800 SUPER HOLDINGS LIMITED

八百控股有限公司



ANNUAL REPORT 2017



TABLE OF **CONTENTS**

01	CORPORATE PROFILE
02	CHAIRMAN'S STATEMENT
04	BOARD OF DIRECTORS
06	KEY EXECUTIVE OFFICERS
07	OPERATING AND FINANCIAL REVIEW
09	CORPORATE INFORMATION
10	FINANCIAL CONTENTS

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

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

The contact person for the Sponsor is Mr Joseph Au, 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, cleaning and conservancy and horticultural services. 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 have also been re-awarded a public waste collection contract for a period of 7 years and 9 months commencing from 1 January 2014 to provide waste collection services for the residential and trade premises in the Ang Mo Kio – Toa Payoh sector. This includes public housing estates, shop houses, trade premises, landed residential premises, as well as private apartments and condominiums 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.

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.

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 2017 ("**FY2017**"). FY2017 has been another fruitful year for the Group as we continued to record satisfactory performances despite the challenging market conditions we faced.

FINANCIAL YEAR IN REVIEW

The Group reported a 0.3% growth in revenue from S$156.4 million to S$156.9 million in FY2017, contributed by the award of new contracts, notwithstanding the completion of certain cleaning contracts. Net profit increased from S$16.7 million in FY2016 to S$17.1 million in FY2017. The improvement in the Group's bottom line was driven by improved operational efficiencies as well as prudent cost control initiatives, which in turn included better resource planning, waste minimisation and reuse, innovative technology application and technology upgrading.

Our financial position also remained strong with net asset value per ordinary share increased by 15.5% from 39.4 Singapore cents in FY2016 to 45.5 Singapore cents in FY2017.

DIVIDENDS

The Board is pleased to propose a tax exempt one-tier final dividend of S$0.03 per ordinary share to be approved at the forthcoming annual general meeting of the Company, which brings the total dividend for FY2017 to S$0.04 per ordinary share. This represents a 60% increase from the preceding financial year and a continuation of dividend growth for our shareholders.

LOOKING AHEAD

As we look forward to our next phase of development, we have made a strategic move to diversify into downstream waste treatment. The development of the Waste-to-Energy ("WTE") plant at Tuas South is near completion and is expected to operate by the end of 2017. When operational, the WTE plant will supply green electricity to the Group's on-site operations located in the vicinity. We have made capital commitments for the key equipments relating to the sludge treatment facility. The construction work is currently in progress and is targeted to complete in the second quarter of 2018. The treatment facility on its completion will treat and dispose sludge from water reclamation plants operated by the Public Utilities Board, thereby contributing to Singapore's efficiency for land use and energy recovery. We believe that our downstream waste treatment segment will provide the Group with additional headroom for future growth.

The Group continues to be committed in exploring and pursuing viable growth opportunities, while managing the risk exposure of our existing business vigilantly. We believe that our strong financial position will enable us to remain focused in pursuing strategic business and investment opportunities.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my sincere appreciation to our valued shareholders, customers, business partners, bankers and suppliers for their unwavering support, as well as our management team and staff for their dedication and commitment. I look forward for your continued support in years to come.

Yours sincerely,

LEE KOH YONG
Chairman

尊敬的各位股东：

我谨代表董事会欣然向各位呈报截至2017年6月30日的财政年度(“2017财年”)八百超级控股有限公司(简称“八百控股”或“公司”)及其子公司(统称“集团”)的年度报告。2017财年对集团而言又是硕果累累的一年，尽管市场环境充满挑战，但我们依然取得令人满意的成绩。

财年回顾

集团2017财年营收从1亿5640万新元增加0.3%至1亿5690万新元，营收增加的主要原因在于获得新合约，尽管部分清理合约已完成。净利润从2016财年的1670万新元增加至2017财年的1710万新元。集团净利润的增幅主要得益于运营效率提高，以及采取审慎的成本控制措施，包括优化资源规划、减少废物并增强再利用、应用创新技术和技术升级等。

我们的财务状况依然稳健，每普通股资产净值从2016财年的39.4分新元增至2017财年的45.5分新元，同比提高15.5%。

股息

董事会提议派发每普通股0.03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，这意味着2017财年的股息总额为每普通股0.04新元。2017财年股息相较前一财年增加60%，延续公司一贯的股息增长趋势。

展望未来

为推动公司下一阶段的发展，我们已采取战略措施，进军下游垃圾处理业务，实现多元化发展。大士南(Tuas South)的垃圾焚烧发电厂项目接近完工，预计2017年底前投入使用。届时，该垃圾焚烧发电厂将为附近的集团运营设施供电。我们的污泥处理厂关键设备的资金已承诺到位。目前建设工作进展顺利，预计2018年第二季度完工。该污泥处理厂完工后，将负责处理公用事业局污水厂的污泥，从而提升新加坡的土地使用和能源回收效率。我们相信下游垃圾处理业务将为集团提供额外的增长空间。

集团继续致力于发掘并寻求可行的增长机会，同时谨慎管理现有业务的风险。我们相信，凭借强劲的财务状况，我们将能继续专注于开拓战略业务及把握投资机遇。

致谢

我谨代表董事会向全体股东、客户、业务伙伴、银行和供应商一如继往的支持表示衷心感谢，同时也要感谢管理团队和全体员工的的辛劳与奉献。我们期待未来继续获得各位的支持。

此致

李过洋
主席



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.

Together with the other Executive Directors, he has been spearheading the expansion and growth of our Group.

He is currently the treasurer for Bishan East 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 Nominating Committee and is a member of the Remuneration 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, and later, remained with Ernst & Young LLP, Singapore as a senior advisor until June 2008.

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.

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.

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 Soo Kee Group Ltd, listed on the Mainboard and the Catalist board of the SGX-ST respectively.

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, technical consultation on technical issues and technical management of projects. 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 18 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

The Group delivered a stable performance for the financial year ended 30 June 2017 ("FY2017"). Revenue grew by 0.3% to S$156.9 million in FY2017, contributed by the award of new contracts, notwithstanding the completion of certain cleaning contracts.

In tandem with its continual cost management efforts, the Group saw a 10.2% decline in purchases of supplies and disposal charges to S$23.7 million from S$26.4 million in FY2016. Employee benefits expenses increased by S$2.2 million or 2.9% from S$76.7 million in FY2016 to S$78.9 million in FY2017 as a result of a reduced level of government grant. Other expenses decreased by S$1.4 million or 6.2% from S$22.6 million in FY2016 to S$21.2 million in FY2017. The decrease stemmed primarily from lower foreign worker levies in line with a decrease in foreign worker headcount and decrease in upkeep of motor vehicles. The investments in the truck depot located in Tuas South and additional motor vehicles and machinery made to support the Group's business operations resulted in depreciation expense increasing by S$0.8 million or 9.8% from S$8.2 million in FY2016 to S$9.0 million in FY2017.

As a result of the above, the Group reported a net profit attributable to shareholders of S$17.1 million in FY2017 as compared to S$16.7 million in FY2016. Earnings per share were 9.58 Singapore cents for FY2017 compared to 9.36 Singapore cents for FY2016.

FINANCIAL POSITION

Shareholders' equity increased by S$10.9 million from S$70.4 million as at 30 June 2016 to S$81.3 million as at 30 June 2017. The increase was contributed mainly by the Group's net earnings attributable to equity holders of the Company of S$17.1 million in FY2017 which was partially offset by dividend payments of S$6.2 million.

