BOLDTEK
寶特 HOLDINGS

Engineering your Dreams

Annual Report 2017

CONTENTS

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 Catalist. The Sponsor has not verified the contents of this annual report.

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

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

CORPORATE PROFILE

In August 2017, Logistics Holdings Limited sought Shareholders' approval to change its name to Boldtek Holdings Limited as part of its corporate branding strategy. Boldtek Holdings Limited (the "**Company**" or "**Boldtek Holdings**", and together with its subsidiaries, the "**Group**"), will more accurately reflect the Group's current business activities and direction which is primarily in property construction, development and/or investment. Furthermore, any market misconceptions of the Group as a logistics player under its former name will be prevented and allow the public and the Company's business partners to better identify with the Company on its current principal activities and business direction.

Boldtek Holdings, 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.

Boldtek Holdings also operates a precast manufacturing plant in the Iskandar region, Johor, Malaysia. The products from this precast plant will serve the Group's public and private residential, industrial or commercial projects in Singapore and also external customers in Singapore and Malaysia.

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 currently owns the freehold residential development, Place 8, located at 21 Paya Lebar Crescent. Le Premier Malaysia is currently developing ninety-two units of medium industrial factories on a plot of freehold land located in Senai Industrial Park, Johor, Malaysia.

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.

Boldtek Holdings Limited (formerly known as Logistics Holdings Limited) was listed on the SGX-ST Catalist on 18 January 2013.

VISION

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

MISSION

CUSTOMERS

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

INVESTORS

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

TEAM

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

VALUES

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

MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

BEGINNING OF A BOLD NEW ERA

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

THE PAST YEAR IN REVIEW

In the financial year ended 30 June 2017 ("FY2017"), the Group reported a net loss of approximately S$1.3 million, compared to a net profit of approximately S$2.0 million in the last financial year. This was mainly due to the decrease in revenue of approximately S$75.2 million or 50.8% year-on-year, as certain projects were substantially completed in the last financial year and lower revenue was recognised for these projects in FY2017. Shareholders' equity also dropped by approximately 7.9% to approximately S$24.2 million, but the Group continued to register positive working capital of approximately S$27.8 million as at 30 June 2017.

DEVELOPMENTS IN FY2017

CONSTRUCTION

The Group's building construction order book stood at approximately S$78.2 million as at 30 September 2017. In September 2017, we have successfully upgraded our Building and Construction Authority's workhead for General Building Works (CW01) to the highest grade, A1, where we can bid for larger-scale projects of unlimited value in order to expand the Group's business. Nonetheless, we expect the public sector construction industry to continue to face intense competition and price pressure, which may adversely affect our construction business. In respond to the market conditions, we will continue to tender for new projects prudently and rationalise our resources efficiently.

PROPERTY DEVELOPMENT

The Group's residential property development in Singapore ("Place-8") for eight (8) units of freehold cluster houses located at 21 Paya Lebar Crescent is expected to obtain the Temporary Occupation Permit by December 2017 after some delay due to changes in project specifications. Although the local

property market has been lacklustre in the past year, we will continue to step up our marketing activity to move sales. The Phase 1 of our freehold medium industrial property development ("Le Premier Industrial Park") in Malaysia (Senai Industrial Park, Johor) of twenty units (20) of service industry shops has been substantially completed. Meanwhile, we are reviewing the construction schedule of another seventy-two (72) units of industrial factories under Phase 2 and 3.

PRECAST MANUFACTURING

The Group's precast manufacturing business faced stiff competition and tremendous price pressure in FY2017. However, we will continue to build our capabilities in areas such as Prefabricated Prefinished Volumetric Construction and Prefabricated Bathroom Unit to take advantage of the increased use of these technologies in building construction. We are also exploring strategic alliances and joint-venture opportunities with local and overseas parties to better utilise our precast plant.

OUTLOOK

The business environment is expected to be challenging in the next twelve (12) months due to uncertainties brought on by geopolitical tensions and a slowing construction industry[1]. The Group will monitor our costs and rationalise our operations, as necessary. We are also looking to diversify our business into recycling of marine clay into engineering soil, a sand-like final product which is able to meet the requirements for use in land reclamation, backfill and road base.

ACKNOWLEDGEMENT

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

MR PAO KIEW TEE
Non-Executive Chairman and
Independent Director

MR PHUA LAM SOON, BBM
Chief Executive Officer

---

[1] The information was extracted from Department of Statistics Singapore website (http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/advgdp2q2017.pdf) on 15 September 2017.

致股东函

尊敬的股东朋友们，

开启新时代

作为集团品牌战略的一部分，公司名称自2017年8月起由Logistics Holdings Limited 变更为 Boldtek Holdings Limited。新名称 Boldtek Holdings Limited（以下简称为“公司”或“Boldtek Holdings”，与其它子公司一起简称为“集团”）能更准确地反应集团目前的经营业务及方向，即主要为房地产建设、开发和/或投资。这将消除市场对本集团以前名称中含有“物流”而产生的任何误解，让公众及其业务伙伴能够更好地识别公司当前的主要经营活动及业务方向。

上财年回顾

与上一财年约200万新元的净利润相比，截至2017年6月30日的财年（“2017财年”）集团净亏损约130万新元。亏损主要是由于营收减少约7520万新元或同比下降50.8%，这是因为某些项目在上一财年已大致完成，此类项目在2017财年仅获得较少收入。尽管股东权益亦下跌约7.9%至大约2420万新元，但截至2017年6月30日集团已继续注入了约2780万新元流动资金。

2017财年展望

建筑工程

截至本报告发布，集团的建筑工程订单约为7820万新元。2017年9月，我们已成功将建设局批准的建设工程级别从一般建筑工程（CW01）升至最高级别A1，因此我们可以竞标规模更大且无价格上限的大型项目以扩大集团业务。尽管如此，我们预计公共建筑行业仍将面临激烈的竞争及价格压力，这可能对我们的建筑业务产生不利影响。为应对此市场条件，我们将继续审慎投标新项目合理优化资源。

预制建设

2017财年，集团的预制建设业务面临着激烈的竞争和巨大的价格压力。然而，我们仍将在预制体积建设（PPVC）和预制浴室(PBU)等领域不断加强，顺应此类技术在建筑施工中使用增加的趋势。此外，我们也在国内外寻求战略联盟和合资机会，以便高效利用我们的建筑组件预制工厂。

房地产开发

在由于工程项目规格变化导致的一些延误之后，集团在新加坡的位于巴耶利峇弯21号的八个（8）永久地契的集群式住宅项目（“Place-8”）预计将在2017年12月获得临时入伙证(TOP)。尽管在过去一年中当地房地产市场持续萎靡不振，我们仍将继续加强市场营销以推动销售。我们位于马来西亚（柔佛士乃工业园区）的永久地契中型工业房地产开发项目（“Le Premier工业园区”） 二十（20）个服务业店铺单位第1期已经建设完成。与此同时，我们正在审核2期和3期的另外七十二（72）个工业工厂单位的施工进度。

发展前景

由于地缘政治紧张局势带来的不确定性和建筑行业愈加低靡[1]，商业环境在接下来的十二（12）个月中将充满挑战。必要时，集团将监控成本并合理化运营。同时，我们也希望把我们的业务多元化，拓展海洋粘土回收制成工程土壤的业务，这种砂质的最终产品能够满足土地开垦、回填和路基铺设的要求。

致谢

我们谨代表董事会，感谢本集团管理层及员工的辛勤工作和奉献精神。同时，我们也衷心感谢我们的广大客户、商业伙伴和尊贵的股东对本集团一如既往地支持。

包久迟先生
非执行董事长兼独立董事

潘南舜先生, BBM
执行总裁

---

[1] 信息于2017年9月15日摘自新加坡统计局官方网站(http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/advgdp2q2017.pdf)。

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.

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

He is currently an independent director of three other public listed companies in Singapore, namely, Mary Chia Holdings Limited, New Silkroutes Group Limited and Wong Fong Industries Limited. He is also a Trustee of the Serangoon Gardens Country Club and a member of the Audit Committee of the Seletar Country Club. Mr Pao is also active in various grassroots organisations.

Mr Pao graduated with a Bachelor of Commerce (Accounting) degree from the University of Otago, Dunedin, New Zealand in 1974. He is a Fellow of Institute of Chartered Accountant of Singapore 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 the strategic plans and steering the business development of our Group as well as its overall management of our Group and day to day operations. He has more than 30 years of experience in the building construction industry in Singapore. Under Mr. Phua's direction, our Group has undertaken a wide range of building constructions services that it offers, from renovation and interior fitting-out works to upgrading works and main building works for public sector projects.

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

ONG SIEW ENG

Executive Director

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

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

BOARD OF DIRECTORS

NG KOK SENG
Executive Director

Ng Kok Seng is our Executive Director. Mr Ng was appointed as a Director of our Company on 31 October 2012.

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

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

FOO SHIANG PING
Non-Executive Director

Foo Shiang Ping was appointed as our Non-Executive Director on 24 December 2012. 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.

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 the financial, taxation, internal controls and SGX-ST reporting matters in our Group.

Mr. Ho has more than 20 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, taxation, corporate secretarial, M&A, IPO 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 graduates 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 15 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 and Apex Projects since May 2009. She overseas our Group's human resource management and administration matters, including recruitment, staff remuneration and staff insurance matters. In addition, Ms. Loy is also involved in the dealing with feedback from the public in relation to certain upgrading and home improvement projects undertaken by our Group.

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

CORPORATE STRUCTURE

BOLDTEK HOLDINGS LIMITED[1]

100% Logistics Construction Pte Ltd
Building and construction services

100% Boldtek[2] Investment Pte Ltd
Investment holding

100% Apex Projects Pte Ltd
Interior decoration and fitting-out services

100% MSC Engineering Pte Ltd
Building and construction services

100% Le Premier Development Pte Ltd
Investment holding of land and property development

80% CCL Precast Pte Ltd
Precast building and construction products manufacturing

60% New Soil Technologies Pte Ltd
Soil investigation, treatment and stabilization, research and experimental development on engineering

100% Le Premier Development Sdn Bhd
Investment holding of land and property development

100% CCL Precast (M) Sdn Bhd
Precast building and construction products manufacturing

---

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

[2] In May 2017, the company name for Logistics Investment Pte Ltd was changed to Boldtek Investment 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))
Kennedy Chen (LL.B. (Hons))

REGISTERED OFFICE

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

SHARE REGISTRAR

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

SPONSOR

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

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Director-in-charge
Chan Siew Ting
(Appointed since the financial year ended 30 June 2017)

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

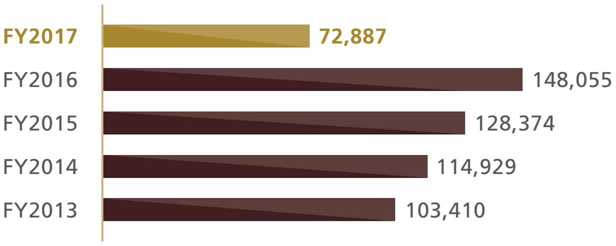
BOLDTEK HOLDINGS LIMITED & ITS SUBSIDIARIES

S$'000	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Revenue	103,410	114,929	128,374	148,055	**72,887**
Gross profit	10,100	10,300	10,776	10,127	**6,197**
Profit/(loss) before income tax	6,465	5,204	4,222	2,481	**(1,281)**
Net profit/(loss)	5,238	4,900	3,737	1,963	**(1,313)**
Profit/(loss) attributable to equity holders of the Company	5,238	4,953	4,239	2,096	**(1,066)**
Earnings/(loss) per share (Singapore cents)[1]	3.08	2.91	2.49	1.23	**(0.63)**
Total assets	46,076	58,225	88,709	81,107	**80,997**
Equity attributable to equity holders of the Company	20,434	23,685	26,251	26,737	**24,907**
Net asset value per share (Singapore cents)[2]	12.02	14.06	15.27	15.49	**14.27**

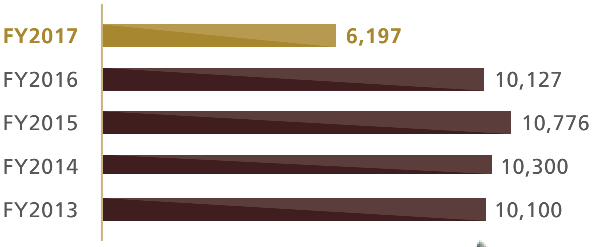
[1] The earnings per share was computed based on the profit attributable to equity holders of the Company and issued share capital of 170,000,000 shares.

