MS HOLDINGS LIMITED

茂盛控股有限公司

(Incorporated in the Republic of Singapore on 21 May 2014)
(Company Registration Number: 201414628C)

Creating Sustainable **Growth** And **Value**

Our Liebherr 750-tonne Mobile Crane

ANNUAL REPORT 2017

Mission Statement

To Develop Cost-Effective Solutions For Our Customers And Complete Each Work Assignment Safely And Timely

Table of Contents

*This annual report has been prepared by MS Holdings Limited ("**Company**") and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**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 Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

Corporate **Profile**

We are one of the leading crane rental companies in Singapore. We focus on providing mobile cranes and lorry cranes as they can be deployed easily in a wide range of lifting operations and have short set-up time due to their ability to travel on roads thus eliminating the need for special equipment to transport them to job sites.

We typically rent our cranes to customers on a daily basis or short term basis, thereby increasing the flexibility of deploying our cranes and enabling our Group to optimise the utilisation of our fleet.

With our fleet of young and modern cranes, we serve a wide customer base operating within the construction, marine, logistics, oil and gas as well as infrastructure industries in Singapore. This strategy of building and maintaining a well-diversified customer base ensures that we are not overly reliant on any particular customer or particular business sector.

Letter to **Shareholders**

Dear Shareholders

On behalf of the board of directors ("**Board**" or "**Directors**") of MS Holdings Limited ("**MS Holdings**" or "**Company**", and together with its subsidiaries, the "**Group**"), we are pleased to present to you with the annual report of our Company for the financial year ended on 30 April 2017 ("**FY2017**").

Better known as Moh Seng Cranes in the industry, our business roots can be traced back to the 1960s and all these while, we have been continuing to invest in talent, technology and equipment – vital to the future of our Company.

With a lifting fleet of 31 mobile cranes and lorry cranes (with lifting capabilities ranging from 25 tonnes to 750 tonnes), our Group offers a comprehensive range of integrated lifting solutions.

We typically rent our cranes to customers on a daily basis or short term basis, thereby increasing the flexibility of deploying our cranes and enabling our Group to optimise the utilisation of our fleet. Our Group has built up a wide customer base operating within the construction, marine, logistics, oil and gas as well as infrastructure industries in Singapore.

Letter to **Shareholders**

We are driven to improve our range of services, adding efficiency and new features, to our customers and these initiatives are motivated by customer focus rather than by reaction to competition. Maintaining our focus to meet the needs of new and existing clients, we strive to continue to deliver on our long history of providing our customers with best-in-class services and solutions.

FY2017 Business and Financial Review

Slowing global economic growth and declining commodity prices have created competitive business environment and intense competition in the industry which resulted in a decrease in average rental rates of cranes.

Our Group generates revenue primarily from the leasing of cranes and providing project management services. Our Group's revenue decreased by 13.5% to S$15.1 million in FY2017 due to a decrease in average rental rates of cranes which reflected the challenging market conditions faced by our customers in construction, marine, logistics, oil and gas as well as infrastructure industries.

Our Group recorded a lower gross profit of S$3.0 million with a gross profit margin of 19.9% in FY2017 as a result of the lower revenue and fixed overheads such as labour costs and depreciation charges.

Other income remained at S$0.9 million for FY2017 and mainly consist of rental income from our existing premises, gain on disposal of aged lorry cranes and prime movers and government grants or incentives.

General and administrative expenses of S$4.5 million in FY2017 comprised mainly depreciation and employee benefits expense.

As a result of the above, our Group registered a net loss after tax of S$1.4 million in FY2017.

Healthy Balance Sheet With Resilient Cash Flow Generated From Operating Activities

Our Group's cash flow continued to be healthy as we generated net cash from operating activities of S$1.8 million in FY2017.

As at 30 April 2017, our Group's total assets amounted to S$64.8 million, of which non-current assets amounted to S$56.1 million or 86.6% of total assets and current assets stood at S$8.7 million or 13.4% of total assets. Non-current assets comprised mainly property, plant and equipment. Current assets

Letter to **Shareholders**

mainly comprised trade and other receivables, inventories as well as cash and bank balances.

As at 30 April 2017, our Group's total liabilities amounted to S$39.2 million, of which non-current liabilities amounted to S$29.2 million or 74.5% of total liabilities and current liabilities stood at S$10.0 million or 25.5% of total liabilities. Non-current liabilities mainly comprised obligations under finance leases for property, plant and equipment, bank borrowings and deferred tax liabilities. Current liabilities mainly comprised trade and other payables, obligations under finance leases for property, plant and equipment, bank borrowings and provision for reinstatement cost.

With net assets of S$25.6 million as at 30 April 2017, our Group's net asset per share stood at S$0.25.

Business Outlook

Aligned with our core competencies, our Group has strategically invested in additional resources and fixed assets to develop more value propositions to better serve new and existing clients.

Our Group believes that the outlook for the crane rental business is expected to remain challenging although rental rates have stabilised. Barring any unforeseen circumstances, we remain cautiously optimistic of our business prospects based on the trends and developments of the construction, marine, logistics, oil and gas as well as infrastructure industries. Our Group will continue to capitalise on any opportunities which may arise.

We will also review and explore cost savings measures and focus on optimising the deployment of our fleet of mobile cranes and equipment.

Acknowledgements

Without the dedication, fortitude and commitment of our management team and staff, MS Holdings would not be where we are today and on behalf of the Board, we would like to take this opportunity to extend our appreciation for their efforts.

We would also like to express our gratitude to our fellow Directors for their valuable advice, insights and continued guidance. We also extend our welcome to Mr Crane Charoenratchadej and Mr Tan Jia Hui Clarence who joined the Board on 10 March 2017.

On 10 March 2017, the Board announced the appointment of Mr Lim Kee Way Irwin as the Lead Independent Director as well as the resignation of Mr Goh Boon Chye as the Lead Independent Director and Ms Yap Bee Ling as the Executive Director (Business Development). Ms Yap Bee Ling remains as a General Manager of our Company. We would like to thank Mr Goh and Ms Yap for their invaluable contribution to our Group. In addition, we are grateful to our customers, bankers and business associates for their continued support and confidence in MS Holdings.

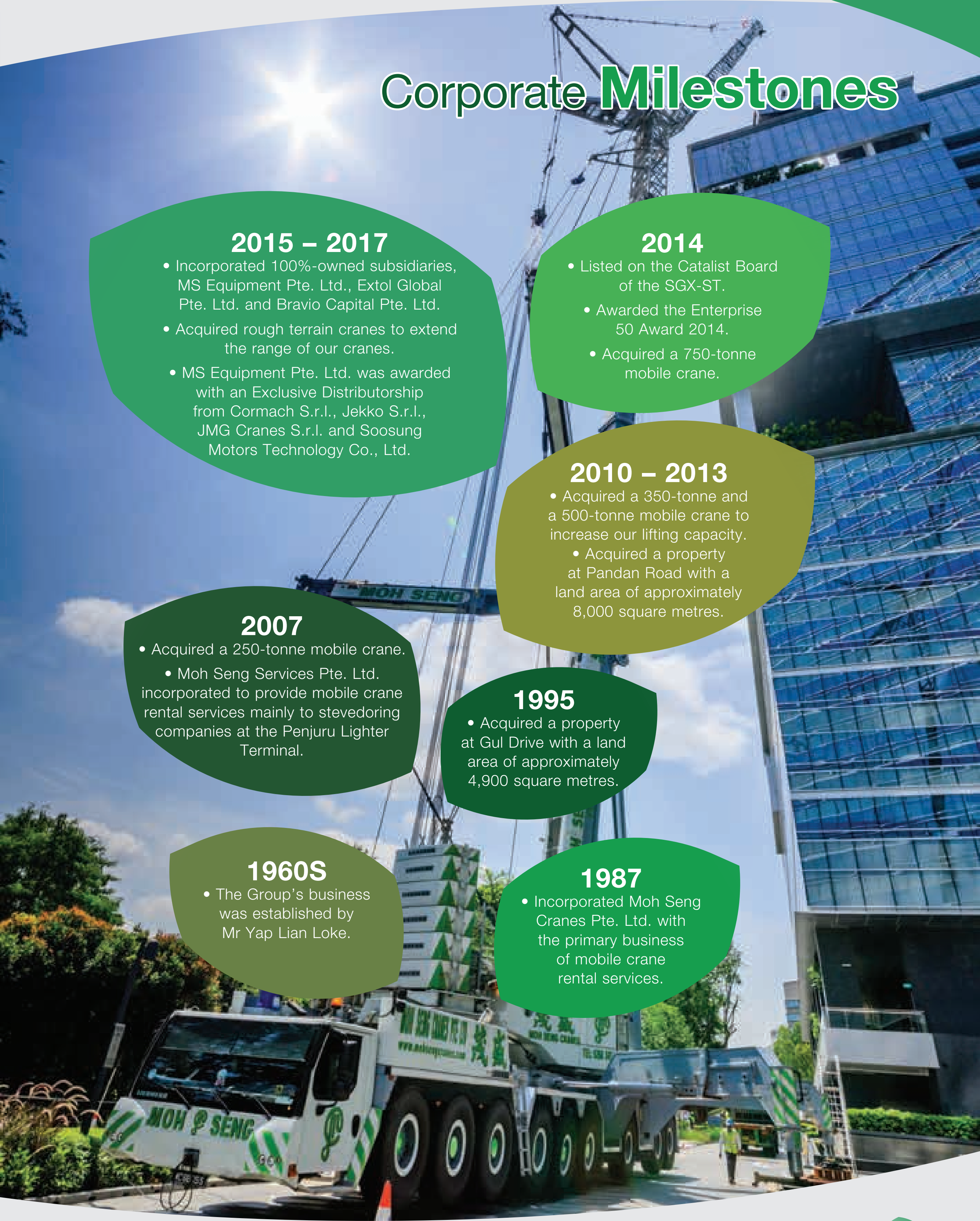
And finally, to our shareholders, thank you for your support and trust in our abilities. We take a long term view in our business, and we believe our time-tested business model, culture of customer service, teamwork and excellence clearly differentiates MS Holdings from our competitors.

THANK YOU

MADAM NG CHUI HWA
Executive Chairman

MR YAP CHIN HOCK
Executive Director and CEO

Corporate Milestones



2015 – 2017

- Incorporated 100%-owned subsidiaries, MS Equipment Pte. Ltd., Extol Global Pte. Ltd. and Bravio Capital Pte. Ltd.
- Acquired rough terrain cranes to extend the range of our cranes.
- MS Equipment Pte. Ltd. was awarded with an Exclusive Distributorship from Cormach S.r.l., Jekko S.r.l., JMG Cranes S.r.l. and Soosung Motors Technology Co., Ltd.

2014

- Listed on the Catalist Board of the SGX-ST.
- Awarded the Enterprise 50 Award 2014.
- Acquired a 750-tonne mobile crane.

2010 – 2013

- Acquired a 350-tonne and a 500-tonne mobile crane to increase our lifting capacity.
- Acquired a property at Pandan Road with a land area of approximately 8,000 square metres.

2007

- Acquired a 250-tonne mobile crane.
- Moh Seng Services Pte. Ltd. incorporated to provide mobile crane rental services mainly to stevedoring companies at the Penjuru Lighter Terminal.

1995

- Acquired a property at Gul Drive with a land area of approximately 4,900 square metres.

1960S

- The Group's business was established by Mr Yap Lian Loke.

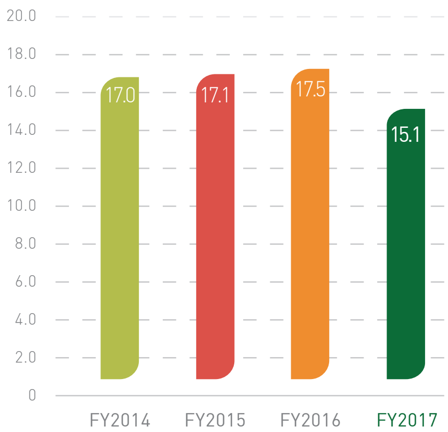
1987

- Incorporated Moh Seng Cranes Pte. Ltd. with the primary business of mobile crane rental services.

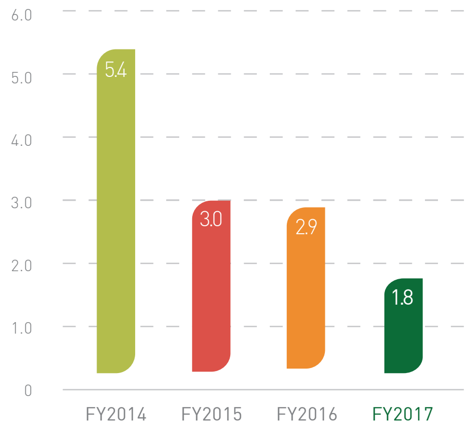
Corporate **Structure**

Financial **Highlights**

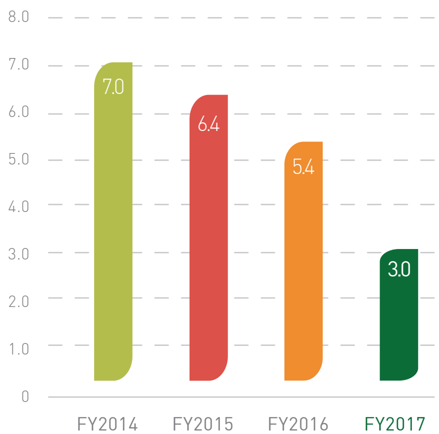
REVENUE (S$ million)



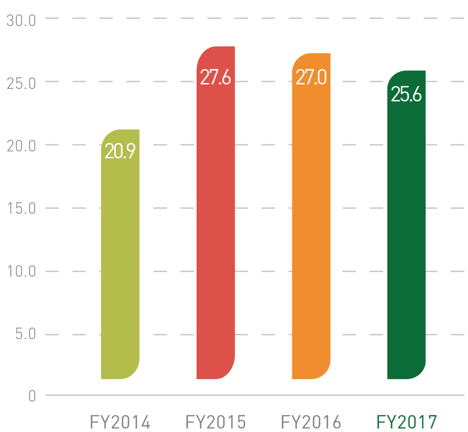
NET CASH FROM OPERATING ACTIVITIES (S$ million)



GROSS PROFIT (S$ million)



SHAREHOLDERS' EQUITY (S$ million)



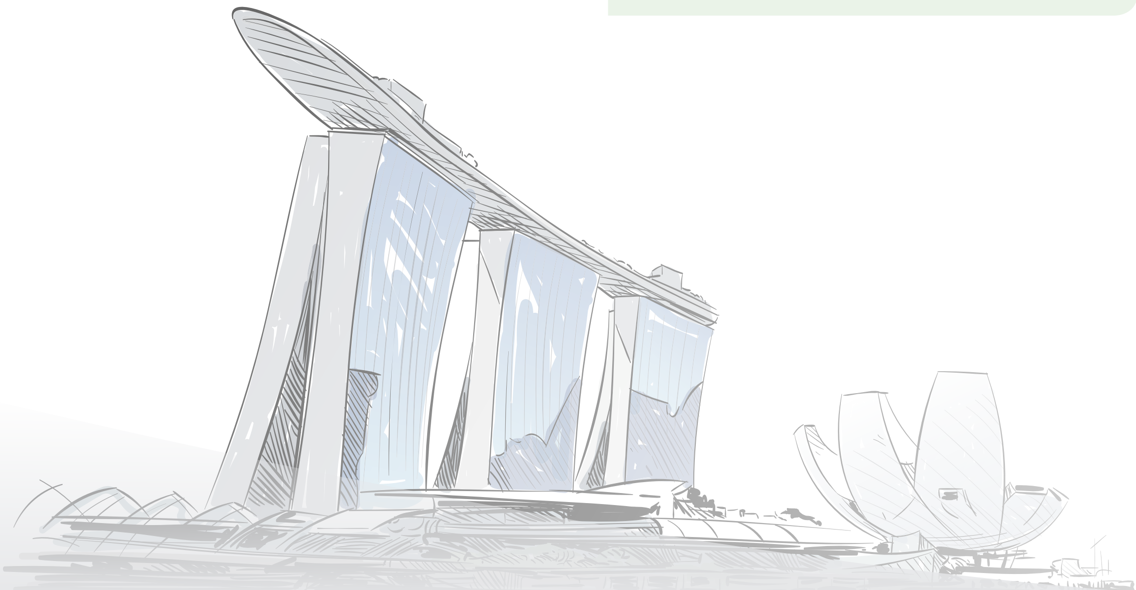
Board of Directors

MDM NG CHUI HWA
Executive Chairman

Since 1974, Mdm Ng has been involved in various aspects of our Group's crane rental business such as customer service and she was also involved in the operations, finance and administrative functions. Mdm Ng is responsible for charting and reviewing the overall strategic direction of our Group and maintaining relationships with our customers and suppliers. Under her leadership, she has led our Group to grow progressively to become one of the leading mobile crane rental companies in Singapore.