The Group had net current assets of S$23.7 million as at 30 June 2017, an increase of S$2.6 million from S$21.1 million as at 30 June 2016. Current assets increased by S$1.9 million between FY2016 and FY2017 mainly due to an increase in cash and cash equivalents of S$4.5 million offset by a decrease in trade and other receivables of S$3.2 million, reflective of an improved receivables collection cycle in FY2017. Current liabilities decreased by S$0.8 million due to a decrease in trade and other payables of S$1.0 million for the payment of key plant components for the construction of the waste to energy ("WTE") plant in Tuas South.

Non-current assets amounted to S$100.9 million as at 30 June 2017 as compared to S$85.2 million as at 30 June 2016. The increase of S$15.7 million was largely due to the construction of the WTE plant and sludge treatment facility in Tuas South which was capitalised as construction-in-progress.

OPERATING AND **FINANCIAL REVIEW**



Meanwhile, non-current liabilities amounted to S$43.3 million as at 30 June 2017 as compared to S$35.8 million as at 30 June 2016, mainly due to higher utilisation of bank borrowings to fund purchase of property, plant and equipment relating to the construction of WTE plant.

CASH FLOW

During FY2017, the Group generated net cash from operating activities of S$29.6 million. This was primarily due to net profit of S$17.1 million recorded in FY2017, net working capital inflows of S$2.5 million, addition of non-cash items such as depreciation of property, plant and equipment of S$9.0 million and adjustment on income tax expense of S$3.7 million. These were partially offset by income tax and interest payments of S$2.7 million and S$0.9 million respectively.

The Group recorded net cash used in investing activities and financing activities in FY2017 of S$24.9 million and S$0.3 million respectively. Investing activities mainly comprised the construction of the WTE plant and sludge treatment facility in Tuas South and purchase of property, plant and equipment, while financing activities



comprised repayments of finance lease liabilities of S$8.0 million, repayments of bank borrowings of S$2.9 million and payment of dividends of S$6.2 million. These were partially offset by the proceeds from bank borrowings of S$16.9 million in FY2017.

As a result, cash and cash equivalents was S$25.1 million as at 30 June 2017, representing a net increase of S$4.5 million from S$20.6 million as at 30 June 2016.

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

AUDIT COMMITTEE
NG TIAK SOON *(Chairman)*
LYE HOONG YIP RAYMOND
FOO SHIANG PING

NOMINATING COMMITTEE
NG TIAK SOON *(Chairman)*
LEE CHENG CHYE
LYE HOONG YIP RAYMOND

REMUNERATION COMMITTEE
LYE HOONG YIP RAYMOND *(Chairman)*
NG TIAK SOON
FOO SHIANG PING

COMPANY SECRETARY
Ong Wei Jin, LL.B. (Hons)
Teo Li Mei LL.B. (Hons)

REGISTERED OFFICE
No. 17A Senoko Way
Singapore 758056
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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



FINANCIAL **CONTENTS**

11	CORPORATE GOVERNANCE REPORT
36	DIRECTORS' STATEMENT
39	INDEPENDENT AUDITOR'S REPORT
44	STATEMENTS OF FINANCIAL POSITION
45	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
46	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
47	CONSOLIDATED STATEMENT OF CASH FLOWS
48	NOTES TO THE FINANCIAL STATEMENTS
94	STATISTICS OF SHAREHOLDINGS
96	NOTICE OF ANNUAL GENERAL MEETING
	PROXY FORM

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 2017 ("**FY2017**"). The Company has compiled 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 FY2017, 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	2	4	4
Name of Director	**No. of Meetings Attended**			
Mr Lee Koh Yong	4	2(1)	4(1)	4(1)
Mr Lee Cheng Chye	4	2	4(1)	4(1)
Mr Chan Teck Ee Vincent(2)	4	2(1)	4(1)	4(1)
Mr Ng Tiak Soon	4	2	4	4
My Lye Hoong Yip Raymond	4	2	4	4
Mr Foo Shiang Ping	4	2(1)	4	4

Notes:

(1) Attendance at meetings that were held on a "By Invitation" basis.

(2) Mr Chan Teck Ee Vincent ceased as an Executive Director of the Company with effect from 31 August 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 FY2017, certain directors have attended seminars and trainings conducted by various audit firms and training organisations, such as the Singapore Institute of Directors Seminar, Seminar on Corporate Governance for Independent Directors conducted by Ernst and Young, the FRS and Sustainability Reporting Seminar organised by Nexia TS, Seminar on Driving Value: Risk Transparency and Culture organised by KPMG, Audit Committee Seminar on Rising above Complexities: what ACs should consider organised by ACRA-SGX-SID and the Seminar on AC Pit Stop on FRSP and AQI organised by Singapore Institute of Directors.

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 five (5) Directors 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

Note:

(1) Mr Chan Teck Ee Vincent ceased as an Executive Director of the Company with effect from 31 August 2017.

The Company endeavours to maintain a strong and independent element on the Board. The Company currently has two (2) Independent Directors.

Each of the two (2) 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 judgement 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 Board seeks to comply 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. Following the cessation of Mr Chan Teck Ee Vincent, Executive Director of the Company on 31 August 2017, the Board had reviewed the Nominating Committee's recommendation of Mr Mah How Soon (Ma Haoshun) ("**Mr Mah**") and is satisfied that his qualifications and experience will enhance the composition of the Board and contribute positively to the Company. Mr Mah will be appointed as an independent director of the Company at the forthcoming Annual General Meeting (subject to the approval of shareholders). Please refer to the Notice of Annual General Meeting dated 5 October 2017 for the resolution put forth on the proposed appointment of Mr Mah as a new independent director. Upon the appointment of Mr Mah to the Board, the Company will be in compliance with Guideline 2.2 of the Code.

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

As and when required, the Independent Directors and Non-Executive Director will hold meetings without the presence of management and the Executive Directors, in order to facilitate a more effective check on the management and/or the Executive Directors. The Independent Directors and Non-Executive Director have met without the presence of Management at least once in FY2017.

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.

CORPORATE **GOVERNANCE REPORT**

1. BOARD MATTERS (Continued)

1.3 Chairman and Chief Executive Officer (Continued)

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.

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 Ng Tiak Soon (Chairman), 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 Ng Tiak Soon and Mr Lye Hoong Yip Raymond be nominated for re-appointment 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 Ng Tiak Soon will, upon re-election as a Director, remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee. The Board considers Mr Ng Tiak Soon to be independent pursuant to Rule 704(7) of the Rules of Catalist. Mr Lye Hoong Yip Raymond will, upon re-election as a Director, remain as the Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee. The Board considers Mr Lye Hoong Yip Raymond to be independent pursuant to Rule 704(7) of the Rules of Catalist.

Adopting this selection process, the Board recommends that shareholders approve the proposed appointment of Mr Mah as an independent director at the forthcoming Annual General Meeting of the Company. Please refer to the Notice of Annual General Meeting dated 5 October 2017 for the resolution put forth on the proposed appointment of Mr Mah as a new independent director. Mr Mah will, upon election as a Director, be appointed 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 Catalist.