[2] The net asset value per ordinary share for FY2013 through FY2017 is computed based on the share capital of the Company of 170,000,000 shares.

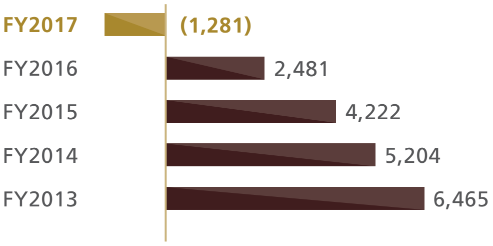
REVENUE (S$'000)



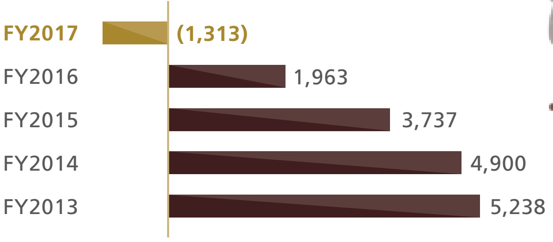
GROSS PROFIT (S$'000)



PROFIT/(LOSS) BEFORE INCOME TAX (S$'000)



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



OPERATING AND FINANCIAL REVIEW

OPERATING REVIEW

During the financial year ended 30 June 2017 ("**FY2017**") under review, we secured 10 public sector projects aggregating to approximately S$39.1 million. These projects comprised of design and build of upgrading project, term contract, and addition and alteration works. Our order book stood at S$78.2 million as at 30 September 2017.

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

Our precast business was faced with intense competition and tremendous price pressure in FY2017. We are looking into new precast technologies and also exploring strategic alliances and joint-venture opportunities with local and overseas parties to increase sales.

The Group's residential property development in Singapore comprised of 8 units of freehold cluster houses located at 21 Paya Lebar Crescent. The physical construction of the project had been substantially completed and we are still in the process of obtaining its Temporary Occupation Permit ("TOP"). The original expected TOP date, by December 2016, was delayed due to changes in project specifications. In Malaysia, the construction of Phase 1, comprising 20 units of service industry shops, of the freehold medium industrial property development located in Senai Industrial Park, Johor, had been substantially completed. We are currently reviewing the construction schedule for the Phase 2 and 3 comprising 72 units of factories.

FINANCIAL REVIEW

INCOME STATEMENT

REVENUE

Our revenue decreased by approximately S$75.2 million or 50.8% from approximately S$148.1 million in the financial year ended 30 June 2016 ("**FY2016**") to approximately S$72.9 million in the financial year ended 30 June 2017 ("**FY2017**"). The decrease in revenue was mainly due to substantial completion of certain projects in FY2016, resulting in lower revenue recognised in FY2017 since several projects were nearing completion. These projects include, among others, revenue from construction works relating to alteration and addition works, new building works and home improvement program works.

COST OF WORKS

Our cost of works decreased by approximately S$71.2 million or 51.6% from approximately S$137.9 million in FY2016 to approximately S$66.7 million in FY2017. The decrease in cost of works was mainly attributable to lower cost incurred for materials, subcontracting and projects overheads which was largely in line with the decrease in work done for our projects.

GROSS PROFIT MARGIN

Our gross profit margin rose by approximately 1.7 percentage points from 6.8% in FY2016 to 8.5% in FY2017 mainly due to recognition of certain variation orders relating to new building and design and build of upgrading works.

OPERATING AND FINANCIAL REVIEW

OTHER INCOME

Our other income decreased by approximately S$0.6 million or 44.7%, from approximately S$1.3 million in FY2016 to approximately S$0.7 million in FY2017. This was mainly due to the absence of dormitory income in FY2017, compared to contribution of approximately S$0.7 million in FY2016, 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, offset by a waiver of non-trade payable by a related party of S$0.2 million.

OTHER LOSSES

Our other losses decreased by approximately S$0.2 million or 36.3%, from approximately S$0.6 million in FY2016 to approximately S$0.4 million in FY2017. This was due to the allowance on impairment of property, plant and equipment of approximately S$0.2 million for precast moulds in FY2016.

DISTRIBUTION AND MARKETING EXPENSES

Distribution and marketing expenses increased by approximately S$0.2 million or 56.5%, from approximately S$0.4 million in FY2016 to approximately S$0.6 million in FY2017, mainly due to higher delivery charges incurred by our precast plant.

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by approximately S$0.9 million or 11.0% from approximately S$7.8 million in FY2016 to S$6.9 million in FY2017. The decrease was mainly due to lower: (i) depreciation of approximately S$0.3 million from our workers dormitories as the lease had ended in 1H FY2016, (ii) repair and maintenance of approximately S$0.3 million for our workers dormitory as the lease had ended in 1H FY2016, (iii) payroll expenses of approximately S$0.1 million mainly due to staff attrition and (iv) licence fee for our precast business of approximately S$0.2 million.

FINANCE EXPENSES

The finance costs increased by approximately S$100,000 or 52.6%, from approximately S$190,000 in FY2016 to approximately S$290,000 in FY2017, mainly due to higher interest payment on short-term loans that were drawn down during FY2017 for working capital purpose.

INCOME TAX EXPENSE

The income tax expense of approximately S$32,000 for FY2017 was due to the profit before tax position for certain Singapore subsidiaries.

NET PROFIT

As a result of the above, the Group recorded a net loss of approximately S$1.3 million in FY2017 compared to a net profit of approximately S$2.0 million in FY2016.

STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

The Group's current assets increased by approximately S$1.6 million or 2.1% from approximately S$75.6 million as at 30 June 2016 to approximately S$77.2 million as at 30 June 2017, mainly due to increase in trade and other receivables of approximately S$3.6 million and capitalisation of costs for the development properties in Singapore and Malaysia of approximately S$6.1 million, offset by decrease in cash and bank balances of approximately S$7.6 million, lower prepayment and deposits placed for services in relation to our development properties and utilities of approximately S$0.4 million and reduction of inventories of approximately S$0.1 million.

The increase in trade and other receivables was mainly due to the increase in trade receivables by approximately S$1.6 million, higher amount due from contract customers of approximately S$2.7 million for project works performed and pending billing as at 30 June 2017, offset by a decrease in project retention sum of approximately S$0.8 million.

NON-CURRENT ASSETS

Non-current assets decreased by approximately S$1.7 million from approximately S$5.5 million as at 30 June 2016 to approximately S$3.8 million as at 30 June 2017. The decrease was mainly attributable to property, plant and equipment depreciation expenses of approximately S$2.0 million, offset by additions to property, plant and equipment of S$0.5 million.

CURRENT LIABILITIES

The Group's current liabilities increased by approximately S$18.0 million or 57.5% from approximately S$31.4 million as at 30 June 2016 to approximately S$49.4 million as at 30 June 2017, due to increase in bank borrowings of approximately S$23.7 million, offset by a decrease in trade and other payables of approximately S$5.3 million and decrease in income tax liabilities of approximately S$0.3 million. The increase in bank borrowings was mainly due to reclassification of certain portion of a term loan from non-current liabilities and additional draw down of banking facilities to finance our property development and working capital.

The decrease in trade and other payables was mainly due to the decrease in trade payables of approximately S$3.9 million and lower accrued operating expenses of approximately S$4.2 million which was in line with the decrease in cost of works, lower non-trade payables to third parties of approximately S$0.2 million and waiver of non-trade

payables to non-controlling interests of S$0.2 million, offset by increase in amount due to directors of approximately S$2.2 million for their unpaid contractual bonus and advances extended by them at interest-free to a subsidiary.

NON-CURRENT LIABILITIES

The decrease in non-current liabilities of approximately S$16.1 million or 68.6% was mainly due to repayment of bank borrowings and finance lease liabilities and reclassification of certain portion of a term loan to current liabilities.

SHAREHOLDERS' EQUITY

As at 30 June 2017, the shareholders' equity stood at approximately S$24.3 million, as compared to approximately S$26.3 million as at 30 June 2016. The decrease of approximately S$2.0 million was mainly attributable to current period net loss of approximately S$1.3 million and payment of dividends of approximately S$0.7 million.

The Group continued to register a net current assets of approximately S$27.8 million as at 30 June 2017.

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

In FY2017, net cash used in operating activities was approximately S$14.3 million. This was mainly due to operating cash outflows before working capital changes of approximately S$0.2 million, adjusted for net working capital outflows of approximately S$13.7 million and income tax paid of approximately S$0.4 million. The net working capital outflows was mainly due to an increase in trade and other receivables of approximately S$3.6 million, a decrease in trade and other payables of approximately S$5.3 million, additions to development properties of approximately S$5.3 million, offset by a decrease in other current assets of approximately S$0.4 million.

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash used in investing activities during FY2017 was approximately S$0.4 million, mainly due to additions of property, plant and equipment.

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash provided by financing activities during FY2017 was approximately S$7.2 million, mainly due to increase in net borrowings of approximately S$8.2 million, mainly to finance our working capital and development property during FY2017, offset by interest paid on borrowings of approximately S$0.3 million and dividend payment of approximately S$0.7 million.

CASH AND BANK BALANCES

Cash and bank balances stood at approximately S$3.5 million as at 30 June 2017, representing a decrease of approximately S$7.7 million from approximately S$11.2 million as at 30 June 2016.

FINANCIAL CONTENTS

CORPORATE
GOVERNANCE REPORT

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

This report below describes the corporate governance framework and practices of the Company for the financial year ended 30 June 2017 ("**FY2017**") 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**").

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>General</td><td>(a) Has the Company complied with all the principles and guidelines of the Code?</td><td>The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.</td></tr>
<tr><td></td><td>If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</td><td>Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.</td></tr>
<tr><td></td><td>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</td><td>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2017.</td></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board's Conduct of Affairs</u></td></tr>
<tr><td>1.1
1.2</td><td>What is the role of the Board?</td><td>The Board has 6 members and comprises the following:
<i>Table 1.1 – Composition of the Board</i><table><tr><th>Name of Director</th><th>Designation</th></tr><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></table></td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management (the "**Management**"). To fulfill this role, the Board sets the Group's strategic direction, establishes goals for the Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group. Apart from its statutory responsibilities, the principal functions of the Board encompass the following: • Providing stewardship to the Company including charting its corporate strategies and business plans; • Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives; • Authorising 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 the 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 recognizing that their perceptions affect the Company's reputation; and • Setting the Company's values and standards, including ethical standards, and ensuring that the obligations to its shareholders and other stakeholders are understood and met. All directors are expected to discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.3</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>To assist the Board in the discharge of its responsibilities, the Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). Upon its establishment, the Board Committees operate within clearly defined terms of reference and operating procedures, which would be reviewed on a regular basis. Minutes of all Board Committee meetings will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings. The composition of the Board Committees are as follows:
<table>
<tr><th colspan="4"><i>Table 1.3 – Composition of the Board Committees</i></th></tr>
<tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Chairman</td><td>Pao Kiew Tee</td><td>Chen Timothy Teck-Leng</td><td>Chen Timothy Teck-Leng</td></tr>
<tr><td>Member</td><td>Chen Timothy Teck-Leng</td><td>Pao Kiew Tee</td><td>Pao Kiew Tee</td></tr>
<tr><td>Member</td><td>Foo Shiang Ping</td><td>Phua Lam Soon</td><td>Foo Shiang Ping</td></tr>
</table></td></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board meets on a quarterly basis, and as and when circumstances require. In FY2017, the number of Board and Board Committee meetings held and the attendance of each Board member are summarised in the table below:–
<table>
<tr><th colspan="5"><i>Table 1.4 – Board and Board Committee Meetings in FY2017</i></th></tr>
<tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>No. of meetings held in FY2017</td><td>3</td><td>3</td><td>1</td><td>2</td></tr>
<tr><td>Directors</td><td colspan="4">Number of meetings attended in FY2017</td></tr>
<tr><td>Pao Kiew Tee</td><td>3</td><td>3</td><td>1</td><td>2</td></tr>
<tr><td>Phua Lam Soon</td><td>3</td><td>3(1)</td><td>1</td><td>2(1)</td></tr>
<tr><td>Ong Siew Eng</td><td>3</td><td>3(1)</td><td>1(1)</td><td>2(1)</td></tr>
<tr><td>Ng Kok Seng</td><td>3</td><td>3(1)</td><td>1(1)</td><td>2(1)</td></tr>
<tr><td>Foo Shiang Ping</td><td>3</td><td>3</td><td>1(1)</td><td>2</td></tr>
<tr><td>Chen Timothy Teck-Leng</td><td>3</td><td>3</td><td>1</td><td>2</td></tr>
</table>
Note:
(1) Attendance by invitation.

