

ACROMEC

ACROMEC LIMITED

ANNUAL REPORT 2016

DELIVERING
**GROWTH &
SOLUTIONS**

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

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

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ABOUT ACROMEC

We are an established specialist engineering services provider in the field of controlled environments. Our expertise is in the design and construction of facilities requiring controlled environments such as laboratories, medical and sterile facilities and cleanrooms.

We specialise in architectural, mechanical, electrical and process ("MEP") works within controlled environments, and provide integrated services through our two main business segments: (1) engineering, procurement and construction, and (2) maintenance.

Our customers comprise mainly hospitals and medical centres, government agencies, research and development ("R&D") companies and agencies, R&D units of multinational corporations, tertiary educational institutions, pharmaceutical companies, semiconductor manufacturing companies, and multinational engineering companies.

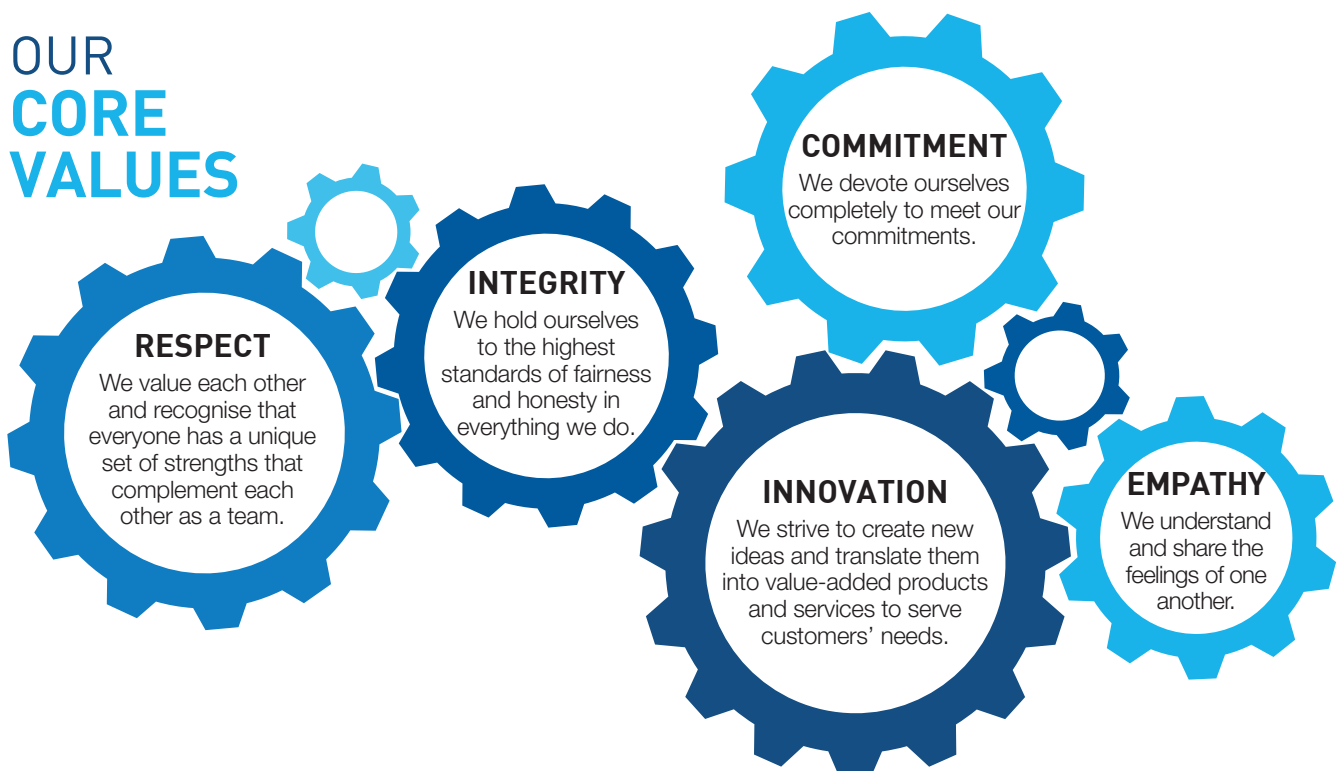
OUR VISION

To be the leading Specialist Engineering Company in the field of controlled environment preferred by customers, employees and investors.

OUR MISSION

To consistently create and deliver market leading Engineering Services ahead of competition at competitive price through excellence in our operations.