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

Name of Director	Appointment	Date of initial appointment/last re-election	Directorships in other listed companies	
			Current	Past 3 Years
Mr Lee Koh Yong	Executive Chairman	11 April 2011/ 23 October 2015	Nil	Nil
Mr Lee Cheng Chye	Executive Director and CEO	9 June 2011/ 21 October 2016	Nil	Nil
Mr Chan Teck Ee Vincent[1]	Executive Director	9 June 2011/ 24 October 2014	Nil	Nil
Mr Foo Shiang Ping	Non-Executive and Non-Independent Director	9 June 2011/ 21 October 2016	Boldtek Holdings Limited[2]	Nil
Mr Ng Tiak Soon	Lead Independent Director	9 June 2011/ 23 October 2015	Eurosports Global Limited; Parkson Retail Asia Limited	St James Holdings Limited; Cordlife Group Limited; MDR Limited
Mr Lye Hoong Yip Raymond	Independent Director	9 June 2011/ 24 October 2014	Goodland Group Limited; Soo Kee Group Ltd.	Nil

CORPORATE **GOVERNANCE REPORT**

1. BOARD MATTERS (Continued)

1.4 Board Membership (Continued)

Note:

(1) Mr Chan Teck Ee Vincent ceased as an Executive Director of the Company with effect from 31 August 2017.

(2) Logistics Holdings Limited has changed its name to Boldtek Holdings Limited with effect from 11 August 2017.

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 consideration 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 has been given by these Directors and is satisfied that all Directors have discharged their duties adequately in FY2017.

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 FY2017. No external facilitator was used in the evaluation process in FY2017.

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 period to the meetings to allow sufficient time for the Directors' review.

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

CORPORATE **GOVERNANCE REPORT**

1. BOARD MATTERS (Continued)

1.6 Access to Information (Continued)

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 and Mr Foo Shiang Ping, 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 FY2017.

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 FY2017.

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 FY2017 was as follows:

Directors	Fees %	Salary# %	Bonus %	Other benefits %	Variable or Performance-related Income/ Bonus %	Total %
S$1,250,000 to below S$1,500,000						
Lee Koh Yong	–	29	2	4	65	100
Lee Cheng Chye	–	29	2	4	65	100
Below S$250,000						
Chan Teck Ee Vincent(1)	–	70	17	13	–	100
Ng Tiak Soon(2)	100	–	–	–	–	100
Lye Hoong Yip Raymond(3)	100	–	–	–	–	100
Foo Shiang Ping(4)	100	–	–	–	–	100

Notes:

\# Refers to basic salary and CPF contribution by employer

(1) Mr Chan Teck Ee Vincent ceased as an Executive Director of the Company with effect from 31 August 2017.

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

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

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

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 %
S$250,000 to below S$500,000				
Lee Kim Eng	69	27	4	100
Below S$250,000				
Lim Kim Tat	63	32	5	100
Lee Chuan Heng	69	25	6	100
Au Chee Cheong	80	20	0	100
Jason Tan Tzyy Shyong	79	13	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$1,182,000 in FY2017.

The Company is of the view that due to the confidentiality of 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 FY2017

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 FY2017.

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 FY2017, the Group had achieved the performance objectives for both the Executive Chairman and CEO to be entitled to profit sharing.

Please refer to the section on "Service Agreements" as set out in pages 127 to 129 of the Company's Offer Document dated 6 July 2011 for further details.

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 judgement 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 31 of the Notes to the Financial Statements, on pages 80 to 90 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 FY2017 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, work 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 FY2017.

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 Company's operations and finances; and

(b) the Company 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, and Mr Foo Shiang Ping, 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 Group's internal controls, including financial, operational, compliance and information technology controls;

CORPORATE **GOVERNANCE REPORT**

3. ACCOUNTABILITY AND AUDIT (Continued)

3.3 Audit Committee (Continued)

(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;

(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.

CORPORATE **GOVERNANCE REPORT**

3. ACCOUNTABILITY AND AUDIT (Continued)

3.3 Audit Committee (Continued)

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.

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 FY2017 were approximately:

Audit fees: S$53,500
Non-audit fees in relation to tax services: S$14,800

Summary of the Audit Committee's Activities

The Audit Committee has met with the external and internal auditors, without the presence of management, in FY2017.

The principal activities of the Audit Committee during FY2017 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;

CORPORATE **GOVERNANCE REPORT**

3. ACCOUNTABILITY AND AUDIT (Continued)

3.3 Audit Committee (Continued)

(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.

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.

CORPORATE **GOVERNANCE REPORT**

3. ACCOUNTABILITY AND AUDIT (Continued)

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.

The internal audit function of the Group has been outsourced to KPMG Services Pte. Ltd. and their primary line of reporting is to the Audit Committee. 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 annual 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 the internal auditor is adequately qualified given that it 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.

The Audit Committee is also satisfied that the internal auditor 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.

CORPORATE **GOVERNANCE REPORT**

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES (Continued)

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.

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 three (3) Singapore cents per ordinary share for FY2017 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.

CORPORATE **GOVERNANCE REPORT**

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES (Continued)

4.3 Conduct of Shareholder Meetings (Continued)

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.

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 FY2017 or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE **GOVERNANCE REPORT**

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 FY2017.

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 FY2017.

DIRECTORS' **STATEMENT**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 2017 and the statement of financial position of the Company as at 30 June 2017.

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 44 to 93 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statement; 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

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 30.6.2017	At 1.7.2016	At 30.6.2017	At 1.7.2016
Company				
(No. of ordinary shares)				
Lee Koh Yong	**5,002,200**	5,002,200	**119,733,700**	119,466,000
Lee Cheng Chye	**4,287,600**	4,287,600	**119,733,700**	119,466,000
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 2017

Directors' interest in shares or debentures (Continued)

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

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-executive and Non-Independent Director

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

For the financial year ended 30 June 2017, 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.

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).

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Audit committee (Continued)

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

25 September 2017

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 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 93.

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 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most 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.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF 800 SUPER HOLDINGS LIMITED

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the matter
Revenue recognition	
Revenue from rendering of services is recognised and accrued with reference to the services performed according to contract agreements. We focus 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

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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
25 September 2017

STATEMENTS OF **FINANCIAL POSITION**

AS AT 30 JUNE 2017

	Note	Group		Company	
		2017	2016	**2017**	2016
		$'000	$'000	**$'000**	$'000
ASSETS					
Current Assets					
Cash and cash equivalents	4	**25,086**	20,571	**4,038**	4,402
Trade and other receivables	5	**30,312**	33,512	**12,048**	6,074
Inventories	6	**680**	–	**–**	–
Other assets	7	**1,687**	1,813	**215**	180
		57,765	55,896	**16,301**	10,656
Non-Current Assets					
Other assets	7	**926**	1,222	**1**	2
Available-for-sale financial assets	8	**2**	1	**–**	–
Investments in subsidiary corporations	9	**–**	–	**18,358**	17,358
Property, plant and equipment	10	**99,429**	83,957	**52,944**	33,087
Deferred income tax assets	14	**567**	–	**–**	1
		100,924	85,180	**71,303**	50,448
Total Assets		**158,689**	141,076	**87,604**	61,104
LIABILITIES					
Current Liabilities					
Trade and other payables	11	**20,173**	21,216	**22,124**	12,026
Current income tax liabilities	25(b)	**2,887**	2,617	**–**	–
Borrowings	12	**11,009**	11,000	**2,346**	1,673
		34,069	34,833	**24,470**	13,699
Non-Current Liabilities					
Borrowings	12	**41,001**	34,797	**30,739**	16,088
Deferred income tax liabilities	14	**2,323**	1,019	**–**	–
		43,324	35,816	**30,739**	16,088
Total Liabilities		**77,393**	70,649	**55,209**	29,787
NET ASSETS		**81,296**	70,427	**32,395**	31,317
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	15	**22,772**	22,772	**22,772**	22,772
Other reserves	16	**48**	36	**–**	–
Retained profits	17	**58,482**	47,619	**9,623**	8,545
		81,302	70,427	**32,395**	31,317
Non-controlling interests	9	**(6)**	–	**–**	–
Total Equity		**81,296**	70,427	**32,395**	31,317

