revenue are attributable to Singapore general building activities.

Geographical information

Segment assets are based on the geographical location of the assets. The Group's general building activities are domiciled in Singapore and its precast manufacturing company was established in Johor, Malaysia since September 2013. The property development activities are domiciled in both Singapore and Malaysia.

	Group	
	2016 \$'000	2015 \$'000
Non-current assets		
Singapore	3,466	4,685
Malaysia	2,029	3,241
	5,495	7,926

Revenue amounting to \$148,055,000 (2015: \$128,374,000) are generated from operations in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

34 New or revised accounting standards and interpretations

Below are the mandatory accounting standards and amendments to existing accounting standards that have been published and relevant for the Group's accounting periods beginning on or after 1 July 2016 which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2016

- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 1 Disclosure Initiative
- Amendments to FRS 27 Equity Method in Separate Financial Statements
- Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants
- Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception
- Improvements to FRSs (November 2014)
 - Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*
 - Amendments to FRS 107 *Financial Instruments: Disclosures*
 - Amendment to FRS 19 *Employee Benefits*
 - Amendment to FRS 34 *Interim Financial Reporting*

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7: Disclosure Initiative
- Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual period beginning on or after 1 January 2018

- FRS 115 Revenue from Contracts with Customers
- FRS 109 Financial Instruments

Effective for annual period beginning on or after 1 January 2019

- FRS 116 Leases

*Effective date to be determined**

Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* The mandatory effective date of this amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore (ASC) in December 2015 via amendments to Effective Date of amendments to FRS 110 & FRS 28.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for FRS 115 and FRS 109 which management is in the midst of assessing the impact on the financial statements.

STATISTICS OF SHAREHOLDINGS

AS AT 16 SEPTEMBER 2016

SHARE CAPITAL

Issued and fully paid-up capital	:	S\$15,195,670.00
No. of ordinary shares	:	170,000,000 shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote for each ordinary share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

AS AT 16 SEPTEMBER 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 – 99	0	0.00	0	0.00
100 – 1,000	8	4.76	5,400	0.00
1,001 – 10,000	51	30.36	350,700	0.21
10,001 – 1,000,000	93	55.36	6,832,000	4.02
1,000,001 and above	16	9.52	162,811,900	95.77
TOTAL	168	100.00	170,000,000	100.00

TOP TWENTY LARGEST SHAREHOLDERS AS AT 16 SEPTEMBER 2016

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	YI INVESTMENT PTE LTD	88,400,000	52.00
2	ONG SIEW ENG	14,873,600	8.75
3	PHUA LAM SOON	14,701,600	8.65
4	UOB KAY HIAN PTE LTD	14,541,900	8.55
5	LIM CHYE KIM	6,686,700	3.93
6	PHILLIP SECURITIES PTE LTD	3,924,400	2.31
7	LIM CHIN TONG	3,237,000	1.90
8	ONG AH SIEW	2,564,500	1.51
9	MAYBANK KIM ENG SECURITIES PTE LTD	2,473,900	1.46
10	VSTL INVESTMENT LTD	2,259,100	1.33
11	BOH GEOK YUEN (MO YUYAN)	2,172,000	1.28
12	TAN YEW MENG	1,843,700	1.08
13	NG KOK SENG (HUANG GUOSHENG)	1,490,000	0.88
14	BOH GEOK LING (MO YULING)	1,311,000	0.77
15	LIM LAI HIONG	1,220,000	0.72
16	ASIAN TRUST INVESTMENT PTE LTD	1,112,500	0.65
17	TAN ENG SENG	878,000	0.52
18	SEOW WHYE TECK	400,000	0.24
19	ONG GEOK KAIM	290,000	0.17
20	ANG CHENG HO	250,000	0.15
	Total:	164,629,900	96.85

STATISTICS OF SHAREHOLDINGS

AS AT 16 SEPTEMBER 2016

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 16 September 2016

Name of substantial shareholders	Direct interest		Deemed interest	
	No. of ordinary shares	%	No. of ordinary shares	%
Yi Investment Pte Ltd ⁽¹⁾	88,400,000	52.00%	–	–
Phua Lam Soon ⁽¹⁾⁽²⁾	14,701,600	8.65%	103,273,600	60.75%
Ong Siew Eng ⁽¹⁾⁽³⁾	14,873,600	8.75%	103,101,600	60.65%
Asian Trust Investment Pte Ltd ⁽⁴⁾	1,112,500	0.65%	8,400,000	4.94%
Pai Keng Pheng ⁽⁵⁾	–	–	9,512,500	5.60%
Pai Kheng Hian ⁽⁶⁾	–	–	9,512,500	5.60%

- 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 Logistics 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 Logistics 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 Logistics 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 Logistics 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 Logistics Holdings Limited held by Asian Trust Investment Pte Ltd.

