



800 SUPER HOLDINGS LIMITED

八百控股有限公司

ANNUAL REPORT 2018



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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this annual report.

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

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

CORPORATE PROFILE

We are an established environmental services provider for both the public and private sectors in Singapore. The Company's environmental services include waste management and waste treatment, cleaning and conservancy, horticultural services and industrial laundry processing. Our broad range of services allows us to offer complete and comprehensive environmental solutions to our customers.

WASTE MANAGEMENT SERVICES

Our waste management services include residential, commercial and industrial waste collection, as well as recycling services. We are one of the four licensed public waste collectors appointed by the National Environment Agency ("NEA"). We are providing waste collection services for the sectors Ang Mo Kio – Toa Payoh for a period of 7 years and 9 months commencing from 1 January 2014 and Pasir Ris – Bedok for a period of 7 years and 4 months commencing from 1 July 2018. This includes public housing estates, landed properties, private apartments and condominiums, schools, shop houses and trade premises in both sectors which have opted through NEA to engage our services.

RECYCLING SERVICES

We also provide recycling services to complement our waste collection services. From 1 January 2014, a centralised recycling bin has been situated at every HDB block around the estates for the convenience of residents. For landed residential premises, a blue recycling bin has been

provided for residents to dispose their recyclables.

Our Material Recovery Facility is also NEA-approved and well-equipped to sort through paper and glass bottles, metal cans, paper products, mostly plastics and other materials that fall under the recyclable category. These recyclable materials are then separated, compacted and packed into bales, which are then sold to local and overseas customers, providing another source of income for the Group.

TREATMENT SERVICES

Our biomass plant treat wood and horticulture waste and generates electricity. It has a designed capacity of 120 tons per day.

We had been awarded a contract by the Public Utilities Board for the treatment and disposal of sludge from water reclamation plants for a period of fourteen years 2018 to 2032. The sludge treatment plant has a treatment capability of 570 tons per day and consumes electricity generated by the biomass plant. The fluidised bed incineration technology for the sludge

treatment is able to treat different types of sewage and industrial sludge.

CLEANING AND CONSERVANCY SERVICES

Our cleaning and conservancy services comprise integrated public cleaning services and contract cleaning services.

INTEGRATED PUBLIC CLEANING SERVICES

In February and July 2014, we were awarded two contracts to provide integrated public cleaning (IPC) services for the North-west and South-west region of Singapore for six (6) years and seven (7) years respectively. The IPC contract for the North-west of Singapore commenced on 1 April 2014 while the IPC contract for the South-west region of Singapore commenced on 1 September 2014. Both IPC contracts provide cleaning services which cover roads, pedestrian thoroughfares, carparks, parks, drains, beaches, shorelines and waterways.

CONTRACT CLEANING SERVICES

We clean external facades and interior of buildings as part of our contract cleaning and conservancy services. Our contract cleaning services are provided to residential, commercial, industrial and institutional customers.

HORTICULTURAL SERVICES

Our horticultural services include grass-cutting, planning and maintenance of landscape and arboricultural services that include the planting and pruning of trees and plants. These services are provided to schools, commercial customers, government departments and statutory bodies.

LAUNDRY SERVICES

We provide market-leading linen solutions, such as linen hire and laundry services, primarily to customers in hospitality and commercial sectors in Singapore.



CHAIRMAN'S STATEMENT



DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of 800 Super Holdings Limited ("800 Super" or the "Company") and its subsidiary corporations (collectively, the "Group") for the financial year ended 30 June 2018 ("FY2018").

FY2018 has been a year of continuing progress for our company, successfully engineered the biomass plant and the sludge treatment plants ("the waste treatment plants") at Tuas South into operational mode. We also make inroads into the industrial laundry services through the acquisition of Iwash Laundry (Senoko) Pte. Ltd. Another highlight to the year was the Company's wholly owned subsidiary 800 Super Waste Management Pte Ltd, being awarded the license by NEA for the provision of refuse collection services for the Pasir Ris –

Bedok sector, providing us with the opportunity to scale up our capabilities.

FINANCIAL YEAR IN REVIEW

The Group has reported revenue of S\$151.1 million, a decrease of 3.7% from S\$156.9 million in FY2017, which was attributable to the completion of term contracts and the renewal of certain contracts at more competitive prices. Start-up and capability-upscaling costs for the new businesses, coupled with lower revenue contributed directly to a lower Group net profits, which fell by 46.7% to S\$9.1 million in FY2018.

The Group net asset value per ordinary share continues its growth trend, rising from 45.5 Singapore cents in FY2017 to 47.6 Singapore cents in FY2018. The financial health of the Group remains stable, reflected in the gearing ratio of 1.50.

DIVIDENDS

Subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, the Board is recommending a tax exempt one-tier final dividend of S\$0.01 per ordinary share for FY2018. This is the seventh consecutive year which the Company pays dividends, a testament to our sustainable business model.

LOOKING AHEAD

We expect FY2019 to be challenging as we embrace the next stage of growth in downstream waste treatment. The waste treatment plants will start to provide revenue streams to the Group, and we will work diligently to optimise the plants to nurture them into profit generating units. A notable point is that the waste treatment plants will recover energy from the combustion process and make them self-sufficient in terms of energy consumption.

主席致辞

The Group has made capital commitments to invest in a manpower-lean laundry plant at Tuas. When it commence operations in Q3 of FY2019, it will take in steam energy recovered from the waste treatment plants for its laundry processes, making it the most ecologically friendly laundry plant in Singapore.

Additionally, the refuse and recyclables collection services to domestic and trade premises for the Pasir Ris-Bedok sector has started from 1st July 2018.

ACKNOWLEDGEMENTS

As we look forward to continuing our momentum to deliver value to you, I would like to express our heartfelt gratitude to our valued shareholders, customers, business associates and bankers for their support. I also sincerely thank our management team and staff for their dedication and commitment to executing our business strategy.

Yours sincerely,

LEE KOH YONG
Chairman
28 September 2018

尊敬的各位股东：

我谨代表董事会欣然向各位呈报截至2018年6月30日的财政年度（“2018财年”）八百控股有限公司（简称“八百控股”或“公司”）及其子公司（统称“集团”）的年度报告。

2018财年对集团而言是持续取得进步的一年，我们成功地将位于大士南(Tuas South)的生物质发电厂和污泥处理厂（统称“废物处理厂”）发展到运营阶段。此外，我们也通过收购Iwash Laundry (Senoko) Pte Ltd进军洗衣服务行业。本财年的另一个亮点是公司的全资子公司800 Super Waste Management Pte Ltd获得国家环境局（NEA）颁发的执照，可以向新加坡的巴西立-勿洛地区提供废品收集服务，获得这项执照为我们提供了拓展业务能力的良机。

财年回顾

集团本财年的营收从2017财年的1亿5690万新元减少3.7%至1亿5110万新元，营收下降的主要原因在于定期合约结束以及部分合约以更具竞争力的价格续约。新业务的启动成本和产能提升成本，以及营收的减少直接导致了集团净利润下降，2018财年的净利润下滑46.7%至910万新元。

集团的每普通股资产净值保持增长趋势，从2017财年的45.5分新元增至2018财年的47.6分新元。集团的财务状况保持稳定，负债率为1.50。

股息

董事会提议派发每普通股0.01新元的免税单一年终股息，有待即将召开的公司年度股东大会批准。这是公司连续第七年派发股息，印证了我们的可持续发展业务模式。

展望未来

随着我们着手运作下一阶段的下游废品处理业务，预计2019财年将是具有挑战性的一年。废物处理厂将开始为集团带来收入，我们也将努力优化工厂运营，推动它们成为集团的盈利部门。值得关注的一点是，废物处理厂可以通过燃烧流程来回收能源，以此来实现能源消耗的自给自足。

集团已经承诺出资，投资位于大士(Tuas)的一家人力精简型洗衣厂。该厂将在2019财年第三季度开业，届时将能利用废物处理厂回收的能源来处理洗衣流程，从而成为新加坡最具生态友好性能的洗衣厂。

此外，我们已经从2018年7月1日开始向新加坡的巴西立-勿洛地区的住户及商家提供废品和回收物品收集服务。

致谢

我们期待为大家继续努力创造价值，在此本人谨代表董事会向全体股东、客户、业务伙伴和银行的鼎力支持表示衷心感谢，同时也要感谢管理团队和全体员工在执行集团的业务战略方面的辛劳与奉献。

此致

李过洋
执行主席
2018年9月28日

BOARD OF DIRECTORS

LEE KOH YONG

Executive Chairman

MR LEE KOH YONG is one of the co-founders of the Group and was appointed to the Board as Executive Chairman on 11 April 2011.

Mr Lee has accumulated extensive industry knowledge and established wide business contacts over the 30 years that he has been in the waste disposal and cleaning industries. Self-taught, Mr Lee contributed significantly to our Group during the early stage of our development and is recognised for founding, leading and building up our Group.

Mr Lee is responsible for setting the overall strategic direction of our Group. Under his direction, our Group has grown steadily since its inception as a waste management solutions provider to a one-stop provider of waste and environmental solutions by expanding into the cleaning, recycling and horticulture industries.

Mr Lee is currently a Director of Ang Mo Kio Joint Temple Association Limited.

LEE CHENG CHYE

Chief Executive Officer And
Executive Director

MR LEE CHENG CHYE is one of the co-founders of the Group and was appointed to the Board as Chief Executive Officer on 9 June 2011. Mr Lee is also a member of the Nominating Committee of the Company.

Mr Lee is involved in the corporate planning and business development of our Group and has over 20 years of

experience in the waste management and cleaning industries. He has been instrumental in our Group's growth for the past years through securing new tenders as well as understanding our existing customers' needs, by establishing constant contact with them, and keeping up with the changing industry trends as well as related business expansions.

He is currently the Chairman for Bishan East-Thomson Citizens' Consultative Committee and was conferred the Public Service Medal (PBM) by the President of Singapore at the 2015 National Day Awards.

NG TIAK SOON

Lead Independent Director

MR NG TIAK SOON was appointed as the Company's Lead Independent Director on 9 June 2011. He is the Chairman of the Audit Committee and is a member of the Remuneration Committee and Nominating Committee of the Company.

Mr Ng retired in June 2005 as a senior partner of Ernst & Young LLP, Singapore, an accounting firm that he had joined since 1986.

During Mr Ng's employment with Ernst & Young, Singapore, he held various positions which included head of banking, head of an audit group, partner-in-charge of audit quality review and chief financial officer. He is currently a non-practicing member of the Institute of Singapore Chartered Accountants, a member of the Association of Chartered Certified Accountants, United Kingdom as well as a member of the Singapore Institute of Directors. Mr Ng also serves as an

Independent Director on the board of Eurosports Global Limited and Parkson Retail Asia Limited, listed on the Catalist and the Mainboard of the SGX-ST respectively. He is also the Independent Director of Kinergy Corporation Ltd., a company listed on the Main Board of the Stock Exchange of Hong Kong Limited.

FOO SHIANG PING

Non-Executive And
Non-Independent Director

MR FOO SHIANG PING was appointed as the Company's Non-Executive and Non-Independent Director on 9 June 2011. He is also a member of both the Audit Committee and the Remuneration Committee of the Company.

Mr Foo is the Founder and Principal Consultant of SP Corporate Advisory, a boutique corporate restructuring and merger and acquisition ("M&A") advisory firm based in Singapore. With more than 20 years of corporate advisory experience, Mr Foo is primarily involved in dealings with initial public offerings, M&A, corporate restructuring transactions and fund-raising activities. Mr Foo is currently a member of the Singapore Institute of Directors. He also serves as the Non-Executive Director of Boldtek Holdings Limited, a company listed on Catalist board of the SGX-ST.

Mr Foo holds a Bachelor in Business Economics (with Distinction) from Brock University in Canada, he also serves as the Vice-President of Foo Clan Association and as the Treasurer of Geylang East Home for the Aged.

BOARD OF DIRECTORS

LYE HOONG YIP RAYMOND

Independent Director

MR LYE HOONG YIP RAYMOND

was appointed as the Company's Independent Director on 9 June 2011. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company.

Mr Lye holds a Bachelor of Laws (Hons) from the National University of Singapore and has been in legal practice since 1990. In January 2014, he founded Union Law LLP and become its managing partner. He was an Executive Director of CitiLegal LLC from April 2010 to December 2013. Prior to that, Mr Lye served as a Magistrate and Deputy Registrar before going into private practice.

His areas of expertise are civil and criminal litigation, corporate and commercial work, building and construction law, family law and intellectual property rights. He is a Fellow of the Singapore Institute of Arbitrators and an arbitrator with the Law Society Arbitration Scheme.

He is also active in community and public service. Mr Lye is currently the Chairman of the English Programme Advisory Committee of the Infocomm Media Development Authority and a member of the Strata Titles Board. He is also a Resource Panel member of the Government Parliamentary Committee on Defence and Foreign Affairs, and the Chairman of the Punggol East Citizens Consultative Committee. He was conferred the Public Service Medal (PBM) and the Public Service Star (BBM) by the President of Singapore at the 1998 and 2008 National Day Awards respectively.

Mr Lye also serves as an Independent Director on the board of Goodland Group Limited and SK Jewellery Group Limited, listed on the Mainboard and the Catalist Board of the SGX-ST respectively.

MAH HOW SOON

Independent Director

MR MAH HOW SOON

was appointed as the Company's Independent Director on 20 October 2017. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company.

Mr Mah is a Chartered Accountant (Singapore) and a Chartered Financial Analyst. He graduated with a Bachelor Degree in Accountancy with honours from Nanyang Business School, and a Master in Business Administration from The University of Chicago Booth School of Business.

He is presently the Managing Director of RHT Capital Pte. Ltd. He has many years of transactional and management experience in corporate finance in international and local financial institutions, and boutique advisory firms. He has played a key role in advising companies from many industries and countries on a wide range of transactions relating to both equity capital markets, and mergers and acquisitions.

He also serves as an Independent Director on the board of Katrina Group Limited and Clearbridge Health Limited, which are listed on the Catalist Board of the SGX-ST.



KEY EXECUTIVE OFFICERS

LIM KIM TAT

Operations Director

MR LIM KIM TAT joined our Group in August 2010 where he oversees our Group's cleaning operations. He is a veteran in the cleaning industry with more than 30 years of experience.

Mr Lim was promoted to the position of Operations Director in February 2012 and is responsible for the day-to-day operational and business development activities of the Group's cleaning operations. He plays an instrumental role in the preparation of proposals and tender submission for cleaning projects.

JASON TAN TZYY SHYONG

Senior Operations Manager

MR JASON TAN TZYY SHYONG joined our Group in March 2015 as senior operations manager tasked to oversee the Group's Integrated Public Cleaning operations.

Mr Tan's professional experience spans vastly across Southeast Asia to North America where he previously resided in America and contributed professionally to American corporations for 12 years. He has since garnered years of experience in building corporate business systems, technology integration, operation modernisation and business development in a multitude of industries such as oil petrochemical, marine, mortgage banking, data centres, 24hr technical support centres, telecommunication, automobile and service related industry.

Mr Tan graduated with a Bachelor of Science in Engineering from Arizona State University, USA in 1999. He is also active in community and public service, currently serving on many grassroots committees and associations. Mr Tan's resourcefulness and innovative spirit displayed during grassroots events has won him the Prime Minister Community Initiatives Award, among many other community recognitions conferred.

LEE CHUAN HENG

Projects Manager

MR LEE CHUAN HENG oversees the entire tender process, including sourcing for tenders, appointing proposal teams, carrying out proposal evaluations and preparing proposal submissions and the delivery of presentations to invitees of tenders. In addition, Mr Lee also oversees all matters related to technology purchasing. Mr Lee has also been the management representative of our Group's quality and environmental management system, responsible for our Group's quality control procedures and continued compliance with quality standards.

Mr Lee holds a Diploma in Electronic and Computer Engineering from Ngee Ann Polytechnic.

LEE KIM ENG

Administrative & Human Resources Manager

MS LEE KIM ENG oversees our Group's human resource management and administration matters. Prior to joining our Group in April 1995, Ms Lee had more than 8 years of experience in quantity surveying with various companies.

Ms Lee holds a Diploma in Quantity Surveying from Singapore Polytechnic.