MR YAP CHIN HOCK
Executive Director and CEO

Mr Yap is responsible for the overall management of our Group's operations and supports our Executive Chairman in developing the corporate and business development strategies of our Group. He joined our Group in 2001 as a Crane Attendant. Since then, he has progressed to assume various junior and senior positions in different functions within our Group. In the last 15 years, Mr Yap also spearheaded the modernisation of our fleet of cranes and implemented information technology systems to enhance the productivity and efficiency of our operations. Mr Yap was a recipient of the Successful Entrepreneur Award (2011) organised by GRC Press Holdings, the Entrepreneur of the Year Award (2012) jointly organised by the Association of Small and Medium Enterprises and the Rotary Club of Singapore, and the Spirit of Enterprise Award (2013) organised by Spirit of Enterprise.



Board of Directors

MR TAN JIA HUI CLARENCE
Executive Director and Investment Director

Mr Tan joined our Group in May 2015 as an Investment Director and was appointed to our Board on 10 March 2017. He is responsible for overseeing the corporate finance function and assisting our CEO in the overall strategic expansion of our Group's business. He has over 10 years of experience in audit and accounting. His professional experiences also include being the Chief Financial Officer of a company listed on Catalist. He holds a professional qualification from the Association of Chartered Certified Accountants and is a non-practicing member of the Institute of Singapore Chartered Accountants.

MR LIM KEE WAY IRWIN
Lead Independent Director

Mr Lim is our Lead Independent Director and was appointed to our Board on 7 October 2014. He is currently the Operating Partner of Novo Tellus Capital Partners, a private equity firm and concurrently, the Managing Director of Inflexion Ventures Private Ltd., which is a business advisory and investment firm. He also serves as an Independent Director, Chairman of the audit committee and member of the remuneration committee of Lifebrandz Ltd., which is listed on Catalist. Mr Lim began his career in 1990 as a Senior Development Officer with the Economic Development Board of Singapore. In 1993, he joined Technomic International Inc., a United States headquartered consulting firm specialising in market penetration and investment strategies, initially as an Associate and was promoted to Senior Associate in 1995. Subsequently in 1996, Mr Lim joined Transpac Capital Pte Ltd, a venture capital and private equity firm, as a Senior Investment Manager, responsible for investment and portfolio management in the Asia Region. In 2000, he joined Murray Johnstone Private Equity as an Associate Director, and later in the same year joined Asiavest Partners, TCW/YFY (S) Private Ltd. as an Executive Director where he headed the firm's investment in the Southeast Asian region. He joined United Test and Assembly Center Ltd in 2003, as the Group Vice-President of Corporate Development, where he helped spearhead the listing of the company in 2004. He assumed the role of Group Chief Financial Officer from 2007 to 2013 where he was responsible for the mergers and acquisitions as well as the financial, treasury, legal, corporate communications and investor relations functions of the group. He holds a Master of Science in Management from the Imperial College of Science, Technology and Medicine, University of London, and a Bachelor of Science from the Columbia University.

Board of **Directors**

MR LAU YAN WAI
Independent Director

Mr Lau is our Independent Director and was appointed to our Board on 7 October 2014. He is currently a Director of Equity Law LLC in Singapore and practices in the field of corporate and securities law. Mr Lau started practice as an Associate in the corporate and conveyancing department of Jeyaratnam & Chong, a law firm based in Malaysia in 2003 and left the firm in 2004. He joined KhattarWong LLP, a Singapore law firm as a Foreign Lawyer in 2005 and became a Partner of the firm in 2010. From 2011 to 2014, Mr Lau was a Partner at RHTLaw Taylor Wessing LLP as well as a registered professional with RHT Capital Pte. Ltd., a continuing sponsor registered with the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), where he had undertaken continuing sponsor activities for several companies listed on Catalist. Mr Lau graduated with a Bachelor of Laws from the University of Sheffield in 1999 and a Master of Laws (Chinese Law) from the National University of Singapore in 2005. He also holds a Master of Science in Information Systems from the University of Sheffield. Mr Lau is qualified to practise in Singapore and West Malaysia. Mr Lau is a member of the Singapore Academy of Law, the Law Society of Singapore and the Malaysian Bar.

MR CRANE CHAROENRATCHADEJ
Independent Director

Mr Crane is our Independent Director and was appointed to our Board on 10 March 2017. He is currently a Director at EK Crane Logistics Co., Ltd., which is the largest mobile crane rental company in Thailand. In the last seven (7) years, he had assumed various roles in EK Crane Logistics Co., Ltd. in functions as sales, repair and service, spare parts, and management. Currently, he is also the CEO of Pettel Service Co., Ltd., a company which provides repair and services for heavy machineries. He holds an International Business Management degree from the Chulalongkorn University.

Key Management

MR YAP SIAN LAY
Technical Director

Mr Yap has more than 40 years of experience in the various technical aspects of mobile cranes and is responsible for overseeing the maintenance, repair and reconditioning of our lifting and hauling fleet. He has been in the mobile crane business since his teenage years, starting in various junior positions and progressing from the position of Crane Operator. He founded Moh Seng Cranes Pte. Ltd. in 1987 to corporatise the crane rental business of Moh Seng.

MS LEE NGUK FONG
Financial Controller

Ms Lee joined our Group in September 2015 and is responsible for the full spectrum of the finance and accounting functions as well as budgeting, managing of cash flow, taxation matters and ensuring compliance with statutory audit requirements. Ms Lee has over 10 years of experience in audit as well as finance and accounting experience with companies listed on the SGX-ST. She holds a Bachelor of Commerce (Hons) in Accounting from the University of Tunku Abdul Rahman, Malaysia.

Corporate **Information**

BOARD OF DIRECTORS

NG CHUI HWA (EXECUTIVE CHAIRMAN)
YAP CHIN HOCK (EXECUTIVE DIRECTOR AND CEO)
TAN JIA HUI CLARENCE (EXECUTIVE DIRECTOR AND INVESTMENT DIRECTOR)
LIM KEE WAY IRWIN (LEAD INDEPENDENT DIRECTOR)
LAU YAN WAI (INDEPENDENT DIRECTOR)
CRANE CHAROENRATCHADEJ (INDEPENDENT DIRECTOR)

COMPANY SECRETARIES

Wee Woon Hong, LLB (HONS)
Srikanth Rayaprolu, ACIS

SHARE REGISTRAR

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

AUDIT COMMITTEE

Lim Kee Way Irwin (Chairman)
Lau Yan Wai
Crane Charoenratchadej

NOMINATING COMMITTEE

Lau Yan Wai (Chairman)
Lim Kee Way Irwin
Crane Charoenratchadej
Tan Jia Hui Clarence

REMUNERATION COMMITTEE

Lau Yan Wai (Chairman)
Lim Kee Way Irwin
Crane Charoenratchadej

INDEPENDENT AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Tan Soon Seng
(since financial year ended 30 April 2017)

SPONSOR

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Malayan Banking Berhad
2 Battery Road
Maybank Tower
Singapore 049907

REGISTERED OFFICE

22 Pandan Road
Singapore 609274
Tel: (65) 6266 3455
Fax: (65) 6863 8202
Website: www.mohsengcranes.com

Report of **Corporate Governance**

The Board of MS Holdings is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of the Company's shareholders (the "**Shareholders**").

The Company has put in place various policies and practices that will safeguard the interests of Shareholders and enhance Shareholders' value as part of its effort to maintain high standards of corporate governance. This report describes the corporate governance practices and procedures adopted by the Company with specific reference to the Code of Corporate Governance 2012 (the "**Code**") issued by the Monetary Authority of Singapore and the disclosure guide ("**Disclosure Guide**") issued by the SGX-ST. References to the principles of the Code are listed below.

The Board confirms that for FY2017, the Company has substantially complied with the principles and guidelines of the Code and the Disclosure Guide. Where there are deviations from the recommendations of the Code, appropriate explanations have been provided.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long term success of the company. The board works with the management to achieve this objective and the management remains accountable to the board.

The Company is headed by an effective Board to lead and control the Company.

On 10 March 2017, the Company announced the following changes to the Board:

(i) the resignation of Ms Yap Bee Ling as Executive Director (Business Development);

(ii) the resignation of Mr Goh Boon Chye as Lead Independent Director;

(iii) the appointment of Mr Tan Jia Hui Clarence as Executive Director and a member of the nominating committee (the "**NC**");

(iv) the appointment of Mr Crane Charoenratchadej as Independent Director and a member of the audit committee (the "**AC**"), the NC and the remuneration committee (the "**RC**"); and

(v) the appointment of Mr Lim Kee Way Irwin as Lead Independent Director.

As at the date of this report, the Board comprises the following members:

Mdm Ng Chui Hwa (Executive Chairman)
Mr Yap Chin Hock (Executive Director and CEO)
Mr Tan Jia Hui Clarence (Executive Director and Investment Director)
Mr Lim Kee Way Irwin (Lead Independent Director)
Mr Lau Yan Wai (Independent Director)
Mr Crane Charoenratchadej (Independent Director)

None of the Directors has appointed an alternate director in FY2017.

Report of **Corporate Governance**

The Board is responsible for overseeing and providing effective leadership for the overall business and corporate affairs of the Group.

The Board's role is to:

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

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

(iii) review performance of the management of the Company (the "**Management**");

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

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

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

The Company has adopted a set of internal guidelines setting forth matters that require the Board's review and approval. Matters which specifically require the Board's decision or approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nomination of Directors for appointment to the Board and appointment of key executives;
- announcement of financial results and annual report;
- material acquisitions and disposals of assets; and
- all matters of strategic importance.

All other matters are delegated to Board committees ("**Board Committees**") whose actions are monitored and endorsed by the Board. These Board Committees include the AC, the NC and the RC, all of which operate within clearly defined terms of reference and functional procedures.

To get a better understanding of the Group's business, the Company adopts a policy whereby the Directors are encouraged to request for further explanations, briefings or informal discussion on the Group's operations or business with the Management.

The Board conducts scheduled meetings on a half-yearly basis. Ad-hoc meetings are convened when circumstances require. The Company's constitution (the "**Constitution**") provide for Board and Board Committee meetings by means of teleconference.

Report of **Corporate Governance**

The attendance of the Directors at meetings of the Board and Board Committees, and the frequency of these meetings for FY2017 are disclosed as follows:

Name of Director	**Board**		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
	No. of Meetings		**No. of Meetings**		**No. of Meetings**		**No. of Meetings**	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mdm Ng Chui Hwa	2	2	2*	2*	1*	1*	1*	1*
Mr Yap Chin Hock	2	2	2*	2*	1*	1*	1*	1*
Ms Yap Bee Ling#	2	1	2*	1*	1*	1*	1*	1*
Mr Goh Boon Chye#	2	2	2	2	1	1	1	1
Mr Lim Kee Way Irwin	2	1	2	1	1	1	1	1
Mr Lau Yan Wai	2	2	2	2	1	1	1	1

Notes:

* Attended the meetings by invitation.

\# Resigned as a Director on 10 March 2017.

Newly-appointed directors undergo an orientation program with materials provided to familiarise them with the business and organisation structure of the Group. To get a better understanding of the Group's business, such directors are also given the opportunity to visit the Group's operational facilities and meet with the Management. Upon appointment, the Company provides a formal letter to the director, setting out the director's roles and obligations.

The Board as a whole is updated regularly on risk management, corporate governance, insider trading policy and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board Committee members. The Company encourages the Directors to attend training courses organised by the Singapore Institute of Directors or other training institutions.

During FY2017, the Company's external auditors briefed the AC members on developments in accounting and governance standards. The Executive Directors also updated the Board at each Board meeting on business and strategic developments relating to the industry the Group operates in.

Board Composition and Guidance

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

The Board currently has six (6) Directors, comprising three (3) Executive Directors and three (3) Independent Directors. Information regarding each Board member is provided under the section entitled "Board of Directors" of this annual report.

The independence of each Director is assessed and reviewed at least annually by the NC. The NC adopts the definition in the Code as to what constitutes an independent director in its review to ensure there is a strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently. The Independent Directors have confirmed that they do not have any relationship with the Company, its related companies, its 10% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Group. In this regard, the NC is of the view that Mr Lim Kee Way Irwin, Mr Lau Yan Wai and Mr Crane Charoenratchadej are independent. None of the Independent Directors has served on the Board for more than nine (9) years.

As half of the Board is independent, the requirement of the Code that at least half of the Board comprises independent directors where the chairman is not an independent director is satisfied. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs. In addition, the Board has appointed Mr Lim Kee Way Irwin as the Lead Independent Director.

The Independent Directors ensures that the strategies proposed by the Management are constructively challenged, fully discussed and examined and takes into account the long term interests, not only of Shareholders but also other stakeholders of the Group. The Independent Directors also review the Management's performance in achieving agreed goals and objectives, and monitor the reporting of its performance. They also meet regularly on their own, without the presence of the Management.

The Board and Board Committees comprise Directors who as a group provide core competencies such as accounting and finance, legal, business and management experience, industry knowledge and strategic planning experience. Hence, the NC is of the view that the current Board and Board Committees comprise persons who as a group provide capabilities required for the Board to be effective.

