AGV GROUP

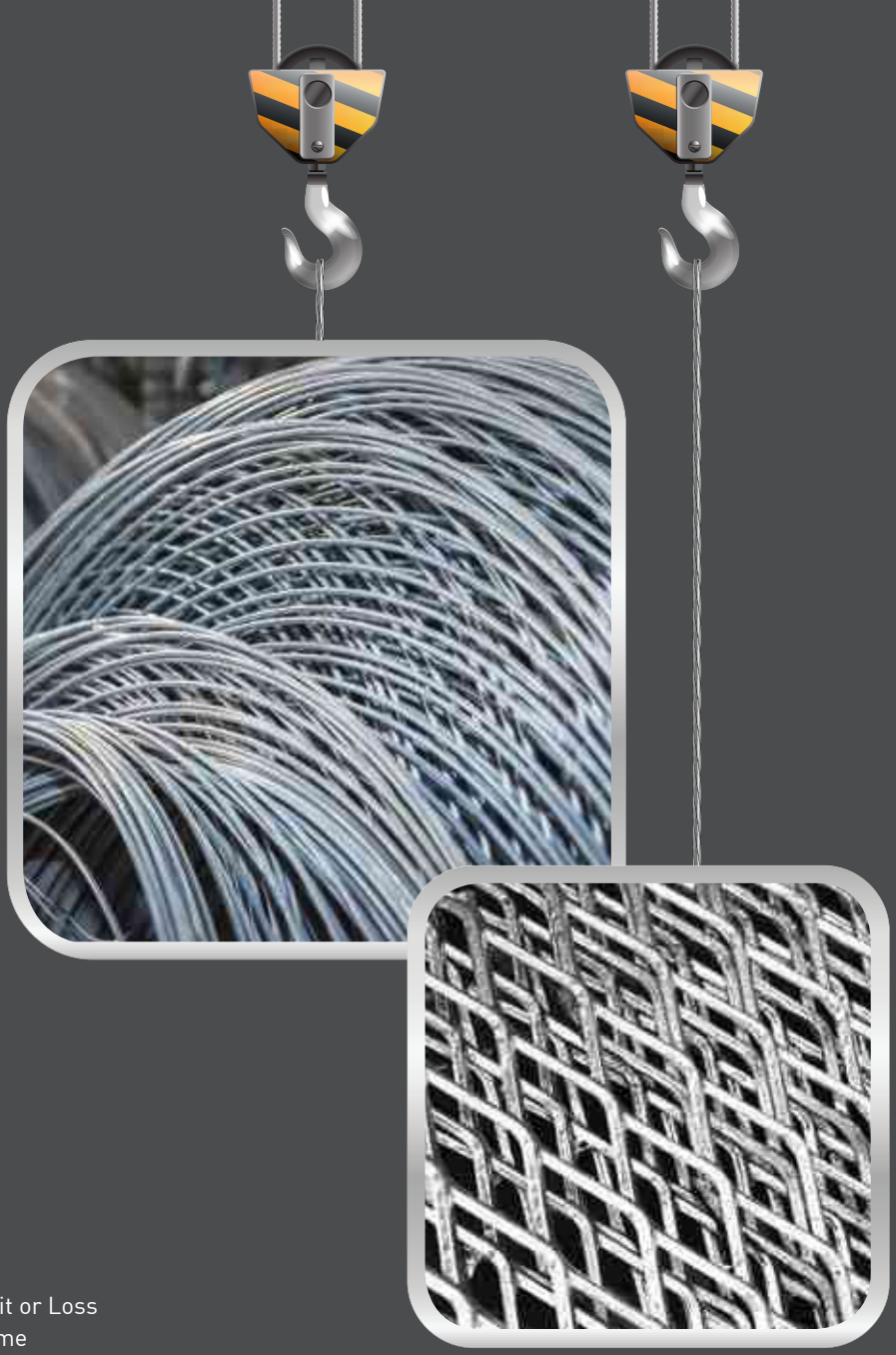
AGV GROUP LIMITED



PERFORMING AT THE GREATER LEVEL

ANNUAL REPORT 2016





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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 641 5 9886.

CORPORATE PROFILE



The AGV Group and its subsidiaries are leading providers of hot-dip galvanizing services in Singapore. Helmed by founders Albert Ang and James Ang, the Group has been profitable since starting operations in 2012. The Company was incorporated on 2 October 2015 and listed on the Catalist Board of the SGX-ST on 26 August 2016.

Our plant at 22 Benoi Road is strategically located in the heart of Singapore's heavy industries in Tuas. It operates round the clock throughout the year, with the capacity for up to 5,000 tonnes of hot dip galvanizing each month.

Today, the AGV Group serves over 900 clients from diverse industries across the public and private sectors.

For more information please visit:
www.agvgroup.com

CHAIRMAN'S STATEMENT



Demand for our services is likely to remain strong as no less than **S$26 billion** worth of construction contracts are expected to be awarded every year from 2017 to 2020.



Dear Shareholders,

On behalf of the Board of Directors ("**Board**"), I am pleased to present to you the very first annual report of AGV Group Limited ("**AGV**" or the "**Group**") since its listing on the Singapore Exchange on 26 August 2016.

Our listing on the Catalist board was one of the key highlights in our financial year ended 30 September 2016 ("**FY2016**"). This is a major milestone for the Group considering it started operations only in 2012. As a listed entity, we are in a stronger position to further expand our business in Singapore and the region.

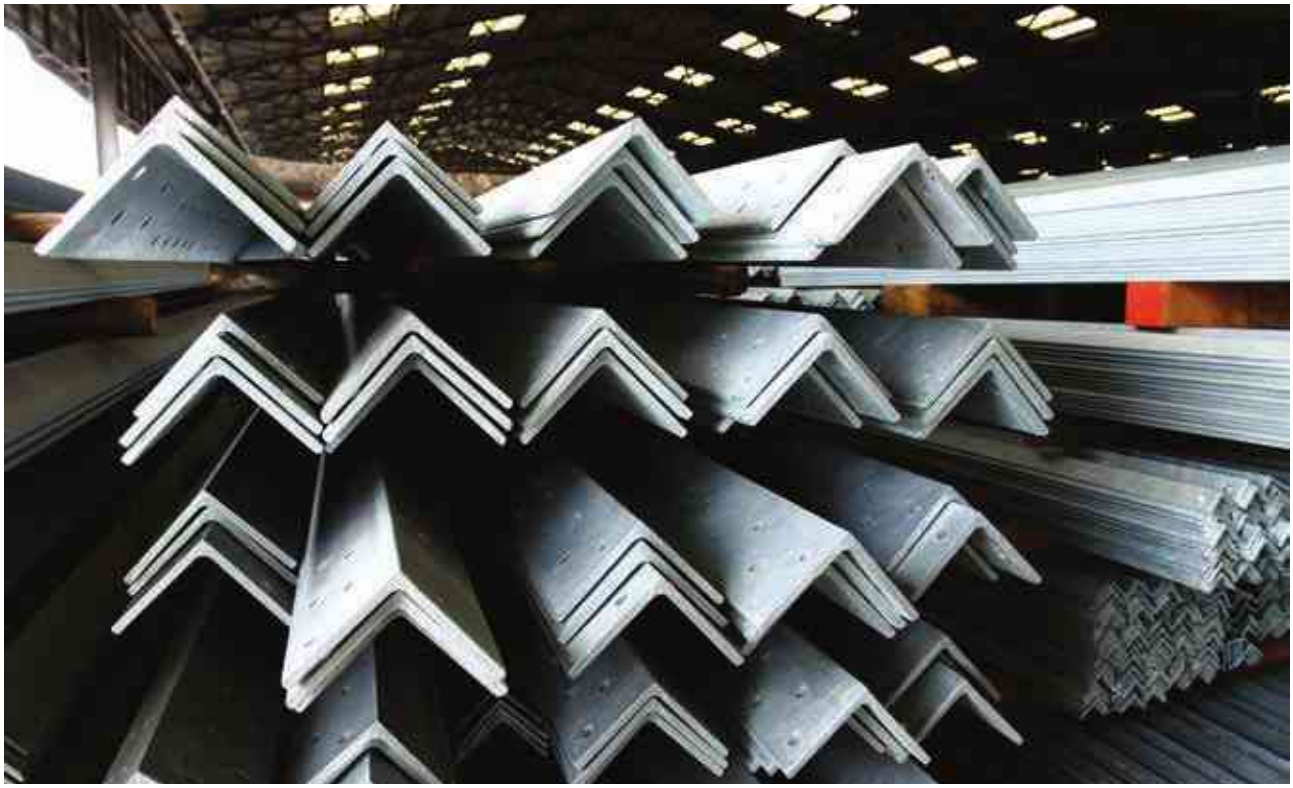
As one of the only five hot-dip galvanizing companies in Singapore, and the only one publicly listed, we are in a unique position to tap the many growth opportunities available in this region. We are already well established in Singapore, where hot-dip galvanizing is one of the most common and effective forms of protection against corrosion for steel and iron.

We have customers from a broad range of industries, including construction, telecommunications, aerospace, public transportation and utilities. In the construction sector alone, demand for our services is likely to remain strong as no less than S$26 billion worth of construction contracts are expected to be awarded every year from 2017 to 2020, according to the Building and Construction Authority of Singapore ("**BCA**").

The government has also unveiled a number of major projects in other sectors. Taken together, we believe these projects will underpin demand for our services for several years to come.

OVERSEAS EXPANSION

Building on our established track record in Singapore, we will venture into other markets, beginning with Malaysia. Our associate company, AGV Holdings Pte Ltd ("**AGV Holdings**"), has majority control of a hot-dip galvanizing plant in Pasir Gudang in Johor that started operations in April 2016. This facility can handle up to 5,000 tonnes of steel and iron a month, effectively doubling the Group's total capacity to 10,000 tonnes.



The plant in Johor is close to a world-class integrated refinery and petrochemical complex currently being built by Petronas, Malaysia's national oil and gas company. We look forward to being part of this huge project, which is expected to transform Southern Johor into a new petrochemical hub that will help meet the needs of the Asia-Pacific region.

Beyond Malaysia, we will explore opportunities to expand into other neighbouring countries such as Vietnam and Indonesia.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to thank all our customers and business partners for their support and trust. I also wish to thank the management team and all employees of AGV for making the company what it is today. My appreciation also goes to you shareholders for your support.

I expect more exciting times ahead as we continue to forge ahead under the leadership of the Chief Executive Officer Albert Ang and Chief Operating Officer James Ang.

JACK CHIA
Non-Executive Chairman and
Independent Director

CEO'S STATEMENT



With our balance sheet strengthened by the net proceeds of **S$4.3 million from the IPO**, we are in a stronger position to tap the many growth opportunities in Singapore and the region.

Dear Shareholders,

AGV Group has come a long way despite being in business for only four years. Through our plant in 22 Benoi Road, which operates around the clock, we serve more than 900 customers from a broad range of industries. More than half of our business is from repeat customers, and we have been profitable every year since our first year in business.

We have expanded beyond Singapore into Malaysia, where AGV Galvanizing (M) Sdn Bhd ("**AGV Malaysia**") operates a hot-dip galvanizing plant in Johor's industrial town of Pasir Gudang. Our 36%-owned associate company, AGV Holdings, has a 51% stake in AGV Malaysia, which commenced operations in April 2016.

One of our immediate priorities is to ramp up utilisation at the Johor plant, which is located not far from a number of major oil and gas projects currently being rolled out. These projects, which include an integrated refinery and petrochemical complex being built by Petronas, are one of the reasons we chose Malaysia as our first overseas market outside Singapore.

BUSINESS IN SINGAPORE

Singapore will continue to be our key market. According to the BCA, between S$26 billion and S$35 billion worth of construction contracts are expected to be awarded annually in 2017 and 2018. This is forecasted by BCA to range between S$26 billion and S$37 billion annually in 2019 and 2020.

In our financial year ended 30 September 2016 ("**FY2016**"), AGV generated revenue of S$20.2 million, 7.8% more than in the previous year ("**FY2015**") and the highest so far in our brief history.

The Group recognised income of about S$4.0 million in FY2016 from the sale of consumables, such as zinc and chemicals, to AGV Malaysia.

Total expenses for the year were higher, at approximately S$23.6 million compared to S$17.7 million for FY2015, due mainly to increases in consumables used and sold, employee benefits, and costs related to the initial public offering exercise ("**IPO**"), waste disposal, utilities, upkeep of motor vehicles and plant and equipment, and a loss on derivative financial instruments.

Taking into account the higher expenses, as well as losses of S$0.4 million from AGV Malaysia based on our shareholding via our associate, AGV Holdings, the Group turned in a net profit of S$0.6 million in FY2016, compared to a net profit of S$2.2 million in FY2015.



It should be noted that our net profit in FY2015 included gains totalling S$1.8 million, which comprised a non-recurring gain of S$0.6 million from the sale of a 64% stake in AGV Holdings and S$1.2 million in service income for technical advice and support rendered to AGV Malaysia.

AGV Holdings was incorporated in July 2013 as the holding company for our investments in Malaysia. In the same year, AGV Holdings became the controlling shareholder of AGV Malaysia, which operates the hot-dip galvanizing plant in Pasir Gudang. In the lead-up to our listing, we sold 64% of AGV Holdings to three individual investors, reducing our stake to 36%, as part of efforts to spread our risks as the foray into Malaysia was our first overseas venture.

Earnings per share for FY2016 amounted to 0.49 Singapore cent, compared to 1.78 Singapore cents for the previous year.

SOUND BALANCE SHEET

We have a sound balance sheet and will continue to keep a tight rein on costs even as we expand further.

The Group's current assets increased to S$14.3 million as at 30 September 2016 from S$9.1 million as at 30 September 2015, driven by higher trade and other receivables as well as cash proceeds from our IPO.

Non-current assets – which include the stake in our associate, property, plant and equipment, and other receivables – increased to S$16.6 million from S$13.5 million over the corresponding periods. This was driven mainly by an increase in other receivables – comprising management and service fees, and sales of consumables – due from AGV Malaysia.

The Group's net asset value per share was 10.13 Singapore cents as at 30 September 2016, compared to 7.29 Singapore cents as at 30 September 2015.

Current liabilities rose to S$13.5 million from S$8.3 million as at 30 September 2015, due mainly to increased purchases and billings from suppliers of materials and from IPO-related professionals and other vendors. Higher short-term bank borrowings for working capital also drove up our current liabilities.

Non-current liabilities declined to S$4.6 million from S$5.2 million, mainly due to a reduction in longer-term borrowings.

CASH FLOW

The Group generated S$5.0 million in net cash flow from operations in FY2016, up from S$1.8 million in FY2015. Cash used in investing activities was S$6.3 million, whereas cash generated from financing activities was S$5.3 million.

With our balance sheet strengthened by the net proceeds of S$4.3 million from the IPO, we are in a stronger position to tap the many growth opportunities in Singapore and the region. Thank you for your support and we look forward to better times ahead.

ALBERT ANG
Executive Director and Chief Executive Officer

INVESTMENT HIGHLIGHTS



1. One of Singapore's leading providers of hot-dip galvanizing services to the steel and iron fabrication industries, with a well diversified client base.