SHAREHOLDINGS IN THE HANDS OF PUBLIC

As at 16 September 2016, approximately 22.55% 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 WILL BE HELD AT 24 KRANJI ROAD, SINGAPORE 739465 ON THE 27TH DAY OF OCTOBER 2016 AT 3.00 PM

TO TRANSACT THE FOLLOWING AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Audited Accounts for the financial year ended 30 June 2016 ("FY2016") together with the Directors' Report and Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final tax exempt (one-tier) dividend of Singapore cents 0.40 (\$\$0.004) per ordinary share for FY2016. **(Resolution 2)**
3. To approve the payment of S\$138,600 as Directors' Fees for the financial year ending 30 June 2017, to be paid on a quarterly basis in arrears. **(Resolution 3)**
4. To re-elect Mr Phua Lam Soon who is retiring under Regulation 107 of the Constitution, as a Director of the Company.
Mr Phua Lam Soon will, upon such re-election, remain as the CEO and a member of the Nominating Committee of the Company.
(Resolution 4)
[See Explanatory Note (1)]
5. To re-elect Mr Ng Kok Seng who is retiring under Regulation 107 of the Constitution, as a Director of the Company.
Mr Ng Kok Seng will, upon such re-election, remain as an Executive Director of the Company.
(Resolution 5)
[See Explanatory Note (1)]
6. To re-appoint Messrs Nexia TS Public Accounting Corporation, Public Accountants and Chartered Accountants, as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. 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:-

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

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

- (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

NOTICE OF ANNUAL GENERAL MEETING

- (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 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 7)

[See Explanatory Note (2)]

BY ORDER OF THE BOARD

PAO KIEW TEE

NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Date: 12 October 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:

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

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

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

(2) 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 2016 for information on Mr Phua Lam Soon and Mr Ng Kok Seng.

(2) The Ordinary Resolution 7 proposed in item 8 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.

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PROXY FORM**ANNUAL GENERAL MEETING**

(Please see notes overleaf before completing this Form)

LOGISTICS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 201224643D

*I/We _____ (Name) NRIC/Passport No./Company Registration No. _____

of _____ (Address)

being a *member/members of LOGISTICS HOLDINGS LIMITED (the "**Company**") hereby appoint:-

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

*and/or (delete as appropriate)

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

or failing *him/her/them, the Chairman of the annual general meeting of the Company (the "**AGM**") as *my/our proxy/proxies to attend and vote for *me/us on my/our behalf at the AGM to be held at 24 Kranji Road, Singapore 739465 on 27 October 2016 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 AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

(If you wish to exercise all your votes "For" or "Against", please indicate with a [X] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against
Ordinary Business			
1	Adoption of Audited Accounts, Directors' Report and Auditor's Report for the financial year ended 30 June 2016		
2	Declaration of first and final dividend (tax-exempt one-tier) of Singapore cents 0.40 (S\$0.004) per ordinary share for the financial year ended 30 June 2016		
3	Approval of payment of Director' Fees amounting to S\$138,600 for the financial year ending 30 June 2017, to be paid on a quarterly basis in arrears.		
4	Re-election of Mr Phua Lam Soon as a Director of the Company		
5	Re-election of Mr Ng Kok Seng as a Director of the Company		
6	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration		
Special Business			
7	General authority to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore		

Dated this _____ day of _____ 2016

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



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

*Delete where inapplicable

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 (Cap 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
- 2 A 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. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named. 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.
- 3 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. 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.
- 4 A proxy need not be a member of the Company.
- 5 The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, 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 the AGM.
- 6 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
- 7 Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM.
- 8 The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
- 9 In the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register not less than seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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.

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寶特控股有限公司

LOGISTICS HOLDINGS LIMITED

Company Registration No. 201224643D

24 Kranji Road | Singapore 739465

Tel: 6891 0831 Fax: 6891 0835