The Board, through the NC, has reviewed and is satisfied that the current structure, size and composition of the Board and Board Committees are appropriate for effective decision making, taking into account the scope and nature of the operations of the Company, the balance and diversity of, amongst other factors, skills, experience and gender. The NC is of the view that no individual or small group of individuals dominates the Board's decision making process.

Chairman and CEO

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

The Company keeps the roles of the Executive Chairman and the CEO separate to ensure a clear division of responsibilities, balance of power and authority, increased accountability and greater capacity for independent decision making at the Board and the Management level. As at the date of this report, Mdm Ng Chui Hwa, holds the position of Executive Chairman, whilst Mr Yap Chin Hock holds the position of Executive Director and CEO. Mdm Ng Chui Hwa is the mother of Mr Yap Chin Hock.

The Executive Chairman, Mdm Ng Chui Hwa, is primarily responsible for charting and reviewing the overall strategic direction of the Group and for leading the Board to ensure its effectiveness on all aspects of its role. She ensures that

Board meetings are held when necessary and sets the Board agenda (with the assistance of the Company Secretaries). Mdm Ng Chui Hwa ensures that all Board members are provided with complete, adequate and timely information.

All major proposals and decisions are discussed and reviewed by the Directors. With the active participation of the Directors at Board and Board Committee meetings, the Board is satisfied that the current arrangement provides sufficient check and balance to ensure that no one individual member of the Board holds a considerable concentration of power, and that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Board has delegated the daily operations of the Group to Mr Yap Chin Hock, the Executive Director and CEO. Mr Yap Chin Hock leads the Management and executes the strategic plans to achieve the strategic decisions and goals set out by the Board and ensures that the Directors are kept updated and informed of the Group's businesses.

Mr Lim Kee Way Irwin is the Lead Independent Director, who is available to address Shareholders' concerns on issues that have not been satisfactorily resolved or cannot be appropriately dealt with by the Executive Chairman, Executive Directors, CEO or Financial Controller. The Independent Directors meet on a need-to basis amongst themselves and with the Company's external auditors and internal auditors without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance and risk management initiatives, Board processes and any internal audit observations. Thereafter, the Lead Independent Director would provide feedback to the Executive Chairman after such meetings, if needed.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

The NC comprises four (4) Directors, namely Mr Lau Yan Wai, Mr Lim Kee Way Irwin, Mr Crane Charoenratchadej and Mr Tan Jia Hui Clarence, majority of whom, including the Chairman of the NC, are Independent Directors. The Chairman of the NC is Mr Lau Yan Wai. The NC has written terms of reference that describe the responsibilities of its members.

The principal functions of the NC are as follows:

– to review and recommend the nomination of new Directors or re-nomination of the Directors having regard to the Director's contribution and performance;

– to set criteria for identifying candidates and reviewing nominations for the appointments referred to above;

– to determine on an annual basis whether or not a Director is independent;

– to make plans for succession, in particular for the Executive Chairman and the CEO;

– to review training and professional development programs for the Board;

– to determine and recommend to the Board, the maximum number of listed company board representations that any Director may hold; and

– to assess the overall performance of the Board and contribution of each Director to the effectiveness of the Board.

Report of **Corporate Governance**

In the nomination and selection process for appointment or re-appointment, the NC identifies the candidates and reviews the nominations for the appointments based on the following criteria:

(i) at least half of the Directors shall be Independent Directors; and

(ii) the candidate shall be a fit and proper person to hold such office, and the most qualified candidate nominated for the office, taking into account the candidate's track record, age, work experience, capabilities, ability to commit sufficient time, contribution and performance and other relevant factors.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a Director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new Director. Candidates may be suggested by the Directors or the Management or sourced from external sources. The NC will interview the shortlisted candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial literacy. The shortlisted candidates will also be required to submit a declaration in the form set out in paragraph 8 of Part VII of the Fifth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005. The NC will then nominate the most suitable candidate to the Board for approval. Upon appointment by the Board, the candidate must stand for election at the next annual general meeting ("**AGM**") of the Company.

The NC meets at least once a year. Pursuant to the Constitution, one-third of the Board is to retire by rotation and subject themselves to re-election by Shareholders at every AGM. The NC will assess and evaluate whether Directors retiring at each AGM are properly qualified for re-appointment.

Having considered the track record, work experience, capabilities, ability to commit sufficient time, contribution and performance of Mr Yap Chin Hock and Mr Lau Yan Wai, the NC recommended to the Board that they be nominated for re-election at the forthcoming AGM. Mr Lau Yan Wai will, upon re-election as a Director, remain as the Chairman of the NC and the RC and a member of the AC.

Pursuant to the Constitution, any new Director so appointed by the Directors shall hold office until the next AGM and shall be eligible for re-election. The NC has recommended to the Board that Mr Tan Jia Hui Clarence and Mr Crane Charoenratchadej be nominated for re-election at the forthcoming AGM. Mr Tan Jia Hui Clarence will, upon re-election as a Director, remain as a member of the NC. Mr Crane Charoenratchadej will, upon re-election as a Director, remain as a member of the AC, the NC and the RC.

Each member of the NC has abstained from making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his own performance or re-election as a Director.

The date of appointment and directorships of the Directors in other listed companies are set out below:

Name of Director	Date of Appointment	Last Re-Election Date	Directorships and Chairmanships in Other Listed Companies	
			Present	Last Three Years
Mdm Ng Chui Hwa	7 October 2014	29 August 2016	–	–
Mr Yap Chin Hock	21 May 2014	28 August 2015	–	–
Mr Tan Jia Hui Clarence	10 March 2017	Not Applicable	–	–
Mr Lim Kee Way Irwin	7 October 2014	29 August 2016	Independent Director of Lifebrandz Ltd	–
Mr Lau Yan Wai	7 October 2014	28 August 2015	–	–
Mr Crane Charoenratchadej	10 March 2017	Not Applicable	–	–

Further details of the Directors (including principal commitments) can be found under the section entitled "Board of Directors" of this annual report.

Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director. Only one (1) Director holds directorships in other listed companies and he holds only one (1) other directorship. As such, the Board does not propose to set the maximum number of listed company board representations which directors may hold until such need arises. The NC would continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.

The NC decides on how the Board, the Board Committees and individual Director's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long term Shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and Board Committees and for assessing the contribution of each Director to the effectiveness of the Board.

In evaluating the performance of the Board and the Board Committees, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board. The performance criteria for the Board and the Board Committee's evaluation are in respect of:

a. Board composition;

b. Board information;

c. Board process and accountability;

d. standards of conduct; and

e. Board Committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

The individual Director's performance criteria is in relation to the Director's:

a. interactive skills;

b. knowledge, including industry or professional expertise, specialist or functional contribution and regional expertise;

c. performance of Director's duties including attendance at meetings, meeting preparation, participation and performance of specific assignments; and

d. conduct including maintenance of independence, disclosure of related party transactions and compliance with the Company's policies.

All Directors are requested to complete a board evaluation questionnaire designed to seek their view on various aspects of the Board, the Board Committees and individual Director's performance as described above. The Executive Chairman, in consultation with the NC, will then act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of Directors.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole for FY2017 was satisfactory, the Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

Access to Information

Principle 6: 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.

In order to ensure that the Board is able to fulfil its responsibilities, the Management provides the Board with complete, adequate and timely information about the Group as well as the relevant background information relating to the business and matters to be discussed 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. To allow the Directors to have sufficient time to prepare for the meetings, all Board papers are distributed to the Directors in advance of the half-yearly meetings. Any additional material or information requested by the Directors is promptly furnished.

The Board papers include, among others, the following documents and details:

- minutes of the previous meetings;
- follow-up on significant matters outstanding following the previous meetings;
- financial review: actual, budget and any other major financial issues;
- internal audit reports prepared by the Company's internal auditors;
- external audit reports prepared by the Company's external auditors;
- annual budgets (actual vs budget); and
- major operational and investment proposals and update.

To ensure that Directors receive sufficient background explanatory information, briefings or formal presentation may also be given or made by the Management in attendance at Board meetings, or by external consultants engaged on specific projects. Directors are also entitled to request additional information and the Management shall provide the same in a timely manner.

The Directors also receive management reports on the Group's financial performance on a half-yearly basis, which contain adequate and timely operational and financial information that facilitates an assessment of the Group's financial performance, financial position and prospects. The management reports consist of financial statements with disclosures and explanations of material variances between past performance, budgets and actual results.

The Directors have separate and independent access to the Management, the Company's internal/external auditors and the Company Secretaries at all times should they have any queries on the Group's affairs.

In furtherance of their duties, each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a Director.

At least one of the Company Secretaries and/or his/her representatives attends all Board and Board Committee meetings. Together with the Management, the Company Secretaries are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act (Chapter 50) of Singapore, and the provisions in the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the SGX-ST are complied with. The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

Changes to regulations and accounting standards are closely monitored by the Management. The Directors are briefed either during Board and Board Committee meetings, by the Company Secretaries or the Company's external/internal auditors of these changes especially where these changes have an important bearing on the Directors' disclosure obligations.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises three (3) Independent Directors, namely Mr Lau Yan Wai, Mr Lim Kee Way Irwin and Mr Crane Charoenratchadej. The Chairman of the RC is Mr Lau Yan Wai. The RC has written terms of reference that describe the responsibilities of its members.

The RC's principal responsibilities are to review and recommend to the Board a framework of remuneration as well as the specific remuneration packages for the Directors and the key management personnel of the Group. The RC covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind. The RC's recommendations are submitted to the Board for endorsement. No Director is involved in deciding his or her own remuneration.

The MS Holdings Share Award Scheme ("**ESAS**") was approved and adopted by Shareholders at an extraordinary general meeting of the Company held on 28 August 2015. The ESAS is administered by the RC comprising Mr Lau Yan Wai, Mr Lim Kee Way Irwin and Mr Crane Charoenratchadej.

The ESAS is extended to the Group Employees and the Group Executive Directors, who have met Performance Target(s) and enables them to be remunerated not just through cash bonuses but also by an equity stake in the Company. The ESAS is also extended to the Group Non-Executive Directors. Please refer to the Company's circular to Shareholders dated 12 August 2015 for further details on the ESAS. Please also refer to the section entitled "Directors' Statement" of this annual report for more information of the ESAS.

Other than the ESAS, the Company does not have any employee share option scheme or other long term employee incentive scheme.

The RC will also review the Group's obligations arising in the event of termination of Executive Directors' or key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The remuneration of employees who are related to the Directors or substantial Shareholders will also be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increments and/or promotions for these related employees.

If any Director or key management personnel occupy a position for part of the financial year, the fee payable will be pro-rated accordingly.

For FY2017, the Company did not engage any remuneration consultants.

Level and Mix of Remuneration

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

The Company has entered into separate service agreements with Mdm Ng Chui Hwa, Mr Yap Chin Hock and Mr Tan Jia Hui Clarence in relation to their appointments as the Executive Chairman, the Executive Director and CEO, and the Executive Director and Investment Director respectively and Mr Yap Sian Lay in relation to his appointment as Technical Director of the Company (collectively, the "**Executives**"). The service agreements are valid for an initial period of three (3) years with effect from the respective commencement date. Upon the expiry of the initial period of three (3) years, the employment of each of the Executives shall be automatically renewed for a further period of three (3) years on such terms and conditions as the parties may agree. Either party may terminate the service agreement at any time by giving to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on each Executive's last drawn monthly salary. Based on the terms of their respective service agreements, the Executives are entitled to a basic monthly salary, an annual fixed bonus of one (1) month's basic salary as well as a discretionary bonus. Mr Yap Chin Hock is also entitled to receive a performance bonus based on the Group's audited consolidated profit before tax (after deducting profit before tax attributable to minority interests and excluding extraordinary items) and before awarding the performance bonus ("**PBT**"). The performance bonus will be 5% of the Group's PBT where PBT is S$3.5 million or more. The service agreement provides that the Group shall be entitled to recover from Mr Yap Chin Hock the relevant portion of the performance bonus paid under his service agreement in the event that there is a restatement of the financial statements of the Company made to reflect the correction of a misstatement due to error or fraud (not change in accounting principle) during the financial year of the Group, or misconduct of Mr Yap Chin Hock resulting in financial loss to the Group. For FY2017, the Executives forgo their respective fixed bonus of one (1) month's basic salary.

There are no termination, retirement or any post-employment benefits for the Directors and key management personnel.

The Independent Directors do not have service agreements with the Company. They are paid fixed Directors' fees, which are determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of the Independent Directors. The fees are subject to approval by Shareholders at each AGM. The Independent Directors do not receive any other remuneration from the Company. The Company's fee structure for Independent Directors has been determined during FY2017 to attain the following key objectives:

(a) to reflect the increased scope of responsibilities in view of the regulatory changes and increase in business complexity; and

(b) to provide a fair market remuneration at benchmarked rates to retain and/or attract new independent directors.

All revisions to the remuneration packages of the Directors are subject to the review by and recommendation of the RC and the approval of the Board. The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises.

Disclosure of Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The level and mix of the Directors' remuneration for FY2017 are set out below. The remuneration of each individual Director to the nearest thousand dollars is not disclosed as the Board believes that remuneration matters are highly sensitive in nature in a small and medium size enterprise environment and the disclosure may be prejudicial to its business interests given the highly competitive business environment the Company operates in.

Name of Director	Directors' Fees[1] (%)	Salary[2] (%)	Bonus (%)	Benefits[3] (%)	Total (%)
S$250,001 – S$500,000					
Mdm Ng Chui Hwa	–	98	–	2	100
Mr Yap Chin Hock	–	90	–	10	100
Mr Tan Jia Hui Clarence	–	97	–	3	100
Ms Yap Bee Ling[4]	–	82	–	18	100
Below or equal to S$250,000					
Mr Lim Kee Way Irwin	100	–	–	–	100
Mr Lau Yan Wai	100	–	–	–	100
Mr Goh Boon Chye[4]	100	–	–	–	100
Mr Crane Charoenratchadej[5]	–	–	–	–	–

Notes:

1 Subject to the approval of Shareholders at the forthcoming AGM.

2 Includes employers' contributions to the Central Provident Fund.

3 Other benefits mainly include allowances.

4 Resigned as a Director on 10 March 2017. The remuneration paid/to be paid to Ms Yap Bee Ling and Mr Goh Boon Chye for the period from 1 May 2016 to 10 March 2017 was S$217,304 and S$19,000 respectively.

5 Appointed to the Board on 10 March 2017.

No compensation was paid in the form of share awards/options to any of the Directors.

A summary compensation table of the key management personnel remuneration for FY2017 is set out below:

Name of Key Management Personnel	Salary[1] (%)	Bonus (%)	Benefits[2] (%)	Total (%)
S$250,001 to S$500,000				
Mr Yap Sian Lay	98	–	2	100
Below or equal to S$250,000				
Ms Lee Nguk Fong	87	7	6	100

Notes:
1 Includes employers' contributions to the Central Provident Fund.
2 Other benefits mainly include allowances.

Mr Yap Sian Lay is the spouse of Mdm Ng Chui Hwa, and is the father of Mr Yap Chin Hock.

No compensation was paid in the form of share awards/options to any of the key management personnel of the Group.

The aggregate remuneration paid to above key management personnel (who are not Directors or CEO) for FY2017 amounted to approximately S$610,000.