2. High barriers to entry due to significant capital expenditure and expertise needed.

3. Growing demand for hot-dip galvanizing services due to increasing public sector works and infrastructure construction in Singapore.

4. Hot-dip galvanizing found in almost every major application and industry where steel is used; considered one of the most common and cost-effective methods of metallic coating.

5. Strategically located plant operates 24/7 and is within close proximity to most customers or companies in the steel and iron fabrication markets.

BOARD OF DIRECTORS

Our Board is responsible for our Group's overall management and direction. Information on the business and working experience of the Directors is set out below.

JACK CHIA
Non-Executive Chairman and Independent Director

Jack Chia was appointed Independent Director of the Company on 1 Apr 2016.

He is the Non-Executive Chairman of the board of directors and Chairman of the Audit Committee. He is also a member of the Remuneration and Nominating Committees.

Jack Chia graduated from the National University of Singapore with a degree in Accountancy and from the International University of Japan with a Master of Arts in International Relations. He is qualified as a Fellow of the Institute of Singapore Chartered Accountants. He also completed the General Manager Program at Harvard Business School.

After 20 years in both the private and public sectors, substantially in Japan and China, with Arthur Andersen, Singapore Technologies, the Government of Singapore Investment Corporation (GIC) and the International Enterprise Singapore Board, he decided to embark on a career as a professional director, specializing in corporate governance. Jack Chia's present directorships in other listed companies include Combine Will International !Holdings Limited, Debao Property Development Limited, Dukang Distillers Holdings Limited, mm2 Asia Ltd and Shanghai Turbo Enterprises Limited.

Currently he spends most of his time in Chongqing and Singapore.

ALBERT ANG
Executive Director and CEO

Albert Ang is our CEO, Executive Director and Managing Director. Albert Ang was appointed to the Board on 2 October 2015. He is responsible for the strategic planning, overall management and business development of our Group.

As CEO, Albert Ang is directly responsible to the Board of Directors for the diligent management of our Group. He ensures that our Group is operated in accordance with the instructions of the board and all agreed management principles and procedures.

Having been in the hot-dip galvanizing industry for the past 18 years, Albert Ang has vast experience in the setting up, operation and management of large galvanizing plants, and provides the technical and operational expertise necessary to run our plant efficiently.

He is responsible for ensuring that our Group meets its business objectives, and formulating new business development plans to grow our Group. He is familiar with the business environment of Singapore and has developed extensive clientele knowledge over the years.

Albert Ang was previously a shareholder and the group general manager for Super Galvanising Pte Ltd in Singapore, which he joined in 1998. His past experience includes managing Super Galvanising Pte Ltd's business operations, corporate finance, business development, marketing and group expansion strategy.

During his employment in Super Galvanising Pte Ltd, he was also involved in the company's expansion in Dubai. As an executive director in Super Galvanising LLC Dubai, he was in charge of managing the company's daily operations and business development.

In 2008, Albert Ang joined Fastcoat Industries Pte Ltd, a Singapore-registered company with an operational hot dip galvanizing plant in Batam, Indonesia, as an executive director and partner. He was responsible for setting up the operations of the company, as well as managing its business development.

BOARD OF DIRECTORS

JAMES ANG
Executive Director and COO

James Ang is our COO and Executive Director and Deputy Managing Director. He was appointed to the Board on 22 January 2016.

James Ang has been in the hot-dip galvanizing industry in Singapore since 1989. During this time, he has been involved in the marketing and operations of three successful and leading hot-dip galvanizing plants in Singapore.

In 1988, James Ang joined Progress Manufacturing Pte Ltd, and was involved in the general management of the company, overseeing its marketing and operations. In 1997, he joined Super Galvanising Pte Ltd as a shareholder and later a director; in 2009, he joined Fastcoat Industries Pte Ltd as its executive director.

James Ang has vast experience in the operations and marketing aspects of the hot-dip galvanizing business. He has developed strong relationships and rapport with industry clients and end-users.

As COO, James Ang is directly responsible for the daily operations and marketing function of our Group. He will also assume the role of deputy CEO in the absence of Albert Ang.

ANG GHEE ANN
Executive Director

Ang Ghee Ann is our Executive Director and was appointed to the Board on 21 January 2016. He is primarily responsible for the development of our Group's future overseas expansion and development.

Ang Ghee Ann is the managing director and founder of MA Builders Pte Ltd. Under his leadership, MA Builders Pte Ltd achieved an annual turnover in excess of S$50.6 million for the year ended 31 December 2015 with 15 staff and 76 construction operatives. MA Builders Pte Ltd provides diverse construction services ranging from traditional construction to design and build for industrial buildings, residential housing, institutional buildings and infrastructure projects.

Our Group anticipates that high demand for public construction and infrastructure, as well as related industries, will likely result in more frequent engagement of our Group's hot-dip galvanizing services in the next few years. Ang Ghee Ann's experience and vast network of contacts within the construction industry will be valuable to our Group in the development of its client base. In addition, as Ang Ghee Ann frequently travels to Malaysia and Vietnam, he is able to provide our Group with overseas networks to facilitate our expansion into these regions.

YEONG CHUN SONG
Non-Executive Director

Yeong Chun Song is our Non-Executive Director and was appointed to the Board on 22 January 2016. He is the executive chairman and director of MA Builders Pte Ltd and a director of YAL Enterprise Pte. Ltd., a company involved in machinery and equipment leasing.

Yeong Chun Song has been involved in construction and project management and business development for more than 40 years, and has undertaken directorships in related industries since 1999. From 2006 to 2014, Yeong Chun Song was the managing director of Aloft Builders Pte Ltd, a company involved in the building construction industry. From 2006 to 2012, he was an executive director of J-Plan Associates Pte Ltd, a company involved in interior design and contractor services.

BOARD OF DIRECTORS

CHNG WENG WAH
Non-Executive Director

Chng Weng Wah is our Non-Executive Director and was appointed to the Board on 1 April 2016. Chng Weng Wah is also an executive director and the CEO of Equation Summit Limited ("**ESL**"), which is listed on the SGX Catalist board. He is responsible for ESL's strategic direction, overseeing ESL's growth and identifying new business opportunities for ESL. Chng Weng Wah is the main driver of ESL's fund-raising activities, major acquisitions and disposals. He is also the current CEO of Lifebrandz Ltd.

Chng Weng Wah was also the acting CEO of Metech International Limited (formerly known as Centillion Environment & Recycling Limited and Citiraya Industries Limited), a company listed on Catalist, for a period of six (6) months till October 2011. During his time as acting CEO of Metech International Limited ("**MIL**"), Chng Weng Wah streamlined MIL's operations in Singapore, China and the United Kingdom, and structured MIL's businesses through diversifications and divestments.

Chng Weng Wah has worked in the semiconductor and electronics industry for more than two decades and had previously received Asia Europe Young Entrepreneurs Award at the Berlin Asia Europe Young Entrepreneurs Forum in 1999.

TOH HOCK GHIM
Independent Director

Toh Hock Ghim is our Independent Director and was appointed to the Board on 1 April 2016.

Toh Hock Ghim joined the Singapore Ministry of Foreign Affairs in 1966. In 1991, he became director of the ASEAN Directorate in the Foreign Ministry. Before and after this appointment, he served as ambassador and in other capacities at Singapore's embassies in Malaysia, the Philippines, Thailand and Vietnam. He was Consul-General in Hong Kong and Macao from 2002 to 2007. Upon his return from Hong Kong and Macao in 2008, he was appointed Senior Adviser to the Foreign Ministry.

In addition to these public appointments, Toh Hock Ghim is the chairman of Singapore-listed Equation Summit Limited. As a director, he sits on the Board of Singapore-listed CEFC International Limited, Precious Treasure Pte Ltd (trading as The Fullerton Hotel Singapore) and Hong Kong-listed FDG Kinetic Limited (formerly known as CIAM Group Limited). He is also an independent director of Lifebrandz Ltd.

Toh Hock Ghim obtained his Bachelor of Arts (Political Science) Degree from the University of Singapore in 1966. He was a Colombo Plan scholar.

BENJAMIN CHOO
Independent Director

Benjamin Choo is our Independent Director, and was appointed to the Board on 1 April 2016. After graduating from the National University of Singapore in 2001, Benjamin Choo started pupillage with the financial services department of Allen & Gledhill. In 2003, he joined Edmond Pereira & Partners, where his main focus was on white-collar criminal litigation and general regulatory and corporate advisory work. In 2005, Benjamin Choo joined the corporate team of TSMP Law Corporation and was appointed as director in 2009. He started his second stint with Edmond Pereira & Partners (now corporatized as Edmond Pereira Law Corporation) in April 2012 to helm the Corporate and Transactions practice.

Benjamin Choo's current practice includes mergers & acquisitions, joint ventures, corporate finance and advising on securities regulations. His work has been recognised by The Asia Pacific Legal 500 (2007/2008 Ed, 2008, 2009 Ed & 2009/2010 Ed). He is also listed in Chambers Asia Pacific 2011 as a Leading Individual – Investment Funds: Domestic Firms. He has also been a member of the Inquiry Panel constituted under the Legal Profession Act since 2011, and the Complaints and Disciplinary Panel constituted under the Accountants Act from 2010 to 2014.

Albert Ang, James Ang, Yeong Chun Song and Benjamin Choo do not have prior experience as directors of public listed companies in Singapore but have received relevant training to familiarise themselves with the roles and responsibilities of the board of a Catalist-listed company.

KEY MANAGEMENT STAFF

LEE YU LEUNG
Financial Controller

Lee Yu Leung is our financial controller. He joined our Group in April 2015. He oversees all of our financial, accounting and tax-related matters. Prior to joining our Group, he was the group financial controller of Swee Hong Limited, a civil engineering works and microtunnelling works company listed on the SGX-ST, from January 2010 to March 2014. Before that, he was the group financial controller of Koon Holdings Limited, a construction and civil engineering conglomerate listed on both the Australian Stock Exchange as well as the SGX-ST, from October 2005 to April 2009. From November 2004 to July 2005, he worked with Ernst & Young as an audit senior, and from January 2003 to November 2004, he worked as a freelance consultant for various financial services projects with Corporate Advisory Partners and Low Chee Chen & Co. From January 2001 to December 2002, he worked as an audit assistant, and subsequently, an audit senior, in Deloitte & Touche LLP.

He graduated from the University of New England, New South Wales, Australia in 1997 with a Bachelor of Financial Administration and in 1999 with a Master of Accountancy. He has been a member of the Institute of Internal Auditors – Singapore since January 2003, a member of the Institute of Singapore Chartered Accountants since January 2010 and a member of CPA Australia since July 2005.

COLIN CHEN
Administration Manager

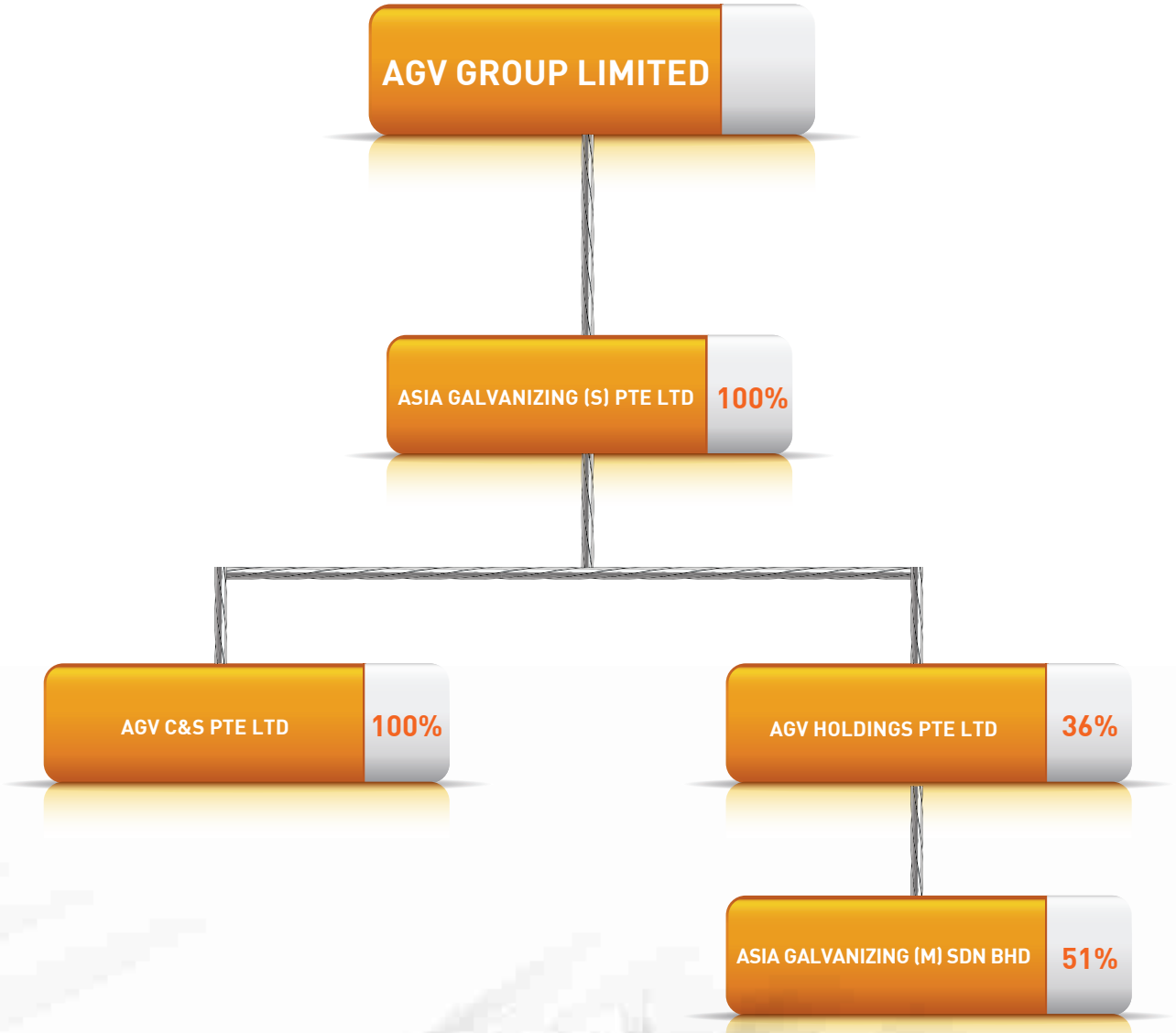
Colin Chen has been with Asia Galvanizing (S) since its incorporation in 2011 and has been instrumental in building up the early team and in helping to shape the processes and systems within the organisation.

His duties include taking care of our Group's information technology solutions and general administrative matters, including human resources management. He manages an administration team responsible for the running of the day-to-day operations of the office.