AU CHEE CHEONG

Group Financial Controller

MR AU CHEE CHEONG joined our Group in July 2015 as the Group Financial Controller. He oversees the financial reporting, internal controls, treasury functions and taxation matters of our Group and also ensures our Group's compliance with the SGX-ST rules and regulations. He has over 20 years of experience in the accounting and finance fields.

Mr Au graduated with a Bachelor of Accountancy (Honours) from the Nanyang Technological University of Singapore and is a Chartered Accountant of the Institute of Singapore Chartered Accountants.

OPERATING AND FINANCIAL REVIEW

FINANCIAL PERFORMANCE

In FY2018, the Group's revenue dipped slightly by 3.7% to S\$151.1 million, contributed by the completion of term contracts and renewal of certain contracts at more competitive prices.

Purchase of supplies and disposal charges rose 13.5% to S\$26.9 million, largely due to the newly acquired laundry business, ramping up production of recycling plant and higher fuel cost impacted by rise in fuel price. The investments in the biomass plant located in Tuas South, newly acquired laundry business and additional motor vehicles and machinery made to support the Group's business operations resulted in depreciation expense increasing by

S\$1.1 million or 11.8% from S\$9.0 million in FY2017 to S\$10.1 million in FY2018. Other expenses increased by S\$3.3 million or 15.7% from S\$21.2 million in FY2017 to S\$24.6 million in FY2018, primarily from the newly acquired laundry business, start-up and capability-upscaling costs for the new businesses and higher professional fees rendered for acquisition and business operations. Employee benefits expenses decreased by S\$5.3 million or 6.7% from S\$78.9 million in FY2017 to S\$73.6 million in FY2018 which were in line with a decrease in headcount following completion of term contracts.

Overall, the Group reported a net profit attributable to shareholders of S\$9.1 million in FY2018 as compared

to S\$17.1 million in FY2017. Earnings per share were 5.12 Singapore cents for FY2018 compared to 9.58 Singapore cents for FY2017.

FINANCIAL POSITION

Shareholders' equity increased by S\$3.8 million from S\$81.3 million as at 30 June 2017 to S\$85.1 million as at 30 June 2018. The increase was contributed mainly by the Group's net earnings attributable to equity holders of the Company of S\$9.1 million in FY2018 which was partially offset by dividend payments of S\$5.3 million.

The Group's non-current assets increased from S\$100.9 million as at 30 June 2017 to S\$167.5 million as at 30 June 2018, mainly attributable



New integrated development at Tuas includes a depot for vehicles, a biomass energy plant, a sludge treatment plant, and an industrial laundry.

OPERATING AND FINANCIAL REVIEW

to the construction of the biomass plant and sludge treatment plants ("the waste treatment plants") in Tuas South and arising from the acquisition of laundry business.

The Group's current assets decreased by S\$14.3 million to S\$43.5 million as at 30 June 2018 mainly due to a decrease in cash and cash equivalents of S\$19.5 million in relation to expenditure incurred for the construction of the waste treatment plants, dividends and the acquisition of laundry business, offset by an increase in trade and other receivables of S\$4.4 million arising from the increased receivables of S\$0.9 million from the acquisition of laundry business and S\$3.5 million from environmental service operations respectively, and increase in inventories by S\$0.7 million relating to the plastic recycling plant and purchase of consumables for business operations.

The Group's non-current liabilities increased by S\$31.0 million to S\$74.3 million mainly due to the increase in borrowings to part finance the waste treatment plants.

The Group's current liabilities increased by S\$17.5 million to S\$51.6 million as at 30 June 2018 mainly due to increase in trade and other payables of S\$11.7 million and borrowings of S\$7.5 million, offset by a decrease in current income tax liabilities of S\$1.7 million. The increase in trade

and other payables of S\$11.7 million was in relation to the procurement of motor vehicles and machineries for public waste collection contract, purchase of key components for the construction of sludge treatment facility and the acquisition of laundry business whilst the increase in borrowings of S\$7.5 million was in relation to loan drawn down for payment of property, plant and equipment relating to the construction of the waste treatment plants.

Notwithstanding the net current liabilities position, the Board is of the reasonable opinion that, after having made due and careful enquiry and after taking into account our Group's positive cash flows generated from our operating activities, together with the credit facilities available to us and our existing cash and cash equivalents, the working capital available to us as at 30 June 2018 is sufficient for our present requirements and for the next 12 months.

CASH FLOW

In FY2018, the Group generated cash from operating activities of S\$15.8 million, resulting from net profit of S\$9.1 million recorded in FY2018, addition of non-cash items such as depreciation of property, plant and equipment of S\$10.1 million and adjustment on income tax expense of S\$2.6 million. These were partially offset by income tax payments of S\$2.5 million and net working capital outflows of S\$5.0 million.

Net cash used in investing activities of S\$61.5 million in FY2018 mainly comprised the construction of the waste treatment plants in Tuas South and purchase of property, plant and equipment.

Net cash provided by financing activities of S\$26.3 million in FY2018 mainly comprised the proceeds from bank borrowings of S\$47.4 million. This was partially offset by repayments of finance lease liabilities of S\$7.8 million, repayments of bank borrowings of S\$7.1 million, payment of dividends and interest of S\$5.3 million and S\$0.9 million respectively.

As a result, cash and cash equivalents was S\$5.6 million as at 30 June 2018, representing a net decrease of S\$19.5 million from S\$25.1 million as at 30 June 2017.



CORPORATE INFORMATION

BOARD OF DIRECTORS

LEE KOH YONG
Executive Chairman

LEE CHENG CHYE
*Chief Executive Officer and
Executive Director*

NG TIAK SOON
Lead Independent Director

FOO SHIANG PING
*Non-Executive and
Non-Independent Director*

LYE HOONG YIP RAYMOND
Independent Director

MAH HOW SOON
Independent Director

AUDIT COMMITTEE

NG TIAK SOON (*Chairman*)
LYE HOONG YIP RAYMOND
FOO SHIANG PING
MAH HOW SOON

NOMINATING COMMITTEE

MAH HOW SOON (*Chairman*)
NG TIAK SOON
LEE CHENG CHYE
LYE HOONG YIP RAYMOND

REMUNERATION COMMITTEE

LYE HOONG YIP RAYMOND
(Chairman)
NG TIAK SOON
FOO SHIANG PING
MAH HOW SOON

COMPANY SECRETARY

ONG WEI JIN, LL.B. (HONS)
TEO LI MEI LL.B. (HONS)

REGISTERED OFFICE

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SHARE REGISTRAR

**TRICOR BARBINDER SHARE
REGISTRATION SERVICES**
80 Robinson Road #02-00
Singapore 068898

SPONSOR

**PRIMEPARTNERS CORPORATE
FINANCE PTE. LTD.**
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

INDEPENDENT AUDITOR

**NEXIA TS PUBLIC
ACCOUNTING CORPORATION**
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Director-in-charge
Chan Siew Ting
Appointed since financial year
ended 30 June 2016



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CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of 800 Super Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) are committed to maintaining good corporate governance to enhance and safeguard the interest of its shareholders. This report describes the corporate governance framework and practices of the Company with reference to the revised Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”) for the financial year ended 30 June 2018 (“**FY2018**”). The Company has complied with the principles and guidelines of the Code and the Guide where appropriate. Explanations are provided where there are deviations from the Code and/or the Guide.

1. BOARD MATTERS

1.1 The Board’s Conduct of its 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 Management to achieve this objective and Management remains accountable to the Board.

Apart from its statutory responsibilities, the principal functions of the Board encompass the following:

- Providing stewardship to the Company including charting its corporate strategies and business plans;
- Monitoring management’s performance;
- Establishing a framework for effective control;
- Providing guidance and advice to management;
- Being responsible for good corporate governance; and
- Considering sustainability issues, including environmental and social factors, as part of the Company’s strategic formulation;

The Board’s decision or specific approval is also required on matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends, acceptance of bank facilities, release of the Group’s quarterly, half-yearly and full-year financial results announcements and interested person transactions of a material nature.

The Company’s Constitution permits the Directors of the Company to attend meetings through the use of audio-visual communication equipment.

In between the scheduled meetings, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings.

CORPORATE GOVERNANCE REPORT

1. BOARD MATTERS (Continued)

1.1 The Board's Conduct of its Affairs (Continued)

In FY2018, the number of Board and Board Committee meetings held and the attendance of the Directors were as follows:

	Board	Nominating Committee	Remuneration Committee	Audit Committee
No. of Meetings held	4	1	1	4
Name of Director	No. of Meetings Attended			
Mr Lee Koh Yong	4	1 ⁽¹⁾	1 ⁽¹⁾	4 ⁽¹⁾
Mr Lee Cheng Chye	4	1	1 ⁽¹⁾	4 ⁽¹⁾
Mr Chan Teck Ee Vincent ⁽²⁾	1	1 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾
Mr Ng Tiak Soon	4	1	1	4
My Lye Hoong Yip Raymond	4	1	1	4
Mr Foo Shiang Ping	4	1 ⁽¹⁾	1	4
Mr Mah How Soon ⁽³⁾	3	–	–	3

Notes:

- (1) Attendance at meetings that were held on a "By Invitation" basis.
- (2) Mr Chan Teck Ee Vincent ceased to be an Executive Director of the Company with effect from 31 August 2017.
- (3) Mr Mah How Soon was appointed as Independent Non-Executive Director of the Company with effect from 20 October 2017.

To assist the Board in the discharge of its responsibilities, the Board has delegated certain functions to various committees, namely the Audit Committee, Nominating Committee and Remuneration Committee (collectively, the "Board Committees"). The Board Committees operate within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis.

Formal letters are issued to newly-appointed Directors upon their appointment, including details of their duties and obligations as Directors. The Company provides orientation programmes for new Directors where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company.

The Directors have been given briefings by the management on the Group's business activities and its strategic directions to facilitate the effective discharge of their duties. The management will monitor new or changes in laws, regulations and commercial developments and will keep the Board updated accordingly. In addition, the external auditors will brief the directors at least annually to keep the directors updated of changes to accounting standards and issues which have a direct impact on financial statements or when necessary when these changes may be significant.

CORPORATE GOVERNANCE REPORT

1. BOARD MATTERS (Continued)

1.1 The Board's Conduct of its Affairs (Continued)

The Company encourages the Directors to update themselves on new rules and regulations, as well as on any revisions, amendments or updates to laws or regulations and attend courses that would assist them in carrying out their roles. Such training costs are borne by the Company. The Company will assist in arranging relevant courses and seminars for the Directors' training as and when necessary.

During FY2018, certain directors have attended professional trainings and seminars conducted by various reputable audit firms, professional association and training organisations, such as Singapore Institute of Directors, Ernst and Young LLP, Nexia TS Public Accounting Corporation and ACRA on corporate governance, leadership and industry-related subjects.

1.2 Board Composition and Guidance

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

The Board currently consists of six (6) Directors, three (3) of whom are independent. The Directors are as follows:

Mr Lee Koh Yong	Executive Chairman
Mr Lee Cheng Chye	Executive Director and Chief Executive Officer ("CEO")
Mr Foo Shiang Ping	Non-Executive and Non-Independent Director
Mr Ng Tiak Soon	Lead Independent Director
Mr Lye Hoong Yip Raymond	Independent Director
Mr Mah How Soon	Independent Director

Each of the three (3) Independent Directors has confirmed that he does not have any relationship with the Company or its related corporations, its 10% shareholders or its officers including confirming not having any relationships and circumstances provided in Guideline 2.3 of the Code, that could interfere, or be reasonably perceived to interfere, with the exercise of independent judgment in carrying out the functions as an Independent Director with a view to the best interests of the Company. The Nominating Committee has reviewed, determined and confirmed the independence of the Independent Directors. There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

CORPORATE GOVERNANCE REPORT

1. BOARD MATTERS (Continued)

1.2 Board Composition and Guidance (Continued)

The Company has complied with Guideline 2.2 of the Code whereby independent directors should make up at least half of the Board where (i) the Chairman of the Board and the CEO are immediate family members; (ii) the Chairman is not an independent director; and (iii) the Chairman is part of the management team.

The Company has no Independent Directors who have served on the Board beyond nine years.

As and when required, the Non-Executive Director and Independent Directors will hold meetings without the presence of management and/or the Executive Directors, in order to facilitate a more effective check on the management and/or the Executive Directors. The Non-Executive Director and Independent Directors had met without the presence of management and/or Executive Directors at least once in FY2018.

The Nominating Committee has reviewed and is also satisfied that the current Board comprises persons who as a group possess an appropriate balance and diversity of skills, experience and capabilities required to lead and manage the Group effectively.

The Board is of the opinion that it would be most effective to draw on the experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.

To meet the changing challenges in the industries which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against existing competencies would be done on a regular basis to ensure the Board dynamics remain optimal.

1.3 Chairman and Chief Executive Officer

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.

Mr Lee Koh Yong is the Executive Chairman of the Board, and is responsible for the workings of the Board to ensure the effectiveness and integrity of the governance process. Mr Lee Cheng Chye is the CEO, who is responsible for the business and operational decisions of the Group. The Executive Chairman and the CEO are brothers. The Board is of the view that there is a clear division of responsibilities between the Executive Chairman and the CEO in order to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making.

The CEO works with the Board to determine the strategy for the Group and is responsible for the Group's business performance. The CEO also works with the senior management of the Group to ensure that the senior management operates in accordance with the strategic and operational objectives of the Group.

CORPORATE GOVERNANCE REPORT

1. BOARD MATTERS (Continued)

1.3 Chairman and Chief Executive Officer (Continued)

The Executive Chairman leads the Board to ensure its effectiveness on all aspects of its role. He approves the meeting agendas for the Board, while the meeting agendas for Board Committees are approved by the Executive Chairman together with the respective chairpersons of the Board Committees.

The Executive Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the senior management and the shareholders of the Company. He encourages interactions between the Board and the senior management, as well as between the Executive and Non-Executive Directors. The Executive Chairman also takes a leading role in ensuring the Company's compliance with corporate governance guidelines.

In order to ensure good corporate governance practice and that there is no concentration of power and authority vested in one individual, the Company has appointed Mr Ng Tiak Soon as the Lead Independent Director. The Lead Independent Director will be available to the shareholders where they have concerns which cannot be resolved through the normal channels of the Executive Chairman, the CEO or the Financial Controller, or where such contact is not possible or inappropriate. The Lead Independent Director makes himself available to shareholders at the Company's general meetings.

1.4 Board Membership

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

The Nominating Committee

The Company has constituted a Nominating Committee which comprises Mr Mah How Soon (Chairman), Mr Ng Tiak Soon, Mr Lee Cheng Chye and Mr Lye Hoong Yip Raymond, the majority of whom, including the Chairman, are independent.

Under its terms of reference, the Nominating Committee is responsible for, *inter alia*, reviewing and making recommendations to the Board on the Board's composition, evaluating the effectiveness of the Board as a whole and the Board Committees, evaluating the contribution from each individual Director to the effectiveness of the Board, making recommendations to the Board on all Board appointments, overseeing the Company's succession and leadership development plans and considering whether the independence of Directors is compromised.

The Board, through the delegation of its authority to the Nominating Committee, will use its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director, with his/her special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

CORPORATE GOVERNANCE REPORT

1. BOARD MATTERS (Continued)

1.4 Board Membership (Continued)

The Nominating Committee will be responsible for the following:

- (i) appointment and re-appointment of Directors having regard to the Director's contribution and performance;
- (ii) determining annually whether or not a Director is independent;
- (iii) deciding whether a Director is able to and has adequately carried out his duties as a director of the Company, in particular, where the Director concerned has multiple board representations;
- (iv) reviewing and approving any new employment of related persons and the proposed terms of their employment; and
- (v) deciding how the Board, its Board Committees and Directors' performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long term shareholders' value.

The Board has implemented a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and the Board Committees and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the Nominating Committee in respect of the assessment of his performance or re-nomination as a Director.

For any new appointments of Directors, during the selection process, the Nominating Committee will take into consideration the current Board size and its mix and determine if the candidate's background, experience and knowledge will bolster the core competencies of the Board. The selected candidates must also be a person of integrity and be prepared to commit time and attention to the Company's affairs, especially if he is serving on multiple boards.