OUR CORE VALUES



MILESTONES ACROMECH



1996 – 2001 THE EARLY YEARS

Our Group's business was founded in 1996 by our Executive Directors, Lim Say Chin, Chew Chee Keong and Goi Chew Leng who decided to venture into the engineering business specialising in architectural and mechanical works within controlled environments.

We commenced business from a small office in Ubi Industrial Estate, where we initially took on sub-contracting works mainly for the electronics sector. By 2001, our work scope had expanded to include the full suite of engineering, procurement and construction services. We were awarded contracts from end customers such as Chartered Silicon Partners Pte Ltd, Chartered Semiconductor Manufacturing Pte Ltd, and Hewlett Packard Singapore.

2001 – 2007 DIVERSIFYING OUR BUSINESS

In 2001, we decided to expand our business and explore other business opportunities to reduce our dependency on the electronics sector. In 2002, we made a breakthrough in the biomedical science and research and academia sectors by securing projects for Viacell Singapore Research Centre and Novartis Institute of Tropical Diseases, which were located in Science Park II.

In 2003, we entered into the high containment laboratory space as awareness for the need for such facilities increased with the Severe acute respiratory syndrome ("SARS") epidemic hitting Singapore shores. We secured our maiden high containment Biosafety Level 3 ("BSL 3") laboratory project when we were commissioned by Novartis Institute of Tropical Diseases to set up their four-storey main research facility in Biopolis, which included a BSL 3 laboratory.

Thereafter, we were subsequently commissioned to build two other BSL3 laboratories for Temasek Life Science Laboratory and the National Environment Agency at a time when there were few BSL 3 laboratories in Singapore.

During this period, we continued to serve customers in the electronics sector, garnering repeat orders from existing customers and at the same time, securing orders from new customers such as ASE Singapore Pte Ltd, United Test and Assembly Centre Ltd, and ASM Technology Singapore Pte Ltd.

2007 – 2011 GROWING OUR BUSINESS

With our strong track record, we began to operate on a higher platform by undertaking bigger scale and more complex projects as a main contractor.

Some of the notable projects during this period include:

- A*Star's laboratory and support space over two levels at Immunos located in Biopolis.
- Drug research facility for Lilly Singapore Centre for Drug Discovery Pte Ltd.
- NUS-GE Singapore Water Technology Centre for National University of Singapore.
- A 21,000 sqm semiconductor testing and assembly facility, which included Class 100, Class 1,000 and Class 10,000 cleanrooms, central cooling plant, process cooling system, clean compressed air system and central vacuum system for ASE Singapore Pte Ltd.
- A manufacturing facility which included Class 100 and Class 1,000 cleanrooms, waste water treatment plant, ultra clean water plant, processed air exhaust system, and bulk and specialty gas system for Formfactor Singapore Pte Ltd.

MILESTONES
ACROMEC

- State-of-the-art cleanroom facility at the NUS Graphene Centre, where research into graphene, a new material, is conducted.

Our business during this period also broadened to include the design, assembly and supply of laboratory furniture, so as to better manage its quality. A notable contract was the teaching and laboratory facilities for the School of Physical and Mathematical Science at Nanyang Technological University.

2011 – 2012 SCALING NEW HEIGHTS

- In 2011, our Executive Directors saw tremendous growth potential in the healthcare sector due to the Singapore government's plans to build new hospitals and upgrade existing medical facilities.
- Leveraging on our engineering expertise in controlled environments, we secured our maiden project in the healthcare sector where we were commissioned to construct ten operating theatres and a theatre sterile services unit for the ambulatory surgical centre at the NUH Medical Centre.
- In 2012, we secured another contract for the construction of one of the largest BSL3 laboratories in Singapore at The Academia at SGH.

2012 – PRESENT POISED FOR FURTHER GROWTH

From 2012 to 2014, we secured and completed our largest project worth more than S\$20.0 million, which involved the fitting-out of a testing and assembly plant for a customer in the electronics sector.