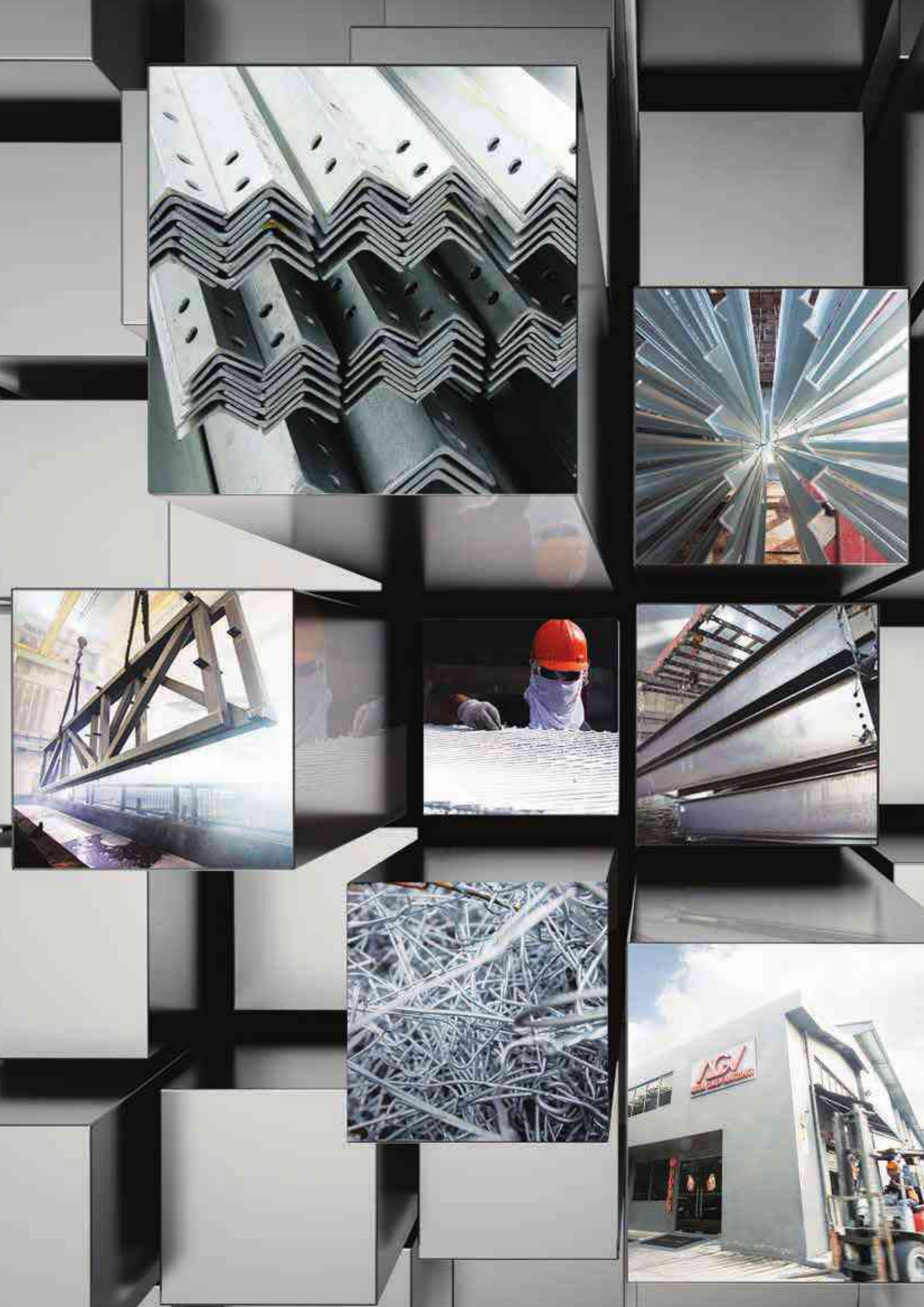
He is also responsible for hiring foreign workers and monitoring workers' monthly salaries and overtime. He also ensures constant communication with staff members to maintain a working relationship that is tailored to the specific needs of the team.

He graduated from the Hawaii Pacific University in the United States with a Bachelor of Science (Business Administration in Computer Information Systems in 1996, and with a Master of Science in Information Systems in 1997.

GROUP STRUCTURE







CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of AGV Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") recognises the importance of corporate governance to shareholders and is committed to ensuring the practices recommended in the Code of Corporate Governance 2012 (the "**Code**") are practiced throughout the Group.

Pursuant to the listing of the Company on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 26 August 2016 up till the date of this Annual Report, the Group has complied substantially with the principles and guidelines of the Code. Where there are deviations from the recommendations of the Code, we have provided the reasons and explanations in relation to the Company's practices, where appropriate.

The following is a summary of the corporate governance practices of the Company with reference to the Code:

Principle 1: The Board's Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

As at the date of this Annual Report, the Board comprises of Mr Albert Ang, Mr James Ang, Mr Ang Ghee Ann, Mr Jack Chia, Mr Toh Hock Ghim, Mr Benjamin Choo, Mr Chng Weng Wah and Mr Yeong Chun Song. The Board oversees the management of the Group. It reviews strategies, policies and financial performance and assesses key risks provided by Management as well as the adequacy of internal controls and risk management of the Group. Day-to-day management and implementation of business strategies are delegated to the Executive Directors. Each director is expected during the course of carrying out his duties, to act in good faith and to make decisions objectively at all times, as fiduciaries in the best interest of the Company.

To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee (collectively the "**Committees**"). The Committees however, will not relieve the Board of its responsibilities. The Board accepts that while these Committees have the authority to examine particular issues and to report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the entire Board. Each of the Committees has its own written terms of references and the minutes of meetings of these Committees are circulated among the Board.

The Board meets at least two times in each financial year. Unscheduled meetings will also be convened on an ad-hoc basis where warranted by the circumstances. Teleconferencing and video conferencing at meetings is permitted under the Company's Constitution. In addition to holding meetings, important matters regarding the Group are also put to the Board for decision making by way of written resolutions.

As the Company was listed on the Catalist Board of the SGX-ST on 26 August 2016, there were no Board and/or Committee meetings held in FY2016. Nonetheless, the Board attended various verification and due diligence meetings, together with other professional advisers involved in the IPO of shares in the share capital of the Company (where applicable), for the purpose of verifying the information contained in the Company's Offer Document dated 18 August 2016.

CORPORATE GOVERNANCE REPORT

The Board's role is to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) review Management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues, such as environmental and social factors, as part of its strategic formulation.

The Board's approval is required for matters including but not limited to the following:

(a) setting the strategic objectives of the Company;

(b) material acquisition or disposal of assets, major investments and fund-raising activities;

(c) announcements of financial results;

(d) approving appointments to the Board and the various Board committees;

(e) recommending dividend payments; and

(f) assuming responsibility for corporate governance practices.

A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision will be adopted by the Board.

Formal letters of appointment are furnished to every newly-appointed director upon their appointment, explaining, among other matters, their roles, obligations, duties and responsibilities as a member of the Board. Such newly-appointed director will also undergo an orientation and briefing by Management to familiarise him/her with the Group's business and governance practices. The Board is updated, from time to time, when new laws or regulations affecting the Group are introduced. The professional advisors to the Company conduct briefings and presentations to update the Board in this regard. The directors are also encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as directors to the Company.

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Guidance

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

As at 30 September 2016, the Board comprises eight directors, two of whom are Non-Executive, namely, Mr Yeong Chun Song and Mr Chng Weng Wah, and three of whom are Independent Directors, namely, Mr Jack Chia, Mr Toh Hock Ghim and Mr Benjamin Choo. The Composition of the Board is as follows:

Name of Directors	Board (Designation)	Audit Committee	Nominating Committee	Remuneration Committee
Albert Ang	Executive Director/CEO	–	–	–
James Ang	Executive Director/COO	–	–	–
Ang Ghee Ann	Executive Director	–	–	–
Chng Weng Wah	Non-Executive Director	–	–	–
Yeong Chun Song	Non-Executive Director	–	–	–
Jack Chia	Independent Director and Non-Executive Chairman	Chairman	Member	Member
Toh Hock Ghim	Independent Director	Member	Chairman	Member
Benjamin Choo	Independent Director	Member	Member	Chairman

The independence of each director is reviewed annually by the Nominating Committee. The Board has determined, taking into account the views of the Nominating Committee, that the aforesaid directors are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the judgement of each of the aforesaid directors.

Mr Albert Ang was appointed to the Board on 2 October 2015. Mr Ang Ghee Ann was appointed on 21 January 2016. Mr Yeong Chun Song and Mr James Ang were appointed on 22 January 2016. Mr Jack Chia, Mr Chng Weng Wah, Mr Toh Hock Ghim and Mr Benjamin Choo were each appointed to the Board on 1 April 2016. Accordingly, none of the Independent Directors have served on the Board beyond 9 years for the purposes of Guideline 2.4 of the Code.

The Board comprises directors who as a group, provide an appropriate balance and diversity of skills, experience and knowledge of the Company. The Board also provides core competencies such as accounting and finance, and business and management experience and this enables Management to benefit from a diverse and objective external perspective on issues raised before the Board.

CORPORATE GOVERNANCE REPORT

The Non-Executive Directors:

(a) constructively challenge and help develop proposals on strategy; and

(b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

As of the date of this Annual Report, none of the Independent Directors of the Company sits on the boards of the Company's subsidiaries.

To facilitate a more effective check on Management, the Non-Executive Directors are encouraged to meet regularly without the presence of Management.

The Board constantly examines its size to satisfy that it is an appropriate size for effective decision making, taking into account the nature and scope of the Group's current operations, the requirement of the business and the need to avoid unnecessary disruptions from changes to the composition of the Board and Committees.

The Board considers its current size appropriate for effective decision making. When the Board appoints new directors, the Board will take into consideration the candidates' skill sets with regard to the operation of the Group.

Principle 3: Chairman and Chief Executive Officer

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

The Non-Executive Chairman of the Board is Mr Jack Chia and the CEO is Mr Albert Ang.

The duties of the Non-Executive Chairman include the following:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting its agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promoting a culture of openness and debate at the Board level;

(d) ensuring that the directors receive complete, adequate and timely information;

(e) ensuring effective communication with shareholders;

(f) encouraging constructive relations within the Board and between the Board and Management;

(g) facilitating the effective contribution of Non-Executive Directors in particular; and

(h) promoting high standards of corporate governance.

CORPORATE GOVERNANCE REPORT

The CEO is responsible for the corporate policies and overall business strategy of the Group. He oversees the day-to-day operations of the Group.

The separation of the roles of the CEO and the Non-Executive Chairman ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. In view that the Non-Executive Chairman and the CEO are different persons, the Company is not required under Guideline 3.3 of the Code to appoint a Lead Independent Director.

The Independent Directors meet at least once annually without the presence of the other directors and where necessary, the Independent Directors would provide feedback to the Non-Executive Chairman after such meetings.

Principle 4: Board Membership

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

The Nominating Committee ("**NC**") comprises the Independent Directors, namely, Mr Toh Hock Ghim, Mr Jack Chia and Mr Benjamin Choo. Mr Toh Hock Ghim is the Chairman of the NC.

The NC makes recommendations to the Board on all board appointments, with written terms of reference, which clearly set out the authority and duties of the NC.

The duties of the NC include the following:

(a) reviewing Board succession plans for directors, in particular, the Chairman and the CEO;

(b) review and approve any new employment of related persons and proposed terms of their employment;

(c) developing a process for evaluating the performance of the Board, its committees and directors;

(d) reviewing training and professional development programs for the Board;

(e) making recommendations to the Board on the appointment and re-appointment of Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;

(f) regularly reviewing the Board's structure, size and composition and making recommendations to the Board with regards to any adjustments that are deemed necessary;

(g) determining the process for search, nomination, selection and appointment of new board members and being responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;

(h) determining, on an annual basis, if a director is independent. If the NC determines that a director, who has one or more of the relationships mentioned under the Code is in fact independent, the NC shall provide its views to the Board for the Board's consideration. Conversely, the NC may at its discretion determine a director as non-independent even if he has no business or other relationships with the Company, its related companies or its officers, and the NC shall similarly provide its views to the Board for the Board's consideration;

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(i) recommending directors who are retiring by rotation to be put forward for re-election;

(j) deciding whether a director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly when he/she has multiple board representations;

(k) assessing the effectiveness of the Board as a whole and in respect of the assessment of the contribution and commitment of individual directors, this is done on an exceptions basis; and

(l) conducting a review on the performance of the Board and the Board committees as a whole.

Details of the appointment of the Company's current directors including date of initial appointment and directorships in other listed companies, both current and for the preceding three years, are set out below:

Name of Director	Age	Date of Initial Appointment	Present Directorship in other Listed Companies	Past Directorship in other Listed Companies in the past three years	Other Principal Commitments
Mr Albert Ang	50	2 October 2015	N.A.	N.A.	N.A.
Mr James Ang	47	22 January 2016	N.A.	N.A.	N.A.
Mr Ang Ghee Ann	56	21 January 2016	N.A.	• Elektromotive Group Limited	• Managing Director of MA Builders Pte Ltd
Mr Chng Weng Wah	54	1 April 2016	• Equation Summit Limited • Lifebrandz Ltd.	• N.A.	• CEO of Equation Summit Limited • CEO of Lifebrandz Ltd
Mr Yeong Chun Song	64	22 January 2016	N.A.	• N.A.	• N.A.
Mr Jack Chia	55	1 April 2016	• Combine Will International Holdings Limited • Debao Property Development Ltd. • Dukang Distillers Holdings Ltd • Shanghai Turbo Enterprises Limited • mm2 Asia Ltd.	• Sunray Holdings Limited (delisted) • China Hongcheng International Limited (delisted)	• None

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Name of Director	Age	Date of Initial Appointment	Present Directorship in other Listed Companies	Past Directorship in other Listed Companies in the past three years	Other Principal Commitments
Mr Toh Hock Ghim	74	1 April 2016	• CEFC International Limited • Equation Summit Limited • FDG Kinetic Limited (fka CIAM Group Limited) • Lifebrandz Ltd.	N.A.	N.A.
Mr Benjamin Choo	40	1 April 2016	N.A.	N.A.	• Director at Edmond Pereira & Partners

The NC has discussed and addressed the implications of competing time commitments that may be faced when directors serve on multiple boards and have other principal commitments.

The Board is of the view that at present, it would not be meaningful to define the maximum number of listed company directorships which any director may hold. The NC would monitor and determine annually, on a case-by-case basis, whether directors have given sufficient time and attention to the affairs of the Company and adequately carried out their duties as directors of the Company.

The NC is satisfied that in FY2016, where a director had other listed company board representations and/or other principal commitments, the director was able to carry out, and has been adequately carrying out, his duties as a director of the Company.

Pursuant to the listing of the Company on the Catalist Board of the SGX-ST on 26 August 2016, it will adopt a comprehensive and detailed process in the selection of new directors. Candidates will be first sourced through an extensive network of contacts and selected based on, *inter alia*, the needs of the Group and the relevant expertise required. When necessary, the NC may seek the help of external consultant(s) in the search process. In selecting suitable candidates, the Board, in consultation with the NC, will consider the Group's strategic goals, business direction and needs. The Board will also consider gender diversity requirements in seeking any new appointment to the Board. The NC will conduct interviews with the candidates, and nominate the candidate deemed most suitable for appointment to the Board.