Where a vacancy arises under any circumstances, or where it is considered that the Board could benefit from the services of a new director with particular skills, the Nominating Committee, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The Nominating Committee will evaluate the capabilities of the candidates in the area of academic and professional qualifications, knowledge and experiences in relation to the business of the Group. For new appointment of Director(s), the Nominating Committee may tap on the Directors' or the management's personal contacts, networks and recommendations. The Nominating Committee will then meet with the shortlisted candidates to assess their suitability prior to recommending to the Board for approval.

All Directors are subject to the provisions of Regulation 107 of the Company's Constitution whereby one-third of the Directors are required to retire and subject themselves to re-election by the shareholders at each annual general meeting. Directors who are due for retirement are selected on the basis of rotation.

CORPORATE GOVERNANCE REPORT

1. BOARD MATTERS (Continued)

1.4 Board Membership (Continued)

The Nominating Committee, with the respective member who is interested in the discussion having abstained from the deliberations, has recommended to the Board that Mr Lee Koh Yong and Mr Mah How Soon be nominated for re-election at the forthcoming Annual General Meeting of the Company. In making the recommendation, the Nominating Committee had considered the overall contribution and performance of aforementioned Directors. Mr Lee Koh Yong will, upon re-election as a Director, remain as the Executive Chairman of the Company. Mr Mah How Soon will, upon re-election as a Director, remain as the Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee. The Board considers Mr Mah How Soon to be independent pursuant to Rule 704(7) of the Rules of Catalyst.

Key information about the Board members, including their principle commitments, are set out on pages 4 to 5 of this Annual Report and below.

Name of Director	Appointment	Date of initial appointment/last re-election	Directorships in other listed companies		Principle Commitments
			Current	Past 3 Years	
Mr Lee Koh Yong	Executive Chairman	11 April 2011/ 23 October 2015	Nil	Nil	Nil
Mr Lee Cheng Chye	Executive Director and CEO	9 June 2011/ 21 October 2016	Nil	Nil	Nil
Mr Foo Shiang Ping	Non-Executive and Non-Independent Director	9 June 2011/ 21 October 2016	Boldtek Holdings Limited	Nil	SP Corporate Advisory (Principal Consultant)
Mr Ng Tiak Soon	Lead Independent Director	9 June 2011/ 20 October 2017	Eurosports Global Limited; Parkson Retail Asia Limited; Kinergy Corporation Limited.	MDR Limited	Nil
Mr Lye Hoong Yip Raymond	Independent Director	9 June 2011/ 20 October 2017	Goodland Group Limited; SK Jewellery Group Limited. ⁽¹⁾	Nil	Union Law LLP (Managing Partner)
Mr Mah How Soon	Independent Director	20 October 2017–	Clearbridge Health Limited; Katrina Group Ltd.	Nil	RHT Capital Pte. Ltd. (Managing Director)

Note:

(1) Soo Kee Group Ltd. has changed its name to SK Jewellery Group Limited with effect from 30 April 2018.

CORPORATE GOVERNANCE REPORT

1. BOARD MATTERS (Continued)

1.4 Board Membership (Continued)

The Nominating Committee has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The Nominating Committee and the Board are of the view that, setting a maximum number of listed company board representations a Director may hold is not meaningful, as long as Directors are able to devote sufficient time and attention to the affairs of the Company. The Nominating Committee also does not wish to omit from considering outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. 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. Notwithstanding the number of listed company board representations and other principal commitments which some of the Directors are holding, the Nominating Committee is of the view that sufficient time and attention to the affairs of the Company have been given by these Directors and is satisfied that all Directors have discharged their duties adequately in FY2018.

The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;
- Geographical location of Directors;
- Size and composition of the Board;
- Nature and scope of the Group's operations and size; and
- Capacity, complexity and expectations of the other listed directorships and principle commitments held.

The Company does not have any alternate directors.

1.5 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.

An annual review of the Board's effectiveness as a whole and its Board Committees is conducted by the Nominating Committee as well as the Board. The evaluation process is undertaken as an internal exercise and involves Board members completing an evaluation form covering areas relating to a number of factors, including the discharge of the Board functions, access to information, participation at Board meetings and communication and guidance given by the Board to the management.

CORPORATE GOVERNANCE REPORT

1. BOARD MATTERS (Continued)

1.5 Board Performance (Continued)

Each Director will assess the Board's performance as a whole and provide the feedback to the Nominating Committee. A similar evaluation process is also conducted by each of the Board Committees and the Board Committee members will evaluate the relevant Board Committee and provide feedback to the Nominating Committee. In reviewing the Board's effectiveness as a whole and the Board Committees, the Nominating Committee will take into account the feedback from Board and Board Committee members as well as the Director's individual skills and experience. A summary report will be compiled by the Chairman of the Nominating Committee before submission to the Executive Chairman of the Board for analysis and discussion with a view to implementing certain recommendations to further enhance the effectiveness of the Board. A copy of the summary report is circulated to each Director for information and feedback. The contribution of each individual Director to the effectiveness of the Board and Board Committee is assessed individually and reviewed by the Chairman of the Nominating Committee. In assessing an individual Director's and Board Committee's performance, factors that are to be taken into consideration include attendance at Board meetings and related activities, adequacy of preparing for board meetings, contributions in specialist areas, generation of constructive ideas, and maintenance of independence.

The Nominating Committee, having reviewed the overall performance of the Board and the Board Committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board and each individual Director has been satisfactory in FY2018. No external facilitator was used in the evaluation process in FY2018.

1.6 Access to Information

Principle 6: In order to fulfill 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.

The Company recognises the importance of timely dissemination of relevant information which is timely, accurate, complete and vital to the Directors in carrying out their duties. As such, the Directors expect the management to report the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company in a timely and accurate manner.

Types of information which are provided by management to the Independent and Non-Executive Directors include management accounts, internal income statement forecast, external and internal auditors' reports and periodic updates on the Group's operations.

Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings at least 1 week prior to the meetings to allow sufficient time for the Directors' review.

CORPORATE GOVERNANCE REPORT

1. BOARD MATTERS (Continued)

1.6 Access to Information (Continued)

Management will also on best endeavours, encrypt documents which bear material price sensitive information when circulating documents electronically.

In exercising their duties, the Directors have unrestricted access to the Company's management, Company Secretary and independent auditors.

The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, includes, *inter alia*, the following:

- ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules, are complied with;
- assists the Chairman to ensure good information flow within the Board and Board Committees and key management personnel; and
- attends and prepares minutes for all Board meetings.

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 fulfill their duties and responsibilities as directors.

2. REMUNERATION MATTERS

2.1 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 Remuneration Committee comprises Mr Lye Hoong Yip Raymond (Chairman), Mr Ng Tiak Soon, Mr Foo Shiang Ping and Mr Mah How Soon, the majority of whom, including the Chairman, are independent. The Remuneration Committee is regulated by a set of written terms of reference and has access to independent professional advice, if necessary.

The Remuneration Committee's key terms of reference include, *inter alia*:-

- (a) to recommend to the Board a framework of remuneration for the Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Company, and determine the specific remuneration package for each Executive Director. The Remuneration Committee's recommendations should cover all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;

CORPORATE GOVERNANCE REPORT

2. REMUNERATION MATTERS (Continued)

2.1 Procedures for Developing Remuneration Policies (Continued)

- (b) to perform an annual review of the remuneration of employees related to the Directors and substantial shareholders of the Company 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 Remuneration Committee will also review and approve any bonuses, pay increase and/or promotions for these employees;
- (c) to review the remuneration package of senior management being the top 5 key management personnel of the Company;
- (d) to review and approve the overall compensation policy of the Company;
- (e) to review and if necessary make changes to the salary structure and wage policies of the Company; and
- (f) to review and if necessary to make changes to the remuneration policy of the Company.

The recommendations of the Remuneration Committee on remuneration of Directors will be submitted for endorsement by the entire Board.

Each member of the Remuneration Committee shall abstain from voting on any resolutions and making any recommendations in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his own remuneration. The Remuneration Committee has met to consider and review the remuneration packages of the Executive Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Company. No remuneration consultants were engaged by the Company in FY2018.

2.2 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.

In setting remuneration packages, the Remuneration Committee will take into account remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The Independent Directors and Non-Executive Director receive Directors' fees, in accordance with their contribution, taking into account factors such as effort, time spent, responsibilities of the Directors and the need to pay competitive fees to attract, motivate and retain such Independent Directors and Non-Executive Director. Directors' fees are recommended by the Board for approval by the shareholders at the Company's annual general meeting.

CORPORATE GOVERNANCE REPORT

2. REMUNERATION MATTERS (Continued)

2.2 Level and Mix of Remuneration (Continued)

The Company's Executive Directors, are remunerated based on their service agreements. As per the terms of the service agreements, either party may terminate the service agreement by giving to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on their last drawn monthly salary. The remuneration for each of Mr Lee Koh Yong and Mr Lee Cheng Chye comprises a fixed salary, monthly car allowance, fixed bonus of one month's salary as well as profit sharing which is designed to align the interests of the Executive Directors with those of shareholders. The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as actual results of its Executive Directors, "claw-back" provisions in the service agreements may not be relevant or appropriate.

The Group had also previously entered into letters of employment with all the key management personnel. Such letters typically provide for the salaries payable to the key management personnel, their working hours, medical benefits, grounds of termination and certain restrictive covenants.

The review of the remuneration of the key management personnel takes into consideration the performance and the contributions of the key management personnel to the Group and gives due regard to the financial and business performance of the Group of which performance conditions is not pre-determined. The Remuneration Committee has reviewed and is satisfied that the performance conditions were met for FY2018.

The Company's remuneration policy which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind and bonuses is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to the staff the link that total compensation has to the achievement of organizational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

CORPORATE GOVERNANCE REPORT

2. REMUNERATION MATTERS (Continued)

2.3 Disclosure on 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 breakdown of remuneration paid to or accrued to each Director of the Company in FY2018 was as follows:

Directors	Fees %	Salary [#] %	Bonus %	Other benefits %	Variable or Performance- related Income/ Bonus %	Total %
<i>S\$750,000 to below S\$1,000,000</i>						
Lee Koh Yong	–	42	4	7	47	100
Lee Cheng Chye	–	42	4	7	47	100
<i>Below S\$250,000</i>						
Ng Tiak Soon ⁽¹⁾	100	–	–	–	–	100
Lye Hoong Yip Raymond ⁽²⁾	100	–	–	–	–	100
Foo Shiang Ping ⁽³⁾	100	–	–	–	–	100
Mah How Soon ⁽⁴⁾	100	–	–	–	–	100

Notes:

Refers to basic salary and CPF contribution by employer

(1) Director fees for Mr Ng Tiak Soon is S\$43,000.

(2) Director fees for Mr Lye Hoong Yip Raymond is S\$39,000.

(3) Director fees for Mr Foo Shiang Ping is S\$39,000.

(4) Director fees for Mr Mah How Soon is S\$27,236. He was appointed on 20 October 2017.

CORPORATE GOVERNANCE REPORT

2. REMUNERATION MATTERS (Continued)

2.3 Disclosure on Remuneration (Continued)

Details of remuneration of the top five key management personnel

Key Management Personnel	Salary [#] %	Bonus %	Other benefits %	Total %
<i>S\$250,000 to below S\$500,000</i>				
Lee Kim Eng	71	25	4	100
Lim Kim Tat	66	29	5	100
<i>Below S\$250,000</i>				
Lee Chuan Heng	71	23	6	100
Au Chee Cheong	79	21	–	100
Jason Tan Tzyy Shyong	80	12	8	100

Note:

Refers to basic salary and CPF contribution by employer

The aggregate remuneration paid to the top five key management personnel of the Group (excluding the Directors and the CEO) was approximately S\$1,160,000 in FY2018.

The Company is of the view that due to the confidentiality and commercial sensitivity attached to remuneration matters as well as a competitive business and human resource environment, the disclosure of the remuneration of each Executive Director and key management personnel would be prejudicial to its business interest.

CORPORATE GOVERNANCE REPORT

2. REMUNERATION MATTERS (Continued)

2.3 Disclosure on Remuneration (Continued)

Details of remuneration of employees who are immediate family members of a Director or the CEO whose remuneration exceeded S\$50,000 in FY2018

Names	Relationship	Remuneration [#] in Compensation Band
Lee Hock Seong	Brother of the CEO and the Executive Chairman	S\$450,000 – S\$500,000
Lee Kim Eng	Sister of the CEO and the Executive Chairman	S\$300,000 – S\$350,000
Lee Thiam Seng	Brother of the CEO and the Executive Chairman	S\$200,000 – S\$250,000
Lee Chuan Heng	Brother of the CEO and the Executive Chairman	S\$150,000 – S\$200,000
Lee Zi Qi	Daughter of the Executive Chairman	S\$50,000 – S\$100,000
Toh Yeok Tin	Wife of the Executive Chairman	S\$50,000 – S\$100,000

Note:

Refers to basic salary and CPF contribution by employer

Save as disclosed above, there is no other employee of the Group who is an immediate family member of a Director or the CEO whose remuneration exceeded S\$50,000 in FY2018.

Currently, the Company does not have any employee share option schemes or other short-term and long-term incentive schemes for the Directors and key management personnel, save as disclosed for the Executive Chairman and CEO who are entitled to profit sharing to be paid after the audited consolidated accounts of the Group have been approved at the annual general meeting of the Company. The profit sharing is computed based on the Group's audited consolidated profit before deducting income tax expense, non-recurring or one-off exceptional items, non-controlling interests of the Group and before paying the profit sharing ("**Profit Before Taxation**").

The Remuneration Committee is of the view that the audited Profit Before Taxation reflects the financial performance of the Group's business and is also a key performance measure which allows for general comparability of performance. In FY2018, the Group had achieved the performance objectives for both the Executive Chairman and CEO to be entitled to profit sharing.

No termination, retirement and post-employment benefits other than payment in lieu of notice in the event of termination were included in the employment contracts of Directors and the top five key management personnel.

CORPORATE GOVERNANCE REPORT

3. ACCOUNTABILITY AND AUDIT

3.1 Accountability

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

The Board believes that it should conduct itself in ways that deliver maximum sustainable value to its shareholders. Timely releases of the Group's financial results and all significant information to shareholders as well as the prompt fulfillment of statutory requirements are ways to maintain shareholder's confidence and trust in the Board's capability and integrity.

Currently, the Company releases quarterly, half-yearly and full-year results announcements pursuant to the Catalist Rules. In this respect, the Board, with the assistance of the management, strives to provide a balanced and understandable assessment of the Group's performance and position. The Board also undertakes such effort with respect to other price sensitive public reports and reports to regulators, where required.

The management is responsible to the Board and the Board itself is accountable to the shareholders of the Company. The Directors and executive officers of the Group have each signed the respective undertakings in the form set out in Appendix 7H of the SGX-ST Listing Manual Section B: Rules of Catalist, to undertake to use their best endeavours to comply with the SGX-ST Rules of Catalist and to procure that the Company shall so comply. The Board is provided with the management accounts of the Group's performance and position on a quarterly basis.

3.2 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 risk of the Group and maintains a system of internal controls and risk management to safeguard shareholders' interests and the Group's assets. The Board notes that the system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

3. ACCOUNTABILITY AND AUDIT (Continued)

3.2 Risk Management and Internal Controls (Continued)

Risk

To assist the Board, the Board has formed a Risk Management Team, headed by the Non-Executive and Non-Independent Director, Mr Foo Shiang Ping, to assess and review the Group's business and operational environment in order to identify areas of significant business, financial, operational, information technology, legal and compliance risks, as well as appropriate measures to control and mitigate these risks.

(a) Operational risks

Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. According to the scope of the terms of internal audit engagement, the Internal Auditor will complement the role of the Risk Management Team by providing an independent perspective on the controls that help to mitigate any operational risks. All significant matters identified by the management, Risk Management Team and the Internal Auditor will be highlighted to the Board and the Audit Committee.

(b) Compliance and legal risks

The Group recognises the risks associated with changes in laws and regulations and has reviewed its business plans in light of legal and regulatory changes in the financial year. The Group will continue to monitor legal and regulatory changes to keep abreast with developments that may have an impact on its business and operations.