Other notable projects in recent years include the following:

- The BSL3 core facility at the NUS Yong Loo Lin School of Medicine.
- Laboratories, including laboratories compliant with the Current Good Manufacturing Practices regulations and a technically challenging sniff sensory laboratory for research of fragrances used in personal products, at Procter & Gamble's Singapore Innovation Centre.
- Facilities at Virtus Fertility Centre, including a fertility clinic and an embryology laboratory.
- Chemical processing laboratory at the Johnson Matthey Singapore Technology Centre.
- Fast track state-of-the-art Class 1 and Class 10 cleanroom project at Fusionopolis for A*Star.
- State-of-the-art hybrid operating theatres at the National Heart Centre at SGH.
- Day surgery operation medical centre for Aptus Surgery Centre at Level 7 Paragon, Orchard

- Supply and install laboratory furniture for the DuPont Company Analytical Lab and Food Research Lab's fit out work.
- Manufacturing cleanroom facility and office fit out work for Biotronik.
- Mechanical and electrical services for Waters Pacific's existing research lab.
- Centre for Assisted Reproduction (Care) At Block 5 Level 1 Singapore General Hospital.
- Supply and install laboratory furniture, fume hood and safety cabinet for DSO National Laboratories' ("DSO") new chemical research laboratory.
- Fitting out the Galleria chemical lab and office and Technical Test Salon (TTS) for Procter & Gamble

In 2015 and 2016, we received recognition as a Singapore SME 1000 Company. We also garnered two awards in 2016: Runner-up for the Most Transparent Company Award (New Offer category) at the 17th Securities Investors Association (Singapore) Investors' Choice Award; and the 2016 Enterprise 50 (E50) award.

BUSINESS STRATEGIES **AND FUTURE PLANS**

CAPITALISING ON OUR ESTABLISHED TRACK RECORD TO SECURE MORE PROJECTS AND PROJECTS OF A LARGER SCALE, PARTICULARLY IN THE HEALTHCARE, BIOMEDICAL, AND RESEARCH AND ACADEMIA SECTOR

- We believe that the Singapore government's initiatives and development plans of private institution in the aforesaid sectors will create business opportunities for our Group



GROWING OUR MAINTENANCE SEGMENT

- Our Maintenance segment provides our Group with a recurring stream of income as there is a constant need for maintenance and repair of facilities and equipment of controlled environments and their supporting infrastructure.
- We intend to grow our Maintenance segment business and secure more maintenance contracts for the controlled environments and supporting infrastructure that were not built by us.



BUSINESS STRATEGIES AND FUTURE PLANS

VERTICALLY INTEGRATING OUR SERVICES



- We intend to establish an in-house installation team to undertake some installation works.
- We may also invest in a fabrication workshop to fabricate laboratory furniture.
- We believe that when installation and fabrication works are carried out in-house, we will be able to better manage our cost and the quality of our workmanship.



EXPANSION THROUGH ACQUISITIONS, JOINT VENTURES AND/OR STRATEGIC ALLIANCES AND VENTURING INTO NEW GEOGRAPHICAL MARKETS

- In addition to growing organically, we may consider expanding our business through acquisitions, joint ventures or strategic alliances with parties who create synergy with our existing business.
- Through such acquisitions, joint ventures and strategic alliances, we are looking to strengthen our market position, expand our network of customers as well as complement our current and future business, in order to better manage the quality of our services and increase our profitability in the longer run.
- We intend to provide our Mechanical, Electrical and Process engineering solutions in countries that are still developing their healthcare and cleanroom infrastructure such as Indonesia, Malaysia, Myanmar and Vietnam.

CHAIRMAN'S MESSAGE



DEAR SHAREHOLDERS,

It gives me great pleasure to present the inaugural Annual Report of ACROMEC Limited ("ACROMEC" or "the Company", and together with its subsidiary, the "Group") in our maiden year as a listed company on the Catalist Board of the Singapore Exchange Securities Trading Limited.

We are humbled by the strong support we have received through the years, from inception in 1996 to our listing on 18 April 2016, which was approximately 5.3 times subscribed. This is reflective of investors' confidence in ACROMEC and a testament of our track record as a dominant player in the growing healthcare, biomedical, and research and academia sectors. Today, ACROMEC is an established home-grown publicly listed specialist engineering service provider in the field of controlled environments.

FINANCIAL PERFORMANCE REVIEW

The Group's revenue for the financial year ended 30 September 2016 ("FY2016") increased by 23% or S\$8.1 million to S\$43.5 million, as compared to S\$35.4 million for FY2015, due to execution of its major projects on the back of a strong order book. However, gross profit decreased by 31% to S\$5.1 million, due to increase in the cost of sales which was more than proportionate to the increase in revenue. Correspondingly, gross margins dropped from 21% to 12%.

The increase in cost of sales was due to unanticipated events in the second half of FY2016. Costs were incurred and recognised from additional work done on unanticipated customer requirements and work scope changes in a few major projects. Notwithstanding that the Group has submitted the related variation orders and is in discussions with customers in relation thereto, the Group has not recognised these variation orders as revenue, where the outcome of the discussions have not been finalised. Accordingly, the gross margins were impacted.