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. 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.</td></tr>
</table>

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 all interested person transactions.
1.6 1.7	(a) Are new Directors given formal training? If not, please explain why.	The Board ensures that incoming newly appointed Directors will be given an orientation of the Group's business activities, strategic direction, policies and governance practices to facilitate the effective discharge of their duties. Newly appointed Directors will also be provided with a formal letter setting out their duties and obligations. The 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 updated 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.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	Briefings, updates and trainings for Directors in FY2017 included the following: • The external auditors, Nexia TS Public Accounting Corporation ("**Nexia TS**"), briefed the AC on changes or amendments to accounting standards; Mr Foo Shiang Ping, our Non-Executive Director, has attended the "Sustainability Reporting Workshop" organised by the Global Compact Network Singapore.
BOARD MATTERS		
Board Composition and Guidance		
2.1 2.2	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	The Company endeavours to maintain a strong and independent element on the Board. Two (2) of the Company's Directors are independent, thereby fulfilling the Code's requirement that at least one-third of the Board should comprise Independent Directors.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The Board considers an Independent Director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs with a view to the best interests of the Company. The Independent Directors have confirmed their independence in accordance with the Code. The independence of each Director will be reviewed annually by the NC in accordance with the definition of independence in the Code. For FY2017, the NC has reviewed and is of the view that the two (2) Independent Directors are independent in accordance with the definition of independence in the Code.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him/her not to be independent.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>2.4</td><td>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.</td><td>There are no Independent Directors who has served on the Board beyond nine (9) years from the date of his/her first appointment.</td></tr>
<tr><td>2.5</td><td>Has the Board examined its size of the Board?</td><td>A review was undertaken by the Board, together with the NC to determine if the current size of the Board is appropriate for the scope and nature of the Group's operations to facilitate effective decision-making and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. For FY2017, the NC is of the view that the present size of the Board allows it to be effective and not too large as to be unwieldy.</td></tr>
<tr><td>2.6</td><td>(a) What is the Board's policy with regard to diversity in identifying director nominees?</td><td>The Board's policy in identifying director nominees is primarily for the Board to have an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. They should also provide core competencies such as accounting and finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.</td></tr>
<tr><td></td><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:
<table>
<tr><th colspan="3">Table 2.6 – Balance and Diversity of the Board</th></tr>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>Accounting or finance</td><td>3</td><td>50%</td></tr>
<tr><td>Business management</td><td>4</td><td>67%</td></tr>
<tr><td>Legal or corporate governance</td><td>3</td><td>50%</td></tr>
<tr><td>Relevant industry knowledge or experience</td><td>4</td><td>67%</td></tr>
<tr><td>Strategic planning experience</td><td>4</td><td>67%</td></tr>
<tr><td>Customer based experience or knowledge</td><td>4</td><td>67%</td></tr>
</table></td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The Board has taken the following steps to maintain or enhance its balance and diversity:– (a) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and (b) Annual appraisal carried out on each director on their skill set they possess. The NC has reviewed and is of the view that the current Board comprises persons who, collectively as a group provide an appropriate balance and diversity of skills, experience and capabilities required for the Board to be effective. The NC also takes into consideration the results of the abovementioned evaluation exercise in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.
2.8	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management. For FY2017, the Non-Executive Directors have met once in the absence of key management personnel.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Chairman and Chief Executive Officer		
3.1 3.2	Are the duties between Chairman and CEO segregated?	The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between them are clearly established, and they are not related to each other. Mr Pao Kiew Tee is the Non-Executive Chairman (the "**Chairman**") and an Independent Director of the Company, and is responsible for the workings of the Board to ensure the effectiveness and integrity of the governance process. Mr Phua Lam Soon is the CEO of the Company, and is responsible for the business and operational decision of the Group. The CEO works with the Board to determine the strategy for the Group and is responsible for the Group's business performance. The CEO also works with the Management of the Group to ensure that the Management operates in accordance with the strategic and operational objectives of the Group. The Chairman leads the Board to ensure its effectiveness on all aspects of its role. He approves the agenda for the Board and the agenda for Board Committees are approved by the Chairman together with the respective chairpersons of the Board Committees. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the Management and shareholders of the Company. He encourages interactions between the Board and Management, as well as between the Executive and Non-Executive Directors. The Chairman also takes a leading role in ensuring the Company's compliance with corporate governance guidelines.
3.4	Have the Independent Directors met in the absence of the other directors?	The Independent Directors have met in the absence of the other directors at least once in FY2017. The Independent Directors effectively check on the 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 the Management.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1 4.2	What are the duties of the NC?	The Company has constituted the NC to, among other things, make recommendations to the Board on all Board appointments and oversee the Company's succession and leadership development plans. The primary function of the NC is to determine the criteria for identifying candidates, review nominations for the appointment of Directors to the Board, to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. The NC has adopted written terms of reference defining its membership, administration and duties, which includes, *inter alia*: (a) to make recommendations to the Board on all Board appointments and re-appointment 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; (g) assessing the effectiveness of the Board as a whole and its Board Committees, and the contribution by each individual Director to the effectiveness of the Board; and (h) to decide how the Board's performance may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long term shareholders' value.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has set the maximum number of listed company board representations at 8. Having assessed the capacity of the Directors based on factors disclosed in Section 4.4(c) below, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.
	(b) If a maximum has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.
	(d) Have the Directors adequately discharged their duties?	The NC is of the view that all Directors had adequately carried out their duties as Directors of the Company, taking into consideration the number of listed company board representations and other principal commitments that some of the Directors hold.
4.5	Are there alternate Directors?	As at the date of this report, there are no alternate directors appointed in the Company.

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.	There is a formal and transparent process for the appointment of new Directors to the Board. The NC reviews and recommends all new Board appointments and also the re-appointment of Directors to the Board. The NC assesses to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director contributes and brings to the Board an objective perspective to enable balanced and well-considered decisions to be made. There is a formal and transparent process for the appointment of new Directors to the Board. The nomination and selection process of a new Director begins with the NC identifying the needs in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board. The NC then shortlists the desirable competencies for the 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, the committee will then make a recommendation to the Board for approval. The NC makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board. All Directors are subject to the provisions of Regulation 107 of the Company's Constitution whereby one-third of the Directors are required to retire and subject themselves to re-election by the shareholders at each annual general meeting ("**AGM**"), and each Director is required to subject himself for re-nomination and re-election at least once every three (3) years. In addition, any new Director appointed during the year either to fill a casual vacancy or as an addition to the Board will have to retire at the annual general meeting following his appointment, and is eligible for re-election if he/she so desires. The NC, has reviewed and recommended to the Board that Ms Ong Siew Eng and Mr Foo Shiang Ping be nominated for re-appointment at the forthcoming AGM of the Company. Ms Ong Siew Eng will, upon re-election as a Director, remain as the Executive Director of the Company. Mr Foo Shiang Ping will, upon re-election as a Director, remain as the Non-Executive Director, member of the AC and RC of the Company. Mr Foo will be considered non-independent for the purposes of Rule 704(7) of the Catalist Rules. In making this recommendation, the NC has considered the Directors' overall contribution and performance. All NC members will abstain from the voting or review process of any matters in connection with his re-election.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.7	Please provide Directors' key information.	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:

Name of Director	Date of initial Appointment	Date of last re-election	Directorships in other listed companies	
			Current	Past 3 Years[1]
Pao Kiew Tee	24 December 2012	29 October 2015	Wong Fong Industries Limited Mary Chia Holdings Limited New Silkroutes Group Limited	Imperium Crown Limited Jubilee Industries Holdings Ltd
Phua Lam Soon	5 October 2012	27 October 2016	Nil	Nil
Ong Siew Eng	31 October 2012	29 October 2014	Nil	Nil
Ng Kok Seng	31 October 2012	27 October 2016	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 Yangzijiang Shipbuilding (Holdings) Ltd. Tianjin Zhong Xin Pharmaceutical Group Corporation Limited Sysma Holdings Limited Tye Soon Limited	Hu An Cable Holdings Ltd Xinren Aluminium Holdings Limited

Note:

(1) Refers to directorships in other listed companies held in the past 3 years but no longer holding.

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

Table 5

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

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Review of the Board's performance is conducted by the NC annually. The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole. The board evaluation process is conducted annually by way of a board evaluation questionnaire. In FY2017, the review process was as follows: 1. All Directors collectively as a whole completed a board evaluation questionnaire on the effectiveness of the Board, the Board Committees and the individual Directors based on criteria disclosed in Table 5 above; 2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report; and 3. The NC discussed the report and concluded the performance results during the NC meeting. Each member of the NC has abstained from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director. The NC, having reviewed the overall performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board and each individual Director has been satisfactory. No external facilitator was used in the evaluation process.
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.

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

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2	What is the role of the RC?	The RC is regulated by a set of written terms of reference and has access to independent professional advice, if necessary. Pursuant to the RC's terms of reference, the RC will be responsible for, *inter alia*, reviewing and recommending to the Board a framework of remuneration for the Directors and key management personnel, including the CEO, other personnel having the authority and responsibility for planning, directing and controlling the activities of the Group, and the employees related to the Executive Directors and controlling shareholders of the Company, and determining specific remuneration packages for each Executive Director as well as for each key management personnel. The review will cover all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and other benefits-in-kind. Annually, the RC will review the level and mix of remuneration and benefits policies and practices of the Company, including long-term incentives. When conducting such reviews, the RC will take into account the performance of the Company and that of individual employees. It will also review and approve the framework for salary reviews, performance bonus and incentives for key management personnel of the Group. The recommendations of the RC on remuneration of Directors and key management personnel will be submitted for endorsement by the entire Board. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his/her own remuneration. The RC has met to consider and review the remuneration packages of the Executive Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Company. The RC 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.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2017.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3">Disclosure on Remuneration</td></tr>
<tr><td>9</td><td>What is the Company's remuneration policy?</td><td>The Company's remuneration policy is one that seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel to achieve the Company's business vision and create sustainable value for its shareholders.

In setting remuneration packages, the RC takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel.</td></tr>
<tr><td>9.1
9.2</td><td>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?</td><td>The breakdown of remuneration of the Directors of the Company for FY2017 is as follows:
<table>
<tr><td colspan="6"><i>Table 9.2 – Remuneration of the Directors</i></td></tr>
<tr><th>Directors/Chief Executive Officer</th><th>Fees %</th><th>Salaries(1) %</th><th>Bonus(2) %</th><th>Other Benefits(3) %</th><th>Total %</th></tr>
<tr><td colspan="6">S$500,001 to below S$750,000</td></tr>
<tr><td>Phua Lam Soon</td><td>–</td><td>72.45</td><td>17.66</td><td>9.89</td><td>100.00</td></tr>
<tr><td>Ong Siew Eng</td><td>–</td><td>70.31</td><td>17.00</td><td>12.69</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>71.56</td><td>12.76</td><td>15.68</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>
</table>
Notes:
(1) Employer Central Provident Fund contributions are included as part of salaries.
(2) Annual wage supplement and profit sharing, if any, are included as part of bonus. There was no profit sharing for Mr Phua Lam Soon in FY2017. Please refer to Section 9.6 below for further details.
(3) Transportation allowances are included as part of other benefits.