There is no employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeded S$50,000 during FY2017.

The Board is of the opinion that the information as disclosed above would be sufficient for Shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar. In considering the disclosure of remuneration of the Directors and the key management personnel, the Company has regarded the industry conditions in which the Group operates as well as the confidential nature of such remuneration. The Company believes that full detailed disclosure of the remuneration of each Director and each key management personnel as recommended by the Code would be prejudicial to the interests of the Group and hamper its ability to retain and nurture the Group's talent pool. The Company has instead presented such information in remuneration bands.

The Company adopts a remuneration policy that comprises a fixed and a variable component. The fixed component is in the form of base salary and benefits while the variable component is in the form of performance bonus determined based on the level of achievement of corporate and individual performance objectives.

The remuneration of the Executive Directors and the key management personnel takes into consideration the performance and contributions of the Executive Directors and the key management personnel based on their respective job responsibilities and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully.

In 2015, the Company implemented the ESAS as an additional element to the variable component of the remuneration policy. The ESAS is extended to the Group Employees, the Group Executive Directors and the Group Non-Executive Directors ("**Participants**"). ESAS awards given to any Participant will be determined at the discretion of the RC, who will take into account factors such as the Participant's capability, scope of responsibility, skill and vulnerability to leaving the employment of the Group. In deciding whether an ESAS award is to be granted to any Participant, the RC will also consider all aspects of the compensation and/or benefits given to the Participant and such other share-based incentive schemes of the Company, if any. The RC may also set specific criteria and performance target(s) for each of its business units, taking into account factors such as (i) the Company and the Group's business goals and directions for each financial year; (ii) the Participant's actual job scope and responsibilities; and (iii) the prevailing economic conditions. For FY2017, no performance target was established pursuant to the ESAS and therefore no ESAS award was awarded.

As mentioned in principle 7 of this report, the Company has entered into a service agreement with the Executive Director and CEO, Mr Yap Chin Hock. Pursuant to his service agreement, he is entitled to receive a performance bonus based on the Group's audited consolidated profit before tax (after deducting profit before tax attributable to minority interests and excluding extraordinary items) and before awarding the performance bonus. The performance bonus will be 5% of the Group's PBT where PBT is S$3.5 million or more. For FY2017, the RC is of the view that the performance condition was not met.

ACCOUNTABILITY AND AUDIT

Accountability

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

In presenting the annual report, interim and annual financial results announcements and other price sensitive public announcements to Shareholders, the Board has a responsibility to present a balanced and understandable assessment of the Group's financial performance, financial position and prospects. In this respect, the AC reviews all financial statements and recommends them to the Board for approval. The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements and observes obligations of continuing disclosure under the Catalist Rules.

The Management provides the Board with management accounts of the Group, with explanatory details on its operations, financial results and comparison against budgeted amounts, which has been assessed to be sufficient by the Board. Board papers are given prior to any Board meeting to facilitate effective discussion and decision making. An annual budget is also tabled for the Board's endorsement for effective monitoring and control. The Management also highlights key business indicators and major issues that are relevant to the Group's performance on an on-going basis in order for the Board to make a balanced and informed assessment of the Group's financial performance, financial position and prospects.

Risk Management and Internal Controls

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

The Board is responsible for the governance of risks and the overall internal control framework. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Group's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving the Group's strategic objectives.

To ensure that the Group's risk management and internal control systems are adequate and effective, the Company has engaged Foo Kon Tan LLP ("**Foo Kon Tan**") as the Company's internal auditors. Foo Kon Tan has provided summaries of its internal audit findings and reports to the AC, to assist the Board and the AC in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance, information technology and sustainability controls. The AC has also reviewed the actions taken by the Management on the recommendations made by the internal auditors. The Company's external auditors also test controls as part of their audit of the financial statements in accordance with their external audit plans.

The AC will ensure that a review of the effectiveness of the Group's risk management policies and procedures and internal controls in addressing material risks, including financial, operational, compliance, information technology and sustainability risks and risk management systems is conducted annually. In this respect, the AC will review the audit plans and the findings of the external and internal auditors, and will ensure that the Management follows up on the external and internal auditors' recommendations raised, if any, during the audit process.

The Board has received assurance from the Executive Director and CEO, and the Financial Controller that (a) the financial records have been properly maintained and the financial statements for FY2017 give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are effective.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and the external auditors, reviews performed by the Management and various Board Committees, the Board, with the concurrence of the AC, is of the opinion that, the Group's risk management and internal controls systems in place are adequate and effective in addressing the financial, operational, compliance, information technology and sustainability risks of the Group as at 30 April 2017.

The Board and the AC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improving the Group's internal controls system. The Board will also look into the need for establishment of a separate Board risk committee at the relevant time.

Audit Committee

Principle 12: The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The AC consists of three (3) Independent Directors, namely Mr Lim Kee Way Irwin, Mr Lau Yan Wai and Mr Crane Charoenratchadej. The Chairman of the AC is Mr Lim Kee Way Irwin. The Board is of the view that the AC has the necessary experience and expertise required to discharge its duties. At least two (2) members of the AC, namely Mr Lim Kee Way Irwin and Mr Crane Charoenratchadej possess the requisite accounting and related financial management expertise and experience.

The AC has adopted written terms of reference defining its membership, administration and duties. Some of the key duties and responsibilities of the AC include:

– reviewing, with the internal auditors and the external auditors, their audit plans, scope of work, evaluation of the Group's system of internal accounting controls, audit reports, management letters on internal controls, the Management's response and any other relevant findings or matters;

– reviewing the periodic consolidated financial statements and results announcements focusing on, in particular, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

– reviewing and reporting to the Board, at least annually, the effectiveness and adequacy of the Group's risk management and internal controls systems addressing financial, operational, compliance and information technology risks and discussing issues and concerns, if any, arising from the internal audits;

– reviewing our financial risk areas with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;

– reviewing the assistance given by the Management to the internal auditors and the external auditors;

– reviewing the independence of the internal auditors and the external auditors as well as considering the appointment or re-appointment of the internal auditors and the external auditors, including approving the remuneration and terms of engagement of the internal auditors and the external auditors;

– reviewing and discussing with the internal auditors and the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

– reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;

– reviewing potential conflicts of interests (if any) and setting out a framework to resolve or mitigate any potential conflicts of interests;

– reviewing the procedures by which employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that there are arrangements in place for independent investigation and follow-up actions thereto;

– undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

– generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time.

In addition to the duties listed above, the AC has the authority to investigate any matter within its terms of reference. It is given the task to commission investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations, which has or is likely to have a material impact on the Company's results of operations or financial position, and to review the findings thereof. The AC has full access to and co-operation by the Management and full discretion to invite any Director or key management personnel to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC meets with the external auditors and the internal auditors, without the presence of the Management, at least annually, to discuss the results of their audit, their evaluation of the Group's system of internal controls and any other relevant matters or findings that have come to the attention of the external auditors and the internal auditors as well as to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence and objectivity of the auditors.

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during FY2017 are as follows:

Audit fees	:	S$82,000
Non-audit fees	:	S$17,000
Total	:	S$99,000

The AC will review the independence of the external auditors annually. The non-audit fees were in relation to provision of tax compliance services. Following the AC's review of the volume and nature of all non-audit services of the Group provided by the external auditors of the Company, Ernst & Young LLP ("**EY**"), and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the AC is of the opinion that EY is suitable for re-appointment and has accordingly recommended to the Board that EY be nominated for re-appointment as independent auditors of the Company at the forthcoming AGM. The Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its external auditors.

To keep abreast of changes in accounting standards and issues which have a direct impact on the financial statements, the AC is encouraged to participate in training courses, seminars and workshops, as relevant, and to seek advice from the external auditors at the AC meetings that are held.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

Whistle-blowing Policy

The AC has put in place a whistle-blowing policy, whereby employees of the Group or any other persons may in confidence, raise concerns about possible improprieties or other matters to the AC Chairman, Mr Lim Kee Way Irwin. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. Reports of suspected fraud, corruption, dishonest practices or other similar matters can be lodged to the AC Chairman, Mr Lim Kee Way Irwin. No concerns involving possible corporate improprieties were brought to the attention of the AC in FY2017.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits

The AC is aware of the need to establish a system of internal controls within the Group to safeguard Shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

The Board is of the view that the current size of the operations of the Group does not warrant the Group having an in-house internal audit function. The Company has outsourced its internal audit function to Foo Kon Tan who reports directly to the AC. The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

Foo Kon Tan commenced their role as internal auditors of the Company in FY2017. The internal auditors support the AC in their role in assessing the effectiveness of the Group's overall system of compliance, operational, financial, information technology controls and risk management. To ensure the adequacy of the internal audit function, the AC will review and approve the internal audit plan on an annual basis. The internal audit function is staffed with persons with the relevant qualification and experience. The internal audit is guided by Foo Kon Tan's Internal Audit Methodology which is aligned to the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The AC, having considered, amongst others, the reputation and track record of Foo Kon Tan and the qualifications, experience and availability of resources and independence of the team at Foo Kon Tan, is satisfied that the appointment of Foo Kon Tan as internal auditors is appropriate and that the internal auditors have appropriate standing within the Group.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. Other than the routine announcements made in accordance with the requirements of the Catalist Rules, the Company has issued additional announcements and press releases to update Shareholders on the activities of the Company and the Group as and when necessary.

Report of **Corporate Governance**

The Company does not practise selective disclosure of material information and price sensitive information is publicly released as soon as is practicable as required by the Catalist Rules. Price sensitive information is first publicly released via SGXNET before the Company meets with any group of investors or analysts. Results announcements and annual reports are announced or issued within the mandatory period.

Shareholders are informed of general meetings through notices published in the newspapers and the Company's announcements and press releases via SGXNET, as well as through reports or circulars sent to all Shareholders. They are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. The Company appoints an independent external party as scrutineer ("**Scrutineer**") for the poll voting process at the general meetings of the Company. The Scrutineer will explain the poll voting procedures to Shareholders at the general meetings of the Company before the resolutions are put to vote.

The Constitution allows each Shareholder to appoint up to two (2) proxies to vote and attend general meetings on his behalf. In line with the amendments to the Companies Act, Chapter 50 of Singapore, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two (2) proxies to attend and vote on their behalf at general meetings.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders

The Company is committed to maintaining a high level of corporate transparency of financial results and other pertinent information. The Company's investor relations function is under the purview of Mr Yap Chin Hock, Executive Director and CEO. In line with the continuous disclosure obligations under the Catalist Rules, the Company informs Shareholders on a timely basis of all major developments that may have a material impact on the Group. Such information is disclosed on a timely and accurate manner through SGXNET, and where appropriate, on the Company's website.

Shareholders, investors or analysts may also send their queries or concerns to the Management, whose contact details can be found on the Company's website, press releases and the corporate information page of this annual report. The Company will consider use of other forums as and when applicable.

The Company does not have a formal dividend policy at present. The form, frequency and amount of future dividends on the Company's shares will depend on the Group's earnings, financial position, results of operations, cash flow, capital needs, the terms of our borrowing arrangements (if any), plans for expansion and other factors which the Directors may deem appropriate. The Board has not recommended any dividend for FY2017 as the Board wants to ensure that there are adequate resources for the Company's expansion plans and to respond to any adverse changes in the macro economic environment.

Conduct of Shareholder Meetings

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

The AGM is a principal forum for dialogue and interaction with all Shareholders. Shareholders are encouraged to attend, participate and vote at the AGM to ensure a high level of accountability on the part of the Board and the Management, and to stay informed of the Group's performance, strategies and growth plans. All Shareholders will receive the Company's annual report and notice of AGM, together with explanatory notes, or a circular on items of special businesses (if necessary), at least 14 calendar days before the meeting. The Company supports active Shareholder participation at the AGM and welcomes questions from Shareholders who wish to raise issues pertaining to the Group, within the setting of the general meetings.

Each item of special business included in the notice of AGM will be accompanied by explanatory notes as may be required. Separate resolutions are proposed for each substantially separate issue at general meetings. "Bundling" of resolutions are done only where the resolutions are interdependent and linked so as to form one significant proposal. The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The Company will prepare minutes of AGM and make these minutes available to Shareholders upon their request.

All Directors, including the Chairman of the Board and the respective Chairmen of the AC, the RC and the NC, as well as the Financial Controller and the external auditors will be present and on hand to address Shareholders' queries at the AGM.

Dealing in Securities

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

The Company prohibits its officers from dealing in the Company's shares on short term considerations or when they are in possession of unpublished price sensitive information. The Company, its Directors and officers are not allowed to deal in the Company's shares during the period commencing one (1) month before the announcement of the Company's half-year and full-year financial results, as the case may be, and ending on the date of the announcement of the relevant financial results. They are also expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such interested person transaction.

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis on normal commercial terms and are not prejudicial to the Group.

The Group does not have a general mandate for interested person transactions. There were no interested person transactions of S$100,000 or more during FY2017.

Material Contracts

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that save for the service agreements entered into between the Company and the Executive Directors, Mdm Ng Chui Hwa, Mr Yap Chin Hock and Mr Tan Jia Hui Clarence as well as the Technical Director of the Company, Mr Yap Sian Lay, there were no other material contracts of the Company and its subsidiaries involving the interests of the CEO, any Director or controlling Shareholder, either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.

Risk Management

The Management frequently reviews the Company's business and operational activities to identify areas of significant business and financial risks as well as appropriate measures to control and mitigate these risks within the Company's policies and strategies. The significant risk management policies are as disclosed in the audited financial statements as well as in Principle 11 above.

Non-Sponsor Fees

No non-sponsor fee was paid to the Company's sponsor, United Overseas Bank Limited for FY2017.

Corporate Social Responsibility

The Group is committed to enhancing the well-being of the community and maintaining a sustainable environment in location that it operates. The Group does not have a fixed corporate social responsibility policy, however, the Group monitors closely the impact of its activities on the environment, consumers, employees, communities, stakeholders and other members of the public actively and it is constantly searching for means to continue contributing to the community. Some of the community development projects participated by the Group in the past include making donations to the following:

- The Disabled People's Association in 2012, 2013, 2014, 2015, 2016 and 2017
- Children-In-Need Programme organised by the Singapore Children's Society in 2012, 2013, 2014, 2015 and 2017
- Down Syndrome Association in 2015, 2016 and 2017
- Asian Women's Welfare Association in 2015
- People's Association – Community Development Council Project Fund Management Committee in 2017

Directors' **Statement**

The directors present their statement to the members together with the audited consolidated financial statements of MS Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 April 2017.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 April 2017 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company 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.

Directors

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

Ng Chui Hwa	
Yap Chin Hock	
Lim Kee Way Irwin	
Lau Yan Wai	
Tan Jia Hui Clarence	(Appointed on 10 Mar 2017)
Crane Charoenratchadej	(Appointed on 10 Mar 2017)

In accordance with Regulation 107 and 117 of the Company's Constitution, Yap Chin Hock, Lau Yan Wai, Tan Jia Hui Clarence and Crane Charoenratchadej would be retiring and being eligible, offer themselves for re-election at the forthcoming AGM for the financial year ended 30 April 2017.