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Revenue	19	**156,923**	156,437
Other income	20	**427**	388
Other losses – net	21	**(104)**	(126)
Purchase of supplies and disposal charges		**(23,730)**	(26,418)
Sub-contractor charges		**(2,796)**	(3,090)
Depreciation of property, plant and equipment	10	**(9,019)**	(8,196)
Other expenses	22	**(21,233)**	(22,632)
Employee benefits expenses	23	**(78,855)**	(76,669)
Finance expenses	24	**(853)**	(1,094)
Profit before income tax		**20,760**	18,600
Income tax expense	25	**(3,665)**	(1,871)
Net profit		**17,095**	16,729
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value gains/(losses)	16	**1**	(*)
Currency translation differences arising from consolidation – gain	16	**11**	–
Other comprehensive income/(loss), net of tax		**12**	(*)
Total comprehensive income		**17,107**	16,729
Profit attributable to:			
Equity holders of the Company		**17,121**	16,729
Non-controlling interests		**(26)**	–
		17,095	16,729
Total comprehensive income attributable to:			
Equity holders of the Company		**17,133**	16,729
Non-controlling interests		**(26)**	–
		17,107	16,729
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
– Basic and diluted	26	**9.58**	9.36

* 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 2017

	Note	Share capital $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Distributable retained profits $'000	Total equity attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
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	18	**–**	**–**	**–**	**(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**
2016								
Beginning of financial year		22,772	36	–	34,466	57,274	–	57,274
Dividends	18	–	–	–	(3,576)	(3,576)	–	(3,576)
Total comprehensive income for the financial year		–	(*)	–	16,729	16,729	–	16,729
End of financial year		22,772	36	–	47,619	70,427	–	70,427

* Less than $1,000

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Net profit		**17,095**	16,729
Adjustments for:			
– Income tax expense	25	**3,665**	1,871
– Depreciation of property, plant and equipment	10	**9,019**	8,196
– Loss on disposal of property, plant and equipment	21	**38**	61
– Property, plant and equipment written off	21	**37**	42
– Interest income	20	**(133)**	(88)
– Interest expense	24	**853**	1,094
– Unrealised currency translation (gain)/loss		**(76)**	86
		30,498	27,991
Change in working capital:			
– Trade and other receivables		**3,208**	6,517
– Inventories		**(680)**	–
– Other assets		**422**	954
– Trade and other payables		**(434)**	70
Cash generated from operations		**33,014**	35,532
Interest received		**125**	83
Interest paid		**(857)**	(1,101)
Income tax paid	25(b)	**(2,658)**	(1,790)
Net cash provided by operating activities		**29,624**	32,724
Cash flows from investing activities			
Additions to property, plant and equipment		**(24,602)**	(13,561)
Proceeds from disposal of property, plant and equipment		**28**	670
Interest paid		**(348)**	(28)
Net cash used in investing activities		**(24,922)**	(12,919)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares to non-controlling interests of subsidiary corporation		**20**	–
Repayments of finance lease liabilities		**(8,033)**	(7,278)
Repayments of borrowings		**(2,861)**	(4,283)
Proceeds from borrowings		**16,861**	5,999
Dividends paid	18	**(6,258)**	(3,576)
Net cash used in financing activities		**(271)**	(9,138)
Net increase in cash and cash equivalents		**4,431**	10,667
Cash and cash equivalents			
Beginning of financial year		**20,571**	9,990
Effects of currency translation on cash and cash equivalents		**84**	(86)
End of financial year	4	**25,086**	20,571

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

1 Corporate 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. and it is 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 2016

On 1 July 2016, 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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.2 Group accounting

(a) Subsidiary Corporations

(i) Consolidation

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

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

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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.2 Group accounting (Continued)

(a) Subsidiary Corporations (Continued)

(ii) Acquisitions (Continued)

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair 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.

(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.

Dividends received from subsidiary corporations

Dividends received from subsidiary corporations are recognised in profit or loss in the separate financial statements of the Company.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

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 2.15 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:

	Useful lives
Leasehold land	over the lease terms of 22 – 23 years
Leasehold buildings and improvements	over the lease terms of 5 – 45 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

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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

(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 Impairment of non-financial assets

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 is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated 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.

2.6 Financial assets

(a) Classification

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.6 Financial assets (Continued)

(a) Classification (Continued)

(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.

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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.6 Financial assets (Continued)

(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 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 repayments and amortisation) and the 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.

(f) Offsetting 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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.7 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.

2.8 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.

2.9 Trade and other payables

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

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

2.10 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.

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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.10 Provisions (Continued)

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

2.11 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) 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.

2.12 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.

(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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.13 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.

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.

2.14 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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.14 Employee compensation (Continued)

(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.

2.15 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.

2.16 Currency translation

(a) Functional and presentation currency

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.16 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.

2.17 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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.18 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.

2.19 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.

2.20 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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 Significant accounting policies (Continued)

2.21 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.

2.22 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.

2.23 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 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 has 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 $64,000 (2016: $64,000) (Note 31(b)(ii)) as at 30 June 2017.

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 $261,000 (2016: $478,000).

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

3 Critical accounting estimates, assumptions and judgements (Continued)

Critical accounting estimates and assumptions (Continued)

(b) 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 $679,000 (2016: $629,000) higher or lower.

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

4 Cash and cash equivalents

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**15,394**	11,567	**1,038**	399
Short-term bank deposits	**9,692**	9,004	**3,000**	4,003
	25,086	20,571	**4,038**	4,402

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.

5 Trade and other receivables

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade receivables:				
– Subsidiary corporations	**–**	–	**1,070**	385
– Non-related parties	**14,202**	20,134	**–**	–
– Unbilled receivables	**15,837**	12,868	**–**	–
Less: Allowances for impairment (Note 31(b)(ii))	**(64)**	(64)	**–**	–
	29,975	32,938	**1,070**	385
Other receivables:				
– Subsidiary corporations	**–**	–	**10,694**	5,552
– Non-related parties	**297**	531	**284**	137
– Staff advances	**40**	43	**–**	–
	30,312	33,512	**12,048**	6,074

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

6 Inventories

	Group	
	2017	2016
	$'000	$'000
Raw materials	**222**	–
Work-in-progress	**21**	–
Finished goods	**437**	–
	680	–

There was no cost of inventories recognised as an expense during the current financial year.

7 Other assets

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Current:				
Deposits	**587**	601	**202**	168
Prepayments	**1,100**	1,212	**13**	12
	1,687	1,813	**215**	180
Non-current:				
Deposits	**122**	210	**–**	–
Prepayments	**804**	1,012	**1**	2
	926	1,222	**1**	2
	2,613	3,035	**216**	182

Deposits pertain mainly to amounts paid to suppliers of property, plant and equipment and security for services rendered. 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	
	2017	2016
	$'000	$'000
Beginning of financial year	**1**	1
Fair value gains/(losses) recognised in other comprehensive income (Note 16)	**1**	(*)
End of financial year	**2**	1

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

Listed securities		
– Equity securities – Singapore	**2**	1

* Less than $1,000

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

9 Investments in subsidiary corporations

	Company	
	2017	2016
	$'000	$'000
Equity investments at cost		
Beginning of financial year	**17,358**	17,358
Additions[1] [2]	**1,000**	–
End of financial year	**18,358**	17,358

[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.