(c) Financial risks

Management regularly identifies and reviews the financial risks applicable to the Group. The Group's financial risk management is discussed under Note 32 of the Notes to the Financial Statements, on pages 89 to 100 of the Annual Report.

(d) Information technology risks

The Group recognises the risk especially in the domain of disaster recovery of IT systems. IT security risk assessments are carried out on a regular basis and mitigation actions are documented in a risk treatment plan.

The Board is satisfied with the risk management practice in FY2018 and that risks identified have been adequately addressed by the Group.

CORPORATE GOVERNANCE REPORT

3. ACCOUNTABILITY AND AUDIT (Continued)

3.2 Risk Management and Internal Controls (Continued)

Internal Control

Based on the internal controls established and maintained by the Group, works performed by the internal and external auditors, assurance from management and reviews performed by the management team and the Risk Management Team, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, including financial, operational and compliance and information technology controls, and risk management systems, were adequate and effective in FY2018.

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

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group maintains an effective risk management and internal control system.

3.3 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 Audit Committee comprises Mr Ng Tiak Soon (Chairman), Mr Lye Hoong Yip Raymond, Mr Foo Shiang Ping and Mr Mah How Soon, the majority of whom, including the Chairman, are independent. None of the Audit Committee members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the Audit Committee members hold any financial interest in the external audit firm.

The Audit Committee members possess many years of experience in accounting, legal, business and financial management. The Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

The principal role and functions of the Audit Committee are as follows:

- (a) review the scope and results of the external audit and the independence and objectivity of the external auditor;
- (b) review with the external auditor on the audit plan, their evaluation of the system of internal controls, audit report, management letter and management's response;
- (c) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- (d) review the quarterly, half-yearly and full-year financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards, compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

CORPORATE GOVERNANCE REPORT

3. ACCOUNTABILITY AND AUDIT (Continued)

3.3 Audit Committee (Continued)

- (e) review the internal control procedures and ensure co-ordination between the external auditor and internal auditor and the management, review the assistance given by the management to the external auditor and internal auditor, and discuss problems and concerns, if any, arising from audits, and any matters which the external auditor and internal auditor may wish to discuss (in the absence of the management where necessary);
- (f) review and discuss with the external auditor 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 Company's operating results or financial position, and the management's response;
- (g) consider and recommend to the Board on proposals to the shareholders on the appointment or re-appointment of the external auditor and internal auditor and matters relating to resignation or dismissal of the external auditor and internal auditor, and approving the remuneration and terms of engagement of the external auditor;
- (h) review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;
- (i) review potential conflicts of interest (if any);
- (j) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- (k) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
- (l) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments made thereto from time to time.

Apart from the above functions, the Audit Committee will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The Audit Committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the Audit Committee will abstain from reviewing and deliberating or voting on that particular resolution in respect of matters in which he is interested.

The Audit Committee has full access to the management and also full discretion to invite any Director or key management to attend its meetings, and will be given reasonable resources to enable it to discharge this function.

CORPORATE GOVERNANCE REPORT

3. ACCOUNTABILITY AND AUDIT (Continued)

3.3 Audit Committee (Continued)

The Audit Committee, having reviewed the scope and value of non-audit services in relation to tax services provided to the Group by the external auditor, Messrs Nexia TS Public Accounting Corporation, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. The Audit Committee has recommended to the Board the nomination of Messrs Nexia TS Public Accounting Corporation for re-appointment as external auditor of the Company at the forthcoming annual general meeting. The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

The aggregate amount of fees paid to and accrued to the external auditors of the Company, for both audit and non-audit services in FY2018 were approximately:

Audit fees: S\$66,000

Non-audit fees in relation to tax services: S\$15,000

Summary of the Audit Committee's Activities

The Audit Committee has met with the external and internal auditors, without the presence of management, in FY2018.

The principal activities of the Audit Committee during FY2018 were summarised as follows:

- (a) Reviewed the quarterly, half-yearly and full-year financial statements, results announcements and relevant compliance checklist, all announcements and related disclosures to shareholders before submission to the Board for approval for the release on SGXNET;
- (b) Reviewed the audit plan and audit report of the Company's internal and external auditors and ensure the adequacy of the Company's system of accounting controls and the co-operation given by management to the external and internal auditors;
- (c) Reviewed the annual financial statements and discussed with the management, the Financial Controller and the external auditors on the significant accounting policies, judgements and estimates applied by management in the preparation of the financial statements. Following the review and discussions, the Audit Committee recommended to the Board for approval of the audited financial statements;
- (d) Recommended to the Board the re-appointment of Messrs Nexia TS Public Accounting Corporation as external auditor of the Company;
- (e) Reviewed the independence and objectivity of the external auditors through discussion with the external auditor as well as reviewing the non-audit fees awarded to them;
- (f) Reviewed the nature and extent of non-audit services provided by the external auditor;
- (g) Reviewed the internal auditor's report and findings; and
- (h) Reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company or its non-controlling shareholders.

CORPORATE GOVERNANCE REPORT

3. ACCOUNTABILITY AND AUDIT (Continued)

3.3 Audit Committee (Continued)

The external auditor provides periodic updates and briefings to the Audit Committee on changes or amendments to accounting standards to enable the members of the Audit Committee to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Whistle Blowing Policy

To encourage proper work ethics and deter any wrongdoing within the Group, the Group has established a whistle-blowing policy that stipulates the mechanism by which concerns about such plausible improprieties may be raised. To provide a channel for both employees and external parties to raise concerns and issues in good faith on possible corruption, suspected fraud and other non-compliance issues, a dedicated hotline and email address allows whistle blowers to contact the Audit Committee directly, details of which can be found on the corporate website at www.800super.com.sg. The Audit Committee will address the issues/concerns raised and ensure that necessary arrangements are in place for an independent investigation of issues raised by employees or external parties and also appropriate follow-up actions based on the results of the investigation. Where appropriate or required, a report shall be made to the relevant authorities for further investigation or action.

Information received pertaining to whistle blowing will be treated with confidentiality and restricted to the designated persons-in-charge of the investigation to protect the identity and interest of whistleblowers.

3.4 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 Board recognises the importance of maintaining an internal audit function to provide an independent assurance over the soundness of the system of internal controls within the Group to safeguard shareholders' investments and the Company's assets. The Audit Committee has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between internal auditor, external auditor and management, and ensure that the internal auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies.

KPMG Services Pte. Ltd has been appointed to provide internal audit review services to the Group. KPMG Services Pte. Ltd reports to the Audit Committee. During FY2018, the Company had separately engaged PKF-CAP Risk Consulting Pte. Ltd. to provide internal audit review services for Iwash Laundry (Senoko) Pte. Ltd., that was acquired by the Group. The objective of the internal audit function is to provide an independent review on the adequacy and effectiveness of the Group's internal controls and provide reasonable assurance to the Audit Committee on the Group's controls and governance processes. An internal audit plan which entails the review of the effectiveness of the Group's controls has been developed by the internal auditor. The Audit Committee is satisfied that both internal auditors are adequately qualified given that each of them is a member of the Institute of Internal Auditors and it adheres to the Standards for Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditor.

CORPORATE GOVERNANCE REPORT

3. ACCOUNTABILITY AND AUDIT (Continued)

3.4 Internal Audit (Continued)

The Audit Committee is also satisfied that each of the internal auditors has been adequately resourced and has the appropriate standing within the Group, given *inter alia*, its involvement in certain AC meetings and its unfettered access to all of the Group's documents, records, properties and personnel, in order to discharge its duties effectively.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

4.1 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.

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore, the Board's policy is that all shareholders should be regularly informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

Shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at general meetings of shareholders. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies.

4.2 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.

Communication with shareholders is managed by the Board. Shareholders are kept abreast of the Company's financial results and other material information concerning the Group through regular and timely dissemination of information via SGXNET. The Company's announcements are also disseminated via the corporate website at www.800super.com.sg.

The Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Catalist Rules. However, in the event that unpublished material information is inadvertently disclosed to any selected person in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET to disclose and/or address such material information.

The Company welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At shareholders' meetings, shareholders are given the opportunity to communicate their views and to ask the Directors and management questions regarding the Group. In addition, the Company has engaged SP Corporate Advisory to address any queries that the investors, analysts, press or public might have on the Company's affairs. The investor relations team can be reached at spfoo@spadvisory.com.sg.

CORPORATE GOVERNANCE REPORT

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES (Continued)

4.2 Communication With Shareholders (Continued)

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Notwithstanding the above, the Company has been declaring dividends on an annual basis. Dividend pay-outs are communicated to shareholders via the financial results announcement through SGXNET.

The Company has proposed a tax-exempt one-tier final dividend of one (1) Singapore cent per ordinary share for FY2018 for approval by shareholders at the forthcoming annual general meeting.

4.3 Conduct of Shareholder Meetings

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

The annual general meeting of the Company is a principal forum for dialogue and interaction with all shareholders. The Board encourages shareholders to attend the Company's general meetings to ensure a greater level of shareholder participation and to meet with the Board and key management staff so as to stay informed on the Group's developments. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon.

Information on general meetings is disseminated through notices in the annual report or circulars sent to all shareholders. Notices of general meetings are also released via SGXNET and published in the local newspapers, as well as posted on the Company's website.

The Directors, including the Chairman of each Board and Board Committees are present to address shareholders' questions at the annual general meeting. The external auditor is also present to assist the Directors to address shareholders' queries, if necessary.

The Company Secretary prepares minutes of the general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the management. These minutes would be made available to shareholders upon request.

The Company maintains separate resolutions at general meetings on each substantially separate issue. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

Resolutions are put to vote by poll and the detailed results of the number of votes cast for and against each resolution and the respective percentages are announced for each resolution.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

5. DEALING IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules, the Company has adopted an internal code of conduct and policy in relation to dealings in the Company's securities that are applicable to the Directors and all its officers. The Directors and officers of the Company are not allowed to deal in the Company's shares during the period commencing one (1) month before the announcement of the Company's full year results and two (2) weeks before the announcement of the first, second and third quarter financial results and ending on the date of the announcement of the results, or when they are in possession of unpublished price-sensitive information of the Group. In addition, the Directors and officers are discouraged from dealing in the Company's shares on short-term considerations.

Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

6. MATERIAL CONTRACTS

There was no material contract entered into by the Company or its subsidiaries involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

7. INTERESTED PERSONS TRANSACTIONS ("IPTs")

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that transactions are conducted on an arm's length basis that are not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director(s) concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board.

The Group does not have a general mandate for IPTs. There were no IPTs of S\$100,000 or more entered into by the Group in FY2018.

8. NON-SPONSORS FEES (RULE 1204(21) OF THE CATALIST RULES)

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. in FY2018.

9. SUSTAINABILITY REPORTING

The Company is working towards the issuance of its first sustainability report by 30 June 2019 and such report will be made available to Shareholders on the SGXNET and the Company's website.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of 800 Super Holdings Limited (the "Company") and its subsidiary corporations (collectively, the "Group") for the financial year ended 30 June 2018 and the statement of financial position of the Company as at 30 June 2018.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 45 to 105 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Lee Koh Yong
Lee Cheng Chye
Foo Shiang Ping
Ng Tiak Soon
Lye Hoong Yip Raymond
Mah How Soon (appointed on 20 October 2017)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interest in shares or debentures

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

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 30.6.2018	At 1.7.2017	At 30.6.2018	At 1.7.2017
Company				
(No. of ordinary shares)				
Lee Koh Yong	5,002,200	5,002,200	119,733,700	119,733,700
Lee Cheng Chye	4,287,600	4,287,600	119,733,700	119,733,700
Foo Shiang Ping	1,348,000	1,348,000	-	-
Holding Corporation				
- Yong Seong Investment Pte. Ltd.				
(No. of ordinary shares)				
Lee Koh Yong	28	28	-	-
Lee Cheng Chye	24	24	-	-

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Directors' interest in shares or debentures (Continued)

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

By virtue of Section 7 of the Singapore Companies Act, Cap. 50 (the "Act"), Mr Lee Koh Yong and Mr Lee Cheng Chye are deemed to have an interest in the shares of all the Company's subsidiary corporations at the end of the financial year.

Mr Lee Koh Yong and Mr Lee Cheng Chye, who by virtue of their interests of not less than 20% of the issued capital of Yong Seong Investment Pte. Ltd., the holding corporation of 800 Super Holdings Limited, are deemed to have an interest in the Company.

Share options

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

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

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

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

- Ng Tiak Soon (Chairman), Independent Director
- Lye Hoong Yip Raymond, Independent Director
- Foo Shiang Ping, Non-Independent Director
- Mah How Soon, Independent Director

All the members of the Audit Committee including the Chairman are non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act.

For the financial year ended 30 June 2018, the Audit Committee has held four meetings. In performing its functions, the Audit Committee met with the Company's independent auditor and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Audit committee (Continued)

The Audit Committee also reviewed the following:

- assistance provided by the Company's management to the independent auditor and internal auditors;
- annual financial statements of the Group and the Company prior to their submission to the Board of Directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Catalist Listing Manual).

The Audit Committee has full access to management and has been given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the independent auditor and reviews the level of audit and non-audit fees.

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

Independent auditor

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

On behalf of the directors

Lee Koh Yong

Director

Lee Cheng Chye

Director

28 September 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 800 SUPER HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of 800 Super Holdings Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 105.

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

Basis for Opinion

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 800 SUPER HOLDINGS LIMITED

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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

How our audit addressed the matters

Revenue recognition

Revenue from rendering of services is recognised and accrued with reference to the services performed according to contract agreements.

We focused on this area as there is a presumed high risk with regards to revenue recognition and it involves management's estimate in calculating the accrued revenue and there is inherent risk that revenue may not be recognised in the proper accounting period.

In obtaining sufficient audit evidence, the following procedures were carried out:

- Obtained an understanding and evaluation of the design and implementation of key controls over the revenue recognition, on sample basis, to determine whether these controls were operating effectively throughout the financial year.
- On a sample basis, we checked to the contract agreements for the rates applied, and supporting documents to ascertain the occurrences of services rendered.
- For material items within accrued revenue we reperformed the calculation of the revenue that had been earned to ascertain the accuracy of the accrued revenue recorded by management.
- Analysed revenue trends and corroborated unusual movements.
- Performed cut-off testing to ascertain that revenue has been recognised in the proper accounting period.
- Reviewed significant and unusual credit notes issued during the financial year and subsequent to the year end.
- In performing our journal testing, we paid increased attention to entries impacting revenue, particularly those raised close to the end of the reporting period.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 800 SUPER HOLDINGS LIMITED

Key Audit Matters (Continued)

Key audit matters

How our audit addressed the matters

Business combinations

(Refer to Note 33 to the financial statements)

On 16 October 2017, the Group, through its wholly-owned subsidiary corporation, Wizwash Pte. Ltd., acquired 100% interest in Iwash Laundry (Senoko) Pte. Ltd. ("Iwash"), a company incorporated in Singapore.

FRS 103 Business Combinations requires the Group to recognise the identifiable assets, liabilities and contingent liabilities assumed at their fair values at the acquisition date. Any difference between the cost of the business combination and the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities assumed at the acquisition date is recorded either as goodwill or a gain on bargain purchase.

Significant judgement is applied in the identification of any intangible assets acquired and contingent liabilities assumed in the transaction. Significant assumptions and estimates are also used in the determination of the fair values of the identified assets acquired and liabilities assumed in the transaction.

Management has engaged an independent valuer ("management's expert") to assist the Group in determining the fair values of the identified assets and liabilities assumed from the acquisition.

We have discussed with management and the management's expert on the purchase price allocation ("PPA") exercise, and engaged our valuation specialists to assist in the review of the PPA, including the following:

- Assessed the competence, capabilities and objectivity of the management's expert.
- Evaluated the reasonableness of the key assumptions in arriving the fair value adjustments and the valuation method used by management's expert.
- Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 800 SUPER HOLDINGS LIMITED

Key Audit Matters (Continued)

Key audit matters

How our audit addressed the matters

Impairment assessment on goodwill

(Refer to Note 11 to the financial statements)

The Group recognised a goodwill amounting to \$446,000, arising from the acquisition of Iwash Laundry (Senoko) Pte. Ltd..