Arrangements to enable directors to acquire shares and debentures

Except as disclosed below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares of the Company and related corporations as stated below:

	Direct interest		Deemed interest (Other than wholly-owned subsidiaries)	
Name of director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary shares of the Company				
Ng Chui Hwa	23,444,000	–	32,455,000	76,800,000
Yap Chin Hock	13,094,000	–	–	76,800,000
Tan Jia Hui, Clarence	–	–	–	1,000,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 May 2017.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of financial year, or date of appointment if later, or at the end of the financial year.

Share options

At an Extraordinary General Meeting held on 28 August 2015, shareholders approved the Employee Share Award Scheme ("ESAS") for Group Employees and Group Executive Directors, who have met Performance Target(s) to be remunerated not just through cash bonuses but also by an equity stake in the Company. The ESAS is also extended to the Group Non-Executive Directors.

Since the commencement of the ESAS till the end of the financial year:

- No award has been granted to the directors of the Company.
- No award has been granted to the controlling shareholders of the Company and their associates.
- No participant has received 5% or more of the total awards available under the ESAS.
- No award has been granted to directors and employees of the holding company and its subsidiaries.

Audit committee

The audit committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors

- Reviewed the half yearly announcement and the annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor

- Reviewed the nature and extent of non-audit services provided by the external auditor

- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit

- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalist

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report of Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor of the Company.

On behalf of the board of directors,

Yap Chin Hock
Director

Ng Chui Hwa
Director

31 July 2017

Independent **Auditor's Report**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MS HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MS Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 April 2017, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (cont'd)

Impairment of Property, Plant and equipment

As at 30 April 2017, the carrying amount of the Group's property, plant and equipment ("PPE") amounted to S$56.14 million, representing 87% of the Group's total assets. The Group's net asset value exceeds its market capitalisation as at 30 April 2017. In addition, the decrease in leasing rate contributed to the Group's loss after tax for this financial year. Management has performed an annual impairment assessment on the PPE due to presence of these impairment indicators. Based on their assessment, no impairment charge is recognised as at 30 April 2017. The recoverable amount of the Group's property and plant and equipment were estimated based on fair value less costs of disposal ("FVLCD") and value-in-use ("VIU") calculation respectively. The impairment assessment involved management's subjective and complex judgments regarding future market and economic conditions, which affect certain assumptions used in the impairment assessment. As such, we determined this to be a key audit matter.

For properties where the FVLCD method is used, management engaged external independent valuers to support the determination of fair value. The fair values are dependent on the valuation methodology and assumptions used by the valuers. We considered the objectivity, independence and qualifications of the external valuers. We also discussed with external valuer to obtain an understanding and assessed the appropriateness of the valuation techniques. We involved our internal specialists in reviewing certain assumptions and methodology used by the external valuer to assess their reasonableness.

For plant and equipment where the VIU method is used, management prepared cash flow forecasts to assess the recoverable amounts of these plant and equipment. This assessment requires management to make significant assumptions and estimates to the underlying cash flow forecasts. We evaluated and assessed the key assumptions and methodology used by management in the cash flow forecasts for reasonableness. We tested management's key assumptions, such as expectations for sales and gross margin, against historical information and compared the discount rate and terminal growth rate used against available market information. We involved our internal specialists in reviewing the discount rate. The disclosure relating to PPE is included in Note 11 to the financial statements.

Impairment of Trade Receivable

Trade receivable balance was significant to the Group as they comprised 46% of total current assets in the consolidated balance sheet as at 30 April 2017. This exposes the Group to significant credit risks if major customers of the Group are affected by unfavorable economic or market conditions. In addition, trade receivables impairment assessment requires significant management estimates and judgement on trade debtors' ability to pay. As such, we determined that this is a key audit matter.

The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by local management. The Group's management sets credit limits for customers and approves such limits above certain thresholds where applicable.

Key Audit Matters (cont'd)

Impairment of Trade Receivable (cont'd)

We obtained an understanding of the Group's processes and controls relating to the monitoring of trade receivables and considered aging of the debts to identify collection risks. We performed audit procedures, amongst others, on a sample basis, requesting trade receivable confirmations and obtaining evidence of receipts from the customers subsequent to the year end. We also evaluated management's assumptions used to calculate the trade receivables impairment amount through analysis of aging of receivables, assessment of material overdue trade receivables considering the specific customers' profile and risks. We reviewed customers' payment history and correspondences with the customers where applicable. We also assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk and liquidity risk in Note 25 to the financial statements.

Information Other than Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Independent **Auditor's Report**

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Soon Seng.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

31 July 2017

Consolidated Statement of **Comprehensive Income**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Note	2017 $'000	2016 $'000
Revenue	4	**15,108**	17,472
Cost of sales		**(12,103)**	(12,038)
Gross profit		**3,005**	5,434
Other income	5	**859**	940
Expenses			
Distribution expenses		**(44)**	(43)
General and administrative expenses		**(4,458)**	(4,743)
Finance costs	6	**(965)**	(999)
(Loss)/profit before tax	8	**(1,603)**	589
Income tax credits/(expenses)	9	**179**	(182)
(Loss)/profit net of tax, representing total comprehensive (losses)/ income for the year attributable to owners of the Company		**(1,424)**	407
(Losses)/earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	**(1.4)**	0.4

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance **Sheets**

AS AT 30 APRIL 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**56,138**	59,550	**24**	29
Investment in subsidiaries	12	**–**	–	**21,338**	21,338
		56,138	59,550	**21,362**	21,367
Current assets					
Trade and other receivables	13	**4,306**	5,615	**3,975**	7,062
Prepaid operating expenses		**279**	288	**5**	3
Inventories	14	**359**	4	**–**	–
Cash and bank balances	15	**3,710**	1,823	**125**	24
		8,654	7,730	**4,105**	7,089
Total assets		**64,792**	67,280	**25,467**	28,456
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	16	**978**	1,545	**88**	2,677
Accrued operating expenses		**526**	925	**166**	263
Obligations under finance leases	17	**6,443**	5,222	**–**	–
Bank borrowings	18	**1,760**	5,672	**–**	–
Provision for taxation		**292**	198	**6**	8
		9,999	13,562	**260**	2,948
Non-current liabilities					
Obligations under finance leases	17	**11,143**	13,907	**–**	–
Bank borrowings	18	**15,638**	10,075	**–**	–
Deferred tax liabilities	19	**1,741**	2,041	**2**	2
Provision for reinstatement cost		**700**	700	**–**	–
		29,222	26,723	**2**	2
Total liabilities		**39,221**	40,285	**262**	2,950
Net assets		**25,571**	26,995	**25,205**	25,506
Equity attributable to owners of the Company					
Share capital	20	**25,564**	25,564	**25,564**	25,564
Merger reserve		**(19,728)**	(19,728)	**–**	–
Retained earnings/(accumulated losses)		**19,735**	21,159	**(359)**	(58)
Total equity		**25,571**	26,995	**25,205**	25,506
Total equity and liabilities		**64,792**	67,280	**25,467**	28,456

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of **Changes in Equity**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Note	Share capital $'000	Merger reserve $'000	Retained earnings $'000	Total $'000
Group					
At 1 May 2015		25,564	(19,728)	21,772	27,608
Profit for the year, representing total comprehensive income for the year		–	–	407	407
Dividends on ordinary shares		–	–	(1,020)	(1,020)
At 30 April 2016 and 1 May 2016		25,564	(19,728)	21,159	26,995
Loss for the year, representing total comprehensive losses for the year		–	–	(1,424)	(1,424)
At 30 April 2017		25,564	(19,728)	19,735	25,571

	Note	Share capital $'000	Retained earnings/ (accumulated losses) $'000	Total $'000
Company				
At 1 May 2015		25,564	1,298	26,862
Loss for the year, representing total comprehensive losses for the year		–	(336)	(336)
Dividends on ordinary shares		–	(1,020)	(1,020)
At 30 April 2016 and 1 May 2016		25,564	(58)	25,506
Loss for the year, representing total comprehensive losses for the year		–	(301)	(301)
At 30 April 2017		25,564	(359)	25,205

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of **Cash Flows**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Note	2017 $'000	2016 $'000
Operating activities:			
(Loss)/profit before tax		**(1,603)**	589
Adjustments for:			
Depreciation of property, plant and equipment	8	**3,397**	3,334
Plant and equipment written off	8	**–#**	1
Bad debt written off	8	**16**	1
Gain on disposal of plant and equipment	5	**(193)**	(59)
Allowance for impairment of trade and other receivables	8	**46**	–
Interest Income		**(33)**	–
Interest expense	6	**965**	999
Net exchange loss		**16**	–
Total adjustments		**4,214**	4,276
Operating cash flows before changes in working capital		**2,611**	4,865
Changes in working capital:			
Decrease/(increase) in trade and other receivables		**363**	(609)
Decrease/(increase) in prepaid operating expenses		**9**	(73)
Decrease/(increase) in inventories		**625**	(4)
(Decrease)/increase in trade and other payables		**(453)**	61
Decrease in accrued operating expenses		**(405)**	(141)
Total changes in working capital		**139**	(766)
Cash flows from operations		**2,750**	4,099
Income tax paid		**(27)**	(181)
Interest paid		**(959)**	(994)
Net cash flows generated from operating activities		**1,764**	2,924
Investing activities:			
Purchase of property, plant and equipment	A	**(163)**	(911)
Proceeds from disposal of plant and equipment		**289**	312
Loan repayment from/(loan to) a third party		**875**	(875)
Interest Income		**33**	–
Net cash flows generated from/(used in) investing activities		**1,034**	(1,474)

–# Amount less than $1,000

Consolidated Statement of **Cash Flows**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Note	2017 $'000	2016 $'000
Financing activities:			
Proceeds from loans and borrowings		**11,440**	5,000
Repayment of bank borrowings		**(6,349)**	(568)
Repayment of obligations under finance leases		**(6,002)**	(5,245)
Dividends paid		**–**	(1,020)
Refund of pledged bank deposit		**51**	51
Net cash flows used in financing activities		**(860)**	(1,782)
Net increase/(decrease) in cash and cash equivalents		**1,938**	(332)
Cash and cash equivalents at 1 May		**1,772**	2,104
Cash and cash equivalents at 30 April	15	**3,710**	1,772

Notes to the consolidated statement of cash flows

A. Purchase of property, plant and equipment

	2017 $'000	2016 $'000
Current year additions to property, plant and equipment (Note 11)	**1,061**	3,451
Add:		
Deposits made for purchase of property, plant, and equipment (Note 13)	**–**	10
Less:		
Deposits made for purchase of property, plant, and equipment in prior year	**(10)**	(20)
Increase in other payables	**–**	(130)
Increase in obligations under finance leases	**(888)**	(2,400)
Net cash outflow for purchase of property, plant and equipment	**163**	911

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

1. Corporate information

1.1 *The Company*

MS Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and was listed on the Catalist Board of Singapore Exchange Securities Trading Limited on 7 November 2014.

The registered office and principal place of business of the Company is located at 22 Pandan Road, Singapore 609274.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to FRS 112 *Disclosure of Interests in Other Entities*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019

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

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Based on preliminary assessment, management has assessed that the adoption of FRS 109 is not likely to have significant impact to the financial statements in the initial year of adoption.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

FRS 115 *Revenue from Contracts with Customers* *(cont'd)*

Transition

The following practical expedients are available when applying FRS 115 retrospectively.

– For completed contracts, an entity need not restate contracts that begin and end with the same annual reporting period or are completed contracts at the beginning of the earliest period presented.

– For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating the variable consideration amounts in the comparative reporting periods; and

– For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

  • identifying the satisfied and unsatisfied performance obligations;
  • determining the transaction price; and
  • allocating the transaction price to the satisfied and unsatisfied performance obligations.

– For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue.

During the year, the Company performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Group is involved in the maintenance, sales and rental of cranes, as well as provision of project management services to third parties.

Currently, the Group recognises revenue from the rental, sale of cranes, project management and provision of crane maintenance based on satisfaction of performance obligation from individual contract. Under FRS 115, an entity is required to identify performance contract as well as associated transaction price with customer, and allocate the transaction price to the obligations. The Group expects minimal impact to arise from the adoption of FRS 115 to these revenue streams.

The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint. The Group expects that application of the constraint may result in more revenue being deferred than is under current FRS.

The Group will continue to assess the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 ***Basis of consolidation and business combinations***

(a) ***Basis of consolidation***

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

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

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(a) ***Basis of consolidation (cont'd)***

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) ***Business combinations and goodwill***

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

– The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

– No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.

– No additional goodwill is recognised as a result of the combination.

– Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

– The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Business combinations involving entities not under common control are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill (cont'd)*

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is also in Singapore Dollars.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.6 *Subsidiaries*

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful life
Leasehold land and building	28 – 45 years
Furniture and fittings and office equipment	3 – 6 years
Cranes and motor vehicles	5 – 30 years
Plant and machinery	5 years
Renovation	4 – 10 years

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 residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.9 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss, held-to-maturity investments, or available for sale financial assets.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

<u>Loans and receivables</u>

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.9 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The Group has not designated any financial liability upon initial recognition as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.11 *Cash and cash equivalents*

Cash and cash equivalents comprise unpledged bank deposit and cash at bank and on hand which are subject to an insignificant risk of changes in value.

2. Summary of significant accounting policies (cont'd)

2.12 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for based on specific identification basis. Cost comprises all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.13 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 ***Employee benefits***

(a) ***Defined contribution plans***

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (cont'd)

2.15 *Leases*

(a) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.18. Contingent rents are recognised as revenue in the period in which they are earned.

(b) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.16 *Financial guarantee*

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

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

2. Summary of significant accounting policies (cont'd)

2.17 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) ***Rental income***

Rental income arising from hiring of mobile cranes and lorry cranes is recognised upon completion of services. Rental income arising from operating lease on leasehold properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(b) ***Trading income***

Revenue from sale of cranes and equipment is recognised upon delivery to the customer and the significant risks and rewards of ownership have been transferred to the customer.

(c) ***Rendering of services***

Revenue from the rendering of services for projects is recognised over the contract period and/or upon provision of value added logistic service and engineering activities (service rendered).

2.19 ***Taxes***

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.19 *Taxes (cont'd)*

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

2. Summary of significant accounting policies (cont'd)

2.19 ***Taxes (cont'd)***

(b) ***Deferred tax (cont'd)***

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) ***Sales tax***

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

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the 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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2.20 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.21 ***Contingent liabilities***

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

2. Summary of significant accounting policies (cont'd)

2.21 ***Contingent liabilities (cont'd)***

(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.

Contingent liabilities are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.22 ***Government grants***

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 ***Judgements made in applying accounting policies***

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determination of inventories classification

Management determines on a periodic basis if the cranes would be held for rental to others or traded in the course of its ordinary activities. Cranes that held for rental to others are transferred to inventories at their carrying amount when they cease to be rented and held for sale. The proceeds from the sale of such assets are recognised as revenue. The carrying amount of the Group's inventories as at 30 April 2017 is $359,000 (2016: $4,000). The Group's inventories are disclosed in Note 14 to the financial statements.