Execution of two healthcare projects were also hampered as on-going operations at adjacent critical facilities delayed the progress of the projects and resulted in cost increases. Manpower recruitment was scaled up in the second half of FY2016 in expectation of an increase in tender activities that were later inevitably delayed in part due to slower growth of the economy. The Group has since taken active steps to rationalise its costs and streamline its processes so as to achieve cost and operational optimisation. We will also be more prudent in managing similar unforeseen situations in the future to mitigate the impact of such situations to the Group.

Despite these challenges, the Group would have reported a net profit attributable to shareholders of S\$0.14 million if not for the recognition of one-off IPO expenses of \$716,000 in the income statement. Due to these one-off expenses, the Group registered a net loss attributable to shareholders of S\$0.58 million or loss per share of 0.55 Singapore cents for FY2016.

CHAIRMAN'S MESSAGE



REVIEW OF FINANCIAL POSITION

The Group's financial position remains strong and the net asset value of the Group was 8.99 Singapore cents as at 30 September 2016.

The Group's current ratio as at 30 September 2016 was strong at almost 2 times while its debt to equity ratio remained low. Cash and bank balances stood at a healthy level at S\$9.1 million as at 30 September 2016.

GROWING FROM STRENGTH TO STRENGTH

Over the years, the Group has grown strongly as a controlled environment specialist engineering service provider because it has remained nimble, innovative and adaptable to the vagaries of the business. For example, in 2001, we observed a decline in activities in the electronics sector and diversified decisively into the biomedical and research, and academia sectors. Likewise, when the Ministry of Health's Healthcare Plan 2020 was announced in 2012, we knew intuitively that the Group could enter the healthcare sector to realise opportunities. This ability and flexibility has reflected the in-depth knowledge and high work proficiency of the ACROMEC team.

We have won the confidence of our customers, who have awarded us several major contracts, as well as numerous repeat orders. Today, we undertake a wider variety of larger and

more complex projects from the sectors that we operate in. We are also moving up the value chain in our projects, being a total solutions provider instead of merely doing the construction work or sub-contractor works.

SUSTAINING GROWTH AND ENHANCING SHAREHOLDER VALUE

We are constantly focusing on innovation and improving our operational efficiency to sustain our growth momentum. We believe that our strength in project management will help us secure more project wins.

We will continue to leverage on information technology to coordinate and monitor various aspects of on-going projects ranging from tender activities to procurement, and project execution and control.

We will continue to improve on our productivity through innovation in our construction methodologies and work processes, and through the use of the best equipment, most cost-effective materials, and efficient resource allocation. Further, the recruitment and retention of human talent is a critical success factor and we will implement skills upgrading programmes and career planning for our staff.

CONTINUED GROWTH PROSPECTS/LOOKING AHEAD

In the near term, slower growth in Singapore and the region may result in keener competition. Not surprisingly, we have seen players from the oil and gas construction and fabrication enter into our space. Nevertheless, we are cautiously confident as the sectors we are in remain resilient and continue to offer opportunities, especially in our critical and highly technical and specialised space.

Healthcare

In Singapore, the growth in government investments and continued build-up of healthcare infrastructure to cater to its ageing population bode well for the Group. Private sector players are also experiencing higher demand from an increasingly affluent society. Healthcare spending in Singapore is expected to rise from over S\$9.0 billion in 2015 to over S\$13.0 billion in 2020 as announced by the Singapore Government in its Budget 2015. The Ministry of Health has announced in its Healthcare 2020 Masterplan that four new hospitals will be built by year 2020 and our Prime Minister has announced in February 2016 the master plan to redevelop the 43-hectare Singapore General Hospital campus over next 20 years. We believe that ACROMEC is well-positioned to benefit from these developments.

Biomedical, research and academia

In January 2016, the Singapore government in its Research, Innovation and Enterprise 2020 Plan announced that S\$19.0 billion has been set aside over 2016-2020 for research, innovation and enterprise activities, to support and translate research, and to leverage on science and technology to address national challenges. Multi-nationals such as DuPont, Procter and Gamble, and Applied Materials are also setting up research facilities here for their regional business operations. This is good news for the Group, as our expertise and excellent track record in the design and construction of clean rooms and laboratories will put us in good stead to ride this wave.