Goodwill is assessed for impairment annually irrespective of whether there is any indication that the goodwill may be impaired.

Management applies the value-in-use method to determine the recoverable amount of goodwill.

We focused on this area because of the significant judgements required in estimating the gross margin, revenue growth rate and discount rate, in computing the recoverable amounts of the cash-generating units ("CGU") associated with the goodwill.

We have discussed with management and with the assistance of our internal valuation specialists, we have carried out the following procedures:

- Critically evaluated whether the model used by management to determine the recoverable amount of goodwill complies with FRS 36 – Impairment of Assets and assessed the reasonableness of the growth rate and discount rate used.
- Analysed the future projected cash flows used in the model to determine whether they are reasonable and supportable assumption used based on the current performance and expected future performance of the CGU.
- Evaluated the reasonableness and challenged the appropriateness of key assumptions used by management, by comparing them against historical forecasts and performance.
- Performed sensitivity analysis against the key assumptions used.
- Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 800 SUPER HOLDINGS LIMITED

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 800 SUPER HOLDINGS LIMITED

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF 800 SUPER HOLDINGS LIMITED

Report on Other Legal and Regulatory Requirements

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

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

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
28 September 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	Group		Company	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
ASSETS					
Current Assets					
Cash and cash equivalents	4	5,605	25,086	556	4,038
Trade and other receivables	5	34,698	30,312	16,319	12,048
Inventories	6	1,367	680	-	-
Other assets	7	1,786	1,687	181	215
		43,456	57,765	17,056	16,301
Non-Current Assets					
Other assets	7	1,313	926	-	1
Available-for-sale financial assets	8	2	2	-	-
Investments in subsidiary corporations	9	-	-	19,358	18,358
Property, plant and equipment	10	166,023	99,429	105,028	52,944
Deferred income tax assets	15	149	567	-	-
		167,487	100,924	124,386	71,303
Total Assets		210,943	158,689	141,442	87,604
LIABILITIES					
Current Liabilities					
Trade and other payables	12	31,894	20,173	42,252	22,124
Current income tax liabilities	26(b)	1,127	2,887	-	-
Borrowings	13	18,545	11,009	6,856	2,346
		51,566	34,069	49,108	24,470
Non-Current Liabilities					
Borrowings	13	70,523	41,001	62,379	30,739
Deferred income tax liabilities	15	3,770	2,323	898	-
		74,293	43,324	63,277	30,739
Total Liabilities		125,859	77,393	112,385	55,209
NET ASSETS		85,084	81,296	29,057	32,395
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	16	22,772	22,772	22,772	22,772
Other reserves	17	3,079	48	-	-
Retained profits	18	59,273	58,482	6,285	9,623
		85,124	81,302	29,057	32,395
Non-controlling interests		(40)	(6)	-	-
Total Equity		85,084	81,296	29,057	32,395

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
Revenue	20	151,115	156,923
Other income	21	497	427
Other losses – net	22	(198)	(104)
Purchase of supplies and disposal charges		(26,939)	(23,730)
Sub-contractor charges		(3,596)	(2,796)
Depreciation of property, plant and equipment	10	(10,085)	(9,019)
Other expenses	23	(24,559)	(21,233)
Employee benefits expenses	24	(73,587)	(78,855)
Finance expenses	25	(901)	(853)
Profit before income tax		11,747	20,760
Income tax expense	26(a)	(2,629)	(3,665)
Net profit		9,118	17,095
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value (loss)/gain	17(b)(i)	(*)	1
Currency translation differences arising from consolidation – gain	17(b)(ii)	34	11
Other comprehensive income, net of tax		34	12
Total comprehensive income		9,152	17,107
Profit attributable to:			
Equity holders of the Company		9,155	17,121
Non-controlling interests		(37)	(26)
		9,118	17,095
Total comprehensive income attributable to:			
Equity holders of the Company		9,186	17,133
Non-controlling interests		(34)	(26)
		9,152	17,107
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
– Basic and diluted	27	5.12	9.58

* Less than \$1,000

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note	Share capital \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Distributable retained profits \$'000	Total equity attributable to equity holders of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
2018								
Beginning of financial year								
	22,772	37	11	-	58,482	81,302	(6)	81,296
Dividends	19	-	-	-	(5,364)	(5,364)	-	(5,364)
Transfer from/(to) arising from bonus shares issued by a subsidiary corporation	17	-	-	3,000	(3,000)	-	-	-
Total comprehensive income for the financial year	-	(*)	31	-	9,155	9,186	(34)	9,152
End of financial year	22,772	37	42	3,000	59,273	85,124	(40)	85,084
2017								
Beginning of financial year								
	22,772	36	-	-	47,619	70,427	-	70,427
Issuance of ordinary shares to non-controlling interests of subsidiary corporation	-	-	-	-	-	-	20	20
Dividends	19	-	-	-	(6,258)	(6,258)	-	(6,258)
Total comprehensive income for the financial year	-	1	11	-	17,121	17,133	(26)	17,107
End of financial year	22,772	37	11	-	58,482	81,302	(6)	81,296

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Net profit		9,118	17,095
Adjustments for:			
– Income tax expense	26(a)	2,629	3,665
– Depreciation of property, plant and equipment	10	10,085	9,019
– (Gain)/loss on disposal of property, plant and equipment	22	(2)	38
– Property, plant and equipment written off	22	13	37
– Impairment loss on goodwill	23	446	–
– Interest income	21	(67)	(133)
– Interest expense	25	901	853
– Unrealised currency translation loss/(gain)		77	(76)
		23,200	30,498
Change in working capital:			
– Trade and other receivables		(3,332)	3,208
– Inventories		(687)	(680)
– Other assets		(369)	422
– Trade and other payables		(600)	(434)
Cash generated from operations		18,212	33,014
Interest received		81	125
Income tax paid	26(b)	(2,524)	(2,658)
Net cash provided by operating activities		15,769	30,481
Cash flows from investing activities			
Acquisition of a subsidiary corporation, net of cash acquired	33	(4,317)	–
Additions to property, plant and equipment		(56,103)	(24,602)
Proceeds from disposal of property, plant and equipment		22	28
Interest paid		(1,143)	(348)
Net cash used in investing activities		(61,541)	(24,922)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares to non-controlling interests of subsidiary corporation		–	20
Repayments of finance lease liabilities		(7,802)	(8,033)
Repayments of borrowings		(7,142)	(2,861)
Proceeds from borrowings		47,485	16,861
Dividends paid	19	(5,364)	(6,258)
Interest paid		(879)	(857)
Net cash provided by/(used in) financing activities		26,298	(1,128)
Net (decrease)/increase in cash and cash equivalents		(19,474)	4,431
Cash and cash equivalents			
Beginning of financial year		25,086	20,571
Effects of currency translation on cash and cash equivalents		(7)	84
End of financial year	4	5,605	25,086

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Reconciliation of liabilities arising from financing activities

	1 July 2017 \$'000	Principal and interest proceeds/ (payments) \$'000	Addition \$'000	Non-cash changes			30 June 2018 \$'000
				Acquisition (Note 33) \$'000	Interest expense \$'000	Other \$'000	
Bank borrowings	34,444	38,668	–	3,718	1,757	(82)	78,505
Finance lease liabilities	17,566	(8,149)	405	344	347	50	10,563

The “Other” column relates to accretion of interests and transfer of payables to finance lease liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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

1 General information

800 Super Holdings Limited (the “Company”) is listed on the Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in the Republic of Singapore. The registered office and principal place of business is at 17A Senoko Way, Singapore 758056.

The principal activities of the Company are those of investment holding and management and administrative support to its subsidiary corporations. The principal activities of the subsidiary corporations are disclosed in Note 9 to the financial statements.

The Company’s holding corporation is Yong Seong Investment Pte. Ltd., incorporated in the Republic of Singapore.

2 Significant accounting policies

2.1 Basis of preparation

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

The financial statements are presented in Singapore Dollar (“SGD” or “\$”) and all values in the tables are rounded to the nearest thousand (\$’000) as indicated.

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

Interpretations and amendments to published standards effective for the financial year beginning on or after 1 July 2017

On 1 July 2017, the Group and the Company adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Group’s and the Company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the Consolidated Statement of Cash Flows.

2.2 Group accounting

(a) *Subsidiary Corporations*

(i) *Consolidation*

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

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

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

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.2 Group accounting (Continued)

(a) *Subsidiary Corporations* (Continued)

(ii) *Acquisitions* (Continued)

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) *Disposals*

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

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

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.2 Group accounting (Continued)

(b) Transactions with non-controlling interests

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

2.3 Investments in subsidiary corporations

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

2.4 Property, plant and equipment

(i) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any costs that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowings costs (refer to Note 2.16 on borrowing costs).

(ii) Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land	over the lease terms of 22 – 23 years
Leasehold buildings and improvements	over the lease term ranged from 18 – 45 years/ 5 years
Motor vehicles	5 -10 years
Bins and containers	5 -10 years
Machinery	3 -10 years
Boat	10 years
Office equipment	3 years
Computers	3 years
Furniture and fittings	3 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

(ii) Depreciation (Continued)

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

Construction-in-progress represent the costs of property, plant and equipment under development. When construction-in-progress are completed and are ready for their intended use, they are recognised as property, plant and equipment and depreciated over their useful lives.

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

(iii) Subsequent expenditure

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

(iv) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other losses – net".

2.5 Goodwill

Goodwill on acquisitions of subsidiary corporations and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiary corporations is recognised as a separate intangible asset and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.6 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment Investments in subsidiary corporations

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

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

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

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

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

A reversal of impairment loss for an asset is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 5), "other assets" (Note 7) and "cash and cash equivalents" (Note 4) on the statements of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

(b) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

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

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.7 Financial assets (Continued)

(d) Subsequent measurement (Continued)

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

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

(i) Loans and receivables

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

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

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

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss in subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.7 Financial assets (Continued)

(f) *Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8 Financial guarantees

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

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position. Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

2.9 Borrowings

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

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

2.10 Trade and other payables

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.11 Provisions

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

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices.

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

2.13 Revenue recognition

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

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

(a) *Rendering of service*

Revenue is recognised when services are performed according to contract agreements.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.13 Revenue recognition (Continued)

(d) *Other income*

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

(e) *Management fee income*

Management fee income is recognised when services are rendered.

2.14 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

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

Deferred income tax is measured:

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

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

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.15 Employee compensation

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

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

(c) *Profit sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing. Profit sharing is computed based on the Group's audited consolidated profit before deducting income tax expense, non-recurring or one-off exceptional items, non-controlling interests of the Group and before paying profit sharing. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.16 Borrowing costs

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

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

2.17 Currency translation

(a) *Functional and presentation currency*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.17 Currency translation (Continued)

(b) Transactions and balances

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

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

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in profit or loss within "other losses – net".

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

(c) Translation of Group entities' financial statements

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.18 Cash and cash equivalents

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

2.19 Leases

The Group leases motor vehicles, bins and containers and machinery under finance leases, and land, premises and machinery under operating leases from non-related parties.

(i) Lessee – Finance leases

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

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

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

(ii) Lessee – Operating leases

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

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

2.20 Government grants

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

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

Government grants relating to assets are deducted against the carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2 Significant accounting policies (Continued)

2.21 Inventories

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

2.22 Segment reporting

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

2.23 Share capital

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

2.24 Dividends to Company's shareholders

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

3 Critical accounting estimates, assumptions and judgements

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

Critical accounting estimates and assumptions

(a) Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

In performing the impairment assessment of the carrying amount of goodwill, as disclosed in Note 11, the recoverable amounts of the cash-generating unit ("CGU") in which goodwill has been attributable to, are determined using value-in-use ("VIU") calculation.

Significant judgements are used to estimate the gross margin, revenue growth rates and the discount rates applied in computing the recoverable amounts of the CGU. In making these estimates, management has relied on past performance, its expectations of market developments and industry trends in Singapore. Specific estimates are disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3 Critical accounting estimates, assumptions and judgements (Continued)

Critical accounting estimates and assumptions (Continued)

(b) *Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. Management has made adequate allowances for impairment of trade receivables of \$89,000 (2017: \$64,000) (Note 32(b)(ii)) as at 30 June 2018. If the net present values of estimated cash flows decrease by 10% from management's estimates for all past due but not impaired loans and receivables, the Group's allowance for impairment will increase by \$358,000 (2017: \$261,000).

The carrying amount of trade receivables is disclosed in Note 5 to the financial statements.

(c) *Useful lives of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment, except for leasehold land and leasehold buildings and improvements, to be within 3 to 10 years.

Changes in the expected level of usage and technological development could impact the economic useful lives of these assets; therefore, future depreciation charges could be revised. If the actual useful lives of these items of property, plant and equipment were to differ by 10% from management's estimates, the carrying amounts of the property, plant and equipment would be an estimated \$735,000 (2017: \$679,000) higher or lower.

The carrying amounts of property, plant and equipment are disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

4 Cash and cash equivalents

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank and on hand	5,605	15,394	556	1,038
Short-term bank deposits	-	9,692	-	3,000
	5,605	25,086	556	4,038

Short-term bank deposits are made for varying periods of between one week to three months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

Acquisition of a subsidiary corporation

Please refer to Note 33 to the financial statements for the effects of acquisition of a subsidiary corporation on the cash flows of the Group.

5 Trade and other receivables

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade receivables:				
- Subsidiary corporations	-	-	1,355	1,070
- Non-related parties	16,149	14,202	-	-
- Unbilled receivables	18,025	15,837	-	-
Less: Allowances for impairment (Note 32(b)(ii))	(89)	(64)	-	-
	34,085	29,975	1,355	1,070
Other receivables:				
- Subsidiary corporations	-	-	14,401	10,694
- Non-related parties	569	297	563	284
- Staff advances	44	40	-	-
	34,698	30,312	16,319	12,048

The non-trade amount due from subsidiary corporations are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

6 Inventories

	Group	
	2018 \$'000	2017 \$'000
Raw materials	160	222
Work-in-progress	182	21
Finished goods	616	437
Consumables	409	–
	1,367	680

The cost of inventories recognised as an expense and included in “purchase of supplies and disposal charges” amounted to \$759,000 (2017: \$Nil).

7 Other assets

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current:				
Deposits	492	587	170	202
Prepayments	1,294	1,100	11	13
	1,786	1,687	181	215
Non-current:				
Deposits	221	122	–	–
Prepayments	1,092	804	–	1
	1,313	926	–	1
	3,099	2,613	181	216

Deposits pertain mainly to security for services rendered paid to suppliers. Management is of the opinion that these deposits have been placed with counterparties who are creditworthy and accordingly, no allowance for impairment is required.

8 Available-for-sale financial assets

	Group	
	2018 \$'000	2017 \$'000
Beginning of financial year	2	1
Fair value (loss)/gain recognised in other comprehensive income (Note 17(b)(i))	(*)	1
End of financial year	2	2

* Less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

8 Available-for-sale financial assets (Continued)

Available-for-sale financial assets are analysed as follows:

	Group	
	2018 \$'000	2017 \$'000
Listed securities		
– Equity securities – Singapore	2	2

9 Investments in subsidiary corporations

	Company	
	2018 \$'000	2017 \$'000
<i>Equity investments at cost</i>		
Beginning of financial year	18,358	17,358
Additions ⁽¹⁾⁽²⁾⁽³⁾	1,000	1,000
End of financial year	19,358	18,358

- (1) On 26 October 2016, the Company increased the cost of investment in a wholly-owned subsidiary corporation, YS Yong Services Pte Ltd, for a cash consideration of \$750,000.
- (2) On 23 May 2017, the Company increased the cost of investment in a wholly-owned subsidiary corporation, 800 Landscape Pte. Ltd., for a cash consideration of \$250,000.
- (3) On 25 September 2017, the Company incorporated a new wholly-owned subsidiary corporation, Wizwash Pte. Ltd., for a cash consideration of \$1,000,000.