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In recommending a director for re-election to the Board, the NC considers, *inter alia*, his/her performance and contributions to the Board (including attendance and participation at meetings, and time and effort accorded to the Group's business and affairs). All directors submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years. Pursuant to Article 97 of the Company's Constitution, one-third of the Board is to retire from office by rotation and be subject to re-election at the Annual General Meeting ("**AGM**"). In addition, Article 103 of the Company's Constitution provides that a newly appointed director must retire and submit himself or herself for re-election at the next AGM following his or her appointment. Thereafter, he/she is subject to be re-elected at least once every three (3) years. As all the directors were appointed subsequent to FY2015 AGM, all the directors will be required to retire at the forthcoming AGM and will be eligible for re-appointment. After assessing each of their contributions, the NC has also recommended the respective re-elections of Mr Albert Ang, Mr James Ang, Mr Ang Ghee Ann, Mr Jack Chia, Mr Toh Hock Ghim, Mr Benjamin Choo, Mr Chng Weng Wah and Mr Yeong Chun Song at the forthcoming AGM.

Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC assesses the effectiveness of the Board as a whole by taking into consideration quantitative and qualitative criteria such as the success of the strategic and long-term objectives set by the Board. The Board is expected to act in good faith, with due diligence and care in the best interests of the Company to enhance long-term shareholder value. The NC Chairman considers each director's relevant experience, industry knowledge and functional expertise, and monitors the attendance and participation of each director at Board and Committee meetings and availability for consultation and advice when required.

As the Company was recently listed on the Catalist Board of the SGX-ST on 26 August 2016, it is currently in the process of developing a board assessment checklist to be completed individually by each director, with the responses to be presented to the NC for review, following which the NC will recommend to the Board key areas for improvement and follow-up actions.

Principle 6: Access to Information

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

Management has an obligation to supply the Board with complete, adequate and timely information prior to meetings and on a regular basis to enable them to fulfill their duties properly. Management is also prepared to provide further information and explanation on materials given to directors and to meet to discuss any issue prior to a Board meeting, if required. In exercising their duties, the directors have separate and independent access to Management and the Company Secretary. Directors are entitled to request from Management and are provided with such additional information as is needed to make informed decisions, and may seek independent professional advice and services on any areas they deem necessary, at the expense of the Company.

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The Company Secretary or a representative from the Company Secretary's office will attend all Board meetings and Committee meetings when necessary and is responsible for the proper maintenance of the records of Board and Committee meetings and records of discussions on key deliberations and decisions taken.

The Company Secretary renders necessary assistance to the Board, and ensures meeting procedures are followed and the applicable laws and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its Committees and between Management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required.

Pursuant to the Constitution of the Company, the appointment and removal of the Company Secretary requires the approval of the Board.

Principle 7: Procedures for Developing Remuneration Policies

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

The Remuneration Committee ("**RC**") comprises the Independent Directors, namely, Mr Benjamin Choo, Mr Jack Chia and Mr Toh Hock Ghim. Mr Benjamin Choo is the Chairman of the RC.

The duties of the RC include the following:

(a) reviewing and recommending to the Board, a general framework of remuneration for the Board and key management personnel and reviewing and recommending the specific remuneration packages and terms of employment for each director as well as the key management personnel;

(b) recommending to the Board any employees' share option schemes or any long term incentive schemes which may be set up from time to time and carrying out all acts necessary in connection therewith;

(c) carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time; and

(d) as part of its review, the RC shall ensure that:

  (i) all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;

  (ii) the remuneration packages shall be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual directors' and senior management's performance; and

  (iii) the remuneration package of employees related to directors or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

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If necessary, the RC may seek expert advice inside and/or outside the Company on remuneration of the directors and key management personnel. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2016.

Each member of the RC abstains from voting on any resolutions in respect of his remuneration package.

The RC also reviews the Company's obligations, if any, arising in the event of termination of the Executive Director's and/or key management personnel's contracts of service, to ensure that the termination clauses of such contracts of service are fair and reasonable. Currently, save as required for compliance with the applicable laws of Singapore, we have not set aside any amounts to provide for pension, retirement or similar benefits for our employees.

Principle 8: Level and Mix of Remuneration

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

Non-Executive Directors do not have service contracts with the Company and their terms are specified in the Constitution of the Company which contain retirement and re-election provisions.

Independent Directors are paid directors' fees which are recommended by the Board and RC based on factors such as the effort and time spent as well as responsibilities as members of the various Committees. The fees are subject to the approval of the shareholders at Annual General Meetings. Executive Directors do not receive directors' fees.

Each of the Executive Directors has entered into a service agreement with the Company and the terms of these service agreements are reviewed by the RC upon the renewal of the respective agreements.

Principle 9: Disclosure on Remuneration

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

During the year under review, there were only two (2) key management personnel of the Group who are not directors of the Group.

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Taking note of the competitive pressures in the talent market, the Board has, on review, decided not to disclose the remuneration of the Company's directors and key management personnel. Details (in percentage terms) of the remuneration paid to the directors for FY2016 are set out below:

Remuneration Band and Name	Directors' Fees (%)	Base/fixed Salary (%)	Variable or Bonuses[1] (%)	Other Incentives (%)	Total (%)
Below S$250,000					
Albert Ang	–	74.64	21.24	4.12	100
James Ang	–	76.72	20.59	2.69	100
Ang Ghee Ann	–	78.75	20.11	1.14	100
Jack Chia	100	–	–	–	100
Toh Hock Ghim	100	–	–	–	100
Benjamin Choo	100	–	–	–	100

Note:

(1) Pertains to bonuses paid in respect of FY2015.

Guideline 9.3 of the Code states that the Company should disclose in aggregate the total remuneration paid to the top five (5) key management personnel (who are not directors or the CEO). The Company currently only has two (2) key management personnel apart from the CEO. They are the Financial Controller, Lee Yu Leung and the administration manager, Colin Chen. For competitive and confidentiality reasons, the Board is of the view that the disclosure of the annual aggregate remuneration of the key management personnel of the Company for FY2016 would not be in the best interests of the Company and the Company has instead disclosed the remuneration of the top key management personnel in percentage terms. Details (in percentage terms) of the remuneration paid to the key management personnel for FY2016 are set out below:

Remuneration Band and Name	Fees (%)	Base/fixed Salary (%)	Variable or Bonuses[1] (%)	Other Incentives (%)	Total (%)
Below S$250,000					
Lee Yu Leung	–	88.53	11.47	–	100
Colin Chen	–	81.25	18.75	–	100

Note:

(1) Pertains to bonuses paid in respect of FY2015.

There is no immediate family member of the directors or the CEO employed by the Group whose remuneration for FY2016 exceeds S$50,000.

There is no termination, retirement and post-employment benefits granted to directors, the CEO or the key management personnel.

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Principle 10: Accountability

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

The Board, with the assistance of the Company Secretary and its legal advisors, ensures compliance with the disclosure requirements under Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"). In this regard, the Company demonstrates its accountability to its shareholders by announcing its financial results on a half yearly basis and other information via SGXNET in accordance with the requirements of the SGX-ST, so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

Management provides the Board with management accounts and such explanation and information relating to the Group's performance on a regular basis and as the Board may require from time to time to assist the Board in understanding and in making a balanced and informed assessment of the Group's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

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

The Board is responsible for the Group's overall internal control framework and ensures that the Management regularly reviews and improves the Group's internal controls and implements effective risk management policies to control and mitigate any identified areas of significant business and operational risks so as to safeguard shareholders' interest and the Company's assets. However, the Board acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, that there are maintenance of proper accounting records, that financial information are reliable and that assets are safeguarded.

The Board, with the assistance of independent internal auditors and external auditors, has reviewed the adequacy and effectiveness of the Group's risk management and system of internal controls addressing key financial, operational, compliance and information technology risks.

The external auditors have, in the course of their audit, considered internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

The directors have received and considered the representation letters from the Executive Directors, Financial Controller and Management in relation to the financial information for FY2016.

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The Board has received assurance from the CEO and the Financial Controller:

(a) that the financial records have been properly maintained and the financial statements reflect a true and fair view of the Company's operations and finances; and

(b) regarding the effectiveness of the Company's risk management and internal control systems.

The internal auditors, Nexia TS Risk Advisory Pte Limited ("**Nexia**") had assisted the Group to develop an Enterprise Risk Management Framework.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human errors, losses, fraud, misstatement or other irregularities.

Financial risk management is outlined in Note 29 of the financial statements.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and external auditors, reviews performed by Management and representation letters from the Executive Directors and the Financial Controller, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls are effective and adequate in addressing the financial, operational, compliance and information technology risks of the Group for FY2016.

Principle 12: Audit Committee

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

The Audit Committee ("**AC**") comprises the Independent Directors, namely, Mr Jack Chia, Mr Toh Hock Ghim and Mr Benjamin Choo. The chairman of the AC is Mr Jack Chia.

The details of the relevant expertise and experience of the members of the AC are set out on pages 7 to 9 of this Annual Report. The members of the AC collectively have the necessary expertise and experience in financial management and are qualified to discharge the AC's responsibilities.

The AC will assist the Board in discharging their responsibilities of safeguarding the Group's assets, maintaining adequate accounting records, and developing and maintaining effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group. The AC will provide a channel of communication between the Board, the Management and the internal and external auditors of the Group on matters relating to audit.

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The duties of the AC include the following:

(a) reviewing with the external auditors:

(i) the audit plan, including the nature and scope of the audit before the audit commences;

(ii) their evaluation of the system of internal controls;

(iii) their audit report; and

(iv) their management letter and Management's response;

(b) reviewing the half-yearly and annual financial statements before submission to the Board for approval and monitoring the integrity of the financial information provided by the Group, in particular by reviewing the relevance and consistency of the accounting standards used by the Group, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirement;

(c) reviewing the statement of financial position and statement of comprehensive income of the Company and the statements of financial position and consolidated statement of comprehensive income of the Group, before approval by the Board;

(d) discussing problems and concerns, if any, arising from the half-yearly, interim and final audits, in consultation with the external auditors and the internal auditors where necessary;

(e) meeting with the external auditors and with the internal auditors at least annually without the presence of Management to discuss any problems and concerns they may have;

(f) reviewing the assistance given by Management to the external auditors;

(g) reviewing annually the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the external auditors. Where the auditors also provide non-audit services to the Company, reviewing the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and ensuring that the independence of the auditors will not be compromised;

(h) reviewing the effectiveness of the internal audit function and ensuring co-ordination between the internal and external auditors and Management;

(i) reviewing the scope and results of the internal audit procedures and monitoring Management's response to their findings to ensure that appropriate follow-up measures are taken;

(j) reviewing and reporting to the Board the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management policies and systems which is carried out by the internal or external auditors at least annually;

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(k) reviewing and discussing with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response and commissioning and reviewing the findings arising therefrom;

(l) reviewing arrangements by which staff of the Company or of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters and, conducting an independent investigation of such matters for appropriate follow up action;

(m) investigating any matter within its terms of reference, with full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

(n) reviewing interested person transactions falling within the scope of the Catalist Rules, to consider whether they are on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders;

(o) reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(p) undertaking such other reviews and projects as may be requested by the Board;

(q) undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;

(r) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;

(s) making recommendations to the Board on the proposals to the shareholders on the appointment/ re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(t) instructing the internal auditors or a certified internal auditor recognised by the Institute of Internal Auditors of Singapore or the Institute of Singapore Chartered Accountants to ensure that at half year intervals or any other period that the AC deems fit, the trade receivables are stated at fair value, accurately recorded in the financial statements and that credit policies are adhered to;

(u) instructing the internal auditors to conduct such tests and examinations of financial statements including but not limited to securing independent confirmations of balances from major debtors, checking on frequencies of payments from major debtors and evaluating the adequacy of credit policies;

(v) assessing, at the end of the audit cycle, the effectiveness of the audit process by:

    (i) reviewing the auditor's findings arising from the audit (including any issues that have subsequently been resolved), giving particular considerations to the key accounting and audit judgements (including why certain errors might remain unadjusted), the level of errors identified during the audit, and the explanations obtained from Management;

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(ii) reviewing whether the auditors have met the objectives of the agreed audit plan, and understanding the reasons for any changes in perceived audit risks, and the work undertaken by the auditors to address those risks;

(iii) assessing the accuracy of the auditors in their handling of the key accounting and identified audit judgements, their responses to questions from the AC, and their commentary on the systems of internal control; and

(iv) obtaining feedback about the conduct of the audit from the key people involved;

(w) reviewing the audit representation letters before consideration by the Board, giving particular consideration to matters that relate to non-standard issues;

(x) reviewing the contents of the external auditors' management letter;

(y) ensuring that the external auditors have direct and unrestricted access to the chairman of the AC and the chairman of the Board;

(z) conducting an annual review of the whistle-blowing arrangements to ensure that related changes in legal and regulatory requirements are updated and that the arrangements have been effective;

(aa) reviewing the existing internal controls implemented by Management so that anti-fraud programmes are adequately established within the Group; and

(bb) if appropriate, asking Management to provide a summary of financial information on a monthly basis (rather than half-yearly), so that the AC can be alerted to any potential financial problems within the Company early, and applying appropriate remedial actions to address the problems.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates being given by the external and internal auditors.

The Company has implemented whistle-blowing procedures pursuant to which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Mazars LLP is the Company's current external auditors and was appointed since 27 July 2016. The amount of audit fee paid to Mazars LLP for FY2016 is disclosed in Note 11 of the financial statements. The amount of fees paid to Mazars LLP for non-audit services for FY2016 is S$11,000. These non-audit services provided by Mazars LLP to the Group in FY2016 were for the special review and tax review. The special review was undertaken for audit purposes in relation to MA Builders Pte Ltd, which was formerly the holding company of the Group's subsidiary, Asia Galvanizing (S) Pte Ltd. Accordingly, the AC, having reviewed the non-audit services performed by Mazars LLP is satisfied that the independency and objectivity of the external auditors is not affected.

Having regard to the adequacy of the resources and experience of Mazars LLP and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the AC are of the opinion that a suitable auditing firm has been appointed to meet the Company's auditing obligations.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules.

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The Board will not be recommending any dividends for FY2016, as it was only recently listed on the Catalist Board of the SGX-ST on 26 August 2016. Any declaration and payment of dividends in the future will depend on, *inter alia*, our Group's operating results, financial conditions, cash flows, expected future earnings, capital expenditure programme(s) and investment plans, the terms of our borrowing arrangements (if any) and other factors deemed relevant by our directors. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

Principle 13: Internal Audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has outsourced its internal audit functions to Nexia since FY2016. The internal auditor has conducted the internal controls review of the Company's subsidiaries. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, and reports directly to the AC. The AC assesses the adequacy and effectiveness of the internal audit function annually.

The AC approves the appointment, removal, evaluation and compensation of the internal auditor. The internal auditor carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Principle 14: Shareholder Rights

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

All shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Catalist Rules.

Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting. At the general meetings, shareholders are given the opportunity to voice their views, raise their concerns with the directors or question the Management on matters relating to the Group and its operations.

Principle 15: Communication with Shareholders

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

The Board is committed to upholding high standards of transparent corporate disclosure to its shareholders. The Company maintains full and adequate disclosure, in a timely manner, of material events and matters concerning its businesses through SGXNET, public announcements, circulars to shareholders and annual reports.