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

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by the respective entities		Proportion of ordinary shares held by non-controlling interests	
			2017	2016	**2017**	2016	**2017**	2016
			%	%	**%**	%	**%**	%
Held by the Company								
800 Super Waste Management Pte Ltd[a]	Waste disposal and general contractors providing cleaning services.	Singapore	**100**	100	**100**	100	**–**	–
YS Yong Services Pte Ltd[a]	Supply of labour and general contractors providing cleaning services.	Singapore	**100**	100	**100**	100	**–**	–
800 Landscape Pte. Ltd.[a]	Landscape care and maintenance services and other business support related services.	Singapore	**100**	100	**100**	100	**–**	–
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	**100**	100	**–**	–

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

9 Investments in subsidiary corporations (Continued)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by the respective entities		Proportion of ordinary shares held by non-controlling interests	
			2017	2016	**2017**	2016	**2017**	2016
			%	%	**%**	%	**%**	%
800 Super Renewable Energy Pte. Ltd.[a]	Investment holding and treatment and disposal of waste (including remediation activities).	Singapore	**100**	100	**100**	100	**–**	–
Held by Green Recycling Pte. Ltd.								
PT. Chaeng Surya Jaya[b]	Plastic recycling	Indonesia	**95**	–	**95**	–	**5**	–

[a] Audited by Nexia TS Public Accounting Corporation, Singapore

[b] Not required to be audited under the laws of the country of incorporation

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 carrying amount of non-controlling interests of $6,000 (2016: $Nil) relates to 5% interest held by non-controlling interests of PT. Chaeng Surya Jaya. The summarised financial information of PT. Chaeng Surya Jaya is not disclosed as it is insignificant to the Group.

10 Property, plant and equipment

	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
Group											
2017											
Cost											
Beginning of financial year	**16,259**	**20,954**	**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**
Group											
2016											
Cost											
Beginning of financial year	16,259	10,457	41,990	9,806	8,969	141	1,636	647	837	5,009	95,751
Reclassification	–	10,497	491	–	3	–	–	5	–	(10,996)	–
Additions	–	–	7,818	344	1,124	11	77	38	58	15,512	24,982
Disposals	–	–	(1,175)	–	(97)	–	–	(28)	–	–	(1,300)
Written off	–	–	–	–	(52)	–	–	–	–	–	(52)
End of financial year	16,259	20,954	49,124	10,150	9,947	152	1,713	662	895	9,525	119,381
Accumulated Depreciation											
Beginning of financial year	1,835	1,278	14,936	3,951	3,941	40	1,057	257	512	–	27,807
Depreciation charge	720	1,185	4,151	774	841	15	205	116	189	–	8,196
Disposals	–	–	(469)	–	(71)	–	–	(29)	–	–	(569)
Written off	–	–	–	–	(10)	–	–	–	–	–	(10)
End of financial year	2,555	2,463	18,618	4,725	4,701	55	1,262	344	701	–	35,424
Net Book Value											
End of financial year	13,704	18,491	30,506	5,425	5,246	97	451	318	194	9,525	83,957

10 Property, plant and equipment (Continued)

	Leasehold land $'000	Leasehold buildings and improvements $'000	Office equipment $'000	Computer $'000	Furniture and fittings $'000	Construction-in-progress $'000	Total $'000
Company							
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**
2016							
Cost							
Beginning of financial year	16,259	–	–	–	–	4,456	20,715
Reclassification	–	10,355	–	–	–	(10,355)	–
Additions	–	–	5	–	24	15,073	15,102
End of financial year	16,259	10,355	5	–	24	9,174	35,817
Accumulated Depreciation							
Beginning of financial year	1,835	–	–	–	–	–	1,835
Depreciation charge	719	174	1	–	1	–	895
End of financial year	2,554	174	1	–	1	–	2,730
Net Book Value							
End of financial year	13,705	10,181	4	–	23	9,174	33,087

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 $93,000, $81,000 and $72,000 (2016: $5,387,000, $285,000 and $645,000) respectively.

The carrying amounts of motor vehicles, bins and containers and machinery held under finance leases are $22,098,000, $4,470,000 and $3,461,000 (2016: $25,974,000, $5,054,000 and $3,891,000) respectively at the end of the reporting period (Note 13).

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 $348,000 (2016: $28,000).

(b) Bank borrowings are secured on leasehold land, leasehold buildings and assets under construction of the Group with carrying amounts of $53,100,000 (2016: $32,195,000) (Note 12).

11 Trade and other payables

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade payables:				
– Non-related parties	**8,302**	8,271	**4,524**	5,249
Other payables:				
– Subsidiary corporations	**–**	–	**15,086**	4,022
– Non-related parties	**2,142**	2,784	**–**	–
	2,142	2,784	**15,086**	4,022
Accrued operating expenses	**9,729**	10,161	**2,514**	2,755
	20,173	21,216	**22,124**	12,026

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

12 Borrowings

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Current – secured				
Bank loans	**3,408**	2,998	**2,346**	1,673
Finance lease liabilities (Note 13)	**7,601**	8,002	**–**	–
	11,009	11,000	**2,346**	1,673
Non-current – secured				
Bank loans	**31,036**	17,446	**30,739**	16,088
Finance lease liabilities (Note 13)	**9,965**	17,351	**–**	–
	41,001	34,797	**30,739**	16,088
Total borrowings	**52,010**	45,797	**33,085**	17,761

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	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
6 months or less	**5,359**	5,632	**990**	837
6 – 12 months	**5,650**	5,368	**1,356**	836
1 – 5 years	**22,834**	25,400	**12,572**	6,692
Over 5 years	**18,167**	9,397	**18,167**	9,396
	52,010	45,797	**33,085**	17,761

There are ten (2016: eight) secured bank loans held by the Group as at 30 June 2017. The terms of repayments are as follows:

	Maturity date	**2017 $'000**	**Maturity date**	2016 $'000
Group				
Floating rate	February 2019, January 2026, September 2027, December 2027 and May 2030	**33,500**	March 2017, February 2019, November 2025, December 2027 and January 2028	18,712
Fixed rate	August 2018	**944**	August 2018	1,732
		34,444		20,444
Company				
Floating rate	January 2026, September 2027, December 2027 and May 2030	**33,085**	November 2025, December 2027 and January 2028	17,761

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

12 Borrowings (Continued)

(a) Security granted

Total borrowings include secured liabilities of $52,010,000 (2016: $45,797,000) 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.

(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	
	2017	2016	**2017**	2016
	%	%	**%**	%
Bank borrowings	**2.51 – 5.28**	2.18 – 5.35	**2.51 – 5.28**	2.18 – 5.35
Finance lease liabilities	**1.45 – 2.00**	1.45 – 2.00	**–**	–

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

13 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	
	2017	2016
	$'000	$'000
Minimum lease payments due:		
– Not later than one year	**7,925**	8,497
– Between one and five years	**10,188**	17,884
	18,113	26,381
Less: Future finance charges	**(547)**	(1,028)
Present value of finance lease liabilities	**17,566**	25,353

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

Not later than one year (Note 12)	**7,601**	8,002
Between one and five years (Note 12)	**9,965**	17,351
Total	**17,566**	25,353

14 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 statement of financial position as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Deferred income tax assets				
– To be recovered after one year	**(567)**	–	**–**	(1)
Deferred income tax liabilities				
– To be settled after one year	**2,323**	1,019	**–**	–

Movement in deferred income tax account is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**1,019**	1,890	**(1)**	(3)
Charged/(credited) to profit or loss	**737**	(871)	**1**	2
End of financial year	**1,756**	1,019	**–**	(1)

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14 Deferred income taxes (Continued)