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

There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top four key management personnel.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>9.3</td><td>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>Details of remuneration paid to key management personnel of the Group for FY2017 is as follows:

<table>
<tr><th colspan="5">Table 9.3 – Remuneration of Key Management Personnel</th></tr>
<tr><th></th><th>Salaries[(1)]
%</th><th>Bonus[(2)]
%</th><th>Other Benefits[(3)]
%</th><th>Total
%</th></tr>
<tr><td colspan="5">Below S$250,000</td></tr>
<tr><td>Ho Chor Yau</td><td>86.75</td><td>6.48</td><td>6.77</td><td>100.00</td></tr>
<tr><td>Yeo Geok Ngo</td><td>100.00</td><td>–</td><td>–</td><td>100.00</td></tr>
<tr><td>Tee Chen Chuan</td><td>90.12</td><td>–</td><td>9.88</td><td>100.00</td></tr>
<tr><td>Loy Yan Ru[(4)]</td><td>93.57</td><td>6.43</td><td>–</td><td>100.00</td></tr>
</table>

Notes:
(1) Employer Central Provident Fund contributions are included as part of salaries.
(2) Annual wage supplement is included as part of bonus.
(3) Transportation allowances are included as part of other benefits.
(4) Loy Yan Ru is the niece of the CEO, Mr Phua Lam Soon, and Executive Director, Ms Ong Siew Eng.</td></tr>
<tr><td></td><td>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The Company 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) in FY2017 was approximately S$411,000.</td></tr>
<tr><td>9.4</td><td>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td><td>There were no employees during FY2017 who were immediate family members of a Director and/or the CEO.</td></tr>
</table>

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.	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 FY2017. Their remuneration is made up of fixed and variable compensations. The Company's Executive Directors, namely Mr Phua Lam Soon, Ms Ong Siew Eng and Mr Ng Kok Seng are remunerated based on their service agreements with the Company as disclosed in the Company's offer document dated 8 January 2013. The service agreements are valid for an initial period of three (3) years with effect from the date of listing of the Company on the Catalist and thereafter, for such period as the Board of Directors may decide. During the initial period of three (3) years, either party may terminate the service agreement by giving to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on such Director's last drawn monthly salary provided always that such Director shall not be entitled to terminate the employments with the Company during the initial period. The said service agreements were renewed for another three (3) years with effect from 18 January 2016. There were no significant and material changes in the terms and conditions. The fixed remuneration comprises a fixed salary, fixed annual wage supplement, and transport allowance. The 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 loss before tax of approximately S$1.28 million for FY2017, the aforementioned performance conditions have not been met to trigger the payment. The Executive Directors do not receive Directors' Fees. The Group has also entered into letters of employment with all the key management personnel. Such letters typically provide for the salaries payable to the key management personnel, their working hours, medical benefits, grounds of termination and certain restrictive covenants. The fixed remuneration comprises a fixed salary, fixed annual wage supplement and transport allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td></td><td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:
<table>
<tr><th colspan="3">Table 9.6</th></tr>
<tr><th>Performance Conditions</th><th>Short-term incentives (such as performance bonus)</th><th>Long-term incentives</th></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices
6. Macro-economic factors</td><td>1. Leadership
2. Commitment
3. Current market and industry practices</td></tr>
<tr><td>Quantitative</td><td>1. Relative financial performance of the Group (e.g. in terms of net profit margin) to its industry peers
2. Positive sales growth
3. Productivity enhancement</td><td>1. Relative financial performance of the Group (e.g. in terms of share price performance) over a 5-year period to its industry peers</td></tr>
</table></td></tr>
<tr><td></td><td>(c) Were all of these performance conditions met? If not, what were the reasons?</td><td>The RC has reviewed and is satisfied that the performance conditions (save for the performance conditions in respect of the profit sharing element of Mr Phua Lam Soon’s remuneration which is based on the Group’s PBT in respect of each financial year, as disclosed under Principle 9.6 above) were met for FY2017.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Risk Management and Internal Controls		
11.1 11.2 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	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. Based on the internal controls established and maintained by the Group, work performed by the internal auditors and external 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 for FY2017. The bases for the Board's view are as follows: 1. Assurance has been received from the CEO and financial controller (refer to Section 11.3(b) below); 2. An internal audit has been 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. The Board recognises that the internal control system maintained by the Management that was in place throughout FY2017 and up to date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguard of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial operational and compliance risks. The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities. The Board will review on an annual basis the adequacy and effectiveness of the Company's internal controls system, including financial, operational, compliance and information technology controls and risk management systems.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditors that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, in respect of FY2017, the Board has received assurance from the CEO and financial controller that (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and (b) the Company's risk management and internal controls systems are effective. The Board has relied on the external auditor's report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances. The Board has additionally relied on the internal auditor's report issued to the Company in FY2017 in respect of, amongst others, the second follow-up audit for procurement and subcontracting and tender and project management as assurances that the Company's risk management and internal control systems are effective.
11.4	Has the Board established a separate risk committee?	The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the Company's risk management framework and policies. However, the Company currently does not have a separate board risk committee. A separate risk committee will be constituted for FY2018.
Audit Committee		
12.1	What is the composition of the AC?	The AC comprises Mr Pao Kiew Tee (Chairman of the AC), Mr Chen Timothy Teck-Leng and Mr Foo Shiang Ping. All members of the AC are non-executive directors and a majority of the AC are independent. Mr Pao Kiew Tee and Mr Chen Timothy Teck-Leng are independent directors of the Company.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.2 12.3 12.4	What is the role of the AC?	The AC functions under a set of written terms of reference which sets out its responsibilities set out below. The AC also has explicit authority to investigate any matter within its terms of reference: (a) review the scope and results of the audit and its cost effectiveness; (b) review the independence and objectivity of the external auditors annually; (c) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance; (d) review the half-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; (g) meet periodically with the Company's external auditors; plan and discuss the results of the audit examination without the presence of the Management; (h) meet periodically with the Company's internal auditor; plan and discuss the results of the evaluation of the Group's systems of internal controls without the presence of the Management; (i) consider and recommend to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors; (j) review arrangements by which staff of the Group and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; (k) review the external and internal auditors' reports;

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(l) review the co-operation given by the Group's officers to the external auditors; (m) review and approve interested persons transactions, if any, falling within the scope of Chapter 9 of the Catalist Rules; (n) review the adequacy of the business risk management process; (o) review potential conflicts of interest, if any, and ensuring procedures for resolving such conflicts are strictly adhered to; (p) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; (q) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and (r) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments made thereto from time to time. In addition to reviewing the effectiveness of the Group's internal audit function, the internal auditor's primary line of reporting is the Chairman of the AC. Apart from the above functions, the AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the AC will abstain from any deliberations and/or voting in respect of matters in which he is interested. The AC has full access to the Management and also full discretion to invite any Director or key Management to attend its meetings, and has been given reasonable resources to enable it to discharge its function properly.
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 FY2017.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>12.6</td><td>Has the AC reviewed the independence of the external auditors?</td><td>The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.
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.
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.</td></tr>
<tr><td></td><td>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</td><td>
<table>
<tr><th colspan="3"><i>Table 12.6 – Fees Paid/Payable to the external auditors for FY2017</i></th></tr>
<tr><th></th><th>S$</th><th>% of total</th></tr>
<tr><td>Audit Fees</td><td>94,000</td><td>85%</td></tr>
<tr><td>Non-audit fees
– Tax advice</td><td>17,000</td><td>15%</td></tr>
<tr><td>Total</td><td>111,000</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td></td><td>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC’s view on the independence of the external auditors.</td><td>The non-audit services rendered by the external auditors during FY2017 were not substantial.</td></tr>
</table>

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 FY2017, the AC was briefed by the external auditors on changes or amendments to accounting standards.
12.9	Is a former partner or director of the company's existing auditing firm acting as a member of the company's AC?	None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Board recognises the importance of an internal audit function to maintain a sound system of internal control within the Group to safeguard shareholders' investments and the Company's assets. The AC has the responsibility to review annually the adequacy and effectiveness of the internal audit function, review the internal audit program and ensure co-ordination between internal auditor, external auditor and Management, and ensure that the internal auditors meets or exceeds 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.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		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, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and resourced and has the appropriate standing within the Group.
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Communication with Shareholders		
15.1	Does the Company have an investor relations policy?	The Company currently does not have an investor relations policy but considers advice from its company secretary and/or other professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations personnel to manage the function should the need arises.
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?	Pertinent information is communicated to shareholders on a regular and timely basis through the following means: (a) financial results and annual reports are announced or issued within the mandatory period; (b) material information are disclosed in a comprehensive, accurate and timely manner via SGXNET and from time to time, the media channels thereafter; and (c) the Company's AGM.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		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. 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.
	(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: (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).

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	Is the Company paying dividends for the financial year? If not, please explain why.	For FY2017, no dividend will be payable as the Board wants to sustain its future working capital requirements and also ensure that there are adequate resources for the Company's to respond to any adverse changes in the macroeconomic environment.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.2 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	At the AGM, the shareholders of the Company will be given the opportunity to voice their views and direct to the Directors or the Management questions regarding the Company. At the Company's general meetings, each distinct issue is proposed as a separate resolution, and all resolutions will be voted on by poll. Shareholders are entitled to attend and vote or to appoint proxies to attend and vote on their behalf at general meetings. Voting in absentia, by mail, facsimile or electronic email is also allowed. The Chairman of the Board and the Chairman of each Board Committee is required to be present to address shareholders' questions at the AGM. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. After the AGM, the Company will make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentage. The Company Secretary prepares minutes of the general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. Such minutes are available to shareholders upon their request.

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance with Catalist Rules 712 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 FY2017 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**")	The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis that are not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board. There were no IPTs of S$100,000 and above for FY2017. The Group does not have a general mandate obtained from shareholders for IPTs.
1024(19)	Dealing in Securities	The Company has adopted an internal code of conduct and policy on dealings in the Company's securities in accordance with Rule 1204(19) of the Catalist Rules. The Company, Directors and officers are prohibited 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. Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., during FY2017.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2017 and the balance sheet of the Company as at 30 June 2017.

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 53 to 108 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 2017 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.

With effect from 17 August 2017, the name of the Company was changed from Logistics Holdings Limited to Boldtek Holdings Limited.

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**	
The Company	**At 30 June 2017**	**At 1 July 2016**	**At 30 June 2017**	**At 1 July 2016**
(No. of ordinary shares)				
Phua Lam Soon	14,701,600	14,701,600	103,273,600	103,273,600
Ong Siew Eng	14,873,600	14,873,600	103,101,600	103,101,600
Ng Kok Seng	1,490,000	1,490,000	–	–
Foo Shiang Ping	130,000	130,000	–	–
Immediate and Ultimate Holding Corporation				
– Yi Investment Pte. Ltd.				
(No. of ordinary shares)				
Phua Lam Soon	25,000	25,000	25,000	25,000
Ong Siew Eng	25,000	25,000	25,000	25,000

The directors' interests in the ordinary shares of the Company as at 21 July 2017 were the same as those as at 30 June 2017.

Directors' interests in shares or debentures (Continued)

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 or its subsidiary corporations.

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

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

Audit committee

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

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

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

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

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

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

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

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

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

f) interested person transactions (if any) falling within the scope of the Rules of Catalist of 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 independent auditor and internal auditors; and

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

Audit committee (Continued)

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

The AC has recommended to the Board that the independent auditor, 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

6 October 2017

INDEPENDENT
AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED
(formerly known as Logistics Holdings Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Boldtek Holdings Limited (formerly known as Logistics Holdings Limited) (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 June 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 108.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (Continued)

Key audit matter	**How our audit addressed the matter**
Completeness and accuracy of revenue recognition on construction contracts For the financial year ended 30 June 2017, the Group recognised construction revenue of $42.9 million. The accounting policies are set out in Note 2.9 to the consolidated financial statements. The revenue recognition of the Group is in accordance with FRS 11 Construction Contracts which is based on the stage of completion of contract activity. This is assessed by reference to the proportion of contract costs incurred for the work performed as at balance sheet date relative to the estimated total costs of contract at completion. In the event when it is probable that the total contract costs will exceed the total contract revenue, a provision for foreseeable losses would be recognised as an expense immediately. We focused on this area because of the significant judgements required in preparing reasonable estimates of the initial budgeted costs and periodic review of the budgeted cost subsequently. Significant assumptions used in preparing the budgeted costs and determining the actual cost incurred could result in material variance in the amount recognised in profit or loss to date and therefore also in the current period. Furthermore, included in the contract revenue are claims made against the customers for variation orders requested by the customers and claims made against the customers for delays and additional costs. Key judgements were required in determining the claims to be recognised as contract revenue. The inclusion of these amounts could result in a material error in the level of profit or loss, especially if they were not recoverable.	Our audit approach comprises of both test of controls and substantive procedures as follows:– We tested the key controls over the recognition of contract revenue and determined these controls were operating effectively throughout the financial year. In relation to actual costs incurred to date, we verified the related costs to relevant suppliers' invoice and reviewed the accrued costs vis-à-vis estimated contract cost. In relation to estimated total contract costs, we: • obtained an understanding and evaluating the design and implementation of key controls over the budgeting process recognition of contract cost and testing the effectiveness of these key controls, on a sample basis, to determine whether these controls were operating effectively throughout the financial year. • assessed the management's judgements use to estimate the budgeted costs and cost to completion. • compared the stage of completion computed to customers' survey of works performed to assess if the contract costs incurred represent the works performed. • recomputed the accuracy of the revenue and profit based on the percentage of completion calculations and considered the implications of identified errors and changes in estimates. In relation to variation orders and claims against customers, we: • obtained understanding with the Group's various project officials on the process and timing of recognition of variation orders and claims against customers by inspection of correspondence with customers. • assessed the management's judgements used to estimate the variation orders and claims against customers. We also assessed the adequacy of provision for foreseeable losses; if any, for those projects which incurred losses and with low profit margin. Based on our audit procedures performed, we consider management's judgement in preparing the key estimates to be within a reasonable range.