Maintenance services

Maintenance services provide us with an attractive source of recurring income to balance the income from our project-based business. It also enables us to

CHAIRMAN'S MESSAGE

strengthen our customer relationships as maintenance work keeps us in touch with our customers' needs and requirements.

Currently, maintenance services form only a small proportion of our total revenue, partly because we started the maintenance business only five years ago. Despite this, it is encouraging to note that 80% of maintenance services are derived from the facilities we have built. Our plan is to grow this business segment to include facilities that are not built by us.

Accordingly, we had recently accelerated our plans to grow this segment by acquiring a 60% stake in Golden Harvest Engineering Pte Ltd ("Golden Harvest"). This was announced on 23 November 2016. The proposed acquisition is also in line with the Group's plan to acquire new businesses which are synergistic with its existing businesses. It presents an opportunity for the Group to expand its network of customers and service offerings. We believe that the combined expertise and track record of ACROMECH and Golden Harvest will allow the Group to provide maintenance services that cater to larger scale facilities through the formation of a stronger and more equipped team. Further, we will now be in a position to provide maintenance services to facilities that extend beyond controlled environments.

Regional opportunities

ASEAN's strong growth potential means more opportunities for us, as the region still lacks proper medical facilities. In terms of technical knowhow, Singapore is seen as a knowledge leader in some ways and therefore, we believe that as a Singapore company with an established track record, we would benefit from this trend.



AWARDS AND ACCOLADES

We garnered two awards in 2016: Runner-up for the Most Transparent Company Award (New Offer category) at the 17th Securities Investors Association (Singapore) Investors' Choice Award; and the 2016 KPMG Enterprise 50 (E50) Award, which recognises outstanding local, privately-held companies that have contributed to economic development in Singapore and abroad.

Having a high standard of safety is of paramount importance to us. The Company has continued to receive the bizSAFE Level Star certification from the Workplace Safety and Health Council since 2014, in recognition of our excellent workplace safety and health management. The occupational health and safety management systems in our Company have also been OHSAS 18001:2007 certified since 2011.



A RESPONSIBLE CORPORATE CITIZEN

Our Group is committed to serving and giving back to the community. We recognise that for long-term sustainability, we need to achieve a balance between profitability and

responsibility. Therefore, we started our corporate social responsibility ("CSR") efforts. Our recent CSR activities include organising a movie screening for the children at Chen Su Lan Methodist Children's Home and an outing to Gardens by the Bay for the senior residents of Salvation Army's Peace Haven Nursing Home.

ACKNOWLEDGEMENTS

We have come a long way and we are excited about the journey ahead. Our success would not be possible without the support of all our stakeholders. To our shareholders, thank you for the confidence and trust that you have in us.

To our partners and business associates, we thank you for your continued support as we work together through thick and thin for a brighter future.