The Company does not practice selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Catalist Rules. In addition, all shareholders will receive the Company's annual reports together with the notices of AGM, which are also accessible through SGXNET.

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The Company does not have a formal dividend policy. The form, frequency and number of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET.

Principle 16: Conduct of Shareholder Meetings

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

To facilitate participation by shareholders, all general meetings of the Company are held in Singapore. Shareholders have the opportunity to participate effectively in and to vote at general meetings of shareholders. Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders. The Company's Constitution states that shareholders of the Company are allowed to vote in person or by way of duly appointed proxies.

The Chairman of the Board and the respective Chairmen of the AC, NC and RC are usually present and available at general meetings of shareholders to address shareholders' queries at these meetings.

The Company's external auditors will be present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

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

In compliance with Rule 730A (2) of the Catalist Rules, resolutions tabled at general meetings of shareholders will be put to vote by poll, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings of shareholders.

ADDITIONAL INFORMATION

Dealings in Securities

The Company adopts the following policies in compliance with Rule 1204(19) of the Catalist Rules of the SGX-ST in relation to dealings in its securities:

- officers are not to deal in its securities during the period commencing one month before the announcement of the Company's financial statements for the half-year and full-year, and ending on the date of the announcement of the relevant results;

- officers are not to deal in its securities on short-term considerations; and

- in addition, the Company reminds its directors and officers to observe the laws on insider trading at all times, even during the permitted trading period for them to deal in its securities.

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Material Contracts

For FY2016, there were no material contracts entered into between the Company and its subsidiaries which involved the interests of any director or controlling shareholder during FY2016, save for the Restructuring Agreement dated 24 May 2016 made between the Company and the Asia Galvanizing (S) Pte Ltd shareholders.

Interested Person Transactions

To ensure compliance with the relevant rules under Chapter 9 of the Catalist Rules on interested person transactions, the Board and AC regularly reviews if the Company enters into any interested person transaction and if it does, to ensure that the Company complies with the requisite rules under Chapter 9.

If the Company does enter into an interested party transaction, and a potential conflict of interest arises, the director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board.

Save as disclosed in pages 123 to 126 of the Company's Offer Document dated 18 August 2016, there were no new interested person transactions which were more than S$100,000 entered into during FY2016.

The Group does not have any general mandate from shareholders pursuant to Rule 920 of the Catalist Rules for the current financial year.

Catalist Sponsor

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. Hong Leong Finance Limited ("**Hong Leong Finance**") is the current continuing sponsor of the Company and was appointed as the Company's Continuing Sponsor with effect from 18 August 2016.

With reference to Rule 1204(21) of the Catalist Rules, the nature of the amount of fees for non-sponsor services rendered by the Company's sponsor, Hong Leong Finance, and its associates to the Group during FY2016 and up till the date of this Annual Report are as follows:

Activities	S$'000
Underwriting and placement commission in relation to the IPO	588

CORPORATE GOVERNANCE REPORT

Use of Proceeds from Initial Public Offering

Pursuant to Rule 1204(22) of the Catalist Rules, the Company received net proceeds from the IPO of approximately S$4.31 million (the "**Net Proceeds**"). As at 30 September 2016, the Net Proceeds have been utilised as follows:

	Amount Allocated	Amount Utilised	Amount Balance
	S$'000	**S$'000**	**S$'000**
Intended Use of Proceeds			
Funding our expansion by way of acquisitions, joint-ventures and/or strategic alliances to expand our businesses	3,500	–	3,500
Working capital	810	(45)	765
Net proceeds attributable to the Company	**4,310**	**(45)**	**4,265**
Listing and application fees	17	(17)	–
Professional fees and expenses	305	(305)	–
Placement commission and brokerage fees	168	(168)	–
Gross Proceeds	**4,800**	**(535)**	**4,265**

DIRECTORS' STATEMENT

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

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; 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.

2. DIRECTORS

The Directors in office at the date of this statement are:

Ang Nam Wah Albert	(Appointed on 2 October 2015)
Ang Ghee Ann	(Appointed on 21 January 2016)
Ang Nam Heng James	(Appointed on 22 January 2016)
Yeong Chun Song	(Appointed on 22 January 2016)
Toh Hock Ghim	(Appointed on 1 April 2016)
Chng Weng Wah	(Appointed on 1 April 2016)
Benjamin Choo Chih Chien	(Appointed on 1 April 2016)
Chia Seng Hee	(Appointed on 1 April 2016)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the particulars of interest of the Directors who held office at the end of the financial year in the shares or debentures of the Company or its related corporations are detailed as below:

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At the date of Incorporation/ date of appointment	Balance at 30.9.2016	At the date of Incorporation/ date of appointment	Balance at 30.9.2016
	Number of ordinary shares			
The Company				
Ang Nam Heng James	–	–	–	23,106,440
Ang Nam Wah Albert	1,000	–	–	23,106,440
Ang Ghee Ann	–	16,000,000	–	–
Yeong Chun Song	–	7,720,000	–	–
Benjamin Choo Chih Chien	–	75,000	–	–
Chia Seng Hee	–	100,000	–	–
Chng Weng Wah	–	8,300,000	–	8,000,000

The director's interest in the shares of the Company on 21 October 2016 were the same as those as at 30 September 2016.

5. SHARE OPTIONS

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under options as at the end of the financial year.

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE

The Audit Committee of the Company comprises three non-executive directors and at the date of this statement, they are:

Chia Seng Hee (Chairman)
Toh Hock Ghim
Benjamin Choo Chih Chien

As the Company was listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 26 August 2016, there were no Audit Committee meetings held during the financial year ended 30 September 2016 ("FY2016"). Nonetheless, the Board attended various verification and due diligence meetings, together with other professional advisers involved in the initial public offering ("IPO") of shares of the Company (where applicable), for the purpose of verifying the information contained in the Company's Offer Document dated 18 August 2016.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the Audit Committee reviews:

(i) the audit plan and results of the external audit and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group;

(ii) the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal controls;

(iii) the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;

(iv) the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;

(v) the adequacy of the Group's risk management processes;

(vi) the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

(vii) interested person transactions in accordance with SGX-ST listing rules;

(viii) nomination of external auditors and approval of their compensation; and

(ix) submission of report of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE (CONTINUED)

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

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

7. AUDITORS

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Ang Nam Wah Albert
Director

Ang Nam Heng James
Director

Singapore
20 December 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AGV GROUP LIMITED AND ITS SUBSIDIARIES

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of AGV Group Limited. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 30 September 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AGV GROUP LIMITED AND ITS SUBSIDIARIES

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

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

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 its subsidiary corporations incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
20 December 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	Note	Group 2016 S$'000	2015 S$'000
Revenue	5	**20,230**	18,764
Other item of income			
Other income	6	**4,754**	2,110
Items of expense			
Consumables used	7	**(9,078)**	(8,489)
Cost of consumables sold		**(3,302)**	–
Employee benefits expense	8	**(4,945)**	(4,151)
Operating lease expense	9	**(511)**	(381)
Depreciation expense	16	**(1,070)**	(1,170)
Other expenses		**(3,655)**	(2,914)
Finance costs	10	**(346)**	(488)
Listing expenses		**(674)**	(133)
Share of loss of associate	15	**(406)**	(267)
Profit before income tax	11	**997**	2,881
Income tax expense	12	**(374)**	(644)
PROFIT FOR THE YEAR		**623**	2,237
Other comprehensive loss:			
Items that may be reclassified subsequently to profit and loss			
Exchange difference on translating foreign operation		**(14)**	–
Other comprehensive loss for the year		**(14)**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**609**	2,237
Earnings per share attributable to the owners of the Company (cents)			
Basic and diluted	13	**0.49**	1.78

The accompanying notes form an integral part of and should be read in conjunction with these combined financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016

	Note	Group 2016 S$'000	Group 2015 S$'000	Company 2016 S$'000
ASSETS				
Non-current assets				
Subsidiaries	14	**–**	–	**9,187**
Associate	15	**2,546**	237	**–**
Property, plant and equipment	16	**10,888**	11,442	**–**
Other receivable	17	**3,156**	1,834	**–**
Total non-current assets		**16,590**	13,513	**9,187**
Current assets				
Inventories	18	**2,060**	2,350	**–**
Trade and other receivables	17	**7,919**	6,214	**–**
Prepayments		**105**	244	**14**
Pledged fixed deposit	19	**180**	252	**–**
Other cash and bank balances	19	**4,039**	39	**3,946**
Total current assets		**14,303**	9,099	**3,960**
Total assets		**30,893**	22,612	**13,147**
EQUITY AND LIABILITIES				
Equity				
Share capital	20	**13,453**	6,426	**13,453**
Other reserve	21	**(2,565)**	–	**–**
Accumulated profits/(losses)		**1,884**	2,761	**(883)**
Translation reserve	22	**(14)**	–	**–**
Total equity attributable to owners of the Company		**12,758**	9,187	**12,570**
Non-current liabilities				
Finance lease payables	23	**112**	–	**–**
Borrowings	24	**4,005**	4,598	**–**
Deferred tax liabilities	25	**482**	567	**–**
Total non-current liabilities		**4,599**	5,165	**–**
Current liabilities				
Income tax payable		**582**	494	**–**
Trade and other payables	26	**4,352**	2,147	**577**
Provision for reinstatement cost		**100**	100	**–**
Finance lease payables	23	**49**	22	**–**
Borrowings	24	**8,453**	5,497	**–**
Total current liabilities		**13,536**	8,260	**577**
Total liabilities		**18,135**	13,425	**577**
Total equity and liabilities		**30,893**	22,612	**13,147**

The accompanying notes form an integral part of and should be read in conjunction with these combined financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	Share capital S$'000	Accumulated profits/ (losses) S$'000	Other reserve (Note 21) S$'000	Translation reserve (Note 22) S$'000	Total equity S$'000
Balance at 1 October 2014	4,000	524	–	–	4,524
Issuance of redeemable convertible preference shares (Note 20)	2,426	–	–	–	2,426
Profit for the year, representing total comprehensive income for the year	–	2,237	–	–	2,237
Balance at 30 September 2015	6,426	2,761	–	–	9,187
Issuance of shares prior to restructuring	196	–	–	–	196
Dividend declared prior to restructuring	–	(1,500)	–	–	(1,500)
Adjustment pursuant to the Restructuring Exercise (Note 2)	(6,622)	–	(2,565)	–	(9,187)
Issuance of shares (Note 20)	13,988	–	–	–	13,988
Initial Public Offering ("IPO") expenses	(535)	–	–	–	(535)
Profit for the year	–	623	–	–	623
Other comprehensive income:					
Exchange differences on translating foreign operations	–	–	–	(14)	(14)
Total comprehensive income/(loss) for the year	–	623	–	(14)	609
Balance at 30 September 2016	**13,453**	**1,884**	**(2,565)**	**(14)**	**12,758**

The accompanying notes form an integral part of and should be read in conjunction with these combined financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	Note	Group 2016 S$'000	2015 S$'000
Operating activities			
Profit before income tax		**997**	2,881
Adjustments for:			
Depreciation expense		**1,070**	1,170
Interest expense		**346**	488
Allowance for impairment of receivables		**34**	–
Loss on disposal of property, plant and equipment		**21**	–
Loss arising from realisation of derivative instruments		**376**	209
Gain from disposal of held-for-sale investment		**–**	(604)
Share of loss of associate		**406**	267
Operating cash flows before movements in working capital		**3,250**	4,411
Movements in working capital			
Inventories		**290**	(615)
Trade and other receivables		**(257)**	(1,925)
Prepayments		**139**	(198)
Trade and other payables		**1,921**	231
Cash generated from operations		**5,343**	1,904
Income taxes paid		**(370)**	(146)
Net cash generated from operating activities		**4,973**	1,758
Investing activities			
Acquisition of property, plant and equipment	16	**(361)**	(70)
Acquisition of associate and held-for-sale investment		**–**	(1,400)
Proceeds from disposal of plant and equipment		**2**	–
Proceeds from disposal of held-for-sale investment		**–**	1,500
Settlement of derivative instruments		**(376)**	(113)
Loans to subsidiary of associate		**(5,534)**	(1,878)
Net cash used in investing activities		**(6,269)**	(1,961)
Financing activities			
Dividend paid		**(1,216)**	–
Interest paid		**(346)**	(488)
Repayment to shareholder		**–**	(424)
Proceeds from borrowings		**4,403**	1,543
Repayment of borrowings		**(2,040)**	(2,885)
Repayment of finance lease obligations		**(39)**	(26)
Net proceeds from issuance of new and IPO shares		**4,462**	–
Proceeds from issuance of redeemable convertible preference shares		**–**	2,426
Decrease in pledged deposit		**72**	52
Net cash generating from financing activities		**5,296**	198
Net increase/(decrease) in cash and cash equivalents		**4,000**	(5)
Cash and cash equivalents at beginning of year		**39**	44
Cash and cash equivalents at end of year	19	**4,039**	39

The accompanying notes form an integral part of and should be read in conjunction with these combined financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

1. GENERAL

AGV Group Limited (the "Company") (Registration Number 201536566H) was incorporated on 2 October 2015 and is domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The principal place of business and registered office at 22 Benoi Road, Singapore 629892.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The financial statements of the Group for the financial year ended 30 September 2016 were authorised for issue by the Board of Directors on 20 December 2016.

2. RESTRUCTURING EXERCISE

The Company was incorporated on 2 October 2015 under the name of AGV Group Pte Ltd. On incorporation, the issued and paid-up share capital of the Company was S$1,000. On 24 May 2016, the Company was converted into a public company limited by shares and changed its name to "AGV Group Limited".

To consolidate the business activities of the Group, a restructuring exercise was undertaken for the Company to acquire 100% of the equity interests of AGV Galvanizing (S) Pte Ltd for consideration of S$9,187,000 which was determined based on the net asset value of Asia Galvanizing (S) Pte Ltd as recorded in its audited financial statements as at 30 September 2015.

The consideration was satisfied by the issue of 104,125,440 ordinary shares of the Company to the then shareholders of Asia Galvanizing (S) Pte Ltd as follows:

Name	Number of shares
Albert Ang	11,401,520
James Ang	11,703,920
Ang Ghee Ann	16,000,000
Yeong Chun Song	11,520,000
Chng Weng Wah	8,000,000
Chan Hui Lan Catherine	8,000,000
Yeong Zi Li	6,400,000
Yeong Chee Yeen	5,120,000
Teh Kim Siew	2,560,000
Ang Yee Huat	3,200,000
Pre-IPO investors (save for Ong Chin You Alvin)	20,220,000
	104,125,440

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

2. RESTRUCTURING EXERCISE (CONTINUED)

The above restructuring exercise is considered to be acquisitions of equity interests of Asia Galvanizing (S) Pte Ltd under common control and have been accounted for in a manner similar to the merger accounting method. Accordingly, the assets and liabilities of Asia Galvanizing (S) Pte Ltd have been included in the consolidated financial statements at their historical carrying amounts. Although the agreement was entered into subsequent to the year end, the consolidated financial statements present the financial condition, results of operations and cash flows as if the restructuring has occurred as of the beginning of the earliest period presented. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the restructuring exercise.