Key Audit Matters (Continued)

Key audit matter	**How our audit addressed the matter**
Valuation of development properties	
As at 30 June 2017, the Group has development properties of $42,007,000 located in Singapore and Malaysia. These properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less estimated costs of completion and selling expenses. The determination of the estimated net realisable value of these development properties is critically dependent upon the management’s expectations of future selling prices. The weak demand arising from the regulatory policies of the real estate industry might provide pressure on transaction volumes and properties prices. Therefore, there is a risk that the estimates of net realisable value exceed future selling prices, resulting in losses when properties are sold.	We discussed and challenged management on the basis used in their assessment in determining the estimated selling price. Where an independent external valuer was engaged, our procedures include assessment of the valuation approach used and their competency, capability and objectivity. We also read the terms of engagement of the valuer with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work. We have assessed the management’s and the valuer’s valuation approach by comparing their estimated selling prices to recently transacted prices and prices of comparable properties located in the same vicinity as the development project. Based on our audit procedures performed, we consider management’s estimated selling prices to be reasonable.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement director on the audit resulting in this independent auditor's report is Chan Siew Ting.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

6 October 2017

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Revenue	4	**72,887**	148,055
Cost of works		**(66,690)**	(137,928)
Gross profit		**6,197**	10,127
Other income	5	**693**	1,253
Other losses arising from currency exchange difference – net		**(351)**	(551)
Expenses			
– Distribution and marketing		**(626)**	(400)
– Administrative		**(6,904)**	(7,758)
– Finance	8	**(290)**	(190)
(Loss)/profit before income tax		**(1,281)**	2,481
Income tax expense	9	**(32)**	(518)
Net (loss)/profit		**(1,313)**	1,963
Other comprehensive loss, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– losses	26(a)	**(84)**	(198)
Total comprehensive (loss)/income		**(1,397)**	1,765
(Loss)/profit attributable to:			
Equity holders of the Company		**(1,066)**	2,096
Non-controlling interests		**(247)**	(133)
		(1,313)	1,963
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(1,150)**	1,898
Non-controlling interests		**(247)**	(133)
		(1,397)	1,765
(Loss)/earnings per share attributable to equity holders of the Company (cents per share)			
Basic and diluted	10	**(0.63)**	1.23

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

BALANCE
SHEETS
AS AT 30 JUNE 2017

	Note	Group		Company	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	11	**3,547**	11,170	**152**	289
Trade and other receivables	12	**30,840**	27,261	**8,551**	6,368
Inventories	13	**41**	125	**–**	–
Construction contract work-in-progress	14	**–**	37	**–**	–
Development properties	15	**42,007**	35,871	**–**	–
Other current assets	16	**746**	1,148	**4**	20
		77,181	75,612	**8,707**	6,677
Non-current assets					
Investments in subsidiary corporations	17	**–**	–	**20,172**	19,772
Property, plant and equipment	18	**3,599**	5,272	**14**	–
Investment properties	19	**217**	223	**–**	–
		3,816	5,495	**20,186**	19,772
Total assets		**80,997**	81,107	**28,893**	26,449
LIABILITIES					
Current liabilities					
Trade and other payables	20	**21,569**	26,864	**5,460**	2,959
Borrowings	21	**27,654**	3,994	**2,000**	2,000
Current income tax liabilities	9	**163**	503	**5**	7
		49,386	31,361	**7,465**	4,966
Non-current liabilities					
Borrowings	21	**7,251**	23,248	**–**	–
Deferred income tax liabilities	23	**96**	157	**–**	–
		7,347	23,405	**–**	–
Total liabilities		**56,733**	54,766	**7,465**	4,966
NET ASSETS		**24,264**	26,341	**21,428**	21,483
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	**12,374**	14,120	**6,232**	6,287
Currency translation reserve	26(a)	**(597)**	(513)	**–**	–
Other reserve	26(b)	**(52)**	(52)	**–**	–
Merger reserve	26(c)	**(2,014)**	(2,014)	**–**	–
		24,907	26,737	**21,428**	21,483
Non-controlling interests	17	**(643)**	(396)	**–**	–
Total equity		**24,264**	26,341	**21,428**	21,483

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Attributable to equity holders of the Company							
	Note	Share capital $'000	Retained profits $'000	Currency translation reserve $'000	Merger reserve $'000	Other reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2017									
Beginning of financial year		**15,196**	**14,120**	**(513)**	**(2,014)**	**(52)**	**26,737**	**(396)**	**26,341**
Net loss for the financial year		–	**(1,066)**	–	–	–	**(1,066)**	**(247)**	**(1,313)**
Other comprehensive loss for the financial year		–	–	**(84)**	–	–	**(84)**	–	**(84)**
Total comprehensive loss for the financial year		–	**(1,066)**	**(84)**	–	–	**(1,150)**	**(247)**	**(1,397)**
Dividend relating to 2016	27	–	**(680)**	–	–	–	**(680)**	–	**(680)**
End of financial year		**15,196**	**12,374**	**(597)**	**(2,014)**	**(52)**	**24,907**	**(643)**	**24,264**
2016									
Beginning of financial year		15,196	13,384	(315)	(2,014)	–	26,251	(285)	25,966
Net profit/(loss) for the financial year		–	2,096	–	–	–	2,096	(133)	1,963
Other comprehensive loss for the financial year		–	–	(198)	–	–	(198)	–	(198)
Total comprehensive income/(loss) 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(b)	–	–	–	–	(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

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

CONSOLIDATED STATEMENT OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Net (loss)/profit		**(1,313)**	1,963
Adjustments for:			
– Income tax expense	9	**32**	518
– Depreciation	6	**2,027**	2,343
– Gain on disposal of property, plant and equipment	5	**(6)**	*
– Impairment loss of property, plant and equipment	6	**–**	245
– Interest expense	8	**290**	190
– Unrealised currency translation differences		**(1,200)**	136
		(170)	5,395
Changes in working capital:			
– Trade and other receivables		**(3,584)**	14,047
– Other current assets		**397**	(491)
– Trade and other payables		**(5,318)**	(4,835)
– Inventories		**91**	800
– Construction contract work-in-progress		**37**	17
– Development properties		**(5,357)**	(4,769)
Cash (used in)/generated from operations		**(13,904)**	10,164
Income tax paid		**(433)**	(402)
Net cash (used in)/provided by operating activities		**(14,337)**	9,762
Cash flows from investing activities			
Additions to property, plant and equipment		**(451)**	(341)
Acquisition of additional equity interest in subsidiary corporation		**–**	(30)
Proceeds from disposal of property, plant and equipment		**6**	*
Net cash used in investing activities		**(445)**	(371)
Cash flows from financing activities			
Dividend paid to equity holders of the Company	27	**(680)**	(1,360)
Repayment of finance lease liabilities		**(331)**	(358)
Proceeds from borrowings		**9,653**	1,768
Repayment of borrowings		**(1,167)**	(3,666)
Interest paid		**(290)**	(190)
Net cash provided by/(used in) financing activities		**7,185**	(3,806)
Net (decrease)/increase in cash and bank balances		**(7,597)**	5,585
Cash and bank balances			
Beginning of financial year		**11,170**	5,592
Effect on currency translation on cash and bank balances		**(26)**	(7)
End of financial year	11	**3,547**	11,170

* Denotes amount less than $1,000

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

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

These financial statements for the financial year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors of Boldtek Holdings Limited (f.k.a Logistics Holdings Limited) on 6 October 2017.

1 General information

Boldtek Holdings Limited (f.k.a 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.

With effect from 17 August 2017, the name of the Company was changed from Logistics Holdings Limited to Boldtek Holdings Limited.

The principal activities of the Company are investment holding. The principal activities of the subsidiary corporations are disclosed in Note 17 to the financial statements.

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 ("$") and all values are rounded up to the nearest thousand ($'000) except otherwise indicated.

Interpretations and amendments to published standards effective in 2017

On 1 July 2016, the Group adopted the new or amended FRS and Interpretations of 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 Significant accounting policies (Continued)

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 deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of 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 identifiable net assets.

2 Significant accounting policies (Continued)

2.2 Group accounting (Continued)

(a) Subsidiary corporations (Continued)

(ii) Acquisitions (Continued)

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.

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The consolidated statement of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and bank balances and fair value of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary corporation is taken to other reserve.

(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 Note 2.7 for the accounting policy on "Investments in subsidiary corporations" in the separate financial statements of the Company.

2 Significant accounting policies (Continued)

2.2 Group accounting (Continued)

(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 interests 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 the sales of goods and rendering of 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

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

(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.

(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 Significant accounting policies (Continued)

2.3 Revenue recognition (Continued)

(g) *Other income*

Other income is recognised at the point of entitlement of income.

(h) *Revenue from development properties*

The Group recognises revenue from sales of development properties when the risks and rewards of ownership have been transferred to the buyer either through the transfer of legal title or equitable interest in the properties, which is normally on unconditional exchange of contracts.

Revenue is generally not recognised unless all the significant conditions are satisfied. Revenue and the amounts received from the buyer will be deferred and presented as advances received within "Trade and other payables" on the balance sheet until all the significant conditions are met.

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:

	Useful lives
Leasehold buildings	over the lease term
Plant and machinery	5 years
Office equipment, furniture and fittings and computer	1 – 5 years
Motor vehicles	5 years
Renovation	5 years
Dormitory	2 years

2 Significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

(b) Depreciation (Continued)

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 within "other gains and losses".

2.5 Investment properties

Investment properties include office units that are held for long-term rental yields and/or for capital appreciation.

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.

2 Significant accounting policies (Continued)

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 and the estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

(a) *Properties under development*

The cost of properties under development comprise specifically identifiable costs, including acquisition costs, development expenditure, borrowing costs (refer to Note 2.26 on borrowing costs) and other related expenditure. Borrowing costs payable on loans funding the development properties are also capitalised, on a specific identification basis as part of the cost of the development properties until the completion of development. The cumulative impact of a revision in estimates is recorded in the period such revisions becomes likely and estimable. When it is probable that the cost of development properties will exceed sale proceed of the development properties, the expected loss is recognised as an expense immediately. The development properties in progress have operating cycle longer than one year.

(b) *Completed properties held for sale*

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction costs, related overhead expenditure, and financing charges and other net costs incurred during the period of development. Allowance for impairment is made when it is anticipated that the net realisable value has fallen below cost.

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 inflows 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.

2 Significant accounting policies (Continued)

2.8 Impairment of non-financial assets (Continued)

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 for the asset 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 included in 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 losses) 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". Advances received are included within "Trade and other payables".

2 Significant accounting policies (Continued)

2.10 Cash and bank balances

For the purpose of presentation in the consolidated statements of cash flows, cash and bank balances 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" (Note 12) and "Cash and bank balances" (Note 11) 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.

(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.

2 Significant accounting policies (Continued)

2.11 Financial assets (Continued)

(e) Impairment (Continued)

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.

2 Significant accounting policies (Continued)

2.14 Income taxes (Continued)

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 or 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.

2 Significant accounting policies (Continued)

2.16 Currency translation (Continued)

(b) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". 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.

(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

Provisions 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. Provisions are not recognised for future operating losses.

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 Significant accounting policies (Continued)

2.20 Government grants

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

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

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.

2.22 Leases

(a) When the Group is the lessee

The Group leases motor vehicle and 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 risk and rewards incidental to ownership are retained by 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.

2 Significant accounting policies (Continued)

2.22 Leases (Continued)

(b) When the Group is the lessor

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 over the lease term on the same basis as the lease income.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

2.24 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee are initially recognised at their fair value plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

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 Significant accounting policies (Continued)

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. This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

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.

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 proportion of 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 contract revenue on uncompleted contracts at the balance sheet date increase/decrease by 5% from management's estimates, the Group's revenue will increase/decrease by $7,647,000 (2016: $15,251,000) and $13,563,000 (2016: $19,528,000) 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 $1,049,000 (2016: $2,147,000) and $1,714,000 (2016: $2,443,000) 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 $163,000 and $503,000 as at 30 June 2017 and 2016 respectively. The carrying amounts of the Group's deferred income tax liabilities were $96,000 and $157,000 as at 30 June 2017 and 2016 respectively.

3 Critical accounting estimates, assumptions and judgements (Continued)

(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 to sell 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 was made in precast operations CGU for specific mould equipment during the financial year ended 30 June 2016, which reduced the carrying amount of certain plant and machinery allocated to precast operations CGU. The recoverable amount of the plant and machinery has been determined based on the fair value less costs to sell performed by an independent third party valuer. The carrying amount of property, plant and equipment allocated to precast operations CGU as at 30 June 2017 is $1,194,000 (2016: $2,017,000). 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 $119,400 (2016: $201,700).