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

Group

	Capital allowances $'000	Other $'000	Total $'000
Deferred income tax assets			
2017			
Beginning of financial year	**–**	**–**	**–**
Credited to profit or loss	**(487)**	**(166)**	**(653)**
End of financial year	**(487)**	**(166)**	**(653)**

	Accelerated tax depreciation $'000	Other $'000	Total $'000
Deferred income tax liabilities			
2017			
Beginning of financial year	**1,173**	**(154)**	**1,019**
Charged to profit or loss	**1,236**	**154**	**1,390**
End of financial year	**2,409**	**–**	**2,409**
2016			
Beginning of financial year	2,030	(140)	1,890
Credited to profit or loss	(857)	(14)	(871)
End of financial year	1,173	(154)	1,019

Company

	Capital allowances $'000	Other $'000	Total $'000
Deferred income tax assets			
2017			
Beginning of financial year	**(2)**	**3**	**1**
Credited/(charged) to profit or loss	**2**	**(3)**	**(1)**
End of financial year	**–**	**–**	**–**
2016			
Beginning of financial year	–	3	3
Charged to profit or loss	(2)	–	(2)
End of financial year	(2)	3	1

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

15 Share capital

	Group and Company	
	Number of ordinary shares	**Amount $'000**
2017		
Beginning and end of financial year	**178,800,000**	**22,772**
2016		
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.

16 Other reserves

		Group	
		2017 $'000	2016 $'000
(a)	Composition:		
	Fair value reserve	**37**	36
	Foreign currency translation reserve	**11**	–
		48	36
(b)	Movements:		
	(i) Fair value reserve		
	Beginning of financial year	**36**	36
	Available-for-sale financial assets – Fair value gains/(losses) (Note 8)	**1**	(*)
	End of financial year	**37**	36

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.

	Group	
	2017 $'000	2016 $'000
(ii) Foreign currency translation reserve		
Beginning of financial year	**–**	–
Net currency translation differences of financial statements of a foreign subsidiary corporation	**11**	–
End of financial year	**11**	–

Other reserves is non-distributable.

* Less than $1,000

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

17 Retained profits

Retained profits of the Group and the Company are distributable.

Movement in retained profits for the Company is as follows:

	Company	
	2017	2016
	$'000	$'000
Beginning of financial year	**8,545**	5,880
Net profit	**7,336**	6,241
Dividends paid (Note 18)	**(6,258)**	(3,576)
End of financial year	**9,623**	8,545

18 Dividends

	Group and Company	
	2017	2016
	$'000	$'000
Ordinary dividends paid		
Interim tax exempt (1-tier) dividend paid in respect of the current financial year of 1 cent per share (2016: Nil)	**1,788**	–
Final tax exempt (1-tier) dividend paid in respect of the previous financial year of 2.5 cents (2016: 2 cents) per share	**4,470**	3,576
	6,258	3,576

At the forthcoming Annual General Meeting on 20 October 2017, a final tax exempt (1-tier) dividend of 3.0 cents per share amounting to a total of $5,364,000 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 2018.

19 Revenue

	Group	
	2017	2016
	$'000	$'000
Service income	**156,923**	156,437

20 Other income

	Group	
	2017	2016
	$'000	$'000
Bad debts recovered	**1**	2
Interest income from bank deposit	**133**	88
Skills development grant	**197**	275
Others	**96**	23
	427	388

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

21 Other losses – net

	Group	
	2017	2016
	$'000	$'000
Loss on disposal of property, plant and equipment	**38**	61
Property, plant and equipment written off	**37**	42
Foreign currency exchange loss	**29**	23
	104	126

22 Other expenses

	Group	
	2017	2016
	$'000	$'000
Advertisement	**422**	295
Allowance for impairment of trade receivables (Note 31(b)(ii))	**–**	62
Auditor's remuneration		
– Fees on audit services paid/payable to auditor of the Company	**54**	52
– Fees on non-audit services paid/payable to:		
(a) Auditor of the Company	**24**	17
(b) Other auditor of the Company	**18**	38
Bad debts written off	**38**	27
Directors' fees	**121**	121
Foreign worker levies	**9,321**	10,211
Insurance	**364**	432
IT expenses	**68**	70
Legal and professional fee	**567**	292
License fees	**354**	462
Medical fees	**240**	169
Postage, printing and stationery	**70**	60
Rental on operating leases	**1,402**	1,488
Repair and maintenance	**1,448**	947
Skill development levy	**185**	190
Staff training	**306**	484
Telephone	**349**	355
Transport	**461**	421
Upkeep of leasehold building	**241**	187
Upkeep of motor vehicles	**3,835**	4,272
Utilities	**265**	207
Workers' accommodation	**313**	307
Workers' welfare	**384**	421
Other	**383**	1,045
	21,233	22,632

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

23 Employee benefits expenses

	Group	
	2017	2016
	$'000	$'000
Salaries, wages, bonuses and other short-term benefits	**77,605**	78,318
Government grant – Employment Credit Scheme	**(5,092)**	(7,853)
Employer's contribution to Central Provident Fund	**6,342**	6,204
	78,855	76,669

24 Finance expenses

	Group	
	2017	2016
	$'000	$'000
Interest expense		
– Bank loans	**702**	540
– Finance lease liabilities	**499**	582
	1,201	1,122
Less: Borrowings costs capitalised in property, plant and equipment	**(348)**	(28)
Finance expenses recognised in profit or loss	**853**	1,094

25 Income tax expense

	Group	
	2017	2016
	$'000	$'000
(a) Income tax expense		
Tax expense attributable to profit is made up of:		
– Current income tax	**2,881**	2,760
– Deferred income tax	**442**	249
	3,323	3,009
Under/(over) provision in prior financial years:		
– Current income tax	**47**	(18)
– Deferred income tax	**295**	(1,120)
	3,665	1,871

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

25 **Income tax expense** (Continued)

(a) Income tax expense (Continued)

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	
	2017	2016
	$'000	$'000
Profit before income tax	**20,760**	18,600
Tax calculated at tax rate of 17% (2016: 17%)	**3,529**	3,162
Effects of:		
– Income not subject to tax	**(33)**	(2)
– Expenses not deductible for tax purposes	**526**	585
– Singapore statutory stepped income exemption	**(78)**	(88)
– Tax incentives – Productivity and Innovation Credit	**(679)**	(583)
– Tax rebate	**(30)**	(65)
– Deferred tax assets not recognised	**88**	–
Tax charge	**3,323**	3,009

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately $517,000 (2016: $Nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to the agreement of the tax authority and compliance with certain statutory requirements. The tax losses have no expiry date.

(b) Movement in current income tax liabilities

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**2,617**	1,665
Income tax paid	**(2,658)**	(1,790)
Tax expense for the current year	**2,881**	2,760
Under/(over) provision in prior years	**47**	(18)
End of financial year	**2,887**	2,617

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

26 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	
	2017	2016
Net profit attributable to equity holders of the Company ($'000)	**17,121**	16,729
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**178,800**	178,800
Basic and diluted earnings per share (cents)	**9.58**	9.36

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

27 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	
	2017	2016
	$'000	$'000
Professional fees	**(34)**	(34)

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

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2017	2016
	$'000	$'000
Directors' fees	**121**	121
Salaries, bonuses and other short-term benefits	**4,106**	3,626
Employer's contribution to Central Provident Fund	**157**	139
	4,384	3,886

The amounts above comprise directors' remuneration of the Company of $3,081,000 (2016: $2,810,000).