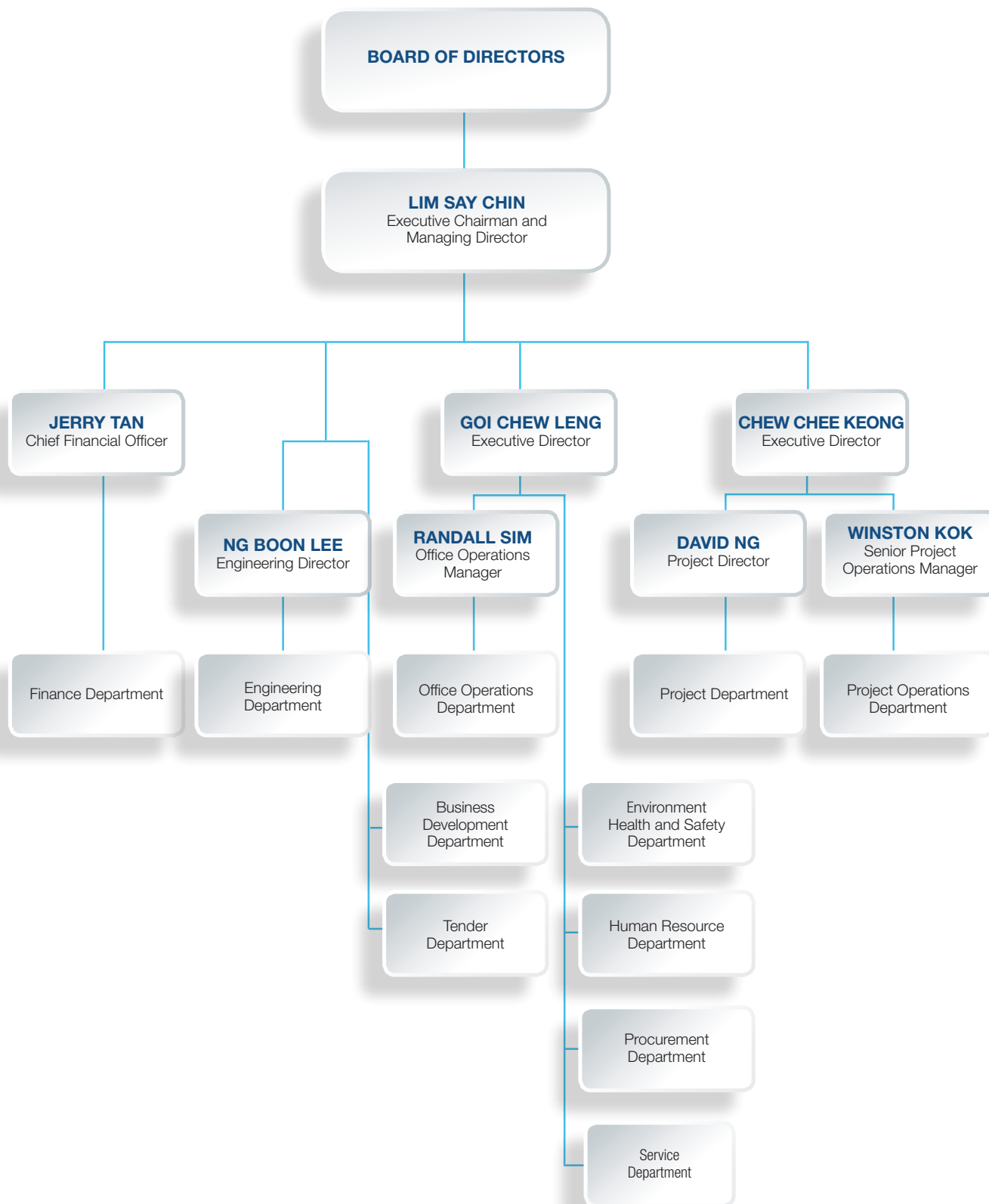
My utmost appreciation goes to all ACROMECH's staff for their dedication and hard work, without which, we cannot progress. Let us continue to strive together as a team.

Last but not least, my deepest gratitude goes to the Board for the advice and guidance, and for helping to steer ACROMECH on the path of sustainable growth.

LIM SAY CHIN

Executive Chairman and Managing Director

ORGANISATION CHART



BOARD OF DIRECTORS



MR. LIM SAY CHIN

Executive Chairman and Managing Director

Lim Say Chin was appointed to our Board on 22 December 2015 and is our Executive Chairman and Managing Director. Say Chin co-founded our Group with our Executive Directors, Chew Chee Keong and Goi Chew Leng. Before setting up our Group, he worked for about thirteen years and gained substantial experience in engineering and design, project management, and maintenance. Prior to founding the Group, Say Chin joined Kyodo-Allied Industrials Pte Ltd in May 1991, where he was responsible for the business development of cleanroom business and related products and from September 1994 to August 1996, Say Chin was a project manager in Hopkinson Engineering Pte Ltd where he was responsible for submission of tenders, design and management of projects. Since December 1996, Say Chin has been the Managing Director of Acromec Engineers and has been responsible for formulating corporate strategies, as well as leading our business development and tender activities and overseeing our design and engineering department. Say Chin graduated with a Technical Diploma in Mechanical Engineering in August 1983 and an Advanced Diploma in Building Services Engineering in August 1991, both from Ngee Ann Polytechnic. He subsequently obtained a Bachelor of Engineering degree with Honours in Mechanical Engineering from University of Glasgow in July 1994.



MR. CHEW CHEE KEONG

Executive Director

Chew Chee Keong was appointed to our Board on 22 December 2015 and is our Executive Director. Together with Lim Say Chin, our Executive Chairman and Managing Director, and Goi Chew Leng, our Executive Director, Chee Keong co-founded our Group. He currently oversees the project planning and implementation, and also the project operations functions of the Group. He started his career as a mechanical engineer and was responsible for project planning, building services system design, project coordination as well as testing and commissioning of building services for residential and commercial buildings. In July 1996, Chee Keong joined Acromec Engineers as a Director. Chee Keong graduated with a Diploma in Mechanical Engineering from Singapore Polytechnic in May 1989 and a Bachelor of Engineering degree with Honours in Mechanical Engineering from University of Glasgow in July 1994. He is currently a non-executive director of Chew's Group Limited.