All intra-group transactions and balances have been eliminated on combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements of the Group have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group are presented in Singapore dollar ("S$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("S$'000"), unless otherwise indicated.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the respective reporting periods. The adoption of these new/revised FRS and INT FRS did not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 January 2017
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptance Methods of Depreciation and Amortisation	1 January 2016
FRS 16, FRS 41	Amendments FRS 16 and FRS 41: Agriculture: Bearer Plants	1 January 2016
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 111	Amendments to FRS 111: Accounting Acquisitions of Interest in Joint Operations	1 January 2016
FRS 114	Regulatory Deferral Accounts	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2017
Various	Improvements to FRSs (November 2014)	Various

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group and the Company have not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in the financial year ended 30 September 2016. Other than the following standards, management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (Continued)

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in FRS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognised lifetime expected credit losses on the affected assets.

The Group does not intend to early adopt FRS 109. The Group is still assessing the potential impact of FRS 109 on its financial statements in the initial year of adoption.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 Construction contracts, FRS 18 Revenue, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (Continued)

***FRS 115 Revenue from Contracts with Customers* (Continued)**

Entities are required to adopt a five-step model which requires (i) their identification of the contract; (ii) their identification of the performance obligations in the contract; (iii) the determination of; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Group does not intend to early adopt FRS 115. The Group is still assessing the potential impact of FRS 115 on its financial statements in the initial year of adoption.

FRS 116 Leases

FRS 116 supersedes FRS 17 Lease, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases – Incentives, and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease to set out the principles for the recognition, measurement, presentation and disclosure of leases. The changes introduced by FRS 116 will primarily affect the financial statements of the lessees.

FRS 116 requires, with limited exceptions, the lessee to recognise, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payments, and right-of-use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of "low-value" assets and qualifying short term leases entered into by lessees can be exempted from the new recognition criteria.

The Group does not intend to early adopt FRS 116. The Group is still assessing the potential impact of FRS 116 on its financial statements in the initial year of adoption.

3.2 Basis of Consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of Consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiaries are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiaries that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiaries and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiaries, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiaries and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiaries are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiaries at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of Consolidation (Continued)

Common Control Business Combination Outside the Scope of FRS 103 Business Combinations "FRS 103"

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of FRS 103. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the combined financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the combined financial statements of the controlling party or parties prior to the common control combination and the carrying amounts are included as if such combined entity's accounting policies have been applied to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combined entity.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquirer's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiaries are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements were prepared based on the audited financial statements of subsidiaries which were prepared in accordance with FRS for the purpose of combination. The subsidiaries maintain their accounting records and prepare the relevant statutory financial statements in accordance with the accounting standards and legislations of the Generally Accepted Accounting Principle (GAAP) in the respective countries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Subsidiary

A subsidiary is an entity (including a structured entity) over which the Company (i) has power and the Company is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from the entity through its involvement with the entity to govern the financial and operating policies so as to obtain benefits from its activities.

The Company reassesses whether it controls the subsidiary if facts and circumstance indicate that there are changes to one or more of the three elements of control.

When the Company has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less accumulated impairment losses, if any.

3.4 Revenue recognition

Rendering of galvanizing services

Revenue from the galvanization of the customer's goods is recognised when the Group has delivered to the customer the galvanized goods marking the completion of the transaction, is able to measure the corresponding revenue and costs reliably and assessed that it is probable that the economic benefits associated with the transaction will flow to the Group. The revenue is presented, net of rebates, discounts and sales related taxes.

Services income

Services income is recognised when the services have been performed and accepted by the customers in accordance with relevant terms and conditions of the contract.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Borrowing costs

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

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

3.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

3.7 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

3.8 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Income tax (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

3.9 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting combined financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

3.11 Associate

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies, and generally accompanying a shareholding of 20% or more of the voting power.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Associate (Continued)

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investments in associates are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under FRS 105 Non-current Assets Held for Sale and Discontinued Operations from the date on which the investee become an associate. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from the associate reduce the carrying amount of the investment. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Company has accounted for its investment in associate at cost in its separate financial statements.

3.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Property, plant and equipment (Continued)

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Computer and office equipment	5
Leasehold property	15 – 17
Furniture and fittings	5
Plant and equipment	10
Renovation	Over the remaining life of leasehold property
Motor vehicles	6

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

3.13 Impairment of tangible assets

The Group reviews the carrying amounts of its tangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date – the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs.

The Group's financial assets consists only loans and receivables.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables, pledged fixed deposit and bank balances.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial instruments (Continued)

***Financial assets* (Continued)**

Impairment of financial assets (Continued)

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial instruments (Continued)

Financial liabilities and equity instruments **(Continued)**

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Financial guarantee contracts

The Group has issued corporate guarantee to a bank for borrowings of Group's associate's subsidiary and this guarantee qualifies as financial guarantees because the Group is required to reimburse the bank if the associate's subsidiary breaches any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation in accordance with FRS 18 Revenue.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial instruments (Continued)

Derivative financial instruments

The Group entered into derivative financial instruments to manage its exposure to price risk of zinc.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise costs of purchases of consumables and other costs incurred in bringing the inventories to their present location and condition. Cost of zinc is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.16 Cash and bank balances

Cash and bank balances comprise cash on hand and demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

3.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Leases (Continued)

***Finance leases* (Continued)**

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (please see above).

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.18 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Contingencies (Continued)

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

3.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

4.1 Critical judgements made in applying the Group's accounting policies

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currency of the respective entity in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

4.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Allowance for trade and other receivables

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's trade and other receivables as at 30 September 2016 were S$11,075,000 (2015: S$8,048,000) respectively (Note 17).

Impairment of investments in subsidiaries and associate

At the end of each financial year, an assessment is made on whether there are indicators that the Group's and the Company's investments in associate and subsidiaries are impaired. The Company's and Group's assessments are based on an estimation of the value-in-use of the assets defined in FRS 36 *Impairment of Assets* by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investment in subsidiaries as at 30 September 2016 was $9,187,000 (2015: Nil) (Note 14). The Group's carrying amount of investment in associate as at 30 September 2016 was S$2,546,000 (2015: S$237,000) (Note 15).

Property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Changes in the expected level of usage and technological developments could affect the economic and useful lives of these assets which could then consequently impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment at 30 September 2016 were S$10,888,000 (2015: S$11,442,000) respectively (Note 16).

Provision for income taxes

The Group has exposure to income taxes in Singapore of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes 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 positions in the period in which such determination is made. The carrying amounts of the Group's current tax payable and deferred tax liabilities as at 30 September 2016 were S$582,000 (2015: S$494,000) and S$482,000 (2015:S$567,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

5. REVENUE

Revenue comprises mainly invoiced value of galvanizing services provided, net of discount and good and service tax.

6. OTHER INCOME

	Group	
	2016 S$'000	**2015 S$'000**
Storage income	*	60
Government grant	**147**	142
Miscellaneous income	**46**	117
Gain from disposal of held-for-sale investment[1]	**–**	604
Service income[2]	**600**	1,187
Sales of consumables[3]	**3,961**	–
	4,754	2,110

* Less than $1,000

(1) During February 2015, the Group acquired 100% equity interest in AGV Holdings Pte Ltd for approximately S$1.4 million. During August 2015, the Group entered into a sales and purchase agreement with three individual parties to sell 64% equity interest for S$1.5 million, resulting in the recognition of a gain from such disposal of S$604,000.

(2) The income relates to technical advice and support services provided by the Group to the subsidiary of its associate, Asia Galvanizing (M) Sdn Bhd.

(3) The income relates to sales of materials and zinc to the subsidiary of its associate, Asia Galvanizing (M) Sdn. Bhd. during the financial year ended 30 September 2016.

7. CONSUMABLES USED

Consumables comprise mainly costs of zinc, chemicals and other materials consumed during the galvanizing process.

8. EMPLOYEE BENEFITS EXPENSE INCLUDING DIRECTORS' REMUNERATION (NOTE 29)

	Group	
	2016 S$'000	**2015 S$'000**
Salaries, wages, bonuses and other staff benefits	**4,762**	3,994
Contribution to defined plans	**183**	157
	4,945	4,151

Included in the employee benefits expense are labour costs directly associated with the generation of revenue of approximately S$2,781,000 for the financial year ended 30 September 2016 (2015: S$2,651,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

9. OPERATING LEASE EXPENSE

	Group	
	2016 S$'000	**2015 S$'000**
Rental of leasehold land	**206**	201
Rental of equipment	**162**	172
Rental of dormitory	**5**	–
Rental of vehicle	**138**	8
	511	381

10. FINANCE COSTS

	Group	
	2016 S$'000	**2015 S$'000**
Finance leases	**5**	2
Bank borrowings	**341**	486
	346	488

11. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the following charges were included in the determination of profit before income tax:

	Group	
	2016 S$'000	**2015 S$'000**
Other expenses		
Utilities	**712**	975
Waste disposal	**569**	492
Entertainment	**446**	102
Loss arising from realisation of derivative instruments	**376**	209
Upkeep of plant and equipment	**314**	148
Audit fees paid to auditors:		
– Auditors of the Company	**70**	21
Non-audit fees paid to auditors:		
– Auditors of the Company	**11**	–
Upkeep of motor vehicles	**87**	38
Allowance for impairment of receivables	**34**	–
Outsourced labour	**–**	63

The above expenses are included in "Other expenses" in the Group's profit or loss for the financial year ended 30 September 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

12. INCOME TAX EXPENSE

	Group	
	2016 S$'000	**2015 S$'000**
Current income tax		
– Current financial year	**459**	694
Deferred income tax		
– Current financial year	**(17)**	(50)
– Over provision in respect of prior years	**(68)**	–
Total income tax expense	**374**	644

The reconciliation of the tax expense and the product of accounting profit/(loss) multiplied by the applicable statutory rate is as follows:

	Group	
	2016 S$'000	**2015 S$'000**
Profit before income tax	**997**	2,881
Income tax at statutory rate of 17%	**169**	490
Add/(Less):		
Tax effect of share of results of associates	**69**	46
Effect of expenses not deductible for tax purpose	**266**	157
Effect of income under tax exemption and rebates	**(46)**	(26)
Incentive on productivity innovation credit	**–**	(11)
Overprovision in respect of prior years	**(68)**	–
Others	**(16)**	(12)
Total tax expense	**374**	644

The Group entities are incorporated in Singapore and accordingly are subject to income tax rate of 17% (2015: 17%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

13. EARNINGS PER SHARE ("EPS")

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2016 S$'000	2015 S$'000
Profit used in calculating basic and dilutive EPS	**623**	2,237
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share ('000)	**125,946**	125,946
Basic and diluted earnings per share (cents)	**0.49**	1.78

The calculations of the basic and diluted earnings per share are calculated by dividing the profits for the year attributable to owners of the Company by the applicable weighted average number of ordinary shares. The profit and share data are presented in the tables above.

14. SUBSIDIARIES

	Company 2016 S$'000
Investment in subsidiaries, at cost	**9,187**

Name	Place of incorporation and operation	Date of incorporation	Issued and paid-up share capital	Equity attributable to the Company			Principal activities
			S$'000	2016	2015	Date of reports	
Directly held by the Company							
Asia Galvanizing (S) Pte Ltd[1]	Singapore	28 January 2010	6,622	**100%**	–	100%	Hot dip galvanizing
Directly held by Asia Galvanizing (S) Pte Ltd							
AGV C&S Pte Ltd[1]	Singapore	5 March 2015	1	**100%**	100%	100%	Consultation and contract work relating to galvanization

(1) Audited by Mazars LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

15. ASSOCIATE

	Group	
	2016 S$'000	**2015 S$'000**
Unquoted equity shares, at cost	**504**	504
Quasi-equity loan	**2,729**	–
Share of post-acquisition results	**(673)**	(267)
Exchange translation differences	**(14)**	–
Carrying amount	**2,546**	237

The details of the associate are as follows:

Name of associates (Country of incorporation/operation)	**Principal activities**	**Effective equity interest held by the Company**	
		2016 %	**2015 %**
Held through Asia Galvanizing (S) Pte Ltd (Singapore)			
AGV Holdings Pte. Ltd. (Singapore)[1]	Investment holding	**36%**	36%
Held through AGV Holdings Pte. Ltd. (Singapore)			
AGV Galvanizing (M) Sdn. Bhd.[2]	Provision of galvanising services	**18%**	18%

(1) Audited by Mazars LLP, Singapore

(2) Audited by Mazars, Malaysia

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

15. ASSOCIATE (CONTINUED)

Summarised financial information in respect of the Group's associate (based on FRS financial statements)

	Group	
	2016 S$'000	**2015 S$'000**
Assets and liabilities:		
Current assets	**2,605**	1,244
Non-current assets	**8,556**	4,412
Current liabilities	**(2,861)**	(4,174)
Non-current liabilities	**(10,206)**	(2,660)
Net liabilities attributable to non-controlling interest	**872**	206
Net liabilities attributable to shareholders of the associate	**(1,034)**	(972)
Quasi-equity loan	**2,729**	–
Group's share of associate's net liabilities	**(372)**	(350)
Capital reserve not shared by the Group	**(273)**	–
Goodwill	**605**	605
Translation and other adjustments	**(143)**	(18)
Carrying amount as at 30 September	**2,546**	237
Results		
Revenue	**1,792**	–
Loss for the year	**(2,299)**	(1,727)
Other comprehensive loss	**(8)**	(61)
Total comprehensive loss	**(2,307)**	(1,788)

As of the reporting date, the Group has the option to call for 64% shareholding in the Associate within 24 months beginning from the day after the first month in which the Associate records a positive operating profit at a total exercise price of approximately S$2.0 million (the "Exercise Price"). In the event that the Group does not exercise this call option when the option becomes exercisable, the shareholders of the 64% equity interest (the "64% shareholders") of the Associate, has the option to put sell their shareholding to the Group at the Exercise Price.

On 31 March 2016, the Group's CEO has given an undertaking to the Group to purchase the aforementioned shareholding on behalf of the Group in the event that the put option is exercised by the 64% shareholders and to, subsequently, grant/issue a call option to the Group for the latter's purchase of the shareholding at the Exercise Price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

16. PROPERTY, PLANT AND EQUIPMENT

Group	Computer and office equipment S$'000	Leasehold property S$'000	Furniture and fittings S$'000	Plant and equipment S$'000	Motor vehicles S$'000	Renovation S$'000	Total S$'000
Cost							
Balance at 1 October 2014	223	10,040	20	4,365	173	406	15,227
Additions	35	–	7	28	–	–	70
Balance at 1 October 2015	258	10,040	27	4,393	173	406	15,297
Additions	247	–	2	30	74	186	539
Disposal	–	–	–	(9)	(32)	–	(41)
Reclassification	–	612	–	(612)	–	–	–
Balance at 30 September 2016	505	10,652	29	3,802	215	592	15,795
Accumulated depreciation							
Balance at 1 October 2014	92	1,418	8	1,075	41	51	2,685
Depreciation	49	624	5	451	27	14	1,170
Balance at 1 October 2015	141	2,042	13	1,526	68	65	3,855
Depreciation	79	467	6	429	60	29	1,070
Disposal	–	–	–	(3)	(15)	–	(18)
Reclassifications	–	245	–	(245)	(13)	13	–
Balance at 30 September 2016	220	2,754	19	1,707	100	107	4,907
Carrying amount							
Balance at 30 September 2016	285	7,898	10	2,095	115	485	10,888
Balance at 30 September 2015	117	7,998	14	2,867	105	341	11,442

As at 30 September 2016, the carrying amount of motor vehicles of the Group which were acquired under finance lease agreements was S$115,000 (2015: S$105,000). Finance lease assets were pledged as securities for the related finance lease payables as set out in Note 23 to the financial statements.