(d) Estimation of net realisable value for development properties

Development properties are stated at the lower of cost and the estimated net realisable value.

The Group assesses at balance sheet date the estimated net realisable value of development properties by reference to the selling prices of comparable properties, location of property and development expenditure. Market conditions may, however, change which may affect the future selling prices on the remaining unsold units of the development properties and accordingly, the carrying amount of development properties for sale may have to be written down in future periods.

Management has assessed that no write down in carrying amount of the development properties is required to be made in the financial statements for the financial years ended 30 June 2017 and 2016.

The carrying amount of the development properties are disclosed in Note 15 to the financial statements.

4 Revenue

	Group	
	2017	2016
	$'000	$'000
Revenue from construction works	**42,902**	122,926
Revenue from building and maintenance	**27,136**	24,016
Revenue from precast manufacturing	**2,849**	491
Revenue from consultation services	**–**	622
	72,887	148,055

5 Other income

	Group	
	2017	2016
	$'000	$'000
Equipment handling income	**205**	290
Dormitory income	**3**	730
Rental income (Note 19)	**30**	34
Gain on disposal of property, plant and equipment	**6**	*
Government grant – Wage credit scheme	**15**	53
Government grant – Special employment credit	**10**	14
Government grant – Temporary employment credit	**26**	26
Settlement claim from sub-contractor	**–**	65
Insurance compensation	**26**	–
Waiver of non-trade payable	**200**	–
Scrap sales of used equipment	**93**	–
Other	**79**	41
	693	1,253

* Denotes amount less than $1,000

6 Expenses by nature

	Group	
	2017	2016
	$'000	$'000
Purchase of materials(1)	**8,931**	20,141
Fees on audit services paid/payable to:		
– Auditor of the Company	**90**	88
– Other auditor	**4**	4
Fees on non-audit services paid/payable to:		
– Auditor of the Company	**16**	16
– Other auditor	**26**	36
Impairment loss of property, plant and equipment (Note 18)	**–**	245
Depreciation	**2,027**	2,343
Directors' fees(2)	**153**	151
Dormitory expenses	**–**	306
Donation	**58**	74
Employee compensation (Note 7)	**9,073**	9,907
Entertainment expenses	**71**	79
Delivery charges	**511**	332
Professional charges	**241**	343
Property and land tax	**467**	122
Rental on operating leases	**321**	461
Sub-contractor charges	**46,235**	97,531
Utilities	**280**	213
Worksite and factory expenses	**4,604**	11,900
Changes in inventories	**91**	852
Other expenses	**1,021**	942
Total cost of works, distribution and marketing and administrative expenses	**74,220**	146,086

6 Expenses by nature (Continued)

(1) Included in the purchase of materials was an amount of $1,671,000 (2016: $928,936) relating to purchase of materials for precast manufacturing purpose.

(2) Included in the directors' fees was an amount of $14,000 (2016: $12,000) paid to a director of Le Premier Development Pte. Ltd..

7 Employee compensation

	Group	
	2017	2016
	$'000	$'000
Salaries and bonuses	**8,433**	9,183
Employer's contribution to defined contribution plans	**395**	436
Other short-term benefits	**245**	288
	9,073	9,907

8 Finance expenses

	Group	
	2017	2016
	$'000	$'000
Interest expense		
– Bank borrowings	**1,137**	1,090
– Finance lease liabilities	**16**	23
	1,153	1,113
Finance expense capitalised in:		
– Development properties (Note 15)	**(863)**	(923)
Finance expenses recognised in profit or loss	**290**	190

9 Income tax expense

(a) Income tax expense

	Group	
	2017	2016
	$'000	$'000
Tax expense attributable to (loss)/profit is made up of:		
(Loss)/profit for the financial year:		
– Current income tax	**93**	498
– Deferred income tax (Note 23)	**3**	113
	96	611
Under/(over) provision in prior years:		
– Current income tax	**–**	14
– Deferred income tax (Note 23)	**(64)**	(107)
	(64)	(93)
	32	518

9 Income tax expense (Continued)

(a) Income tax expense (Continued)

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

	Group	
	2017	2016
	$'000	$'000
(Loss)/profit before income tax	**(1,281)**	2,481
Tax calculated at tax rate of 17% (2016: 17%)	**(218)**	422
Effects of:		
– Effect of tax rate for different jurisdiction	**(131)**	(119)
– Tax incentives	**(240)**	(201)
– Expenses not deductible for tax purposes	**325**	454
– Income not subject to tax	**(3)**	–
– Deferred tax assets not recognised	**355**	74
– Other	**8**	(19)
Tax charge	**96**	611

During the financial year, in relation to the Singapore group relief system, the Group utilised tax losses of $45,000 (2016: $775,000) to set off the assessable income of subsidiary corporations within the Group.

(b) Movement in current income tax liabilities

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**503**	393	**7**	7
Income tax paid	**(433)**	(402)	**(2)**	(7)
Tax expense	**93**	498	**–**	7
Under/(over) provision in prior years	**–**	14	**–**	–
End of financial year	**163**	503	**5**	7

10 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/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, (loss)/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	
	2017	2016
Net (loss)/profit attributable to equity holders of the Company ($'000)	**(1,066)**	2,096
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**170,000**	170,000
Basic and diluted (loss)/earnings per share (cents per share)	**(0.63)**	1.23

There were no dilutive potential ordinary shares during the financial years ended 30 June 2017 and 2016.

11 Cash and bank balances

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Cash on hand	**33**	35	**–**	–
Cash at bank	**3,514**	11,135	**152**	289
	3,547	11,170	**152**	289

12 Trade and other receivables

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade receivables				
– Non-related parties	**5,357**	3,741	**–**	–
– Subsidiary corporations	**–**	–	**3,152**	969
	5,357	3,741	**3,152**	969
Construction contracts				
– Due from customers (Note 14)	**23,106**	20,370	**–**	–
– Retentions (Note 14)	**2,359**	3,141	**–**	–
	25,465	23,511	**–**	–
Non-trade receivables				
– Non-related parties	**2**	3	**–**	–
– Subsidiary corporations	**–**	–	**5,399**	5,399
	2	3	**5,399**	5,399
Staff advances	**16**	6	**–**	–
	30,840	27,261	**8,551**	6,368

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

13 Inventories

	Group	
	2017	2016
	$'000	$'000
Precast manufacturing:		
Raw materials	**41**	50
Finished goods	**–**	75
	41	125

The cost of inventories recognised as an expense and included in "cost of works" amounted to $1,685,000 (2016: $1,780,000).

14 Construction contracts

	Group	
	2017	2016
	$'000	$'000
Construction contract work-in-progress:		
Beginning of financial year	**37**	54
Contract costs incurred	**66,106**	114,415
Contract expenses recognised in profit or loss	**(66,143)**	(114,432)
End of financial year	**–**	37
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**413,796**	621,326
Less: Progress billings	**(391,247)**	(601,431)
	22,549	19,895
Presented as:		
Due from customers on construction contracts (Note 12)	**23,106**	20,370
Due to customers on construction contracts (Note 20)	**(557)**	(475)
	22,549	19,895
Retentions on construction contracts (Note 12)	**2,359**	3,141

15 Development properties

	Group	
	2017	2016
	$'000	$'000
Freehold land		
– Singapore	**13,400**	13,400
– Malaysia	**12,447**	13,063
	25,847	26,463
– Singapore	**10,764**	5,956
– Malaysia	**5,396**	3,452
	16,160	9,408
	42,007	35,871

During the financial year, $863,000 (2016: $923,000) 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% (2016: 2.89% 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).

15 Development properties (Continued)

As at 30 June 2017, 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[a]	Residential development	Freehold	4th quarter of 2017	1,551
Lot 2656 (GRN 237453) Mukim of Senai, District of Kulaijaya, Johor, Malaysia[b]	Industrial development	Freehold	2nd quarter of 2019	112,805

(a) Development properties are pending for the issuance of temporary occupation permit ("TOP")
(b) Development properties are currently under construction

16 Other current assets

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Deposits	**699**	1,028	**–**	–
Prepayments	**47**	120	**4**	20
	746	1,148	**4**	20

17 Investments in subsidiary corporations

	Company	
	2017	2016
	$'000	$'000
Equity investments at cost		
Beginning of financial year	**20,122**	20,122
Additions	**400**	–
End of financial year	**20,522**	20,122
Impairment losses		
Beginning of financial year	**(350)**	–
Impairment charges	**–**	(350)
End of financial year	**(350)**	(350)
Net carrying amount		
End of financial year	**20,172**	19,772

On 3 March 2017, the Company increased the cost of investment in one of its wholly-owned subsidiary corporation, Apex Projects Pte. Ltd., for a cash consideration of $400,000.

An impairment charge of $350,000 was made during the financial year ended 30 June 2016, which reduced the carrying amount of investment to the recoverable amount after taking into account the financial conditions of the subsidiary corporation.

17 Investments in subsidiary corporations (Continued)

FY2016

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 the non-controlling interests of $22,000 and recorded a decrease in equity attributable to owners of the Company 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 financial year is summarised 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 equity [Note 26 (b)]	(52)

The Group had the following subsidiary corporations as at 30 June 2017 and 2016:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by respective entities		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by the non-controlling interests	
			2017 %	2016 %	**2017** %	2016 %	**2017** %	2016 %
Held by the Company								
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	**–**	–
Boldtek Investment Pte. Ltd. (f.k.a Logistics Investment Pte. Ltd.)(1)	Investment holding	Singapore	**100**	100	**100**	100	**–**	–

17 Investments in subsidiary corporations (Continued)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by respective entities		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by the non-controlling interests	
			2017 %	2016 %	**2017** %	2016 %	**2017** %	2016 %
Held by Boldtek Investment Pte. Ltd. (f.k.a Logistics Investment Pte. Ltd.)								
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	**–**	–
Held by CCL Precast Pte. Ltd.								
CCL Precast (M) Sdn. Bhd.(2)(3)	Manufacture of articles of cement, concrete and plaster	Malaysia	**100**	100	**80**	80	**20**	20
Held by Logistics Construction Pte. Ltd.								
MSC Engineering Pte. Ltd.(1)	General Contractors (Building construction including major upgrading works)	Singapore	**100**	100	**100**	100	**–**	–

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, an independent member firm of Nexia International.

(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.

17 Investments in subsidiary corporations (Continued)

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

	Group	
	2017	2016
	$'000	$'000
CCL Precast Pte. Ltd. and its subsidiary corporation	**(750)**	(509)
New Soil Technologies Pte. Ltd.	**107**	113
	(643)	(396)

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 2017 and 2016.

Summarised balance sheet

	CCL Precast Pte. Ltd. and its subsidiary corporation	
	2017	2016
	$'000	$'000
Current		
Assets	**588**	611
Liabilities	**(5,539)**	(5,124)
Total current net liabilities	**(4,951)**	(4,513)
Non-current		
Assets	**1,204**	2,022
Liabilities	**–**	(55)
Total non-current net assets	**1,204**	1,967
Net liabilities	**(3,747)**	(2,546)

17 Investments in subsidiary corporations (Continued)

Summarised statement of comprehensive income

	CCL Precast Pte. Ltd. and its subsidiary corporation	
	2017	2016
	$'000	$'000
Revenue	**3,478**	4,449
Loss before income tax	**(1,330)**	(1,280)
Income tax credit	**57**	17
Net loss, net of income tax	**(1,273)**	(1,263)
Other comprehensive gain/(loss)	**72**	(9)
Total comprehensive loss	**(1,201)**	(1,272)

Summarised statement of cash flows

	CCL Precast Pte. Ltd. and its subsidiary corporation	
	2017	2016
	$'000	$'000
Net cash provided by operating activities	**709**	868
Net cash used in investing activities	**(63)**	(30)
Net cash used in financing activities	**(667)**	(727)
Net (decrease)/increase in cash and bank balances	**(21)**	111
Cash and bank balances at beginning of financial year	**350**	242
Effect on currency translation on cash and bank balances	**(8)**	(3)
Cash and bank balances at end of financial year	**321**	350

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	Total $'000
Group							
2017							
Cost							
Beginning of financial year	2,172	6,431	719	977	719	1,103	12,121
Currency translation differences	–	(148)	(11)	*	*	–	(159)
Additions	–	234	38	174	5	–	451
Disposal	–	–	–	(49)	–	–	(49)
End of financial year	2,172	6,517	746	1,102	724	1,103	12,364
Accumulated depreciation and impairment losses							
Beginning of financial year	1,281	2,818	503	663	481	1,103	6,849
Depreciation charge	334	1,395	78	103	111	–	2,021
Currency translation differences	–	(52)	(4)	*	*	–	(56)
Disposal	–	–	–	(49)	–	–	(49)
End of financial year	1,615	4,161	577	717	592	1,103	8,765
Net book value							
End of financial year	557	2,356	169	385	132	–	3,599

* Denotes amount less than $1,000

18 Property, plant and equipment (Continued)

	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								
Cost								
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
Accumulated depreciation and impairment losses								
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

2017	**Plant and machinery $'000**
Company	
Cost	
Beginning of financial year	–
Additions	17
End of financial year	17
Beginning of financial year	–
Depreciation charge	3
End of financial year	3
Net book value	
End of financial year	14

18 Property, plant and equipment (Continued)

There was no property, plant and equipment for the Company as at 30 June 2016.