MR. GOI CHEW LENG

Executive Director

Goi Chew Leng was appointed to our Board on 22 December 2015 and is our Executive Director. Together with Lim Say Chin, our Executive Chairman and Managing Director, and Chew Chee Keong, our Executive Director, Chew Leng co-founded our Group. He is currently responsible for environment, health and safety, procurement and human resource functions of our Group. He also oversees the maintenance business, and office operations of our Group. He started his career as a project engineer where he was responsible for project management. He then joined Acromec Engineers in January 1997 as a Director. Chew Leng graduated with a Diploma in Mechanical Engineering from Ngee Ann Polytechnic in August 1990 and a Bachelor of Engineering degree with Honours in Mechanical Engineering from University of Glasgow in July 1994.

BOARD OF
DIRECTORS**MR. YEE KIT HONG***Lead Independent Director*

Yee Kit Hong is our Lead Independent Director and was appointed to our Board on 16 March 2016. Prior to joining Ernst & Young in July 1982, he worked as a project accountant in Morrison Knudsen Low Keng Huat and as an accountant in Brown & Roots, as well as an audit senior in Wilson Green & Gibbs. He was an assurance and tax manager at Ernst & Young prior to his departure in September 1989. Since October 1989, Kit Hong has been a partner at Kit Yee & Co, a firm providing audit, accountancy and taxation advice or related services. He is a principal partner responsible for providing assurance, advisory, consultancy and taxation services to clients. Kit Hong is a fellow of The Institute of Chartered Accountants in England and Wales and a fellow of the Institute of Singapore Chartered Accountants. He is also admitted as an accredited tax practitioner by the Singapore Institute of Accredited Tax Professionals and a full member of the Singapore Institute of Directors. Kit Hong graduated with a Bachelor of Accountancy degree from University of Singapore in June 1971. He is currently an independent director of CMC Infocomm Limited, Global Palm Resources Holding Limited and Nam Cheong Limited.

**MR. PAN CHUAN-CHIH GEORGE***Independent Director*

Pan Chuan-Chih George is our Independent Director and was appointed to our Board on 16 March 2016. He has 22 years of experience in the heating, ventilation and air conditioning industry. George started his career in York International Corporation in 1995 and then joined The Trane Company in various capacities including sales, marketing and also as an executive director. Between 2012 and 2016, George joined Hong Leong Asia Ltd as the general manager of its S.E.A. Distribution business in charge of the distribution of air-conditioning and home appliance products. In 2016, George started his own company in distribution, service and maintenance of industrial air conditioning equipment. George graduated with a Bachelor of Engineering degree and obtained a Master of Business Administration degree, concentration in Executive Management in January 2001 from the University of La Verne.

**MS. ELAINE BEH PUR-LIN***Independent Director*

Elaine Beh Pur-Lin is our Independent Director and was appointed to our Board on 16 March 2016. Elaine is a partner at Virtus Law LLP, a law firm in Singapore and her principal areas of practice are in capital markets and mergers and acquisitions. She graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in 1989. She is an advocate and solicitor of the Supreme Court of Singapore and a member of the Law Society of Singapore and the Singapore Law Academy. She is an ordinary member of the Singapore Institute of Directors.

SENIOR MANAGEMENT

MR. JERRY TAN*Chief Financial Officer*

Jerry Tan is our Chief Financial Officer, overseeing the overall finance, treasury, tax and accounting functions of our Group, including internal controls and corporate governance, and ensuring compliance with regulations. He has more than 20 years of experience spanning audit, finance, accounting and compliance, having worked in companies listed in Hong Kong and Singapore. During the course of his career, he has held regional finance roles, overseeing various local and overseas finance teams, including setting up of regional subsidiaries of the Group he was leading. Prior to joining the Group in September 2015, he was with Rotary Engineering Limited, a listed company in Singapore, as a senior manager (group finance) to oversee all compliance and financial reporting matters. He was also involved in setting up group policies and authority guidelines in Rotary Engineering Limited. Jerry graduated with a Bachelor of Accountancy with Honours degree from Nanyang Technological University in June 1995 and is a member of the Institute of Singapore Chartered Accountants.