3. Significant accounting judgements and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) ***Impairment of property, plant and equipment***

As a result of its net asset value exceeding its market capitalisation as at 30 April 2017, which is an indicator of impairment of its property, plant and equipment ("PPE"), the Group performs an impairment assessment using the management's subjective and complex judgements regarding future market and economic conditions, as well as on assumptions used in the impairment assessment.

The recoverable amounts of the Group's PPE are estimated based on either fair value less costs of disposal ("FVLCD") of value-in-use ("VIU") calculations. Where FVLCD is used in the determination of the PPE valuation, external independent valuers are engaged to support the amount derived by the management. Where VIU method is used, cash flow forecasts are prepared by the management to assess the recoverable amounts of these plant and equipment using projected revenue growth rate and weighted-average cost of capital that represent the effective cost of borrowings. Based on the assessment, no impairment loss was required to be recognised during the year. The key assumptions applied in the determination of the fair value and value-in-use are disclosed in Note 11 to the financial statements.

(b) ***Impairment of trade receivable***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade receivables at the end of the reporting period is disclosed in Note 13 to the financial statements.

(c) ***Taxes***

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables as at 30 April 2017 is $292,000 (2016: $198,000). The Group's deferred tax liabilities are disclosed in Note 19 to the financial statements.

4. Revenue

	Group	
	2017	**2016**
	$'000	**$'000**
Rental income	**10,674**	16,765
Trading income	**1,481**	–
Rendering of services	**2,953**	707
	15,108	17,472

5. Other income

	Group	
	2017	**2016**
	$'000	**$'000**
Rental income from leasehold properties	**508**	500
Service income	**43**	83
Interest Income from loan and fixed deposits	**33**	–
Gain on disposal of plant and equipment	**193**	59
Insurance claim	**–**	50
Government grants/incentives	**60**	151
Realised foreign exchange gain	**1**	59
Unrealised foreign exchange gain	**–#**	–
Miscellaneous income	**21**	38
	859	940

-# *Amount less than $1,000*

6. Finance costs

	Group	
	2017	**2016**
	$'000	**$'000**
Interest expense on:		
– Obligations under finance leases	**603**	662
– Bank borrowings	**362**	337
	965	999

7. Employee benefits

	Group	
	2017	**2016**
	$'000	**$'000**
Employee benefits expense (including directors):		
Directors of the Company – fee and remuneration	**1,236**	1,080
Salaries and bonuses	**4,382**	5,284
Central Provident Fund contributions	**864**	844
Other short-term benefits	**7**	125
	6,489	7,333

8. (Loss)/profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2017	**2016**
	$'000	**$'000**
Audit fees:		
– Auditors of the Company	**82**	93
Non-audit fees:		
– Auditors of the Company	**17**	17
Depreciation of property, plant and equipment	**3,397**	3,334
Plant and equipment written off	**–#**	1
Realised foreign exchange loss	**17**	–
Allowance for impairment of trade receivables	**41**	–
Allowance for impairment of other receivables	**5**	–
Bad debt written off	**16**	1
Employee benefits (Note 7)	**6,489**	7,333
Operating lease expense (Note 22 (a))	**551**	505

–# *Amount less than $1,000*

9. Income tax (credits)/expenses

Major components of income tax (credits)/expenses

The major components of income tax (credits)/expenses for the financial years ended 30 April are:

	Group	
	2017	**2016**
	$'000	**$'000**
Current income tax		
– Current income taxation	**105**	35
– Under provision in respect of previous years	**16**	19
	121	54
Deferred income tax		
– Origination of temporary differences	**(300)**	133
– Over provision in respect of previous years	**–**	(5)
	(300)	128
Income tax (credits)/expenses recognised in profit or loss	**(179)**	182

Relationship between tax (credits)/expenses and accounting (loss)/profit

A reconciliation between tax (credits)/expenses and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 30 April 2017 and 2016 are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
(Loss)/profit before tax	**(1,603)**	589
Tax at statutory income tax rate of 17% (2016: 17%)	**(273)**	100
Adjustments:		
Non-deductible expenses	**217**	226
Income not subject to taxation	**–**	(10)
Effect of partial tax exemption and tax relief	**(109)**	(128)
(Over)/under provision of current tax in respect of previous years	**(18)**	19
Under/(over) provision of deferred tax in respect of previous years	**34**	(5)
Others	**(30)**	(20)
Income tax expense recognised in profit or loss	**(179)**	182

10. Earnings per share

The basic and diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The Company did not hold any dilutive potential ordinary shares during the financial year (2016: Nil).

The following tables reflect the statement of comprehensive income and share data used in the computation of basic and diluted earnings per share for the years ended 30 April.

	Group	
	2017	**2016**
	$'000	**$'000**
(Loss)/profit for the year attributable to owners of the Company	**(1,424)**	407
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	**102,000**	102,000
Earnings per share attributable to owners of the Company (cents per share)		
– Basic and diluted	**(1.4)**	0.4

11. Property, plant and equipment

	Leasehold land and building $'000	Furniture and fittings and office equipment $'000	Cranes and motor vehicles $'000	Plant and machinery $'000	Renovation $'000	Total $'000
Group						
Cost:						
At 1 May 2015	20,460	316	50,527	589	481	72,373
Additions	–	139	3,169	98	45	3,451
Reclassification from inventories	–	–	1,759	–	–	1,759
Write-off	–	–	(19)	–	–	(19)
Disposals	–	–	(723)	(6)	–	(729)
At 30 April 2016 and 1 May 2016	**20,460**	**455**	**54,713**	**681**	**526**	**76,835**
Additions	**–**	**46**	**1,000**	**15**	**–**	**1,061**
Reclassification to inventories	**–**	**–**	**(1,144)**	**–**	**–**	**(1,144)**
Write-off	**–**	**–#**	**–**	**–**	**–**	**–#**
Disposals	**–**	**–**	**(1,061)**	**–**	**–**	**(1,061)**
At 30 April 2017	**20,460**	**501**	**53,508**	**696**	**526**	**75,691**
Accumulated depreciation:						
At 1 May 2015	2,763	126	10,849	333	374	14,445
Charge for the year	680	47	2,497	90	20	3,334
Write-off	–	–	(18)	–	–	(18)
Disposals	–	–	(470)	(6)	–	(476)
At 30 April 2016 and 1 May 2016	**3,443**	**173**	**12,858**	**417**	**394**	**17,285**
Charge for the year	**681**	**73**	**2,534**	**88**	**21**	**3,397**
Write-off	**–**	**–#**	**–**	**–**	**–**	**–#**
Reclassification to inventories	**–**	**–**	**(164)**	**–**	**–**	**(164)**
Disposals	**–**	**–**	**(965)**	**–**	**–**	**(965)**
At 30 April 2017	**4,124**	**246**	**14,263**	**505**	**415**	**19,553**
Net carrying amount:						
At 30 April 2016	17,017	282	41,855	264	132	59,550
At 30 April 2017	**16,336**	**255**	**39,245**	**191**	**111**	**56,138**

11. Property, plant and equipment (cont'd)

	Furniture and fittings and office equipment $'000
Company	
Cost:	
At 1 May 2016	**30**
Additions	**–**
At 30 April 2017	**30**
Accumulated depreciation:	
At 1 May 2016	**1**
Charge for the year	**5**
At 30 April 2017	**6**
Net carrying amount:	
At 30 April 2016	29
At 30 April 2017	**24**

Assets held under finance leases

During the year, the Group acquired cranes and motor vehicles and plant and machinery with an aggregate cost of $888,000 (2016: $2,400,000) by means of finance leases. The cash outflow on the acquisition of plant and equipment amounted to $163,000 (2016: $911,000).

The carrying amount of cranes and motor vehicles and plant and machinery held under finance leases at the end of the reporting period were $37,271,000 (2016: $36,058,000) and $26,000 (2016: $40,000) respectively. Leased assets are pledged as security for related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold properties with a carrying amount of $16,336,000 (2016: $17,017,000) are mortgaged to secure the Group's bank borrowings (Note 18).

Impairment testing of Assets

During the year, the Management performed an impairment assessment on the property, plant and equipment as a result of the industry slowdown using the assumption that the weighted-average cost of capital would be 8.4% and future revenue growth from continued use of the assets to be 2%. Based on the assessment, no impairment is deemed necessary by the Management as continued positive future cash flows are expected to be generated from the plant and equipment. At the end of the reporting period, if the weighted-average cost of capital and future revenue growth have been 10 basis points higher/lower and 0.1% higher/lower respectively with all other variables constant, the change in value-in-use of the plant and equipment would be approximately $127,000 and $340,000 respectively which would not give rise to the impairment of plant and equipment.

11. Property, plant and equipment (cont'd)

Impairment testing of Assets (cont'd)

For properties, management engaged external independent valuers to determine the fair value. The fair value is determined to be higher than the carrying amount of the properties, and accordingly, there are no impairment as at 30 April 2017.

12. Investment in subsidiaries

	Company	
	2017	**2016**
	$'000	**$'000**
Unquoted shares, at cost	**21,338**	21,338

The Group has the following investment in subsidiaries:

Name of subsidiary	Principal place of business	Principal activities	Proportion of ownership interest	
			2017	**2016**
			%	**%**
Held by the Company:				
MS Equipment Pte. Ltd.[(1)]	Singapore	Trading of mobile cranes and related equipment	**100**	100
Moh Seng Cranes Pte. Ltd.[(1)]	Singapore	Supply and provision of cranes and related services	**100**	100
Moh Seng Services Pte. Ltd.[(1)]	Singapore	Supply and provision of cranes and related services	**100**	100
Extol Global Pte. Ltd.[(1)]	Singapore	Project logistics management and services	**100**	100
Bravio Capital Pte. Ltd.[(2)]	Singapore	Investment holding	**100**	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) The Company was exempted from preparing statutory audited financial statements in Singapore.

13. Trade and other receivables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
Trade receivables	**3,944**	4,165	**–**	–
Other receivables	**19**	9	**–**	–
Accrued revenue	**156**	258	**–**	–
Accrued government incentives	**19**	43	**2**	2
Amounts due from subsidiaries				
– Trade	**–**	–	**2,700**	1,598
– Non-trade	**–**	–	**1,273**	4,585
Loan to a third party	**–**	875	**–**	875
Refundable deposits	**114**	66	**–**	–
Advances to employees	**14**	13	**–**	–
Others	**2**	–	**–**	–
	4,268	5,429	**3,975**	7,060
Non-financial assets:				
GST receivable	**–**	106	**–**	–
Advances to suppliers	**28**	70	**–**	2
Deposits for purchase of property, plant and equipment	**10**	10	**–**	–
	4,306	5,615	**3,975**	7,062

Trade receivables

Trade receivables are denominated in SGD, non-interest bearing and generally on 30 days' (2016: 30 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries

Amounts due from subsidiaries are denominated in SGD, unsecured, non-interest bearing, repayable upon demand and to be settled in cash.

Loan to a third party

Loan to a third party is denominated in SGD, non-trade related, unsecured and non-interest bearing. The amount was repaid on 10 June 2016.

13. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $3,055,000 (2016: $2,919,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Less than 30 days	**1,065**	1,177
30 – 60 days	**805**	629
61 – 90 days	**292**	504
More than 90 days	**893**	609
	3,055	2,919

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Trade receivables – nominal amounts	**71**	46
Less: Allowance for impairment	**(71)**	(46)
	–	–
Movement in allowance accounts:		
At 1 May	**46**	46
Charge for the year	**41**	–
Written off against provision	**(16)**	–
At 30 April	**71**	46

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. The bad debts amounted to $16,000 (2016:$1,000) was included in profit or loss during the financial year ended 30 April 2017. The Group made an allowance for impairment of other receivables of $5,000 (2016: Nil). These receivables are not secured by any collateral or credit enhancements.

14. Inventories

	Group 2017 $'000	Group 2016 $'000
Balance sheet		
Inventories at cost	**359**	4
Income statement		
Inventories recognised as expenses in cost of sales	**1,587**	14

There are no allowance for stock obsolescence or inventory write-off during the year.

15. Cash and bank balances

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Pledged bank deposit	**–**	51	**–**	–
Cash at bank and on hand	**3,710**	1,772	**125**	24
	3,710	1,823	**125**	24
Less: Pledged bank deposit	**–**	(51)	**–**	–
Cash and cash equivalents	**3,710**	1,772	**125**	24

Cash at banks are denominated in SGD and earns interest at floating rates based on daily deposit rates.

During the financial year ended 30 April 2017, there is no deposit (2016: $51,000) pledged to bank as security for issuance of banker's guarantee to a customer of the Group.

16. Trade and other payables

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial liabilities:				
Trade payables	**480**	1,114	**–**	–
Other payables	**122**	165	**24**	6
Amounts due to subsidiaries	**–**	–	**61**	2,640
Deposits received	**203**	127	**–**	–
	805	1,406	**85**	2,646
Non-financial liability:				
GST payable	**173**	139	**3**	31
	978	1,545	**88**	2,677

16. Trade and other payables (cont'd)

Trade payables

Trade payables are denominated in SGD, unsecured, non-interest bearing and are normally settled on 30 days' (2016: 30 days') terms.

Amounts due to subsidiaries

Amounts due to subsidiaries are denominated in SGD, non-trade related, unsecured, non-interest bearing, repayable upon demand and to be settled in cash.

17. Obligations under finance leases

The Group has finance leases for certain items of cranes and motor vehicles and plant and machinery (Note 11). The lease periods range from 2 to 8 years (2016: 2 to 8 years). The effective average discount rate implicit in the leases is approximately 2.30% – 5.54% (2016: 2.30% – 5.54%) per annum. The leases include financial covenants which require a subsidiary of the Group and the Group to maintain a leverage ratio of not more than 2.5 times and a minimum total net worth of $10 million and $22 million respectively throughout the tenure of the lease.

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

	Total minimum lease payments 2017 $'000	Present value of payments 2017 $'000	Total minimum lease payments 2016 $'000	Present value of payments 2016 $'000
Group				
Not later than one year	**6,885**	**6,443**	5,782	5,222
Later than one year but not later than five years	**11,412**	**10,880**	13,181	12,314
Later than five years	**265**	**263**	1,626	1,593
Total minimum lease payments	**18,562**	**17,586**	20,589	19,129
Less: Amounts representing finance charges	**(976)**	**–**	(1,460)	–
Present value of minimum lease payments	**17,586**	**17,586**	19,129	19,129

The finance lease obligations are denominated in Singapore Dollars.

18. Bank borrowings

	Group	
	2017	**2016**
	$'000	**$'000**
Current:		
Loan 1	**620**	672
Loan 2	**–**	500
Loan 3	**–**	3,000
Loan 4	**–**	1,500
Loan 5	**1,140**	–
	1,760	5,672
Non-current:		
Loan 1	**9,538**	10,075
Loan 5	**6,100**	–
Total bank borrowings	**17,398**	15,747

Loan 1

The loan is denominated in SGD, bears a floating interest rate of current 3-month SIBOR + 0.98% (2016: 1-month SIBOR + 1.50%) per annum and is repayable over 20 years in July 2033. The loan is secured by a legal mortgage over the leasehold properties of the Group as disclosed in Note 11 to the financial statements and a corporate guarantee from the Company. The loan includes a financial covenant which requires one of the subsidiaries of the Group to maintain a minimum total net worth of $10 million throughout the tenure of the loan.