(a) The carrying amounts of motor vehicle and plant and machinery held under finance leases amount to $51,000 (2016: $Nil) and $540,000 (2016: $900,000) respectively at the balance sheet date.

(b) As at 30 June 2017, 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

(c) An impairment charge of $245,000 was made in precast operations CGU for specific mould equipment during the financial year ended 30 June 2016 as this plant and machinery would not be able to generate sufficient future economic benefit. The recoverable amount of the plant and machinery has been determined based on the fair value less costs to sell performed by an independent third party valuer. Inputs used are not based on observable market data.

During the financial year ended 30 June 2016, the management assessed the value of the plant and equipment in precast operations CGU to be $1,480,000 based on the valuations determined by independent and qualified valuers, KGV International Property Consultants (Johor) Sdn. Bhd.. The fair value measurement is categorised under Level 3 of the hierarchy. These mould equipment are measured using the depreciated replace cost method which refer to the current cost of replacing an asset with an equally satisfactory substitute asset in new condition and with an equivalent productive capacity or service potential using modern materials.

19 Investment properties

	Group	
	2017	2016
	$'000	$'000
Cost		
Beginning and end of financial year	**320**	320
Accumulated depreciation		
Beginning of financial year	**97**	91
Depreciation charge	**6**	6
End of financial year	**103**	97
Net book value		
End of financial year	**217**	223
Fair value for disclosure purposes only:		
Fair value at end of financial year	**580**	580
The following amounts are recognised in profit or loss:		
Rental income (Note 5)	**30**	34
Direct operating expenses arising from:		
– Investment properties that generate rental income	**(8)**	(10)

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

19 Investment properties (Continued)

As at 30 June 2017, 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

Fair value hierarchy – Recurring fair value measurements

	Fair value measurements using		
Description	Quoted prices in active markets for identical assets (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
30 June 2017			
Investment properties:			
– Office units #02-02	–	**290**	–
– Office units #02-03	–	**290**	–
30 June 2016			
Investment properties:			
– Office units #02-02	–	290	–
– Office units #02-03	–	290	–

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 2017 and 2016.

During the financial year, the management assessed the value of investment properties to be approximately $580,000 (2016: $580,000) based on the valuations determined by independent and qualified valuers, Associated Property Consultants Pte. Ltd.. The fair value of the Group's investment properties at the end of current financial year was determined based on the properties' highest and best use based on the valuation technique as above.

20 Trade and other payables

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade payables				
– Non-related parties	**7,152**	11,054	**43**	35
– Non-controlling interests	**559**	562	**–**	–
	7,711	11,616	**43**	35
Construction contracts				
– Due to customers (Note 14)	**557**	475	**–**	–
Non-trade payables				
– Non-related parties	**1**	220	**–**	–
– Director	**2,242**	2	**240**	–
– Non-controlling interests	**–**	200	**–**	–
– Subsidiary corporations	**–**	–	**4,922**	2,657
	2,243	422	**5,162**	2,657
Deposits	**936**	37	**–**	–
Accrued operating expenses	**10,122**	14,314	**255**	267
	21,569	26,864	**5,460**	2,959

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

21 Borrowings

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Current				
Bank borrowings	**27,305**	3,667	**2,000**	2,000
Finance lease liabilities (Note 22)	**349**	327	**–**	–
	27,654	3,994	**2,000**	2,000
Non-current				
Bank borrowings	**7,046**	22,725	**–**	–
Finance lease liabilities (Note 22)	**205**	523	**–**	–
	7,251	23,248	**–**	–
Total borrowings	**34,905**	27,242	**2,000**	2,000

21 Borrowings (Continued)

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

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
6 months or less	**588**	496	**–**	–
6 – 12 months	**27,066**	3,498	**2,000**	2,000
Between one and five years	**7,251**	23,248	**–**	–
	34,905	27,242	**2,000**	2,000

(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, 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 motor vehicle and 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	
	2017	2016
	$'000	$'000
Bank borrowings	**6,009**	21,816
Finance lease liabilities	**197**	493

	Group	
	2017	2016
Bank borrowings	**6.6%**	3.62% to 5.35%
Finance lease liabilities	**4.97%**	4.97%

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

21 Borrowings (Continued)

(c) Financial covenants

The borrowings for development properties of the Group is subjected to certain covenant clauses with the bank. The Group did not fulfil the financial covenants as follows:

(i) To obtain TOP for eight units of residential properties at 21 Paya Lebar Crescent not later than 31 December 2016; and

(ii) To achieve sales of three units of residential properties at 21 Paya Lebar Crescent on or before 30 June 2017 or 6 months after issuance of TOP, whichever is earlier.

The bank had not requested early repayments of the borrowings, when these financial statements were approved by the Board of Directors. The borrowings has already been presented as current liabilities as at 30 June 2017.

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	
	2017	2016
	$'000	$'000
Minimum lease payments due		
– Not later than one year	**358**	343
– Between one and five years	**207**	533
	565	876
Less: Future finance charges	**(11)**	(26)
Present value of finance lease liabilities	**554**	850
The present values of finance lease liabilities are analysed as follows:		
Not later than one year (Note 21)	**349**	327
Between one to five years (Note 21)	**205**	523
Total	**554**	850

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	
	2017	2016
	$'000	$'000
Deferred income tax liabilities		
– to be settled within one year	**96**	157

Movement in deferred income tax account is as follows:

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**157**	151
Tax charged to profit or loss [Note 9(a)]	**3**	113
Over provision in prior years [Note 9(a)]	**(64)**	(107)
End of financial year	**96**	157

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
2017			
Beginning of financial year	**(19)**	**(21)**	**(40)**
Charged to profit or loss	**19**	**21**	**40**
End of financial year	**–**	**–**	**–**
2016			
Beginning of financial year	(96)	(21)	(117)
Charged to profit or loss	77	–	77
End of financial year	(19)	(21)	(40)

23 Deferred income taxes (Continued)

Deferred income tax liabilities

	Accelerated tax depreciation $'000
2017	
Beginning of financial year	**197**
Credited to profit or loss	**(101)**
End of financial year	**96**
2016	
Beginning of financial year	268
Credited to profit or loss	(71)
End of financial year	197

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 $1,560,000 (2016: $101,000), unabsorbed industrial building allowance of $129,000 (2016: $129,000) and unabsorbed capital allowance $859,000 (2016: $838,000) 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.

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

24 Share capital

	Group and Company	
	Number of shares '000	Issued and paid-up share capital $'000
30 June 2017 and 2016		
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	
	2017	2016
	$'000	$'000
Beginning of financial year	**6,287**	6,780
Net profits	**625**	867
Dividend paid (Note 27)	**(680)**	(1,360)
End of financial year	**6,232**	6,287

26 Other reserves

Composition

	Group	
	2017	2016
	$'000	$'000
Currency translation reserve	**(597)**	(513)
Other reserve	**(52)**	(52)
Merger reserve	**(2,014)**	(2,014)
	(2,663)	(2,579)

(a) Currency translation reserve

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**(513)**	(315)
Currency translation differences arising from consolidation	**(84)**	(198)
End of financial year	**(597)**	(513)

(b) Other reserve – premium paid on acquisition of non-controlling interests

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**(52)**	–
Acquisition of additional equity interest in subsidiary corporation (Note 17)	**–**	(52)
End of financial year	**(52)**	(52)

26 Other reserves (Continued)

(c) 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.

Other reserves are non-distributable.

27 Dividends

	Group	
	2017	2016
	$'000	$'000
Ordinary dividends declared and paid		
First and final exempt (one-tier) dividend paid in respect of the previous financial year of $0.004 (2016: $0.008) per share	**680**	1,360

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.

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	
	2017	2016
	$'000	$'000
Advisory fees paid to a director	**48**	48
Sales to a director	**(2)**	–

29 Related party transactions (Continued)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2017	2016
	$'000	$'000
Salaries and bonuses	**1,583**	1,621
Directors' fees	**139**	139
Employer's contribution to defined contribution plans including Central Provident Fund	**76**	76
Other short-term benefits	**196**	228
	1,994	2,064

Included in the above is total compensation to executive directors of the Company amounting to $1,444,000 (2016: $1,472,000).

30 Contingent liabilities

The Company has issued corporate guarantees for borrowings of its subsidiary corporations. These borrowings of the subsidiary corporations amounted to $32,905,000 (2016: $25,242,000) at the balance sheet date.

The Company has given letters of financial support to certain subsidiary corporations in the Group with net liability position 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, with no default in the payment of borrowings and credit facilities.

31 Commitments

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

The Group leases workers quarters, office equipment and 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	
	2017	2016
	$'000	$'000
Not later than one year	**713**	178
Between one and five years	**730**	22
	1,443	200

31 Commitments (Continued)

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

The Group leases out investment properties and dormitory 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	
	2017	2016
	$'000	$'000
Not later than one year	**18**	4
Between one and five years	**6**	–
	24	4

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.

32 Financial risk management (Continued)

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
Group			
At 30 June 2017			
Financial assets			
Cash and bank balances	**3,083**	**464**	**3,547**
Trade and other receivables	**30,020**	**820**	**30,840**
Inter-company balances	**35,714**	**2,308**	**38,022**
Other current assets	**599**	**100**	**699**
	69,416	**3,692**	**73,108**
Financial liabilities			
Trade and other payables	**19,106**	**1,906**	**21,012**
Borrowings	**24,960**	**9,945**	**34,905**
Inter-company balances	**27,060**	**10,962**	**38,022**
	71,126	**22,813**	**93,939**
Net financial liabilities	**(1,710)**	**(19,121)**	**(20,831)**
Currency exposure of financial assets net of those denominated in the respective entities' functional currency	**–**	**10,962**	**–**
At 30 June 2016			
Financial assets			
Cash and bank balances	10,617	553	11,170
Trade and other receivables	27,206	55	27,261
Inter-company balances	19,375	13	19,388
Other current assets	933	95	1,028
	58,131	716	58,847
Financial liabilities			
Trade and other payables	25,895	494	26,389
Borrowings	16,805	10,437	27,242
Inter-company balances	14,479	4,909	19,388
	57,179	15,840	73,019
Net financial assets/(liabilities)	952	(15,124)	(14,172)
Currency exposure of financial assets net of those denominated in the respective entities' functional currency	–	4,909	–

32 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

If the SGD changes against the MYR by 4% (2016: 6%) with all other variables including tax rate being held constant, the effect arising from the net financial position will be $364,000 (2016: $244,000).

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies for the financial years ended 30 June 2017 and 2016.

(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% (2016: 1.8% to 6.5%) per annum above Bank's Cost of Funds.

If the interest rates increases/decreases by 1% (2016: 1%) with all other variables including tax rate being held constant, the effect to the net profit of the Group would have been lower/higher by $440,000 (2016: $119,000) and $231,000 (2016: $58,000) 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 (2016: 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.

32 Financial risk management (Continued)

(b) Credit risk (Continued)

	Company	
	2017	2016
	$'000	$'000
Corporate guarantee provided to banks on subsidiary corporations' borrowings (Note 30)	**32,905**	25,242

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

	Group	
	2017	2016
	$'000	$'000
By types of customers		
Government bodies	**3,242**	2,435
Other companies	**2,116**	1,306
	5,358	3,741

(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	
	2017	2016
	$'000	$'000
Past due < 3 months	**1,097**	726
Past due 3 to 6 months	**44**	76
Past due over 6 months	**214**	262
	1,355	1,064

(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 bank balances as disclosed in Note 11.

32 Financial risk management (Continued)

(c) Liquidity risk (Continued)

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.