For the purpose of statement of cash flows, additions to property, plant and equipment were financed as follows:

	Group	
	2016 S$'000	2015 S$'000
Cash payments to acquire property, plant and equipment	**361**	70
Finance lease to acquire property, plant and equipment	**178**	–
Additions to property, plant and equipment	**539**	70

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At the reporting date, the carrying amount of property, plant and equipment which have been pledged for banking facilities as set out in Note 24 to the financial statements was as follows:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Leasehold property	**7,898**	7,998
Renovation	**485**	341
Plant and equipment	**2,095**	2,867

17. TRADE AND OTHER RECEIVABLES

	Group	
	2016	**2015**
	S$'000	**S$'000**
Trade receivables		
– third parties	**6,062**	5,396
– previous shareholder	**–**	3
Allowance for impairment of receivables	**(34)**	–
	6,028	5,399
Other receivables		
– third parties	**279**	1
– associate's subsidiary	**1,527**	44
– shareholders	**–**	714
Deposit	**85**	56
Current trade and other receivables	**7,919**	6,214
Add:		
Non-current other receivable from associate's subsidiary	**3,156**	1,834
Total trade and other receivables	**11,075**	8,048
Add:		
Cash and bank balances (Note 19)	**4,039**	39
Pledged deposits (Note 19)	**180**	252
Total loan and receivables	**15,294**	8,339

Trade and other receivables are unsecured, non-interest bearing and subject to normal credit terms, except for amounts due from related parties which are repayable on demand and subject to interest of 7.54% (2015: 5.35%) per annum and amounts due from shareholders were repayable on demand.

Non-current other receivable from the Group's associate is subject to 7.54% interest per annum and are repayable on demand. The repayment is expected to take place by 30 September 2021.

The average credit period on provision of galvanizing services is 30 days (2015: 30 days).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 30 September 2016, trade and other receivables have been pledged for the banking facilities of the Group as disclosed in Note 24 to the financial statements was Nil (2015: S$7,966,000).

Movements in the allowance for impairment of receivables are as follow:

	2016 S$'000
Group	
At the beginning of financial year	–
Allowance charged to profit or loss	34
At end of financial year	34

The currency profile of the Group's trade and other receivables as at 30 September are as follows:

	Group	
	2016 S$'000	2015 S$'000
Singapore dollar ("SGD")	10,914	7,900
United States dollar ("USD")	161	148
	11,075	8,048

18. INVENTORIES

	Group	
	2016 S$'000	2015 S$'000
Consumables	1,726	1,915
Consumables-in-transit	334	435
	2,060	2,350

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

19. CASH AND BANK BALANCES

	Group		Company
	2016 S$'000	2015 S$'000	2016 S$'000
Cash at bank	**4,038**	39	**3,946**
Cash in hand	**1**	–	**–**
Other cash and bank balances	**4,039**	39	**3,946**
Pledged fixed deposit	**180**	252	**–**
Cash and bank balances	**4,219**	291	**3,946**
Less: Pledged fixed deposit	**(180)**	(252)	**–**
Cash and cash equivalents	**4,039**	39	**3,946**

The fixed deposit denominated in SGD is placed for a period of 12 months (2015: 12 months) and bears an effective interest rate of 0.25% (2015: 0.25%) per annum during the financial year ended 30 September 2016 to serve as a pledge to secure a banker's guarantee.

The currency profile of the Group's other cash and bank balances as at 30 September are as follows:

	Group		Company
	2016 S$'000	2015 S$'000	2016 S$'000
SGD	**3,960**	32	**3,946**
USD	**79**	7	**–**
	4,039	39	**3,946**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

20. SHARE CAPITAL

	Group		Company	
	No. of shares ('000)	S$'000	No. of shares ('000)	S$'000
At 1 October 2014	4,000	4,000	–	–
Issuance of redeemable convertible preference shares ("RCPS")	1,011	2,426	–	–
At 30 September 2015	5,011	6,426	–	–
Issuance of shares	196	196	*	*
Adjustment pursuant to the Restructuring Exercise (Note 2)	(5,207)	(6,622)	–	–
Issuance of shares pursuant to:				
Restructuring Exercise (Note 2)	104,125	9,187	104,125	9,187
Public issue for cash	21,821	4,801	21,821	4,801
	125,946	13,988	125,946	13,988
Share issue expenses	–	(535)	–	(535)
At 30 September 2016	125,946	13,453	125,946	13,453

* denotes amount less than $1,000

As of 30 September 2015, there were S$4,000,000 of ordinary shares. During the financial year ended 30 September 2015, Asia Galvanizing (S) Pte Ltd entered into an agreement with and consequently issued 1,011,000 Redeemable Convertible Preference Shares ("RCPS") to 11 corporate and individual investors for consideration of S$2,426,000.

Pursuant to the Subscription Agreements entered into by subsidiary of the Company with the Pre-IPO Investors, the RCPS were issued to the Pre-IPO Investors on 31 March 2015 on the terms and conditions set out therein. Following the conversion of the RCPS on 24 March 2016, the issued and paid-up share capital of Asia Galvanizing (S) Pte Ltd was S$6,621,722. On 15 August 2016, all shares from Pre-IPO investors were converted to shares of AGV Group Limited.

In the financial year ended 30 September 2015, for the purpose of the preparation of the statement of financial position of the Group, the issued share capital and RCPS as of 30 September 2015 represent the aggregated number of issued share capital of subsidiary of the Group under the merger accounting method of consolidation.

During the financial year ended 30 September 2016, prior to the restructuring exercise, 196,000 ordinary shares of Asia Galvanizing (S) Pte Ltd were issued to certain pre-IPO investors for consideration of S$196,000.

Pursuant to the restructuring exercise in Note 2, the Company issued 104,125,440 restructuring shares at an issue price of S$0.88 per share. Subsequent to the restructuring exercise, the shareholders approved a share split of the issued and paid-up ordinary shares of the Company wherein each share was split into 20 ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The newly issued shares rank pari passu in all respects with the previously issued shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

21. OTHER RESERVE

This represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares of the subsidiary and net asset value of the subsidiary acquired which is accounted for under "merger accounting".

22. TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency.

23. FINANCE LEASE PAYABLES

The Group have finance leases for certain items of plant and equipment with lease terms ranging from 3 to 4 years (2015: 3 to 4 years).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments S$'000	Future finance lease charges S$'000	Present value of lease payments S$'000
2016			
Within one financial year	58	(9)	49
After one financial year but within five financial years	121	(9)	112
	179	(18)	161
2015			
Within one financial year	23	(1)	22
After one financial year but within five financial years	–	–	–
	23	(1)	22

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

24. BANK BORROWINGS

	Group	
	2016	2015
Secured	S$'000	S$'000
Bank overdrafts		
Due for repayment on demand	**1,543**	200
Trust receipts		
Due for repayment within one financial year	**4,642**	3,196
Property loan		
Due for repayment within one financial year	**841**	793
Due for repayment after one financial year	**2,699**	3,584
Machinery loan		
Due for repayment within one financial year	**649**	583
Due for repayment after one financial year	**–**	546
Term loan I		
Due for repayment within one financial year	**414**	621
Due for repayment after one financial year	**–**	414
Term loan II		
Due for repayment within one financial year	**54**	104
Due for repayment after one financial year	**–**	54
Term loan III		
Due for repayment within one financial year	**57**	–
Due for repayment after one financial year	**243**	–
Term loan IV		
Due for repayment within one financial year	**253**	–
Due for repayment after one financial year	**1,063**	–
	12,458	10,095
Total		
Due for repayment within one financial year	**8,453**	5,497
Due for repayment after one financial year	**4,005**	4,598

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

24. BANK BORROWINGS (CONTINUED)

During the financial year, the average effective interest rates per annum of the borrowings were as follows:

	Group	
	2016	**2015**
	%	**%**
Bank overdrafts	**5.25**	5.25
Trust receipts	**4.46 – 5.02**	4.35 – 4.66
Property loan	**2.48**	2.48
Machinery loan	**1.64**	1.64
Term loan I	**4.32**	4.32
Term loan II	**7.51**	7.51
Term loan III	**6.76**	–
Term loan IV	**5.75**	–

Property loan from a bank is repayable over a period of 8 years by monthly instalments commencing from December 2012.

Machinery loan from a bank is repayable over a period of 5 years by monthly instalments commencing from December 2012.

Term loan I from a bank is repayable over a period of 2.5 years by monthly instalments commencing from September 2014.

Term loan II from a financial institution is repayable over a period of 3 years by monthly instalments commencing form March 2014.

Term loan III from a bank is repayable over a period of 5 years by monthly instalments commencing form September 2016.

Term loan IV from a bank is repayable over a period of 5 years by monthly instalments commencing form June 2016.

As at 30 September 2016 and 2015, where applicable, unless otherwise stated in the financial statements, the property loan, machinery loan, term loans I, II, III, and IV, and other credit facilities were supported by:

(i) Legal mortgage on leasehold property and renovation with a carrying amount of S$7,898,000 and S$485,000 (2015: S$7,998,000 and S$341,000) respectively;

(ii) Guarantees by the certain shareholders and directors; and

(iii) Charge over one of the subsidiaries trade and other receivables as of 30 September 2015 (applicable to all credit facilities except for machinery loan).

NOTES TO THE FINANCIAL STATEMENTS

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24. BANK BORROWINGS (CONTINUED)

The Machinery loan was secured by a fixed charge over one of the subsidiaries' plant and equipment of S$2,095,000 (2015: S$2,867,000).

As at 30 September 2016 and 2015, Term loan II was secured by a negative pledge over one of the subsidiaries' assets.

As at 30 September 2016, included in the credit facilities, a letter of guarantee was secured by a charge on the Group's deposit of $180,000 (2015: S$252,000).

As at 30 September, the Group had credit facilities as follows:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Facilities granted	**21,391**	15,102
Facilities utilised	**12,619**	13,793

25. DEFERRED TAX LIABILITIES

	Group	
	2016	**2015**
	S$'000	**S$'000**
Deferred tax liabilities	**482**	567

The following are deferred tax liabilities recognised by the Group and movements thereon during the year.

	Group	
	Accelerated tax depreciation	
	2016	**2015**
	S$'000	**S$'000**
Group		
Deferred tax liabilities		
At 1 October	**567**	617
Credit to profit or loss	**(85)**	(50)
At 30 September	**482**	567

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FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

26. TRADE AND OTHER PAYABLES

	Group		Company
	2016 S$'000	2015 S$'000	**2016 S$'000**
Trade payables			
– third parties	**1,383**	1,070	**–**
Other payables			
– third parties	**1,826**	602	**65**
– previous shareholder	**–**	40	**–**
– subsidiary	**–**	–	**399**
Accrued expenses	**482**	292	**113**
GST payable	**377**	143	**–**
Dividend payable	**284**	–	**–**
Total trade and other payables	**4,352**	2,147	**577**
Add:			
Bank borrowings (Note 24)	**12,458**	10,095	**–**
Total financial liabilities carried at amortised cost	**16,810**	12,242	**577**

Trade payables to third parties are unsecured, interest-free and with credit term ranging from 30 to 60 days (2015: 30 to 60 days).

Trade payables to related party, and other payables are unsecured, interest-free and repayable on demand.

The currency profiles of the Group's and Company's trade and other payables as at 30 September are as follows:

	Group		Company
	2016 S$'000	2015 S$'000	**2016 S$'000**
SGD	**3,616**	1,720	**577**
USD	**736**	427	**–**
	4,352	2,147	**577**

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27. OPERATING LEASE COMMITMENTS

The Group leases land, warehouse equipment and motor vehicles under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease term ranging from 2 to 17 years (2015: 2 to 17 years) and lease payments are usually revised at each renewal date to reflect the market rate.

At the reporting date, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Within one financial year	**525**	354
After one financial year but within five financial years	**1,901**	1,416
After five years	**2,860**	3,216
	5,286	4,986

28. CONTINGENT LIABILITIES, UNSECURED

During the financial year ended 30 September 2016, the Group provided a joint and several corporate guarantee for the subsidiary of its associate, AGV Galvanizing (M) Sdn. Bhd., of approximately MYR 9.7 million (2015: approximately MYR 10.6 million).

The Group has not recognised any liability in respect of the guarantee given to the bank for banking facilities granted to the subsidiary of its associate as the Company's directors have assessed that the likelihood of the subsidiary of its associate defaulting on repayment of its loan is remote.

Such guarantees are in the form of a financial guarantee as they require the Group to reimburse the bank if the subsidiary of its associate to which the guarantee was extended fails to make principal or interest repayments when due in accordance with the terms of the borrowing. There has been no default nor non-repayment since the utilisation of the banking facility.

As at the end of the financial year, the Company has given undertakings to its subsidiary to provide continued financial support to the subsidiary to enable the subsidiary to operate as going concern and to meet its obligations as and when they fall due for at least 12 months from the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group with its related parties during the financial year:

	Group	
	2016 S$'000	2015 S$'000
With subsidiary's associate		
Payments on behalf	**736**	636

Compensation of key management personnel

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

The remuneration of directors and key management personnel during the financial year were as follows:

	Group	
	2016 S$'000	2015 S$'000
Directors of the Company		
– Short-term employee benefits	**657**	585
– Post employment benefits	**35**	48
	692	633

30. SEGMENT INFORMATION

For management purpose, the Group comprises only one business segment, being provision of galvanizing services, and operates in only one geographical location, being Singapore.

The Group's non-current assets, based on the location of such assets, are in Singapore and its customers, based on their locations, are in Singapore, with no significant concentration of particular customers.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

The Group may use financial instruments such as foreign currency forward contracts to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

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

Credit risks

Credit risks refer to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics, except that there was a non-trade balance due from the subsidiary of its associate which amounted to more than 10% of the aggregate trade and other receivables as of 30 September 2016 (Note 17).

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risks.

The Group's major classes of financial assets are bank deposits and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

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

	Group	
	2016 S$'000	**2015 S$'000**
Past due less than 1 month	**1,582**	1,349
Past due 1 to 2 months	**706**	769
Past due 2 to 3 months	**585**	464
Past due more than 3 months	**830**	643

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risks, including foreign currency forward contracts to hedge against foreign currency risks.

Foreign currency risks

The Group transacts business in various foreign currencies, mainly USD, other than the respective functional currencies of the Group entities, and hence is exposed to foreign currency risks.