The Group had the following subsidiary corporations as at 30 June 2018 and 2017:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2018 %	2017 %	2018 %	2017 %
<u>Held by the Company</u>						
800 Super Waste Management Pte Ltd ^(a)	Waste disposal and general contractors providing cleaning services.	Singapore	100	100	–	–
YS Yong Services Pte Ltd ^(a)	Supply of labour and general contractors providing cleaning services.	Singapore	100	100	–	–
800 Landscape Pte. Ltd. ^(a)	Landscape care and maintenance services and other business support related services.	Singapore	100	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

9 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 30 June 2018 and 2017: (Continued)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2018 %	2017 %	2018 %	2017 %
<u>Held by the Company (Continued)</u>						
Green Recycling Pte. Ltd. ^(a)	Manufacturing, packaging and processing of plastics, woods materials and scrap metals, and providing cleaning services and waste disposal.	Singapore	100	100	-	-
800 Super Renewable Energy Pte. Ltd. ^(a)	Investment holding and treatment and disposal of waste (including remediation activities).	Singapore	100	100	-	-
Wizwash Pte. Ltd. ^{(a)(c)}	Investment holding	Singapore	100	-	-	-
<u>Held by Green Recycling Pte. Ltd.</u>						
PT. Chaeng Surya Jaya ^{(b)(e)}	Plastic recycling	Indonesia	95	95	5	5
<u>Held by Wizwash Pte. Ltd.</u>						
Iwash Laundry (Tuas) Pte. Ltd. ^{(a)(c)}	Laundry and dry cleaning services except coin laundries	Singapore	100	-	-	-
Iwash Laundry (Senoko) Pte. Ltd. ^{(a)(d)}	Laundry and dry cleaning services except coin laundries	Singapore	100	-	-	-
DW Supply Pte. Ltd. ^{(a)(c)}	General wholesales of trading and hotel supply	Singapore	100	-	-	-

(a) Audited by Nexia TS Public Accounting Corporation, Singapore

(b) Not required to be audited under the laws of the country of incorporation

(c) Newly incorporated during the financial year

(d) Acquired during the financial year

(e) Reviewed by Nexia TS Public Accounting Corporation, for consolidation purposes

The Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the Company has complied with Rule 715 of the Listing Manual of the SGX-ST as all subsidiary corporations of the Company in Singapore are audited by the same auditor for the purposes of the consolidated financial statements of the Group.

Non-controlling interests

The summarised financial information of PT. Chaeng Surya Jaya is not disclosed as it is insignificant to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

10 Property, plant and equipment

Group	Leasehold land \$'000	Leasehold buildings and improvements \$'000	Motor vehicles \$'000	Bins and containers \$'000	Machinery \$'000	Boat \$'000	Office equipment \$'000	Computers \$'000	Furniture and fittings \$'000	Construction-in-progress \$'000	Total \$'000
2018											
Cost											
Beginning of financial year	16,259	20,542	48,533	10,160	10,697	152	1,605	791	847	32,223	142,809
Reclassification	-	9,817	-	-	17,097	-	-	-	8	(26,922)	-
Additions	-	5,340	1,319	-	2,885	-	33	15	16	58,305	67,913
Acquisition of a subsidiary corporation (Note 33)	-	7,050	260	-	1,508	-	12	5	1	-	8,836
Disposals	-	-	(66)	-	-	-	-	-	-	-	(66)
Written off	-	-	(9)	(21)	(4)	-	-	-	-	-	(34)
Exchange differences	-	(1)	-	-	(50)	-	(3)	-	-	-	(54)
End of financial year	16,259	42,748	51,037	10,139	32,133	152	1,647	811	872	63,606	219,404
Accumulated Depreciation											
Beginning of financial year	3,275	3,976	22,991	5,376	5,288	70	1,226	412	766	-	43,380
Depreciation charge	720	2,018	4,532	732	1,699	15	168	125	76	-	10,085
Disposals	-	-	(46)	-	-	-	-	-	-	-	(46)
Written off	-	-	(9)	(8)	(4)	-	-	-	-	-	(21)
Exchange differences	-	(1)	-	-	(15)	-	(1)	-	-	-	(17)
End of financial year	3,995	5,993	27,468	6,100	6,968	85	1,393	537	842	-	53,381
Net Book Value											
End of financial year	12,264	36,755	23,569	4,039	25,165	67	254	274	30	63,606	166,023
2017											
Cost											
Beginning of financial year	16,259	20,964	49,124	10,150	9,947	152	1,713	662	895	9,525	119,381
Reclassification	-	-	-	-	77	-	164	110	-	(351)	-
Additions	-	16	605	102	1,109	-	48	88	3	23,049	25,020
Adjustments	-	(428)	-	-	-	-	-	-	-	-	(428)
Disposals	-	-	(171)	-	(75)	-	-	-	-	-	(246)
Written off	-	-	(25)	(92)	(361)	-	(320)	(69)	(51)	-	(918)
End of financial year	16,259	20,542	49,533	10,160	10,697	152	1,605	791	847	32,223	142,809
Accumulated Depreciation											
Beginning of financial year	2,555	2,463	18,618	4,725	4,701	55	1,262	344	701	-	35,424
Depreciation charge	720	1,513	4,503	743	988	15	284	137	116	-	9,019
Disposals	-	-	(105)	-	(75)	-	-	-	-	-	(180)
Written off	-	-	(25)	(92)	(324)	-	(320)	(69)	(51)	-	(881)
Exchange differences	-	-	-	-	(2)	-	-	-	-	-	(2)
End of financial year	3,275	3,976	22,991	5,376	5,288	70	1,226	412	766	-	43,380
Net Book Value											
End of financial year	12,984	16,566	26,542	4,784	5,409	82	379	379	81	32,223	99,429

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

10 Property, plant and equipment (Continued)

Company	Leasehold land \$'000	Leasehold buildings and improvements \$'000	Machinery \$'000	Office equipment \$'000	Computer \$'000	Furniture and fittings \$'000	Construction -in-progress \$'000	Total \$'000
2018								
Cost								
Beginning of financial year	16,259	9,927	-	5	1	24	30,683	56,899
Additions	-	5,259	1,182	21	-	8	47,469	53,939
Reclassification	-	9,826	15,557	-	-	-	(25,383)	-
End of financial year	16,259	25,012	16,739	26	1	32	52,769	110,838
Accumulated Depreciation								
Beginning of financial year	3,275	669	-	2	-	9	-	3,955
Depreciation charge	720	811	314	2	-	8	-	1,855
End of financial year	3,995	1,480	314	4	-	17	-	5,810
Net Book Value								
End of financial year	12,264	23,532	16,425	22	1	15	52,769	105,028
2017								
Cost								
Beginning of financial year	16,259	10,355	-	5	-	24	9,174	35,817
Additions	-	-	-	-	1	-	21,509	21,510
Adjustments	-	(428)	-	-	-	-	-	(428)
End of financial year	16,259	9,927	-	5	1	24	30,683	56,899
Accumulated Depreciation								
Beginning of financial year	2,554	174	-	1	-	1	-	2,730
Depreciation charge	721	495	-	1	-	8	-	1,225
End of financial year	3,275	669	-	2	-	9	-	3,955
Net Book Value								
End of financial year	12,984	9,258	-	3	1	15	30,683	52,944

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

10 Property, plant and equipment (Continued)

- (a) Included within additions in the consolidated financial statements are motor vehicles, bins and containers and machinery acquired under finance leases amounting to \$322,000, \$Nil and \$83,000 (2017: \$93,000, \$81,000 and \$72,000) respectively.

The carrying amounts of motor vehicles, bins and containers and machinery held under finance leases are \$18,597,000, \$3,810,000 and \$3,033,000 (2017: \$22,098,000, \$4,470,000 and \$3,461,000) respectively at the end of the reporting period (Note 14).

The Group's leasehold building include borrowing costs arising from bank borrowings specifically for the purpose of the construction of buildings. During the financial year, the borrowing costs capitalised as cost of leasehold building amounted to \$1,203,000 (2017: \$348,000).

- (b) Bank borrowings are secured on leasehold land, leasehold buildings and assets under construction of the Group with carrying amounts of \$111,945,000 (2017: \$53,100,000) (Note 13).

11 Goodwill

	Group 2018 \$'000
<i>Cost</i>	
Beginning of financial year	-
Acquisition of a subsidiary corporation (Note 33)	446
End of financial year	446
<i>Accumulated impairment</i>	
Beginning of financial year	-
Impairment charge (Note 23)	446
End of financial year	446
Net book value	-

On 16 October 2017, the Company through its wholly-owned subsidiary corporation, Wizwash Pte. Ltd., acquired 100% interest in Iwash Laundry (Senoko) Pte. Ltd. ("Iwash") for a cash consideration of \$4,999,000. The purchase price allocation ("PPA") exercise in respect of the acquisition of Iwash has been carried out and finalised on 20 August 2018.

Impairment tests for goodwill

Goodwill is allocated to Iwash as the Group has identified Iwash as a cash-generating unit ("CGU").

The recoverable amount of the CGU is determined based on value-in-use. The value-in-use is determined based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rates stated below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

11 Goodwill (Continued)

Key estimates used for value-in-use calculation:

	Group 2018 %
Gross margin ⁽¹⁾	20 – 30
Revenue growth rate ⁽²⁾	3 – 5
Pre-tax discount rate	10.1

(1) Budgeted gross margin

(2) Revenue growth rate used for extrapolation of future revenue

Management determined budgeted gross margin based on past performance and its expectations of market developments. The discount rates used were pre-tax and reflected specific risk relating to the CGU.

Based on the three-year projected cash flows, management has fully impaired the goodwill on the basis that the subsidiary corporation is expected to incur continuing operational losses in the next financial year. An impairment charge of \$466,000 is included within “Other expenses” (Note 23) in the statement of comprehensive income.

12 Trade and other payables

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade payables:				
– Non-related parties	16,155	8,302	3,229	4,524
– Subsidiary corporations	–	–	1,160	–
Other payables:				
– Subsidiary corporations	–	–	32,925	15,086
– Non-related parties	1,624	1,856	–	–
	1,624	1,856	32,925	15,086
Accrued operating expenses	13,510	9,729	4,938	2,514
Deferred income	605	286	–	–
	31,894	20,173	42,252	22,124

The non-trade amounts due to subsidiary corporations are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

13 Borrowings

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current – secured				
Bank loans	12,179	3,408	6,856	2,346
Finance lease liabilities (Note 14)	6,366	7,601	–	–
	18,545	11,009	6,856	2,346
Non-current – secured				
Bank loans	66,326	31,036	62,379	30,739
Finance lease liabilities (Note 14)	4,197	9,965	–	–
	70,523	41,001	62,379	30,739
Total borrowings	89,068	52,010	69,235	33,085

The exposure of the borrowings of the Group and the Company to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
6 months or less	8,168	1,517	3,398	990
6 – 12 months	4,010	1,890	3,458	1,356
1 – 5 years	29,446	12,870	27,185	12,572
Over 5 years	36,881	18,167	35,194	18,167
	78,505	34,444	69,235	33,085

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

13 Borrowings (Continued)

There are nineteen (2017: ten) secured bank loans held by the Group as at 30 June 2018. The terms of repayments are as follows:

	Maturity date	2018 \$'000	Maturity date	2017 \$'000
Group				
Floating rate	July 2018, August 2018, November 2018, December 2018, February 2019, March 2021, May 2026, November 2026, December 2027, May 2028, June 2030 and December 2031	78,374	February 2019, January 2026, September 2027, December 2027 and May 2030	33,500
Fixed rate	August 2018	131	August 2018	944
		78,505		34,444
Company				
Floating rate	May 2026, November 2026, December 2027 and June 2030	69,235	January 2026, September 2027, December 2027 and May 2030	33,085

(a) Security granted

Total borrowings include secured liabilities of \$89,068,000 (2017: \$52,010,000) which are secured as follows:

- (i) First legal mortgage over the leasehold land and leasehold buildings of the Group;
- (ii) Charge over the leased motor vehicles, leased bins and containers and leased machinery of the Group (Note 10);
- (iii) Legal corporate guarantees from the Company for a subsidiary corporation's banking and finance lease facilities; and
- (iv) Legal corporate guarantees from a subsidiary corporation for the Company's banking facilities.

Finance lease liabilities of the Group are effectively secured over the leased motor vehicles, leased bins and containers and leased machinery (Note 10), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

13 Borrowings (Continued)

(b) Fair values of borrowings

At the end of the reporting period, the carrying amounts of these borrowings are reasonable approximation of their respective fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values are discounted at annual market borrowing rates of an equivalent instrument at the end of the reporting period which the directors expect to be available to the Group as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Bank borrowings	1.88 – 5.33	2.51 – 5.28	3.00 – 5.33	2.51 – 5.28
Finance lease liabilities	1.45 – 2.00	1.45 – 2.00	–	–

14 Finance lease liabilities

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

	Group	
	2018 \$'000	2017 \$'000
Minimum lease payments due:		
– Not later than one year	6,551	7,925
– Between one and five years	4,247	10,188
– Later than five years	63	–
	10,861	18,113
Less: Future finance charges	(298)	(547)
Present value of finance lease liabilities	10,563	17,566
The present values of finance lease liabilities are analysed as follows:		
Not later than one year (Note 13)	6,366	7,601
Later than one year (Note 13)		
– Between one and five years	4,137	9,965
– Later than five years	60	–
	4,197	9,965
Total	10,563	17,566

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

15 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts are shown on the statements of financial position as follows:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Deferred income tax assets				
– To be recovered after one year	(149)	(567)	–	–
Deferred income tax liabilities				
– To be settled after one year	3,770	2,323	898	–

Movement in deferred income tax account is as follows:

Beginning of financial year	1,756	1,019	–	(1)
Charged to profit or loss	1,865	737	898	1
End of financial year	3,621	1,756	898	–

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

Group

	Accelerated tax depreciation \$'000	Other \$'000	Total \$'000
	Deferred income tax assets		
2018			
Beginning of financial year	(487)	(166)	(653)
Charged to profit or loss	402	38	440
End of financial year	(85)	(128)	(213)
2017			
Beginning of financial year	–	–	–
Credited to profit or loss	(487)	(166)	(653)
End of financial year	(487)	(166)	(653)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

15 Deferred income taxes (Continued)

Group

	Accelerated tax depreciation \$'000	Other \$'000	Total \$'000
Deferred income tax liabilities			
2018			
Beginning of financial year	2,409	-	2,409
Charged to profit or loss	1,425	-	1,425
End of financial year	<u>3,834</u>	<u>-</u>	<u>3,834</u>
2017			
Beginning of financial year	1,173	(154)	1,019
Charged to profit or loss	1,236	154	1,390
End of financial year	<u>2,409</u>	<u>-</u>	<u>2,409</u>

Company

	Accelerated tax depreciation \$'000	Other \$'000	Total \$'000
Deferred income tax liabilities			
2018			
Beginning of financial year	-	-	-
Charged to profit or loss	898	-	898
End of financial year	<u>898</u>	<u>-</u>	<u>898</u>
2017			
Beginning of financial year	(2)	3	1
Charged/(credited) to profit or loss	2	(3)	(1)
End of financial year	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

16 Share capital

	Group and Company	
	Number of ordinary shares	Amount \$'000
2018		
Beginning and end of financial year	178,800,000	22,772
2017		
Beginning and end of financial year	178,800,000	22,772

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

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

17 Other reserves

		Group	
		2018 \$'000	2017 \$'000
(a)	Composition:		
	Fair value reserve	37	37
	Foreign currency translation reserve	42	11
	Capital reserve	3,000	–
		3,079	48
(b)	Movements:		
		Group	
		2018 \$'000	2017 \$'000
(i)	Fair value reserve		
	Beginning of financial year	37	36
	Available-for-sale financial assets		
	– Fair value (loss)/gain (Note 8)	(*)	1
	End of financial year	37	37

* Less than \$1,000

The fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

17 Other reserves (Continued)

(b) Movements: (Continued)

	Group	
	2018	2017
	\$'000	\$'000
(ii) Foreign currency translation reserve		
Beginning of financial year	11	–
Net currency translation differences of financial statements of a foreign subsidiary corporation	34	11
Less: non-controlling interests	(3)	–
End of financial year	42	11
(iii) Capital Reserve		
Beginning of financial year	–	–
Bonus shares issued by a subsidiary corporation	3,000	–
End of financial year	3,000	–

Other reserves are non-distributable.

18 Retained profits

Retained profits of the Group and the Company are distributable.