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

28 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	
	2017	2016
	$'000	$'000
Property, plant and equipment	**42,592**	23,100

(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	
	2017	2016
	$'000	$'000
Not later than one year	**687**	862
Between one and five years	**980**	952
Later than five years	**2,116**	2,006
	3,783	3,820

The Group has the following lease agreements with JTC Corporation and Housing Development Board:

Location	**Tenure**	**Commencing**	**Remaining lease period**	
			2017	2016
17A Senoko Way[1]	60 years	1 January 1994	**36 years and 6 months**	37 years and 6 months
18 Sungei Kadut Street 4[1]	11 years 9 days	27 June 2014	**8 years and 5 days[2]**	4 years and 5 days[3]
66 Woodlands Industrial Park	3 years	1 October 2014	**3 months**	1 year 3 months
130 Woodlands Industrial Park	3 years	1 December 2014	**5 months**	1 year and 5 months

The annual rental for the lease recognised in profit or loss during the financial year amounted to $598,000 (2016: $609,000).

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

28 Commitments (Continued)

(b) Operating lease commitments (Continued)

(1) The annual rental is subject to annual revision based on the market value at the discretion of the lessor, at maximum rate of 5.5% of the annual rental for each immediate preceding year.

(2) In 2017, the Group extended the lease period with the authority for additional 5 years to 5 July 2025.

(3) In 2016, the Group extended the lease period with the authority for additional 1 year lease to 5 July 2020.

29 Contingent liabilities

As at 30 June 2017, the Company has issued corporate guarantees amounting to $29,714,000 (2016: $45,106,000) to banks for bank loans and finance leases of the Group's subsidiary corporations. The bank borrowings of these subsidiary corporations amounted to $18,925,000 (2016: $28,036,000) 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 $3,205,000 (2016: $2,885,000) and $22,957,000 (2016: $21,194,000) 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.

30 Segment information

The Group operates predominantly in the environmental service segment. Accordingly, no segmental information is presented based on business segment.

No segmental information by geographical location is presented as the revenue in the financial years ended 30 June 2017 and 2016 were mostly derived in Singapore.

Revenue of $63,733,000 (2016: $59,690,000) are derived from two (2016: two) external customers.

31 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 2017

31 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") and Renminbi ("RMB").

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

	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**
	98,336	**5**	**1,664**	**10**	**100,015**
Financial liabilities					
Trade and other payables	**(19,676)**	**(452)**	**–**	**(45)**	**(20,173)**
Payables to subsidiary corporations	**(43,908)**	**–**	**–**	**–**	**(43,908)**
Borrowings	**(52,010)**	**–**	**–**	**–**	**(52,010)**
	(115,594)	**(452)**	**–**	**(45)**	**(116,091)**
Net financial (liabilities)/ assets	**(17,258)**	**(447)**	**1,664**	**(35)**	**(16,076)**
Less: Net financial liabilities denominated in the respective entities' functional currencies	**15,901**	**–**	**–**	**35**	**15,936**
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	**(1,357)**	**(447)**	**1,664**	**–**	**140**

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

31 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	Total $'000
2016			
Financial assets			
Cash and cash equivalents	15,639	4,932	20,571
Trade and other receivables	33,512	–	33,512
Receivables from subsidiary corporations	14,838	–	14,838
Other assets	811	–	811
	64,800	4,932	69,732
Financial liabilities			
Trade and other payables	(17,634)	(3,582)	(21,216)
Payables to subsidiary corporations	(14,838)	–	(14,838)
Borrowings	(45,797)	–	(45,797)
	(78,269)	(3,582)	(81,851)
Net financial (liabilities)/assets	(13,469)	1,350	(12,119)
Less: Net financial liabilities denominated in the respective entities' functional currencies	13,469	–	13,469
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	–	1,350	1,350

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

31 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	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)**
2016			
Financial assets			
Cash and cash equivalents	4,402	–	4,402
Trade and other receivables	6,074	–	6,074
Other assets	168	–	168
	10,644	–	10,644
Financial liabilities			
Trade and other payables	(8,444)	(3,582)	(12,026)
Borrowings	(17,761)	–	(17,761)
	(26,205)	(3,582)	(29,787)
Net financial liabilities	(15,561)	(3,582)	(19,143)
Less: Net financial liabilities denominated in the Company's functional currency	15,561	–	15,561
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	–	(3,582)	(3,582)

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

31 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

If the EUR and RMB change against the SGD by 1% (2016: 2%) and 5% (2016: 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	
	2017	2016
	$'000	$'000
Group		
EUR against SGD		
– strengthened	**(4)**	22
– weakened	**4**	(22)
RMB against SGD		
– strengthened	**69**	–
– weakened	**(69)**	–
Company		
EUR against SGD		
– strengthened	**(3)**	(59)
– weakened	**3**	59

(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% (2016: 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 2017

31 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% (2016: 0.5%) with all other variables including tax rate is being held constant, the net profit will be lower/higher by $128,000 (2016: $68,000) as a result of higher/lower interest expense on these borrowings.

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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	
	2017	2016
	$'000	$'000
Corporate guarantee provided to banks on certain subsidiary corporations' borrowings at the end of the reporting period	**18,925**	28,036

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

31 Financial risk management (Continued)

(b) Credit risk (Continued)

The subsidiary corporations have not defaulted in the payment of borrowings in the financial years ended 30 June 2017 and 30 June 2016. As at the end of the reporting period, no claims on the financial guarantee are expected.

The trade receivables of the Group comprise 2 debtors (2016: 2 debtors) that individually represented 23% (2016: 21% to 25%) of trade receivables.

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

	Group	
	2017	2016
	$'000	$'000
By types of customers:		
Non-related parties	**30,039**	33,002

(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	
	2017	2016
	$'000	$'000
Past due up to 3 months	**1,694**	3,603
Past due 3 to 6 months	**592**	849
Past due over 6 months	**321**	332
	2,607	4,784

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

31 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	
	2017	2016
	$'000	$'000
Gross amount	**64**	64
Less: Allowance for impairment	**(64)**	(64)
	–	–
Beginning of financial year	**64**	5
Allowance made (Note 22)	**–**	62
Allowance utilised	**–**	(3)
End of financial year (Note 5)	**64**	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 12) 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.

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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

31 Financial risk management (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
Group				
At 30 June 2017				
Trade and other payables	**20,173**	**–**	**–**	**20,173**
Borrowings	**11,009**	**26,007**	**19,726**	**56,742**
At 30 June 2016				
Trade and other payables	21,216	–	–	21,216
Borrowings	11,000	27,194	10,057	48,251
Company				
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**
At 30 June 2016				
Trade and other payables	12,026	–	–	12,026
Financial guarantee contract	28,036	–	–	28,036
Borrowings	1,673	7,924	10,057	19,654

(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.

(i) Gearing ratio

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

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Total liabilities	**77,393**	70,649	**55,209**	29,787
Net worth	**81,296**	70,427	**32,395**	31,317
Gearing ratio	**95%**	100%	**170%**	95%

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

31 Financial risk management (Continued)

(d) Capital risk (Continued)

(ii) Net worth

Net worth is calculated as total assets less total liabilities.

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Total assets	**158,689**	141,076	**87,604**	61,104
Total liabilities	**77,393**	70,649	**55,209**	29,787
	81,296	70,427	**32,395**	31,317

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2017 and 2016.