Loan 2

The loan is denominated in SGD, carried a floating interest rate of the Bank's Cost of Funds or the applicable SWAP Offer Rate as determined by the Bank on the day of transaction, whichever is higher + 1.50% per annum. The loan was drawdown for working capital purpose and is secured by a legal mortgage over the leasehold properties of the Group as disclosed in Note 11 to the financial statements and a corporate guarantee from the Company. The loan includes financial covenant which require one of the subsidiaries of the Company to maintain a minimum total net worth of $10 million and require the Group to maintain a minimum total net worth of $22 million throughout the tenure of the loan.

Loan 3

The loan is denominated in SGD, carried a floating interest rate of the Bank's Cost of Funds for interest period of 1, 2 or 3 months + 1.75% per annum. The loan was drawdown for working capital purpose and is secured by a corporate guarantee of the Company. The loan includes financial covenant which requires the Group to maintain a minimum total tangible net worth of $20 million throughout the tenure of the loan.

18. Bank borrowings (cont'd)

Loan 4

The loan is denominated in SGD, carried a floating interest rate of the Bank's Cost of Funds for interest period of 1, 2 or 3 months + 1.75% per annum. The loan was drawdown for working capital purpose and is secured by a corporate guarantee of the Company. The loan includes financial covenant, requires one of the subsidiaries of the Group to maintain a minimum tangible net worth of $10 million throughout the tenure of the loan.

Loan 5

The loan is denominated in SGD, carried a floating interest rate of the Bank's 3-month Cost of Funds or the applicable 3-month SWAP Offer Rate as determined by the Bank on the day of transaction, whichever is higher + 1.50% per annum. The loan was drawdown for working capital purpose and is secured by a legal mortgage over the leasehold properties of the Group as disclosed in Note 11 to the financial statements and a corporate guarantee from the Company. The loan includes financial covenant which require one of the subsidiaries of the Company to maintain a minimum total net worth of $10 million and require the Group to maintain a minimum total net worth of $22 million throughout the tenure of the loan.

19. Deferred tax liabilities

	Group				Company	
	Consolidated balance sheet		Consolidated statement of comprehensive income		Balance sheet	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(2,961)**	(2,616)	**345**	651	**(2)**	(2)
Deferred tax assets:						
Unutilised tax losses	**–**	4	**4**	–	**–**	–
Unutilised capital allowance	**1,215**	571	**(644)**	(523)	**–**	–
Others	**5**	–	**(5)**	–	**–**	–
Net deferred tax liabilities	**(1,741)**	(2,041)			**(2)**	(2)
Deferred tax expense			**(300)**	128		

Unrecognised tax losses and capital allowances

At the end of the year, the Group has tax losses of approximately $1,424,000 (2016: Nil) that are available for offset against future taxable profits of the company in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in Singapore. The tax losses and capital allowances have no expiry date.

20. Share capital

	Group and Company			
	2017		2016	
	No. of shares ’000	$’000	No. of shares ’000	$’000
Issued and fully paid ordinary shares:				
At 1 May and 30 April	**102,000**	25,564	**102,000**	25,564

The Group’s share capital comprises fully paid up 102,000,000 (2016: 102,000,000) ordinary shares with no par value, amounting to a total of $25,564,000 (2016: 25,564,000).

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

21. Significant related party transactions

Transactions with key management personnel

The transactions and outstanding balances related to key management personnel, close family members of key management personnel and entities in which the key management personnel have control or joint control were as follows:

			Group			
			Transactions during the year		Outstanding balances as at 30 April	
			2017	2016	2017	2016
Related parties	***Transactions***		$’000	$’000	$’000	$’000
Hwee Guan Pte. Ltd.	Provision of repair services and rental of mobile cranes (income)	(a)	**20**	25	**–**	1
	Rental of mobile cranes (expense)	(b)	**3**	4	**–**	3
Equity Law LLC	Provision of legal services	(c)	**26**	36	**–**	–
Cranemaxx Pte. Ltd.	Rental of overhead cranes and backcharge of manpower cost (income)	(d)	**39**	–	**39**	–
	Provision of repair services (expense)	(e)	**55**	–	**53**	–

21. Significant related party transactions (cont'd)

Transactions with key management personnel (cont'd)

(a) The Group provides repair services and rents mobile cranes to Hwee Guan Pte. Ltd., a company owned by a close family member of one of key management personnel of the Company. The fees charged were based on normal market rates for such services and were due and payable under normal payment terms.

(b) The Group rents mobile cranes from Hwee Guan Pte. Ltd., a company owned by a close family member of one of the key management personnel of the Company. The rent charged was based on normal market rates for such rental and were due and payable under normal payment terms.

(c) The Group engaged legal services provided by Equity Law LLC, a lawyer firm which one of the directors has direct interest. The fee charged was based on normal market rates for such service and were due and payable under normal payment terms.

(d) The Group rents overhead cranes and backcharge of manpower cost to Cranemaxx Pte. Ltd., a company which one of the directors has direct interest. The rent and manpower cost charged were based on normal market rates for such services and were due and payable under normal payment terms.

(e) The Group engaged repairs and` services of cranes from Cranemaxx Pte. Ltd., a company which one of the directors has direct interest. The fee charged was based on normal market rates for such services and were due and payable under normal payment terms.

Compensation of key management personnel

	Group	
	2017	**2016**
	$'000	**$'000**
Short-term employee benefits	**1,399**	1,612
Central Provident Fund contributions	**63**	73
	1,462	1,685
Comprise amounts paid to:		
Directors of the Company	**852**	953
Other key management personnel	**610**	732
	1,462	1,685

22. Commitments

(a) ***Operating lease commitments***

Operating lease commitments – As lessor

The Group has entered into commercial property leases on its leasehold properties. These non-cancellable leases have remaining lease terms of between 3 months and 2 years as at 30 April 2017 (2016: 2 months and 2 years).

Minimum lease receipts recognised as other income in profit or loss for the financial year ended 30 April 2017 amounted to $507,808 (2016: $500,300).

Future minimum rental receivable of leases at the end of the reporting period are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Not later than one year	**459**	506
Later than one year but not later than five years	**66**	102
	525	608

Operating lease commitments – As lessee

The Group has entered into commercial lease on warehouse space and has paid land rent for its leasehold property. These lease and land rent have remaining lease terms of between 3 months and 290 months as at 30 April 2017 (2016: 2 months and 302 months).

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 April 2017 amounted to $551,000 (2016: $505,000).

Future minimum rental payable under operating leases at the end of the reporting period are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Not later than one year	**553**	406
Later than one year but not later than five years	**1,142**	1,093
Later than five years	**4,542**	5,510
	6,237	7,009

22. Commitments (cont'd)

(b) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2017	2016
	$'000	$'000
Capital commitments in respect of property, plant and equipment	**855**	1,185

23. Corporate guarantees

The Company provides corporate guarantees amounted to $55,086,000 (2016: $76,157,000) for the purpose of assisting its subsidiaries to secure banking facilities. Of the $55,086,000 (2016: $76,157,000) corporate guarantees given by the Company, $34,984,000 (2016: $34,876,000) has been utilised by its subsidiaries as security for its finance leases (Note 17) and bank borrowings (Note 18) which have been recognised in the balance sheets.

The corporate guarantees given by the Company will become due and payable on demand when an event of default occurs. No liability was recognised from the issuance of the corporate guarantees to subsidiaries as management has assessed the risk of default to be remote and therefore, the fair value of the corporate guarantee to be immaterial.

24. Fair value of assets and liabilities

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There has been no transfer between Level 1, Level 2 and Level 3 during the financial years ended 30 April 2016 and 30 April 2017.

24. Fair value of assets and liabilities (cont'd)

(b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Trade and other receivables and payables (Notes 13 and 16), cash and bank balances (Note 15), obligations under finance leases (Note 17), bank borrowings (Note 18) and accrued operating expenses.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments, or fixed rate instruments whereby the fixed rates approximate market interest rates on or near the end of the reporting period.

(c) ***Classification of financial assets and liabilities***

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables				
Trade and other receivables (Note 13)	**4,268**	5,429	**3,975**	7,060
Cash and bank balances (Note 15)	**3,710**	1,823	**125**	24
Total financial assets	**7,978**	7,252	**4,100**	7,084
Financial liabilities carried at amortised cost				
Trade and other payables (Note 16)	**805**	1,406	**85**	2,646
Accrued operating expenses	**526**	925	**166**	263
Bank borrowings (Note 18)	**17,398**	15,747	**–**	–
Finance lease obligations (Note 17)	**17,586**	19,129	**–**	–
Total financial liabilities	**36,315**	37,207	**251**	2,909

25. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, liquidity risk and foreign exchange risk.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculation purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

25. Financial risk management objectives and policies (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from bank borrowings and obligations under finance leases. The Group manages the risk by using a balanced mix of fixed and floating rate debts after considering the market conditions.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 basis points lower/higher with all other variables held constant, the Group's profit before tax would have been approximately $125,000 (2016: $125,000) higher/lower, arising mainly as a result of lower/higher interest expense on the above-mentioned floating rate bank borrowings and obligations under finance leases.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit exposure to an individual customer or counterparty is generally restricted by credit limits that are approved by management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continually monitored by management.

As at the end of the reporting period, the Group's trade receivables are all due from debtors located in Singapore. There is no significant concentration of credit risk.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk towards corporate guarantee contracts provided by the Company to the banks for facilities granted to subsidiaries is disclosed in Note 23 Corporate guarantees.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 13.

Credit risk concentration profile

At the end of the reporting period, approximately:

– 15.6% (2016: 17.0%) of the Group's trade receivables were due from 5 major customers of the Group.

– 99.9% (2016: 87.6%) of the Company's receivables were balances due from subsidiaries.

25. Financial risk management objectives and policies (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements (Trade and other receivables).

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
Group				
2017				
Financial assets:				
Trade and other receivables	4,268	–	–	4,268
Cash and bank balances	3,710	–	–	3,710
Total undiscounted financial assets	7,978	–	–	7,978
Financial liabilities:				
Trade and other payables	805	–	–	805
Accrued operating expenses	526	–	–	526
Bank borrowings	1,905	9,352	10,623	21,880
Finance lease obligations	6,885	11,412	265	18,562
Total undiscounted financial liabilities	10,121	20,764	10,888	41,773
Total net undiscounted financial liabilities	(2,143)	(20,764)	(10,888)	(33,795)

25. Financial risk management objectives and policies (cont'd)

Liquidity risk **(cont'd)**

	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
Group				
2016				
Financial assets:				
Trade and other receivables	5,429	–	–	5,429
Cash and bank balances	1,823	–	–	1,823
Total undiscounted financial assets	7,252	–	–	7,252
Financial liabilities:				
Trade and other payables	1,406	–	–	1,406
Accrued operating expenses	925	–	–	925
Bank borrowings	6,164	4,342	10,056	20,562
Finance lease obligations	5,782	13,181	1,626	20,589
Total undiscounted financial liabilities	14,277	17,523	11,682	43,482
Total net undiscounted financial liabilities	(7,025)	(17,523)	(11,682)	(36,230)
Company				
2017				
Financial assets:				
Trade and other receivables	**3,975**	**–**	**–**	**3,975**
Cash and bank balances	**125**	**–**	**–**	**125**
Total undiscounted financial assets	**4,100**	**–**	**–**	**4,100**
Financial liabilities:				
Trade and other payables	**85**	**–**	**–**	**85**
Accrued operating expenses	**166**	**–**	**–**	**166**
Total undiscounted financial liabilities	**251**	**–**	**–**	**251**
Total net undiscounted financial assets	**3,849**	**–**	**–**	**3,849**

25. Financial risk management objectives and policies (cont'd)

Liquidity risk **(cont'd)**

	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
Company				
2016				
Financial assets:				
Trade and other receivables	7,060	–	–	7,060
Cash and bank balances	24	–	–	24
Total undiscounted financial assets	7,084	–	–	7,084
Financial liabilities:				
Trade and other payables	2,646	–	–	2,646
Accrued operating expenses	263	–	–	263
Total undiscounted financial liabilities	2,909	–	–	2,909
Total net undiscounted financial assets	4,175	–	–	4,175

The table below shows the contractual expiry by maturity of the Company's corporate guarantees. The maximum amount of the corporate guarantee contracts is allocated to the earliest period in which the guarantee could be called.

	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
2017				
Company				
Financial liability:				
Corporate guarantees	**34,984**	**–**	**–**	**34,984**
2016				
Company				
Financial liability:				
Corporate guarantees	34,876	–	–	34,876

25. Financial risk management objectives and policies (cont'd)

Foreign exchange risk

The Group's foreign currency exposure arises from the purchases of new cranes, which are mainly denominated in EUR and JPY. For such purchases, the Group is typically required to place an initial deposit of up to 10% of the purchase price with the balance of 90% due upon delivery of the crane. The above purchases are hedged through entering into short term forward contracts for settlement during the next few months prior to delivery. Upon expiry of the forward contract, it will be funded through the hire purchase arrangement denominated in SGD. If the purchases are not hedged, the cranes will be purchased at the spot rate through hire purchase arrangement denominated in SGD. The purchases of other assets are denominated in SGD. There were no outstanding forward contracts as of the respective balance sheet dates.

The percentage of the Group's purchases of cranes and motor vehicles denominated in the different currencies for financial years ended 30 April 2016 and 30 April 2017 was as follows:

	Group	
	2017	**2016**
	%	**%**
SGD	**72.6**	39.8
EUR	**27.4**	6.1
JPY	**–**	54.1
	100.0	100.0

26. Dividends

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Declared and paid in the next financial year:		
Dividends on ordinary shares:		
Final exempt (one-tier) dividend for 2016: Nil (2015: 1 cent) per share	**–**	1,020

The dividend per share is calculated based on the number of ordinary shares in issue as at date of dividend declaration.

27. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 April 2016 and 30 April 2017.

As disclosed in Note 17 and Note 18, a subsidiary of the Group and the Group are required by the banks to maintain a leverage ratio of not more than 2.5 times and minimum total net worth of $10 million and $22 million respectively throughout the tenure of the borrowings. These external imposed capital requirement have been complied with by the above-mentioned subsidiary and the Group for the financial years ended 30 April 2016 and 2017.

The Group monitors capital using a leverage ratio, which is total debts divided by total equity. The Group's overall strategy remains unchanged from financial years ended 2016 and 2017.

	Group	
	2017	**2016**
	$'000	**$'000**
Bank borrowings (Note 18)	**17,398**	15,747
Finance lease obligations (Note 17)	**17,586**	19,129
Total debt	**34,984**	34,876
Equity attributable to the owners of the Company	**25,571**	26,995
Leverage ratio	**1.4**	1.3

28. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

I. Leasing : The rental income from hiring of cranes

II. Trading : The sale of cranes and other equipment, spare parts, and provision of leasing of cranes

III. Project management : The income from provision of value added logistics service and engineering activities

28. Segment information (cont'd)

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash expenses consist of impairment of financial assets as presented in note 8 to the financial statements

C Additions to non-current assets consist of additions to property, plant and equipment.