Movement in retained profits for the Company is as follows:

	Company	
	2018	2017
	\$'000	\$'000
Beginning of financial year	9,623	8,545
Net profit	2,026	7,336
Dividends paid (Note 19)	(5,364)	(6,258)
End of financial year	6,285	9,623

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

19 Dividends

	Group and Company	
	2018	2017
	\$'000	\$'000
Ordinary dividends paid		
Interim tax exempt (1-tier) dividend paid in respect of the current financial year of nil per share (2017: 1 cent)	-	1,788
Final tax exempt (1-tier) dividend paid in respect of the previous financial year of 3.0 cents (2017: 2.5 cents) per share	5,364	4,470
	5,364	6,258

At the forthcoming Annual General Meeting on 26 October 2018, a final tax exempt (1-tier) dividend of 1.0 cents per share amounting to a total of \$1,788,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2019.

20 Revenue

	Group	
	2018	2017
	\$'000	\$'000
Service income	151,115	156,923

21 Other income

	Group	
	2018	2017
	\$'000	\$'000
Bad debts recovered	2	1
Interest income from bank deposit	67	133
Skills development grant	157	197
Others	271	96
	497	427

22 Other losses – net

	Group	
	2018	2017
	\$'000	\$'000
(Gain)/loss on disposal of property, plant and equipment	(2)	38
Property, plant and equipment written off	13	37
Foreign currency exchange loss	187	29
	198	104

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

23 Other expenses

	Group	
	2018 \$'000	2017 \$'000
Advertisement	196	422
Allowance for impairment of trade receivables (Note 32(b)(ii))	25	–
Auditor's remuneration		
– Fees on audit services paid/payable to auditor of the Company	66	54
– Fees on non-audit services paid/payable to:		
(a) Auditor of the Company	15	24
(b) Other auditor of the Company	30	18
Bad debts written off	46	38
Directors' fees	148	121
Foreign worker levies	9,094	9,321
Impairment loss on goodwill (Note 11)	446	–
Insurance	371	364
IT expenses	82	68
Legal and professional fee	920	567
License fees	737	354
Medical fees	365	240
Postage, printing and stationery	176	70
Rental on operating leases	1,857	1,402
Repair and maintenance	1,725	1,448
Skill development levy	175	185
Staff training	274	306
Telephone	339	349
Transport	499	461
Upkeep of leasehold building	245	241
Upkeep of motor vehicles	3,971	3,835
Utilities	1,030	265
Workers' accommodation	309	313
Workers' welfare	619	384
Other	799	383
	24,559	21,233

24 Employee benefits expenses

	Group	
	2018 \$'000	2017 \$'000
Salaries, wages, bonuses and other short-term benefits	71,729	77,605
Government grant – Employment Credit Scheme	(3,958)	(5,092)
Employer's contribution to Central Provident Fund	5,816	6,342
	73,587	78,855

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

25 Finance expenses

	Group	
	2018 \$'000	2017 \$'000
Interest expense		
– Bank loans	1,757	702
– Finance lease liabilities	347	499
	2,104	1,201
Less: Borrowings costs capitalised in property, plant and equipment	(1,203)	(348)
Finance expenses recognised in profit or loss	901	853

26 Income tax expense

	Group	
	2018 \$'000	2017 \$'000
(a) Income tax expense		
Tax expense attributable to profit is made up of:		
– Current income tax	1,111	2,881
– Deferred income tax	1,752	442
	2,863	3,323
(Over)/under provision in prior financial years:		
– Current income tax	(347)	47
– Deferred income tax	113	295
	2,629	3,665

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

	Group	
	2018 \$'000	2017 \$'000
Profit before income tax	11,747	20,760
Tax calculated at tax rate of 17% (2017: 17%)	1,997	3,529
Effects of:		
– Income not subject to tax	(1)	(33)
– Expenses not deductible for tax purposes	666	526
– Singapore statutory stepped income exemption	(78)	(78)
– Tax incentives – Productivity and Innovation Credit	–	(679)
– Tax rebate	(30)	(30)
– Deferred tax assets not recognised	309	88
– (Over)/under provision in prior financial years	(234)	342
Tax charge	2,629	3,665

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

26 Income tax expense (Continued)

(b) Movement in current income tax liabilities

	Group	
	2018	2017
	\$'000	\$'000
Beginning of financial year	2,887	2,617
Income tax paid	(2,524)	(2,658)
Tax expense for the current year	1,111	2,881
(Over)/under provision in prior years	(347)	47
End of financial year	<u>1,127</u>	<u>2,887</u>

27 Earnings per share

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

	Group	
	2018	2017
Net profit attributable to equity holders of the Company (\$'000)	9,155	17,121
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	<u>178,800</u>	<u>178,800</u>
Basic and diluted earnings per share (cents)	<u>5.12</u>	<u>9.58</u>

There were no dilutive potential ordinary shares during the financial years ended 30 June 2018 and 2017.

28 Related party transactions

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

(a) Sales and purchases of goods and services

	Group	
	2018	2017
	\$'000	\$'000
Professional fees	<u>(34)</u>	<u>(34)</u>

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

28 Related party transactions (Continued)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2018 \$'000	2017 \$'000
Directors' fees	148	121
Salaries, bonuses and other short-term benefits	2,888	4,106
Employer's contribution to Central Provident Fund	149	157
	3,185	4,384

The amounts above comprise directors' remuneration of the Company of \$1,877,000 (2017: \$3,081,000).

29 Commitments

(a) Capital commitments

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

	Group	
	2018 \$'000	2017 \$'000
Property, plant and equipment	36,620	42,592

(b) Operating lease commitments

The Group leases land, premises and machinery from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group	
	2018 \$'000	2017 \$'000
Not later than one year	1,498	687
Between one and five years	2,382	980
Later than five years	5,645	2,116
	9,525	3,783

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

30 Contingent liabilities

As at 30 June 2018, the Company has issued corporate guarantees amounting to \$59,743,000 (2017: \$29,714,000) to banks for bank loans and finance leases of the Group's subsidiary corporations. The bank borrowings of these subsidiary corporations amounted to \$19,513,000 (2017: \$18,925,000) at the end of the reporting period. The corporate guarantees issued for the Group's subsidiary corporations on foreign workers' indemnity and performance bonds for various projects at the end of the reporting period are \$2,645,000 (2017: \$3,205,000) and \$18,091,000 (2017: \$22,957,000) respectively.

The Company has evaluated the fair value of the corporate guarantees and is of the view that the consequential benefits derived from its guarantees to the banks, financial institutions and other concerned parties with regard to the subsidiary corporations is minimal. The subsidiary corporations for which the guarantees were provided are in favourable equity positions and are profitable, with no default in payment of borrowings.

31 Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors comprises of executive and non-executive directors.

The Board of Directors considers the business from a business segment perspective.

The Board of Directors has organised the business of the Group into two operating segments – Environmental service and Laundry service.

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

The Board of Directors 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. Group income taxes are managed on a group basis and are not allocated to operating segments.

FY2017

In financial year ended 30 June 2017, the Group operated predominantly in the environmental service segment. Accordingly, no segmental information is presented based on business segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

31 Segment Information (Continued)

The segment information provided to the Board of Directors for the reportable segments are as follows:

	Environmental services 2018 \$'000	Laundry services 2018 \$'000	Total 2018 \$'000
Revenue			
Total segment revenue	146,143	4,989	151,132
Inter-segment revenue	(16)	(1)	(17)
Revenue to external parties	146,127	4,988	151,115
Adjusted EBITDA	23,234	(122)	23,112
Depreciation	9,630	455	10,085
Impairment loss on goodwill	-	446	446
Segment assets	196,647	8,540	205,187
Unallocated assets			5,756
Total assets			210,943
Segment assets include:-			
Additions to:			
Property, plant and equipment	67,734	179	67,913
Goodwill	-	446	446
Segment liabilities	25,534	6,360	31,894
Unallocated liabilities			93,965
Total liabilities			125,859

During the financial year ended 30 June 2018, the Group acquired the laundry services business segment as disclosed in Note 33 to the financial statements.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA"). This measurement basis excludes the effects of expenditure from the operating segments such as impairment loss on goodwill that are either not expected to recur regularly in every period or allocated to the segments as these type of activities are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the finance department, which manages the financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

31 Segment information (Continued)

Geographical information

The Group's operations are primary carried out in Singapore. Accordingly, no geographical segment assets and revenue from external customers' information are presented.

Revenue of approximately \$38,269,000 (2017: \$63,733,000) are derived from one (2017: two) external customers which is attributable to the environmental services segment.

Reconciliation

(i) Segment profits

A reconciliation of adjusted EBITDA to profit before income tax is as follows:

	Group 2018 \$'000
Adjusted EBITDA for reportable segments	23,112
Depreciation of property, plant and equipment	(10,085)
Impairment loss on goodwill	(446)
Finance expense	(901)
Interest income	67
Profit before income tax	11,747

(ii) Segment assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment. All assets are allocated to the reportable segments other than available-for-sale financial assets, deferred income tax assets and cash and cash equivalents.

Segment assets are reconciled to total assets as follows:

	Group 2018 \$'000
Segment assets for reportable segments	205,187
Unallocated:	
– Available-for-sale financial assets	2
– Deferred income tax assets	149
– Cash and cash equivalents	5,605
	210,943

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

31 Segment information (Continued)

Reconciliation (Continued)

(iii) Segment liabilities

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

Segment liabilities are reconciled to total liabilities as follows:

	Group 2018 \$'000
Segment liabilities for reportable segments	31,894
Unallocated:	
– Current income tax liabilities	1,127
– Deferred income tax liabilities	3,770
– Borrowings	89,068
	125,859

32 Financial risk management

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Financial Controller. The Board of Directors and audit committee provide independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's practice that no derivative is to 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Financial risk management (Continued)

(a) Market risk

(i) Currency risk

The Group mainly operates in Singapore. Currency risk arises within entities in the Group when transactions are denominated in foreign currency such as Euro ("EUR"), Renminbi ("RMB"), Indonesian Rupiah ("IDR") and United States Dollar ("USD").

The Group's currency exposure based on the information provided to key management is as follows:

	SGD \$'000	EUR \$'000	RMB \$'000	IDR \$'000	USD \$'000	Total \$'000
2018						
Financial assets						
Cash and cash equivalents	5,483	5	41	75	1	5,605
Trade and other receivables	34,695	-	-	3	-	34,698
Receivables from subsidiary corporations	75,378	-	-	-	-	75,378
Other assets	708	-	-	5	-	713
	<u>116,264</u>	<u>5</u>	<u>41</u>	<u>83</u>	<u>1</u>	<u>116,394</u>
Financial liabilities						
Trade and other payables	(30,191)	(413)	(629)	(27)	(29)	(31,289)
Payables to subsidiary corporations	(75,378)	-	-	-	-	(75,378)
Borrowings	(89,068)	-	-	-	-	(89,068)
	<u>(194,637)</u>	<u>(413)</u>	<u>(629)</u>	<u>(27)</u>	<u>(29)</u>	<u>(195,735)</u>
Net financial (liabilities)/ assets	(78,373)	(408)	(588)	56	(28)	(79,341)
Less: Net financial liabilities denominated in the respective entities' functional currencies	75,783	-	-	(56)	-	75,727
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	(2,590)	(408)	(588)	-	(28)	(3,614)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Group's currency exposure based on the information provided to key management is as follows (Continued):

	SGD \$'000	EUR \$'000	RMB \$'000	IDR \$'000	Total \$'000
2017					
Financial assets					
Cash and cash equivalents	23,415	5	1,664	2	25,086
Trade and other receivables	30,310	-	-	2	30,312
Receivables from subsidiary corporations	43,908	-	-	-	43,908
Other assets	703	-	-	6	709
	<u>98,336</u>	<u>5</u>	<u>1,664</u>	<u>10</u>	<u>100,015</u>
Financial liabilities					
Trade and other payables	(19,390)	(452)	-	(45)	(19,887)
Payables to subsidiary corporations	(43,908)	-	-	-	(43,908)
Borrowings	(52,010)	-	-	-	(52,010)
	<u>(115,308)</u>	<u>(452)</u>	<u>-</u>	<u>(45)</u>	<u>(115,805)</u>
Net financial (liabilities)/ assets	(16,972)	(447)	1,664	(35)	(15,790)
Less: Net financial liabilities denominated in the respective entities' functional currencies	15,615	-	-	35	15,650
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	<u>(1,357)</u>	<u>(447)</u>	<u>1,664</u>	<u>-</u>	<u>140</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD \$'000	EUR \$'000	RMB \$'000	Total \$'000
2018				
Financial assets				
Cash and cash equivalents	556	-	-	556
Trade and other receivables	16,319	-	-	16,319
Other assets	170	-	-	170
	<u>17,045</u>	<u>-</u>	<u>-</u>	<u>17,045</u>
Financial liabilities				
Trade and other payables	(41,210)	(413)	(629)	(42,252)
Borrowings	(69,235)	-	-	(69,235)
	<u>(110,445)</u>	<u>(413)</u>	<u>(629)</u>	<u>(111,487)</u>
Net financial liabilities	(93,400)	(413)	(629)	(94,442)
Less: Net financial liabilities denominated in the Company's functional currency	<u>93,400</u>	<u>-</u>	<u>-</u>	<u>93,400</u>
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	<u>-</u>	<u>(413)</u>	<u>(629)</u>	<u>(1,042)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Company's currency exposure based on the information provided to key management is as follows (Continued):

	SGD \$'000	EUR \$'000	Total \$'000
2017			
Financial assets			
Cash and cash equivalents	4,038	–	4,038
Trade and other receivables	12,048	–	12,048
Other assets	202	–	202
	16,288	–	16,288
Financial liabilities			
Trade and other payables	(21,714)	(410)	(22,124)
Borrowings	(33,085)	–	(33,085)
	(54,799)	(410)	(55,209)
Net financial liabilities	(38,511)	(410)	(38,921)
Less: Net financial liabilities denominated in the Company's functional currency	38,511	–	38,511
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	–	(410)	(410)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

If the EUR, RMB and USD change against the SGD by 5% (2017: 1%) and 1% (2017: 5%) and 4% (2017: Nil%) respectively with all other variables including tax rate being held constant, the effect arising from the net financial liabilities/assets position will be as follows:

	← Increase/(Decrease) →	
	Net profit	
	2018	2017
	\$'000	\$'000
Group		
EUR against SGD		
– strengthened	(17)	(4)
– weakened	17	4
RMB against SGD		
– strengthened	(5)	69
– weakened	5	(69)
USD against SGD		
– strengthened	*	–
– weakened	*	–
Company		
EUR against SGD		
– strengthened	(17)	(3)
– weakened	17	3
RMB against SGD		
– strengthened	(5)	–
– weakened	5	–

* Less than \$1,000

(ii) Price risk

The Group is exposed to equity securities price risk arising from the quoted investments classified as available-for-sale financial assets. These equity securities are listed in Singapore. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio in accordance with the limits set by the Board of Directors.

If prices for equity securities listed in Singapore had changed by 10% (2017: 10%) with all other variables including tax rate is being held constant, the effect on equity will be negligible.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities.

The Group's exposure to cash flow interest rate risks arises mainly from non-current borrowings at variable rates.

The Group's borrowings at variable rates are denominated in SGD. If the SGD interest rates increase/decrease by 0.5% (2017: 0.5%) with all other variables including tax rate is being held constant, the net profit will be lower/higher by \$275,000 (2017: \$128,000) as a result of higher/lower interest expense on these borrowings.

The Group is not exposed to changes in interest rates for fixed rate financial assets and financial liabilities.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash and cash equivalents, trade receivables and unbilled receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	Company	
	2018	2017
	\$'000	\$'000
Corporate guarantee provided to banks on certain subsidiary corporations' borrowings at the end of the reporting period	19,513	18,925

The subsidiary corporations have not defaulted in the payment of borrowings in the financial years ended 30 June 2018 and 30 June 2017. As at the end of the reporting period, no claims on the financial guarantee are expected.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Financial risk management (Continued)

(b) Credit risk (Continued)

The trade receivables of the Group comprise 1 debtor (2017: 2 debtors) that individually represented 29.6% (2017: 23.0%) of trade receivables.