(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 measured at fair value at 30 June:

	Level 1
	$'000
Group	
Available-for-sale financial assets	
2017	**2**
2016	1

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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

31 Financial risk management (Continued)

(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	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Loans and receivables	**56,107**	54,894	**16,288**	10,644
Financial liabilities at amortised cost	**72,183**	67,013	**55,209**	29,787

32 Event Occurring After the Reporting Date

On 25 September 2017, the Company incorporated a wholly-owned subsidiary corporation, Wizwash Pte. Ltd. in Singapore with a total issued and paid-up share capital amounting to $1,000,000. The principal activity of the newly incorporated subsidiary corporation is investment holding.

The above event is not expected to have a material effect to the Group for the financial year ending 30 June 2018.

33 New or revised accounting standards and interpretations

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

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7 Disclosure Initiative
- Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- Improvements to FRSs (December 2016)
  – Amendments to FRS 112: Disclosure of Interest in Other Entities

Effective for annual periods beginning on or after 1 January 2018

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

33 New or revised accounting standards and interpretations (Continued)

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases Illustrative Examples & Amendments to Guidance on Other Standards

Effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the ASC

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

The directors do not anticipate that the adoption of the above FRSs, INT FRS and amendments to FRS in future financial periods will have a material impact on the financial statement of the Group and the Company except for the followings:

FRS 109 Financial Instruments

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

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

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

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

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

33 New or revised accounting standards and interpretations (Continued)

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.

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

FRS 116 Leases Illustrative Examples & Amendments to Guidance on Other Standards

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

The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2017, the Group has non-cancellable operating lease commitments of $3,783,000 (Note 28(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.

Some of the commitments 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.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

33 New or revised accounting standards and interpretations (Continued)

IFRS Convergence in 2018

Singapore-incorporated companies listed on the SGX-ST will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 31 March 2019, with retrospective application to the comparative financial year ending 31 March 2018 and the opening statement of financial position as at 1 April 2017.

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

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

34 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 25 September 2017.

STATISTICS OF **SHAREHOLDINGS**

AS AT 15 SEPTEMBER 2017

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 15 SEPTEMBER 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	–	–	–	–
100 – 1,000	155	13.47	115,900	0.06
1,001 – 10,000	643	55.86	3,428,400	1.92
10,001 – 1,000,000	339	29.45	21,236,000	11.88
1,000,001 and above	14	1.22	154,019,700	86.14
Total	**1,151**	**100.00**	**178,800,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 15 SEPTEMBER 2017

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	YONG SEONG INVESTMENT PTE. LTD.	119,733,700	66.97
2	DBS NOMINEES PTE LTD	6,717,000	3.76
3	LEE HOCK SEONG	5,002,200	2.80
4	LEE KOH YONG	5,002,200	2.80
5	LEE CHENG CHYE	4,287,600	2.40
6	LIM TUAN WAN	2,844,100	1.59
7	LEE KIM ENG	1,786,500	1.00
8	CIMB SECURITIES (SINGAPORE) PTE LTD	1,662,500	0.93
9	RAFFLES NOMINEES (PTE) LTD	1,405,200	0.79
10	FOO SHIANG PING	1,348,000	0.75
11	TAN SIOK LIAN	1,112,100	0.62
12	LEE THIAM SENG	1,071,900	0.60
13	PHILLIP SECURITIES PTE LTD	1,036,900	0.58
14	YIM CHEE CHONG	1,009,800	0.56
15	CITIBANK NOMINEES SINGAPORE PTE LTD	899,700	0.50
16	UOB KAY HIAN PTE LTD	824,400	0.46
17	JAMES ALVIN LOW YIEW HOCK	724,000	0.40
18	LEE CHUAN HENG	714,600	0.40
19	HAN SEE KWANG	594,800	0.33
20	CHAN TECK EE VINCENT	520,000	0.29
	TOTAL:	**158,297,200**	**88.53**

STATISTICS OF **SHAREHOLDINGS**

AS AT 15 SEPTEMBER 2017

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 15 September 2017 are:

	No. of Ordinary Shares			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
Yong Seong Investment Pte. Ltd.	119,733,700	66.97	–	–
Lee Koh Yong[(1)]	5,002,200	2.80	119,733,700	66.97
Lee Cheng Chye[(1)]	4,287,600	2.40	119,733,700	66.97
Lee Hock Seong[(1)]	5,002,200	2.80	119,733,700	66.97

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 119,733,700 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 15 September 2017, approximately 22.29% 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 Catalist Listing Manual.

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, 20 October 2017 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 2017 together with the Directors' Statement and Independent Auditors' Report thereon. **Resolution 1**

2. To declare a tax-exempt one-tier final dividend of three (3) Singapore cents per ordinary share in the capital of the Company for the financial year ended 30 June 2017. **Resolution 2**

3. To approve the payment of Directors' Fees of S$148,236 for the financial year ending 30 June 2018, to be paid quarterly in arrears. (FY2017: S$121,000) **Resolution 3**

4. To re-elect Mr Ng Tiak Soon who is retiring under Regulation 107 of the Constitution, as an Independent Director of the Company. [See Explanatory Note (i)] **Resolution 4**

5. To re-elect Mr Lye Hoong Yip Raymond 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 appoint Mr Mah How Soon (Ma Haoshun) as an Independent Director of the Company in accordance with the Constitution. [See Explanatory Note (iii)] **Resolution 7**

8. 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:–

9. 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 Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Rules of Catalist**"), 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 (iv)] **Resolution 8**

BY ORDER OF THE BOARD

ONG WEI JIN
COMPANY SECRETARY
5 OCTOBER 2017
SINGAPORE

NOTICE OF **ANNUAL GENERAL MEETING**

Explanatory Notes:

(i) If re-elected under Resolution 4 set out in item 4 above, Mr Ng Tiak Soon will remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. Please refer to the section "Board of Directors" in the annual report 2017 for information on Mr Ng Tiak Soon. The Board considers Mr Ng Tiak Soon to be independent pursuant to Rule 704(7) of the Rules of Catalist.

(ii) If re-elected under Resolution 5 set out in item 5 above, Mr Lye Hoong Yip Raymond will remain as an Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Please refer to the section "Board of Directors" in the annual report 2017 for information on Mr Lye Hoong Yip Raymond. The Board considers Mr Lye Hoong Yip Raymond to be independent pursuant to Rule 704(7) of the Rules of Catalist.

(iii) If appointed under Resolution 7 set out in item 7 above, Mr Mah How Soon (Ma Haoshun) will become an Independent Director, Chairman of Nominating Committee and a member of the Audit Committee and Remuneration Committee. The Board considers Mr Mah How Soon to be independent pursuant to Rule 704(7) of the Rules of Catalist.

(iv) Resolution 8 set out in item 9 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 8, 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 8.

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.

NOTICE OF **ANNUAL GENERAL MEETING**

* 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.

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, 20 October 2017 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions 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 Independent Auditor's Report for financial year ended 30 June 2017		
2	Declaration of Final Dividend (tax-exempt one-tier) of three (3) Singapore cents per ordinary share for financial year ended 30 June 2017		
3	Payment of Directors' Fees amounting to S$148,236 for the financial year ending 30 June 2018, to be paid quarterly in arrears		
4	Re-election of Mr Ng Tiak Soon as an Independent Director of the Company		
5	Re-election of Mr Lye Hoong Yip Raymond 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.		
7	Appointment of Mr Mah How Soon (Ma Haoshun) as an Independent Director of the Company		
Special Business			
8	Authority to allot and issue new shares		

Dated this _____ day of _____ 2017.

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 fourty-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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800 SUPER HOLDINGS LIMITED
(Company Registration No. 201108701K)
(Incorporated in the Republic of Singapore on 11 April 2011)
800 Super Holdings Limited
No. 17A Senoko Way Singapore 758056
Website: http://www.800super.com.sg