	Within 1 year $'000	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Total $'000**
Group				
30 June 2017				
Trade and other payables	**21,012**	**–**	**–**	**21,012**
Borrowings	**28,499**	**5,438**	**2,105**	**36,042**
Finance lease liabilities	**358**	**207**	**–**	**565**
	49,869	**5,645**	**2,105**	**57,619**
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

	Within 1 year $'000
Company	
30 June 2017	
Trade and other payables	**5,460**
Financial guarantees contracts (Note 30)	**32,905**
	38,365
30 June 2016	
Trade and other payables	2,959
Financial guarantees contracts (Note 30)	25,242
	28,201

(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.

32 Financial risk management (Continued)

(d) Capital risk (Continued)

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 (2016: $8 million) at all times.

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 bank balances. Total capital is calculated as total equity plus net debt.

(i) Gearing ratio

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Net debt	**52,370**	42,461	**7,308**	4,670
Total equity	**24,264**	26,341	**21,428**	21,483
Total capital	**76,634**	68,802	**28,736**	26,153
Gearing ratio	**68.3%**	61.7%	**25.4%**	17.9%

(ii) Net tangible worth

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

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Total assets	**80,997**	81,107	**28,893**	26,449
Total liabilities	**(56,733)**	(54,766)	**(7,465)**	(4,966)
Net worth	**24,264**	26,341	**21,428**	21,483

The Group and the Company is in compliance with all externally imposed capital requirements for the financial years ended 30 June 2017 and 2016 except for the breach of financial convenants by one of the subsidiary corporations of the Group for the financial year ended 30 June 2017 which was disclosed in Note 21(c) to the financial statements.

(e) Fair value measurements

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) quoted prices (unadjusted) in active markets for identical assets (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) Level 2; and

(iii) inputs for the asset that are not based on observable market data (unobservable inputs) (Level 3).

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.

32 Financial risk management (Continued)

(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	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Loans and receivables	**35,086**	39,459	**8,703**	6,657
Financial liabilities at amortised cost	**55,917**	53,631	**7,460**	4,959

33 Segment information

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

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 and building and maintenance works such as excavation, piling, sub-structures and superstructures works, architectural works, aluminum cladding and curtain walling, mechanical and engineering works, supply and installation of furniture/interior fitting-out works, external works, and landscaping.

(ii) Precast manufacturing which involved in trading and manufacturing of concrete precast products.

(iii) Properties investment involved investment in and trading of and development of industrial and 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 the Group revenue in the future.

Except as disclose above, no operating segments have been aggregated to form the above reportable operating segments.

33 Segment information (Continued)

	General building activity $'000	Precast manufacturing activity $'000	Properties investment $'000	Soil investigation and treatment $'000	Elimination $'000	Total $'000
Group						
2017						
Revenue						
– External	70,038	2,849	–	–	–	72,887
– Inter-segment	4,374	629	–	–	(5,003)	–
	74,412	3,478	–	–	(5,003)	72,887
Gross profit/(loss)	6,707	(73)	–	–	(437)	6,197
Other income						693
Unallocated costs						(7,881)
Finance expense						(290)
Loss before income tax						(1,281)
Income tax expense						(32)
Net loss						(1,313)
Net loss includes:						
- Depreciation	1,226	795	6	–	–	2,027
Segment assets	32,428	1,386	42,751	140	–	76,705
Total assets includes:						
Additions to:						
– Property, plant and equipment	223	64	7	140	–	434
– Development properties	–	–	5,357	-	–	5,357
Segment liabilities	16,729	2,697	21,735	1	–	41,162

33 Segment information (Continued)

	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)				(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	30,664	2,187	35,929	–	–	68,780
Total assets includes:						
Additions to:						
– Property, plant and equipment	303	30	8	–	–	341
– Development properties	–	–	4,769	–	–	4,769
Segment liabilities	12,081	2,490	22,726	–	–	37,297

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.

33 Segment information (Continued)

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 trade receivables attributable to each segment. All assets are allocated to reportable segments other than cash and bank balances, other current assets and other receivables.

	2017 **$'000**	2016 $'000
Segment assets for reportable segments	**76,705**	68,780
Unallocated:		
– Cash and bank balances	**3,547**	11,170
– Other current assets	**727**	1,148
– Other receivables	**18**	9
	80,997	81,107

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.

	2017 **$'000**	2016 $'000
Segment liabilities for reportable segments	**41,162**	37,297
Unallocated:		
– Other payables	**13,312**	14,809
– Borrowings	**2,000**	2,000
– Income tax liabilities	**163**	503
– Deferred income tax liabilities	**96**	157
	56,733	54,766

Revenue from major operating activities

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

Revenue from external customers

Revenue of approximately $67,520,000 (2016: $140,678,000) are derived from government bodies. These revenue are attributable to Singapore general building activities.

33 Segment information (Continued)

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 entity was established in Johor, Malaysia since September 2013. The property development activities are domiciled in both Singapore and Malaysia.

	Group	
	2017	2016
	$'000	$'000
Non-current assets		
Singapore	**2,608**	3,466
Malaysia	**1,208**	2,029
	3,816	5,495

Revenue amounting to $72,867,000 (2016: $148,055,000) are generated from operations in Singapore.

34 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2017 or later periods and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2017
- Amendments to FRS 7: Disclosure Initiatives
- Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Improvements to FRSs (December 2016)
  - Amendments to FRS 112: Disclosure of Interest in Other Entities

Effective for annual periods beginning on or after 1 January 2018
- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts and Customers
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 40: Transfer of Investment Property
- INT FRS 122 Foreign Currency Transactions and Advance Consideration
- Improvements to FRSs (December 2016)
  - Amendments to FRS 101: First-time Adoption of Financial Reporting Standards
  - Amendments to FRS 28: Investments in Associates and Joint Ventures

Effective for annual periods beginning on or after 1 January 2019
- FRS 116 Leases Illustrative Examples & Amendments to Guidance on Other Standards

Effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the ASC
- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between as Investor and its Associate or Joint Venture

34 New or revised accounting standards and interpretations (Continued)

The Group has yet to assess the full impact from adoption of the above standards and intends to apply the relevant standards in the financial years where the standards become effective.

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 109 Financial Instruments

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the financial assets of the Group would appear to satisfy the conditions for classification as amortised cost and hence there will be no change to the accounting for these assets.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. There will be no impact on the Group's accounting as the Group does not have any such hedging instrument.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment on how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

34 New or revised accounting standards and interpretations (Continued)

FRS 115 Revenue from Contracts with Customers

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the goods or services. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

Management is currently assessing the effects of applying the new standard on the Group’s financial statements.

Effective for annual periods beginning on or after 1 January 2019

FRS 116 Leases

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group’s operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of S$1,443,000 [Note 31(a)]. However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s results and classification of cash flows.

34 New or revised accounting standards and interpretations (Continued)

IFRS Convergence in 2018

Singapore-incorporated companies listed on the SGX-ST will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 30 June 2019, with retrospective application to the comparative financial year ending 30 June 2018 and the opening statement of financial position as at 1 July 2017.

Management expects the potential impact arising from new/amended IFRS will be consistent with those disclosed above. Management is currently performing a detailed analysis at the transition options and other requirements of IFRS 1.

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, management does not expect any material change to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/amended IFRSs, and the election of certain transition options amended under IFRS 1.

STATISTICS OF SHAREHOLDINGS

AS AT 15 SEPTEMBER 2017

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 and subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

AS AT 15 SEPTEMBER 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	9	5.23	6,400	0.01
1,001 – 10,000	51	29.65	342,700	0.20
10,001 – 1,000,000	96	55.82	6,155,500	3.62
1,000,001 and above	16	9.30	163,495,400	96.17
TOTAL	**172**	**100.00**	**170,000,000**	**100.00**

TOP TWENTY LARGEST SHAREHOLDERS AS AT 15 SEPTEMBER 2017

	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	10,345,900	6.09
5	LIM CHYE KIM	6,237,700	3.67
6	LIM LAI HIONG	5,416,000	3.19
7	PHILLIP SECURITIES PTE LTD	3,967,400	2.33
8	MAYBANK KIM ENG SECURITIES PTE LTD	3,451,000	2.03
9	LIM CHIN TONG	3,237,000	1.90
10	ONG AH SIEW	2,564,500	1.51
11	BOH GEOK YUEN (MO YUYAN)	2,172,000	1.28
12	VSTL INVESTMENT LTD	2,159,100	1.27
13	TAN YEW MENG	1,843,700	1.08
14	BOH GEOK LING (MO YULING)	1,523,400	0.90
15	NG KOK SENG (HUANG GUOSHENG)	1,490,000	0.88
16	ASIAN TRUST INVESTMENT PTE LTD	1,112,500	0.65
17	SEOW WHYE TECK	400,000	0.24
18	ONG GEOK KAIM	290,000	0.17
19	ANG CHENG HO	250,000	0.15
20	YONG KEE ENG	206,000	0.12
	Total:	**164,641,400**	**96.86**

STATISTICS OF
SHAREHOLDINGS

AS AT 15 SEPTEMBER 2017

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 15 September 2017

	Direct interest		Deemed interest	
Name of substantial shareholders	**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 15 September 2017, 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 ("AGM") OF BOLDTEK HOLDINGS LIMITED (THE "COMPANY") WILL BE HELD AT 24 KRANJI ROAD, SINGAPORE 739465 ON THE 27th DAY OF OCTOBER 2017 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 2017 ("**FY2017**") together with the Directors' Statement and Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of S$138,600 as Directors' Fees for the financial year ending 30 June 2018, to be paid on a quarterly basis in arrears. **(Resolution 2)**

3. To re-elect Ms Ong Siew Eng who is retiring under Regulation 107 of the Constitution, as Director of the Company.

   Ms Ong Siew Eng will, upon such re-election, remain as an executive director of the Company. **(Resolution 3)**
   [See Explanatory Note (1)]

4. To re-elect Mr Foo Shiang Ping who is retiring under Regulation 107 of the Constitution, as Director of the Company.

   Mr Foo Shiang Ping will, upon such re-election, remain as a member of the Audit Committee and the Remuneration Committee of the Company. Mr Foo will be considered non-independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Foo and the other Directors, the Company and its 10% shareholders. **(Resolution 4)**
   [See Explanatory Note (1)]

5. To re-appoint Messrs Nexia TS Public Accounting Corporation, as the Company's Independent Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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

TO TRANSACT THE FOLLOWING SPECIAL BUSINESS

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

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

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

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

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

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

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

provided that:–

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

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 6)**

[See Explanatory Note (2)]

BY ORDER OF THE BOARD

PAO KIEW TEE
NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

12 October 2017

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(6) of the Companies Act, Chapter 50.

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

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

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

Explanatory Notes:

(1) Please refer to the Section "Board of Directors" in the annual report for the financial year ended 2017 for information on Ms Ong Siew Eng and Mr Foo Shiang Ping.

(2) The Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors from the date of the above annual general meeting until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares and/or convertible securities in the Company. The aggregate number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 and subsidiary holdings) 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.

This page has been intentionally left blank

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

IMPORTANT:

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

PROXY FORM
ANNUAL GENERAL MEETING

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

of ____ *(Address)*

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

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

and/or (delete as appropriate)

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

or failing *him/her/them, the Chairman of the Annual General Meeting of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at 24 Kranji Road, Singapore 739465 on 27 October 2017 at 3.00 p.m. and at any adjournment thereof.

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

* Please delete accordingly

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

No.	Resolutions relating to:	For	Against
Ordinary Business			
1.	Adoption of Audited Accounts, Directors' Statement and Auditors' Report for the financial year ended 30 June 2017		
2.	Approval of payment of Directors' Fees amounting to S$138,600.00 for the financial year ending 30 June 2018, to be paid on a quarterly basis in arrears.		
3.	Re-election of Ms Ong Siew Eng as a Director of the Company		
4.	Re-election of Mr Foo Shiang Ping as a Director of the Company		
5.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Independent Auditors of the Company and to authorise the Directors to fix their remuneration		
Special Business			
6.	General authority to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore		

Dated this ________ day of ________________ 2017

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

____
Signature(s) of Shareholder(s)
Or, Common Seal of Corporate Shareholder with
signature of authorised signatory(ies)

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

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

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

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

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

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

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

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

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

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

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

9 Terms and expressions not defined herein shall have the same meanings ascribed to them in the Annual Report 2017.

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

BOLDTEK
寶特 HOLDINGS

寶特控股有限公司

BOLDTEK HOLDINGS LIMITED

COMPANY REGISTRATION NO. 201224643D
24 KRANJI ROAD | SINGAPORE 739465
TEL: 6891 0831 FAX: 6891 0835