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

	Group	
	2018	2017
	\$'000	\$'000
By types of customers:		
Non-related parties	34,174	30,039

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

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

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

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

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

	Group	
	2018	2017
	\$'000	\$'000
Past due up to 3 months	2,614	1,694
Past due 3 to 6 months	475	592
Past due over 6 months	487	321
	3,576	2,607

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Financial risk management (Continued)

(b) Credit risk (Continued)

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

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2018 \$'000	2017 \$'000
Gross amount	89	64
Less: Allowance for impairment	(89)	(64)
	-	-
Beginning of financial year	64	64
Allowance made (Note 23)	25	-
End of financial year (Note 5)	89	64

Allowance for impairment is recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience.

Except for the amounts which allowance for impairment have been made, management believes that the amounts that are past due are collectible, based on historic payment behaviour and credit-worthiness of the customers.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities (Note 13) and the ability to close out market positions at a short notice. At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not expected to be significant.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Group				
At 30 June 2018				
Trade and other payables	31,894	-	-	31,894
Borrowings	18,545	40,651	40,664	99,860
At 30 June 2017				
Trade and other payables	20,173	-	-	20,173
Borrowings	11,009	26,007	19,726	56,742
Company				
At 30 June 2018				
Trade and other payables	42,252	-	-	42,252
Financial guarantee contract	19,513	-	-	19,513
Borrowings	6,856	33,925	38,773	79,554
At 30 June 2017				
Trade and other payables	22,124	-	-	22,124
Financial guarantee contract	18,925	-	-	18,925
Borrowings	2,346	15,519	19,726	37,591

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may return capital to shareholders or obtain new borrowings.

Management monitors capital based on a gearing ratio and compliance of externally imposed capital requirements. The Group's strategies, are to maintain: (i) gearing ratio not exceeding 200%; and (ii) net worth at not less than \$20 million at all times.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Financial risk management (Continued)

(d) Capital risk (Continued)

(i) Gearing ratio

The gearing ratio is calculated as total liabilities divided by net worth.

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total liabilities	125,859	77,393	112,385	55,209
Net worth	85,084	81,296	29,057	32,395
Gearing ratio	148%	95%	387%	170%

(ii) Net worth

Net worth is calculated as total assets less total liabilities.

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total assets	210,943	158,689	141,442	87,604
Total liabilities	125,859	77,393	112,385	55,209
	85,084	81,296	29,057	32,395

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2018 and 2017.

(e) Fair value measurement

The fair value of financial instruments traded in active markets (available-for-sale equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1 of the fair value hierarchy, in which assets are measured at fair value based on quoted prices (unadjusted) in active markets for identical assets.

The following table presents assets that are measured at fair value at 30 June:

	2018 \$'000	2017 \$'000
Group		
Available-for-sale financial assets		
Level 1	2	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32 Financial risk management (Continued)

(e) Fair value measurement (Continued)

The carrying amount less impairment allowance of trade receivables and payables are assumed to approximate their fair values. The carrying amounts of borrowings are reasonable approximation of their respective fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 8 to the financial statements, except for the following:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Loans and receivables	41,016	56,107	17,045	16,288
Financial liabilities at amortised cost	120,357	71,897	111,487	55,209

33 Business combinations

On 16 October 2017, the Company through its wholly-owned subsidiary corporation, Wizwash Pte. Ltd., acquired 100% equity interest in Iwash Laundry (Senoko) Pte. Ltd. ("Iwash"), a company incorporated in Singapore. The principal activities of Iwash are those of laundry and dry cleaning services except coin laundries. As a result of the acquisition, Iwash became a subsidiary corporation of the Group.

The acquisition is beneficial to the Group as it allows the Group to venture into new growth areas and undertake a separate line of business.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	\$'000
Cash paid	4,499
Deferred purchase consideration	500
Total purchase consideration	4,999

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

33 Business combinations (Continued)

(b) Effect on cash flows of the Group

	\$'000
Cash paid (as above)	4,499
Less: Cash and cash equivalents acquired	(182)
Net cash outflow on acquisition	4,317

(c) Identified assets acquired and liabilities assumed

	At fair value \$'000
Cash and cash equivalents	182
Trade and other receivables (Note (e) below)	1,075
Other assets	110
Property, plant and equipment (Note 10)	8,836
	10,203
Trade and other payables	1,588
Bank borrowings	3,718
Finance lease liabilities	344
	5,650
Total identifiable net assets	4,553
Add: Goodwill (Note 11)	446
Consideration transferred for the business	4,999

(d) Acquisition-related costs

Acquisition-related costs of \$131,000 and \$8,000 are included in "other expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows for the financial years ended 30 June 2018 and 30 June 2017 respectively.

(e) Acquired receivables

The fair value of trade and other receivables is \$1,075,000 and includes trade receivables with a fair value of \$1,068,000.

(f) Goodwill arising from acquisition

The residual goodwill of \$446,000 represents the strategic rationale of the Group's acquisition of Iwash, enabling the Group to undertake a separate line of business.

(g) Revenue and profit contribution

The acquired business contributed revenue of \$4,983,000 and net loss of \$1,032,000 to the Group from the period from the date of acquisition to 30 June 2018. Had Iwash been consolidated from 1 July 2017, consolidated revenue and consolidated loss for the financial year ended 30 June 2018 would have been \$6,853,000 and \$1,088,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

34 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2018 or later periods and which the Group has not early adopted:

Effective for annual period beginning on or after 1 January 2018

- FRS 28 Investments in Associates and Joint Ventures
- FRS 40 Transfers of Investment Property
- FRS 101 First-Time Adoption of Financial Reporting Standards
- FRS 102 Classification and Measurement of Share-based Payment Transactions
- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases
- Amendments to FRS 12 Income Taxes
- Amendments to FRS 23 Borrowing Costs
- Amendments to FRS 103 Business Combinations
- Amendments to FRS 111 Joint Arrangements

Effective date of this Amendment had been revised from 1 January 2018 to a date to be determined by the ASC

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

Effective for annual period beginning on or after 1 January 2018

FRS 109 Financial Instruments

FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

34 New or revised accounting standards and interpretations (Continued)

Effective for annual period beginning on or after 1 January 2018 (Continued)

FRS 109 Financial Instruments (Continued)

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 July 2018. The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 35.

FRS 115 Revenue from Contracts and Customers

This is the converged standard on revenue recognition. It replaces FRS11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

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

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

The Group is required to adopt a new accounting framework from 1 July 2018 (Note 35). The new accounting framework has similar requirements of FRS 115 and the Group has no significant impact of adopting the equivalent FRS 115.

Effective for annual period beginning on or after 1 January 2019

FRS 116 Leases

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

34 New or revised accounting standards and interpretations (Continued)

Effective for annual period beginning on or after 1 January 2019 (Continued)

FRS 116 Leases (Continued)

Some of the commitments of the Group may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 July 2019. The new accounting framework has similar requirements of FRS 116. The standard will affect primarily the accounting for the Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of \$9,525,000 (Note 29(b)). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

35 Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 July 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ending 30 September 2018 in November 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

The management does not expect significant adjustments to the Group's financial statements arising from the adoption of SFRS(I) on the Group's financial statements. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 30 June 2019), subject to the mandatory exceptions and optional exemptions under IFRS 1. Management has assessed these optional exceptions and decided not to elect the relevant optional exemptions, as such there will be no significant adjustments to the Group's financial statements prepared under SFRS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

35 Adoption of SFRS(I) (Continued)

(b) Adoption of SFRS(I) equivalents of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent to IFRS 9 on 1 July 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial statements up to the financial period ended 30 June 2018.

Impairment of financial assets

The Group's financial assets, trade receivables will be subject to the expected credit loss impairment model under the SFRS(I) equivalent IFRS 9. Based on the Group's initial assessment, the Group does not expect any significant adjustments on adoption of IFRS 9.

(c) Adoption of SFRS(I) equivalent of IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt IFRS 15 in its financial statements for the financial year ending 30 June 2019. Based on the Group's initial assessment, the Group does not expect any significant adjustments on adoption of IFRS 15.

36 Authorisation of financial statements for issue

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 28 September 2018.

STATISTICS OF SHAREHOLDINGS

AS AT 12 SEPTEMBER 2018

SHARE CAPITAL

Number of issued shares : 178,800,000
 Class of shares : Ordinary shares fully paid
 Voting rights : One vote for each ordinary share

The Company does not have any treasury shares or subsidiary holdings.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 12 SEPTEMBER 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	–	–	–	–
100 – 1,000	172	13.62	125,200	0.07
1,001 – 10,000	708	56.06	3,760,400	2.10
10,001 – 1,000,000	370	29.29	22,814,300	12.76
1,000,001 and above	13	1.03	152,100,100	85.07
Total	1,263	100.00	178,800,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 12 SEPTEMBER 2018

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	YONG SEONG INVESTMENT PTE. LTD.	120,924,700	67.63
2	LEE HOCK SEONG	5,002,200	2.80
3	LEE KOH YONG	5,002,200	2.80
4	DBS NOMINEES PTE LTD	4,465,900	2.50
5	LEE CHENG CHYE	4,287,600	2.40
6	LIM TUAN WAN	3,150,800	1.76
7	LEE KIM ENG	1,786,500	1.00
8	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,402,700	0.78
9	FOO SHIANG PING	1,348,000	0.75
10	PHILLIP SECURITIES PTE LTD	1,331,900	0.74
11	TAN SIOK LIAN	1,315,900	0.74
12	LEE THIAM SENG	1,071,900	0.60
13	YIM CHEE CHONG	1,009,800	0.56
14	RAFFLES NOMINEES (PTE) LTD	900,500	0.50
15	JAMES ALVIN LOW YIEW HOCK	734,000	0.41
16	LEE CHUAN HENG	714,600	0.40
17	CHNG BENG HUA	600,000	0.34
18	HAN SEE KWANG	594,800	0.33
19	WONG KA FAI MARTIN	543,600	0.30
20	OCBC NOMINEES SINGAPORE PTE LTD	513,900	0.29
	TOTAL:	156,701,500	87.63

STATISTICS OF SHAREHOLDINGS

AS AT 12 SEPTEMBER 2018

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 12 September 2018 are:

Name	Direct Interest	No. of Ordinary Shares		Deemed Interest	%
		%			
Yong Seong Investment Pte. Ltd.	120,924,700	67.63	–	–	–
Lee Koh Yong ⁽¹⁾	5,002,200	2.80	120,924,700	67.63	67.63
Lee Cheng Chye ⁽¹⁾	4,287,600	2.40	120,924,700	67.63	67.63
Lee Hock Seong ⁽¹⁾	5,002,200	2.80	120,924,700	67.63	67.63

Note:

(1) Mr Lee Koh Yong, Mr Lee Cheng Chye and Mr Lee Hock Seong are siblings and are each deemed to be interested in the 120,924,700 shares held by Yong Seong Investment Pte. Ltd. by virtue of their respective shareholdings of 28%, 24% and 28% in Yong Seong Investment Pte. Ltd..

PUBLIC FLOAT

Based on information available to the Company as at 12 September 2018, approximately 21.62% of the Company's issued ordinary shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalyst.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (“**AGM**”) of **800 Super Holdings Limited** (the “**Company**”) will be held at 17A Senoko Way, Singapore 758056 on Friday, 26 October 2018 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 30 June 2018 together with the Directors’ Statement and Independent Auditors’ Report thereon. **Resolution 1**
2. To declare a tax-exempt one-tier final dividend of one (1) Singapore cent per ordinary share in the capital of the Company for the financial year ended 30 June 2018. **Resolution 2**
3. To approve the payment of Directors’ Fees of S\$160,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears (FY2018: S\$148,236). **Resolution 3**
4. To re-elect Mr Lee Koh Yong who is retiring under Regulation 107 of the Constitution, as an Executive Director of the Company. [See Explanatory Note (i)] **Resolution 4**
5. To re-elect Mr Mah How Soon who is retiring under Regulation 107 of the Constitution, as an Independent Director of the Company. [See Explanatory Note (ii)] **Resolution 5**
6. To re-appoint Messrs Nexia TS Public Accounting Corporation, as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**
7. To transact any other ordinary business which may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

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

8. General mandate to allot and issue new shares in the capital of the Company.

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

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

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided 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) does not exceed one hundred per cent (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 existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below); and
 - (ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from exercising of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
 - (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
 - (iv) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii)]

Resolution 7

BY ORDER OF THE BOARD

**ONG WEI JIN
COMPANY SECRETARY
11 OCTOBER 2018
SINGAPORE**

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) If re-elected under Resolution 4 set out in item 4 above, Mr Lee Koh Yong will remain as Executive Chairman of the Board. Please refer to the section "Board of Directors" in the annual report 2018 for information on Mr Lee Koh Yong.
- (ii) If re-elected under Resolution 5 set out in item 5 above, Mr Mah How Soon will remain as an Independent Director, Chairman of Nominating Committee, a member of the Audit Committee and Remuneration Committee. Please refer to the section "Board of Directors" in the annual report 2018 for information on Mr Mah How Soon. The Board considers Mr Mah How Soon to be independent pursuant to Rule 704(7) of the Rules of Catalist.
- (iii) Resolution 7 set out in item 8 above, if passed, will empower the Directors from the date of this AGM until the date of the next annual general meeting or the date by which the next annual general meeting is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is earlier, to allot and issue Shares and/or convertible securities in the Company. The aggregate number of Shares and/or convertible securities which the Directors may allot and issue under this Resolution shall not exceed one hundred percent (100%) of the total number of issued Shares excluding treasury shares and subsidiary holdings at the time of passing this Resolution 7, of which the aggregate number of Shares and/or convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued Shares excluding treasury shares and subsidiary holdings at the time of passing this Resolution 7.

Notes:

- (i) A Member (other than a Relevant Intermediary*) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
- (ii) A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).
- (iii) Where a member appoints two proxies, he/she/it shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies. If no percentage is specified, the first named proxy shall be deemed to represent one hundred percent (100%) of his/her shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- (iv) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.
- (v) The instrument appointing a proxy must be deposited at the office of the Company's share registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 at least forty-eight (48) hours before the time fixed for the holding of the AGM.
- (vi) A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited at least seventy-two (72) hours before the time fixed for the holding of the AGM or any postponement or adjournment thereof, in order for the Depositor to attend and vote at the AGM.
- (vii) An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and cast his/her vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

* A Relevant Intermediary is:

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

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

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

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PROXY FORM

(Please see notes overleaf before completing this Form)

800 SUPER HOLDINGS LIMITED (THE "COMPANY")

(Incorporated in the Republic of Singapore)
(Company Registration No. 201108701K)

IMPORTANT

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

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

of _____ (Address)

being a *member/members of the Company hereby appoint:-

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

*and/or (delete as appropriate)

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

or failing him/her/them, the Chairman of the Annual General Meeting of the Company (the "**Meeting**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Meeting to be held at 17A Senoko Way, Singapore 758056 on Friday, 26 October 2018 at 10.00 a.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 Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

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

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

No.	Ordinary Resolutions relating to:	For	Against
Ordinary Business			
1	Adoption of the Audited Accounts, Directors' Statement and Auditor's Report for financial year ended 30 June 2018		
2	Declaration of Final Dividend (tax-exempt one-tier) of one (1) Singapore cent per ordinary share for financial year ended 30 June 2018		
3	Payment of Directors' Fees amounting to S\$160,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears		
4	Re-election of Mr Lee Koh Yong as an Executive Director of the Company		
5	Re-election of Mr Mah How Soon as an Independent Director of the Company		
6	Re-appointment of Messrs Nexia TS Public Accounting Corporation as the Independent Auditor of the Company and to authorise Directors to fix their remuneration.		
Special Business			
7	Authority to allot and issue new shares		

Dated this _____ day of _____ 2018.

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

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

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, he/she shall specify the percentage of shares to be represented by each proxy and 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.
4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the office of the Company's share registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 at least forty-eight (48) hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
8. A corporation which is a Member may by resolution of its directors or other governing body authorise 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. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and cast his/her vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.
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 Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

* A Relevant Intermediary is:

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

Personal Data Privacy:

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

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(Company Registration No. 201108701K)
(Incorporated in the Republic of Singapore
on 11 April 2011)
800 Super Holdings Limited
No. 17A Senoko Way Singapore 758056
www.800super.com.sg