2017	Leasing $'000	Trading $'000	Project management $'000	Elimination $'000	Notes	Total $'000
Revenue:						
– External sales	**10,789**	**1,481**	**2,838**	**–**		**15,108**
– Inter-segment sales	**613**	**1,632**	**–**	**(2,245)**	**A**	**–**
Total revenue	**11,402**	**3,113**	**2,838**	**(2,245)**		**15,108**
Results:						
Other income	**628**	**1**	**4**	**–**		**633**
Interest income	**33**	**–**	**–**	**–**		**33**
Gain on disposal of property, plant and equipment	**218**	**–**	**–**	**(25)**		**193**
Finance Cost	**892**	**70**	**3**	**–**		**965**
Depreciation	**3,074**	**311**	**22**	**(10)**		**3,397**
Other non-cash expenses	**62**	**–**	**–**	**–**	**B**	**62**
Tax expense/(refund)	**(263)**	**8**	**76**	**–**		**(179)**
Segment profit/(loss)	**(2,852)**	**465**	**878**	**(94)**		**(1,603)**
Assets:						
Additions to non-current assets	**884**	**279**	**2**	**(104)**	**C**	**1,061**
Segment assets	**16,684**	**756**	**1,088**	**(9,874)**		**8,654**
Segment liabilities	**45,614**	**3,081**	**400**	**(9,874)**		**39,221**

28. Segment information (cont'd)

2016	Leasing $'000	Trading $'000	Project management $'000	Elimination $'000	Notes	Total $'000
Revenue:						
– External sales	17,472	–	–	–		17,472
– Inter-segment sales	–	–	–	–		–
Total revenue	17,472	–	–	–		17,472
Results:						
Other income	880	–	–	–		880
Gain on disposal of property, plant and equipment	60	–	–	–		60
Finance Cost	999	–	–	–		999
Depreciation	3,334	–	–	–		3,334
Tax expense	182	–	–	–		182
Segment profit/(loss)	589	–	–	–		589
Assets:						
Additions to non-current assets	1,351	1,908	192	–	C	3,451
Segment assets	7,730	–	–	–		7,730
Segment liabilities	40,285	–	–	–		40,285

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group 2017 $'000	Group 2016 $'000
Revenue		
Singapore	**14,208**	17,472
Indonesia	**900**	–
	15,108	17,472
Non-current assets		
Singapore	**56,138**	59,550

Information about major customers

Revenue from 5 major customers contributed 32% (2016: 24%) of the total revenue of the Group.

29. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 April 2017 were authorised for issue in accordance with a resolution of the directors on 31 July 2017.

Shareholding **Statistics**

AS AT 21 JULY 2017

Issued and fully paid	:	S$25,928,000
Number of shares with voting rights	:	102,000,000
Number of treasury shares held	:	Nil
Subsidiary holdings	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 23.73% of the issued ordinary shares of the Company were held in the hands of the public as at 21 July 2017 and therefore Rule 723 of the Catalist Rules is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Range of shareholdings	Number of shareholders	Percentage	Number of shares	Percentage
1 – 99	–	–	–	–
100 – 1,000	2	2.00	200	0.00
1,001 – 10,000	17	17.00	99,900	0.10
10,001 – 1,000,000	76	76.00	10,817,800	10.60
1,000,001 and above	5	5.00	91,082,100	89.30
TOTAL	**100**	**100.00**	**102,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 21 July 2017)

	Direct interest		Deemed interest	
Name of substantial shareholder	Number of shares	%	Number of shares	%
Loke Investments Pte. Ltd.	76,800,000	75.29	–	–
Mdm Ng Chui Hwa(1)	–	–	76,800,000	75.29
Mr Yap Sian Lay(2)	–	–	76,800,000	75.29
Mr Yap Chin Hock(3)	–	–	76,800,000	75.29

Notes:

(1) Mdm Ng Chui Hwa holds approximately 29% of the issued and paid-up share capital of Loke Investments Pte. Ltd. Accordingly, she is deemed to be interested in the 76,800,000 shares held by Loke Investments Pte. Ltd. pursuant to Section 4 of the Securities and Futures Act (Chapter 289) of Singapore.

(2) Mr Yap Sian Lay holds approximately 41% of the issued and paid-up share capital of Loke Investments Pte. Ltd. Accordingly, he is deemed to be interested in the 76,800,000 shares held by Loke Investments Pte. Ltd. pursuant to Section 4 of the Securities and Futures Act (Chapter 289) of Singapore.

(3) Mr Yap Chin Hock holds approximately 20% of the issued and paid-up share capital of Loke Investments Pte. Ltd. Accordingly, he is deemed to be interested in the 76,800,000 shares held by Loke Investments Pte. Ltd. pursuant to Section 4 of the Securities and Futures Act (Chapter 289) of Singapore.

Shareholding **Statistics**

AS AT 21 JULY 2017

TWENTY LARGEST SHAREHOLDERS

No.	Name of shareholder	Number of shares held	Percentage
1	LOKE INVESTMENTS PTE. LTD.	76,800,000	75.29
2	UOB KAY HIAN PTE LTD	8,676,000	8.51
3	CLARISSA CHOH SOK PHENG (CLARISSA ZOU SHUPING)	2,725,000	2.67
4	LEW FAI KAH DAVID	1,731,100	1.70
5	OCBC SECURITIES PRIVATE LTD	1,150,000	1.13
6	TEO KOK WOON	1,000,000	0.98
7	MAYBANK KIM ENG SECURITIES PTE LTD	675,000	0.66
8	YEUNG SHUN YUN	500,000	0.49
9	CITIBANK NOMINEES SINGAPORE PTE LTD	400,000	0.39
10	BATCHELOR CARON VERONICA	343,900	0.34
11	TAN KONG SIN	300,000	0.29
12	STEVEN CHONG KING PECK	260,100	0.26
13	ANDREW KONG GUAN HUI	200,000	0.20
14	CHERYL TEO LAY KHIM	200,000	0.20
15	CHUA CHYE LEE	200,000	0.20
16	CHUA HENG LOK	200,000	0.20
17	KOH ENG KIAN	200,000	0.20
18	KOH KIM LENG MICHAEL	200,000	0.20
19	LAM KOK FAI (LIN GUOHUI)	200,000	0.20
20	LEE MENG CHOON	200,000	0.20
21	LEE NGIAN LOONG	200,000	0.20
22	LOW EE LANG	200,000	0.20
23	LOW YIN HUI	200,000	0.20
24	MAH AH LUI	200,000	0.20
25	NEO GIM CHUAN	200,000	0.20
26	NG LAY MUI (HUANG LIMEI)	200,000	0.20
27	NG SZE MEE THERESE	200,000	0.20
28	OOI LIAN ENG	200,000	0.20
29	PEH LI NA	200,000	0.20
30	QUEK SWEE CHOO	200,000	0.20
31	SANG MOY	200,000	0.20
32	SIA CHYE SENG	200,000	0.20
33	SINGAPORE NOMINEES PTE LTD	200,000	0.20
34	TAN CHENG GUAN	200,000	0.20
35	TAN TIAN ONG	200,000	0.20
36	WONG MAY LUN CYNDI	200,000	0.20
37	YEO JOO HWA	200,000	0.20
	TOTAL	**99,561,100**	**97.71**

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the annual general meeting ("**AGM**") of MS Holdings Limited (the "**Company**") will be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404, on Tuesday, 29 August 2017 at 3.00 p.m., for the following purposes:–

AS ORDINARY BUSINESS

1. To receive and adopt the directors' statement and the audited financial statements for the financial year ended 30 April 2017 ("**FY2017**") together with the auditors' report thereon. **(Resolution 1)**

2. To approve the payment of directors' fees of S$69,000 for FY2017. **(Resolution 2)**

3. To re-elect the following directors ("**Directors**") of the Company retiring under Regulation 107 of the Company's constitution ("**Constitution**"):–

   Mr Yap Chin Hock **(Resolution 3)**
   (see explanatory note 1)

   Mr Lau Yan Wai **(Resolution 4)**
   (see explanatory note 2)

4. To re-elect the following Directors retiring under Regulation 117 of the Constitution:–

   Mr Tan Jia Hui Clarence **(Resolution 5)**
   (see explanatory note 3)

   Mr Crane Charoenratchadej **(Resolution 6)**
   (see explanatory note 4)

5. To re-appoint Messrs Ernst & Young LLP as the independent auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other business that may be properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions (with or without amendments) as ordinary resolutions:–

7. Authority to allot and issue shares in the capital of the Company (the "**Share Issue Mandate**") **(Resolution 8)**

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Constitution and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors to:–

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

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

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

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

provided always that:–

(i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed 100% of the total issued Shares (excluding treasury shares and subsidiary holdings) (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 existing shareholders of the Company (the "**Shareholders**") (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed 50% of the total issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);

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

(1) new Shares arising from the conversion or exercise of any convertible securities outstanding at the time this resolution is passed;

(2) new Shares arising from the exercise of options or vesting of awards outstanding or subsisting at the time this resolution is passed, provided that the options or awards were granted in compliance with the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or sub-division of Shares;

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

(d) (unless revoked or varied by the Company in a general meeting) this authority shall continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier."

(see explanatory note 5)

8. Authority to grant awards and to allot and issue shares pursuant to the MS Holdings Share Award Scheme **(Resolution 9)**

"That approval be and is hereby given to the Directors to grant awards from time to time in accordance with the provisions of the MS Holdings Share Award Scheme (the "**Scheme**") and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of the awards under the Scheme, provided always that the aggregate number of Shares issued and/or issuable pursuant to the Scheme and any other share-based incentive schemes of the Company shall not exceed 15% of the total issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier."

(see explanatory note 6)

BY ORDER OF THE BOARD

Wee Woon Hong
Srikanth Rayaprolu
Company Secretaries

11 August 2017
Singapore

Explanatory Notes:–

1. Detailed information on Mr Yap Chin Hock can be found in the Company's annual report 2017. Mr Yap Chin Hock will, upon re-election as a Director, remain as the Executive Director and CEO. Mr Yap Chin Hock is a controlling Shareholder and son of Mdm Ng Chui Hwa (Executive Chairman) and Mr Yap Sian Lay (controlling Shareholder). Save as disclosed, there are no relationships including immediate family relationships between Mr Yap Chin Hock and the other Directors, the Company, its related corporations, its 10% Shareholders or its officers.

2. Detailed information on Mr Lau Yan Wai can be found in the Company's annual report 2017. Mr Lau Yan Wai will, upon re-election as a Director, remain as the Chairman of the Nominating Committee and the Remuneration Committee and a member of the Audit Committee. Mr Lau Yan Wai will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationships including immediate family relationships between Mr Lau Yan Wai and the Directors, the Company, its related corporations, its 10% Shareholders or its officers.

3. Detailed information on Mr Tan Jia Hui Clarence can be found in the Company's annual report 2017. Mr Tan Jia Hui Clarence will, upon re-election as a Director, remain as the Executive Director and Investment Director and a member of the Nominating Committee. Mr Tan Jia Hui Clarence holds 0.98% of the issued and paid-up share capital of the Company. There are no relationships including immediate family relationships between Mr Tan Jia Hui Clarence and the Directors, the Company, its related corporations, its 10% Shareholders or its officers.

4. Detailed information on Mr Crane Charoenratchadej can be found in the Company's annual report 2017. Mr Crane Charoenratchadej will, upon re-election as a Director, remain as a member of the Audit Committee, the Nominating Committee and the Remuneration Committee. Mr Crane Charoenratchadej will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationships including immediate family relationships between Mr Crane Charoenratchadej and the Directors, the Company, its related corporations, its 10% Shareholders or its officers.

5. The ordinary resolution 8 above, if passed, will empower the Directors from the date of the AGM until the date of the next AGM is required by law to be held, or the date such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares, make or grant Instruments convertible into Shares pursuant to such Instruments, up to an amount not exceeding, in total, 100% of the total issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of this resolution, of which up to 50% may be issued other than on a *pro rata* basis to Shareholders.

6. The ordinary resolution 9 above, if passed, will empower the Directors to allot and issue Shares pursuant to the vesting of the awards in accordance with the Scheme.

Notes:–

(i) A member of the Company entitled to attend and vote at the AGM may appoint not more than 2 proxies to attend and vote instead of him.

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

(iii) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than 2 proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. Where such member appoints more than 2 proxies, the number and class of shares to be represented by each proxy must be stated.

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

(v) The instrument appointing a proxy must be deposited at the Company's registered office at 22 Pandan Road, Singapore 609274 not less than 48 hours before the time appointed for holding the AGM.

(vi) A Depositor's name must appear on the Depositor Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member and its proxy(ies) or representative'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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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 express 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, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iv) 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. Your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share register and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

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MS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 201414628C)

PROXY FORM
ANNUAL GENERAL MEETING

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM dated 11 August 2017.

"Personal data" in the proxy form has the same meaning as "personal data" in the Personal Data Protection Act 2012 ("**PDPA**"), which includes your proxy and/or representative's name, address and NRIC/Passport No.

I/We, ______________________________ (Name) of

______________________________ (Address)

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

Name	NRIC/Passport number	Proportion of shareholdings	
		Number of shares	%
Address			

*and/or

Name	NRIC/Passport number	Proportion of shareholdings	
		Number of shares	%
Address			

or failing *him/her, the Chairman of the annual general meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM to be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404, on Tuesday, 29 August 2017 at 3.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote "For" or "Against" the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

	Please tick here if more than 2 proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

All resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Ordinary resolutions relating to:–	Number of votes For**	Number of votes Against**
1.	Directors' statement, auditors' report and audited financial statements for FY2017		
2.	Directors' fees amounting to S$69,000 for FY2017		
3.	Re-election of Mr Yap Chin Hock as a Director		
4.	Re-election of Mr Lau Yan Wai as a Director		
5.	Re-election of Mr Tan Jia Hui Clarence as a Director		
6.	Re-election of Mr Crane Charoenratchadej as a Director		
7.	Re-appointment of Messrs Ernst & Young LLP as the independent auditor of the Company and to authorise the Directors to fix their remuneration		
8.	Authority to allot and issue shares pursuant to the Share Issue Mandate		
9.	Authority to grant awards and to allot and issue shares pursuant to the Scheme		

* Delete accordingly

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

Dated this ____________ day of ______________________ 2017

Total number of shares in:	Number of shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s)/or Common Seal

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 (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and 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. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than 2 proxies to attend and vote at the AGM. Where such member appoints more than 1 proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than 2 proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than 1 proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 22 Pandan Road, Singapore 609274 not less than 48 hours before the time appointed for holding the AGM.

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

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her 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 common seal or under the hand of its attorney or a duly authorised officer.

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

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 of Singapore.

9. The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the AGM if he/she so wishes.

10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, 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 a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by the Depository to the Company.

茂盛控股有限公司
MS HOLDINGS LIMITED

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