The carrying amounts of the Group's major foreign currency denominated monetary liabilities as at the end of the financial year are as follows:

	Group	
	2016 S$'000	**2015 S$'000**
Group		
Monetary assets		
USD	**240**	155
Monetary liabilities		
USD	**(736)**	(427)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

***Foreign currency risks* (Continued)**

Foreign currency sensitivity analysis

The Group is mainly exposed to USD. The Group does not expect any significant effect on the Group's profit or loss or equity arising from the effects of reasonably possible changes to USD exchange rate on the monetary assets and monetary liabilities at the reporting date.

Price risks

The Group is exposed to commodity price risk because during the financial year ended 30 September 2015, the Group entered into special High Grade Zinc Asian Swaps (the "swaps") to purchase such zinc at a fixed price on paper and whose pay-off is based on the difference between the average of the daily official prices of London Metal exchange Cash Official Special High Grade Zinc over the number of business days during calculation period.

To manage its price risks, the Group will purchase physical zinc to be used as part of its costs of service when the price of the zinc drops significantly below the fixed price.

As of 30 September 2015, the Group is committed to enter into monthly cash settlement of the swaps on the first of each calendar month until the last settlement date on 31 December 2015. There are hence no outstanding swaps as of 30 September 2016.

Details of the Group's commitment

Notional quantity each month	:	200 metric tonnes
Fixed price	:	US$2,062 per metric tonne

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risks relate to interest bearing liabilities (Notes 23 and 24).

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings, and to obtain quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

At the reporting date, the Group and the Company do not have significant exposure to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group minimises liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintaining sufficient levels of cash to meet its working capital requirements.

The following table details the Group's remaining contractual maturity for its financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

		Contractual undiscounted cash flows		
Group and Company	**Carrying amount S$'000**	**Total S$'000**	**Less than 1 year S$'000**	**More than 1 year S$'000**
Financial assets				
Trade and other receivables	11,075	11,075	7,919	3,156
Cash and bank balances	4,039	4,039	4,039	–
As at 30 September 2016	15,114	15,114	11,958	3,156
Trade and other receivables	8,048	8,048	6,214	1,834
Cash and bank balances	39	39	39	–
As at 30 September 2015	8,087	8,087	6,253	1,834

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risks (Continued)

			Contractual undiscounted cash Flows			
	Effective interest rate %	Carrying amount S$'000	Total S$'000	Less than 1 year S$'000	2 to 5 years S$'000	More than 5 years S$'000
Financial liabilities and derivative financial instrument						
Trade and other payables		4,352	4,352	4,352	–	–
Bank borrowings	Note 24	12,458	12,850	8,640	4,210	–
Finance lease payables	6.36 – 6.60	161	179	58	121	–
As at 30 September 2016		16,971	17,381	13,050	4,331	–
Trade and other payables		2,147	2,147	2,147	–	–
Bank borrowings	Note 24	10,095	10,433	5,651	4,580	202
Finance lease payables	3.60 – 5.70	22	23	23	–	–
As at 30 September 2015		12,264	12,603	7,821	4,580	202

The Group's operations are financed mainly through equity, accumulated profits and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required. The repayment terms of the bank borrowings are disclosed in Note 24 to these financial statements.

32. FAIR VALUE OF ASSETS AND LIABILITIES

The carrying amounts of cash and bank balances, current trade and other receivables and payables approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

33. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

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 shareholders' 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. No changes were made in the objectives, policies or processes during the financial years ended 30 September 2016 and 30 September 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

33. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debts.

	Group	
	2016	**2015**
	S$'000	**S$'000**
Trade and other payables	**4,352**	2,147
Borrowings	**12,458**	10,095
Finance lease payables	**161**	22
Cash and cash equivalents	**(4,039)**	(39)
Net debt	**12,932**	12,225
Total equity	**12,758**	9,187
Total capital	**25,690**	21,412
Gearing ratio	**50%**	57%

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

34. DIVIDENDS

During the financial year ended 30 September 2016, the Group declared and paid interim tax exempt dividend of S$0.375 per ordinary share of the Company totalling S$1,500,000 in respect of the financial year ended 30 September 2015.

35. COMPARATIVE FIGURES

There are no comparative figures for the Company at 30 September 2015, as the Company was only incorporated on 2 October 2015.

SUBSTANTIAL SHAREHOLDERS

(AS RECORDED IN THE REGISTER OF SHAREHOLDERS AS AT 15 DECEMBER 2016)

Issued and paid-up capital	:	S$13,988,400
Number of shares	:	125,946,440
Class of Shares	:	Ordinary
Voting rights	:	One vote per share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	4	2.58	3,300	0.01
1,001 – 10,000	26	16.77	187,600	0.15
10,001 – 1,000,000	104	67.10	12,373,400	9.82
1,000,001 AND ABOVE	21	13.55	113,382,140	90.02
TOTAL	**155**	**100.00**	**125,946,440**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Asiagalv Capital LLP[1]	23,106,440	18.35	–	–
Albert Ang[1]	–	–	23,106,440	18.35
James Ang[1]	–	–	23,106,440	18.35
Ang Ghee Ann	16,000,000	12.70	–	–
Chan Hui Lan Catherine[2]	8,000,000	6.35	8,300,000	6.59
Chng Weng Wah[2]	8,300,000	6.59	8,000,000	6.35
Yeong Chun Song[3]	7,720,000	6.13	–	–
Yeong Zi Li[3]	6,400,000	5.08	–	–

Notes:

(1) Albert Ang and James Ang are deemed interested in the Shares held by Asiagalv Capital LLP, a limited liability partnership between Albert Ang and James Ang. Albert Ang and James Ang are brothers.

(2) Chng Weng Wah and Chan Hui Lan Catherine are husband and wife.

(3) Yeong Chun Song is the father of Yeong Zi Li.

SUBSTANTIAL SHAREHOLDERS

(AS RECORDED IN THE REGISTER OF SHAREHOLDERS AS AT 15 DECEMBER 2016)

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ASIAGALV CAPITAL LLP	23,106,440	18.35
2	ANG GHEE ANN	16,000,000	12.70
3	CHNG WENG WAH	8,300,000	6.59
4	CHAN HUI LAN CATHERINE	8,000,000	6.35
5	YEONG CHUN SONG	7,720,000	6.13
6	YEONG ZI LI	6,400,000	5.08
7	CIMB SECURITIES (SINGAPORE) PTE. LTD.	6,142,900	4.88
8	YEONG CHEE YEEN	5,120,000	4.07
9	LOKE GIM TAY	4,800,000	3.81
10	POON MAY FOONG	4,200,000	3.33
11	TSNG JOO WEE	3,220,000	2.56
12	TEH KIM SIEW	2,560,000	2.03
13	EDMC PROJECTS PTE. LTD.	2,500,000	1.98
14	LIVERLAND INVESTMENTS PTE LTD	2,500,000	1.98
15	MAI DUC BAO	2,500,000	1.98
16	LOW KEOK GIAP	2,392,800	1.90
17	NG KOK CHENG	2,000,000	1.59
18	ANG YEE HUAT	1,900,000	1.51
19	GOH SOON KHIAN	1,500,000	1.19
20	HOE LOO MING	1,260,000	1.00
	TOTAL	**112,122,140**	**89.01**

Percentage of shareholding held in the hands of the public

As at 15 December 2016, the percentage of shareholding in the Company held in the hands of the public is approximately 44.66 %. At least 10% of the Company's equity securities are held by the public at all times and the Company is in compliance with Rule 723 of Section B of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at **TKP Conference Center 137 Cecil Street, #04-01 Singapore 069537 on 18 January 2017 at 10.00 a.m.** to transact the following business:

ORDINARY BUSINESSES

1.	To receive and adopt the Directors' Statement and Audited Accounts of the Company for the financial year ended 30 September 2016 together with the Auditors' Report thereon.	**Resolution 1**
2.	To re-elect Mr Jack Chia Seng Hee pursuant to Article 102 of the Company's Constitution. [See Explanatory Note (i)]	**Resolution 2**
3.	To re-elect Mr Albert Ang Nam Wah pursuant to Article 102 of the Company's Constitution. [See Explanatory Note (i)]	**Resolution 3**
4.	To re-elect Mr James Ang Nam Heng pursuant to Article 102 of the Company's Constitution. [See Explanatory Note (i)]	**Resolution 4**
5.	To re-elect Mr Ang Ghee Ann pursuant to Article 102 of the Company's Constitution. [See Explanatory Note (i)]	**Resolution 5**
6.	To re-elect Mr Toh Hock Ghim pursuant to Article 102 of the Company's Constitution. [See Explanatory Note (i)]	**Resolution 6**
7.	To re-elect Mr Benjamin Choo Chih Chien pursuant to Article 102 of the Company's Constitution. [See Explanatory Note (i)]	**Resolution 7**
8.	To re-elect Mr Chng Weng Wah pursuant to Article 102 of the Company's Constitution. [See Explanatory Note (i)]	**Resolution 8**
9.	To re-elect Mr Yeong Chun Song pursuant to Article 102 of the Company's Constitution. [See Explanatory Note (i)]	**Resolution 9**
10.	To approve the payment of Directors' fees of S$67,500 for the financial year ended 30 September 2016, to be paid quarterly in arrears.	**Resolution 10**
11.	To approve the payment of Directors' fees of S$195,000 for the financial year ending 30 September 2017, to be paid quarterly in arrears.	**Resolution 11**
12.	To re-appoint Mazars LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.	**Resolution 12**
13.	To transact any other ordinary business which may properly be transacted at an Annual General Meeting.	

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESSES

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

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

(a) (i) issue shares in 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 or 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 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 of the Company while this Resolution was in force, provided always that:

(i) the aggregate number of shares (including shares to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital 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 the Shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

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

i. new shares arising from the conversion or exercise of any convertible securities;

ii. new shares arising from exercising share options or vesting of share awards which are outstanding 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 Catalist Rules; and

iii. any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

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

(iv) unless revoked or varied by the Company in a general meeting, such authority shall 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 13**

[See Explanatory Note (ii)]

By Order of the Board

Albert Ang
30 December 2016

Explanatory Notes:

(i) Mr Jack Chia Seng Hee will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, chairman of the Board, chairman of the Audit Committee, a member of the Nominating Committee and a member of the Remuneration Committee. Mr Jack Chia Seng Hee is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Albert Ang Nam Wah will upon re-election as a Director of the Company, remain as an Executive Director of the Company.

Mr James Ang Nam Heng will upon re-election as a Director of the Company, remain as an Executive Director of the Company.

Mr Ang Ghee Ann will upon re-election as a Director of the Company, remain as an Executive Director of the Company.

Mr Toh Hock Ghim will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, chairman of the Nominating Committee, a member of the Remuneration Committee and a member of the Audit Committee. Mr Toh Hock Ghim is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Benjamin Choo Chih Chien will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, chairman of the Remuneration Committee, a member of the Nominating Committee and a member of the Audit Committee. Mr Benjamin Choo Chih Chien is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Yeong Chun Song will upon re-election as a Director of the Company, remain as a Non-Executive Director of the Company.

Mr Chng Weng Wah will upon re-election as a Director of the Company, remain as a Non-Executive Director of the Company.

(ii) The Ordinary Resolution 13 above, if passed, will empower the Directors of the Company from the date of this 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 issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares), of which up to 50% may be issued other than on a pro rata basis to Shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) Except for a member who is a relevant intermediary (as defined under Section 181 of the Act), a member of the Company entitled to attend and vote at the general meeting is required to appoint one or two proxies to attend and vote in his stead.

   (b) A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the general meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies shall in the case of an individual, be signed by the appointor or his attorney, and in the case of a corporation shall be either under the Common Seal or signed by its attorney or a duly authorised officer on behalf of the corporation.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 22 Benoi Road Singapore 629892 not less than 72 hours before the time appointed for holding the Meeting.

5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to attend and vote at the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or by attending the Annual General Meeting, 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. In addition, by attending the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

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AGV GROUP LIMITED

(Company Registration No. 201536566H)
(Incorporated In the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy AGV Group Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____ (Name), NRIC/Passport Number _____

of _____ (Address)

being a member/members of AGV Group Limited (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at **TKP Conference Center 137 Cecil Street, #04-01 Singapore 069537 on 18 January 2017 at 10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Statement and Audited Accounts for the financial year ended 30 September 2016		
2	Re-election of Mr Jack Chia Seng Hee as a Director		
3	Re-election of Mr Albert Ang Nam Wah as a Director		
4	Re-election of Mr James Ang Nam Heng as a Director		
5	Re-election of Mr Ang Ghee Ann as a Director		
6	Re-election of Mr Toh Hock Ghim as a Director		
7	Re-election of Mr Benjamin Choo Chih Chien as a Director		
8	Re-election of Mr Chng Weng Wah as a Director		
9	Re-election of Mr Yeong Chun Song as a Director		
10	Approval of Directors' fees amounting S$67,500 for the financial year ended 30 September 2016, to be paid quarterly in arrears.		
11	Approval of Directors' fees amounting to S$195,000 for the financial year ending 30 September 2017, to be paid quarterly in arrears.		
12	Re-appointment of Mazars LLP as Auditors		
13	Authority to issue shares and convertible securities pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this _____ day of _____ 2017

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

_____

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

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Except for a member who is a relevant intermediary (as defined under the Companies Act, Chapter 50 of Singapore (the "**Act**"), a member entitled to attend and vote at the general meeting is entitled to appoint one or two proxies to attend and vote in his stead. A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the general meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares.

3. Where a member who is not a relevant intermediary appoints two 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. Where a member who is a relevant intermediary appoints two or more proxies, the appointments shall be invalid unless the number and class of shares in relation to which each proxy has been appointed is specified in the proxy form.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company 22 Benoi Road Singapore 629892 not less than 72 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chia Seng Hee ("Jack Chia")
(Non-Executive Chairman and Independent Director)
Ang Nam Wah ("Albert Ang")
(Executive Director and Chief Executive Officer)
Ang Nam Heng ("James Ang")
(Executive Director and Chief Operating Officer)
Ang Ghee Ann
(Executive Director)
Yeong Chun Song
(Non-Executive Director)
Chng Weng Wah
(Non-Executive Director)
Toh Hock Ghim
(Independent Director)
Benjamin Choo Chih Cheh ("Benjamin Choo")
(Independent Director)

AUDIT COMMITTEE

Jack Chia (Chairman)
Toh Hock Ghim
Benjamin Choo

NOMINATING COMMITTEE

Toh Hock Ghim (Chairman)
Jack Chia
Benjamin Choo

REMUNERATION COMMITTEE

Benjamin Choo (Chairman)
Jack Chia
Toh Hock Ghim

COMPANY SECRETARIES

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

22 Benoi Road Singapore 629892

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

SPONSOR

Hong Leong Finance Limited
16 Raffles Quay
#01-05 Hong Leong Building
Singapore 048581

EXTERNAL AUDITORS

Mazars LLP
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

Partner-in-charge: Chen Ningxin
(Appointed since the financial year ended 30 September 2016)

INVESTOR RELATIONS

WER1 CONSULTANTS PTE LTD
3 Phillip Street #12-01
Royal Group Building
Singapore 048693



AGV GROUP LIMITED
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