MR. NG BOON LEE*Engineering Director*

Ng Boon Lee is our Engineering Director who leads and manages our team of engineers and designers to provide engineering design, engineering performance proposals, technical drawing and rendering engineering and technical advice to our business units and project teams. Boon Lee has over 27 years of industry experience in the construction, operation, maintenance and management of large manufacturing facilities like semiconductor wafer fabs, GMP certified food/fragrance production plant, high-tech backend semiconductor packaging, testing and assembly plant. His experience cover all Controlled Environment such as Cleanroom, Industrial Hazardous Zones and other facility infrastructures and environment emission treatment plant for manufacturing processes. Boon Lee managed and led the facilities department of various multinational companies, include Chartered Semiconductor Manufacturing Ltd, System on Silicon Manufacturing Company Pte Ltd, Symrise Asia Pacific Pte Ltd and StatsChipPac Ltd. Prior to joining the Group in September 2015, Boon Lee was the facilities director and head of department of Facilities, Environment, Health and Safety (EHS) and Security department of StatsChipPAC Ltd. He is holding a Bachelor of Engineering (Mechanical) and a Master of Science (Safety, Health and Environmental Technology) from National University of Singapore.

MR. DAVID NG*Project Director*

David Ng is our Project Director who leads and manages the department, and oversees implementation of our engineering, procurement and construction projects. He is responsible for the administration and operation of such projects including project manpower deployment and the overall coordination. David has more than 40 years of experience in the construction industry. Throughout the course of his expansive career, besides managing and implementing projects, he has extensive experience in business development. In 1992, he joined Shinryo Corporation Singapore Pte Ltd as a senior business development manager and subsequently rose to the rank of an assistant general manager in 2002 where he was in charge of overall project implementation and management. Prior to joining the Group in January 2015, he was a director at IAQ Engineering (Singapore) Pte Ltd where he spearheaded its setting up and was in charge of its management and operation. David joined the Group as a senior project manager and was promoted as our Project Director in October 2015. David graduated with a Bachelor of Science degree in Mechanical Engineering from Wiltshire University in June 2000.

SENIOR
MANAGEMENT

MR. WINSTON KOK*Senior Project Operations Manager*

Winston Kok is our Senior Project Operations Manager, who leads and manages the department to provide project monitoring and control, including procurement controls, and administrative and logistic support to project field operations. He has more than 30 years of experience in the construction industry. His experience was vast, ranging from project management, planning and supervision of site construction activities, operations, and business development. Prior to joining the Group, he was Nylect Engineering Pte Ltd's operations director/senior manager (business development) for local and overseas projects in Malaysia and the People's Republic of China ("PRC") and a country manager for Quest Technology (Suzhuo) Co Ltd, where he helped in operating the 3rd party cleanroom certification business and project management in clean air environmental industry particularly in Thailand, Malaysia and the PRC. He has also worked as project manager for Techniques Air-conditioning Pte Ltd. In 2010, he joined the Group as Operations Manager, and was then promoted to Senior Manager in 2014. He is currently a registered Licensed Electrical Worker with EMA Singapore.

MR. RANDALL SIM*Office Operations Manager*

Randall Sim is our Office Operations Manager, overseeing the quality assurance functions, office administration and IT management of our Group. In addition, he was also assigned to develop potential junior management staff in productivity improvement project. Randall has more than 20 years of experience in project management, manufacturing planning and business control in multi-national including fortune 500 multinational information technology solutions corporation listed in the United States of America ("USA"). In 2001, he was appointed as project manager in charge of product transfer from the USA and Europe to Singapore, and as business control manager to ensure the Division compliance with IBM corporate business control requirement. In 2004, Randall joined Amkor Technology Singapore Pte Ltd as senior manager heading manufacturing planning and customer service department. Randall setup a successful storage business in 2012, which was sold off to Singapore Post in 2015, prior to joining the Group in October. Randall graduated with a Bachelor Degree in Computer Science with Business from SIM University in 2005.

WHAT WE DO

CLEANROOM

Cleanroom is a enclosed space in which airborne particulates, contaminants and pollutants are kept within strict limits. Cleanrooms are typically used in manufacturing and scientific research.

Cleanroom has various sizes and specifications, which comply with Class 1 or ISO 3 to Class 100,000 or ISO 8 standards

We have built cleanrooms for customers such as STATS ChipPAC Ltd, A*Star and ASE Singapore Pte Ltd

WHAT
WE DO

MEDICAL AND STERILE FACILITIES

Environmental parameters in these facilities are controlled to provide clean environments to reduce risk of infection to patients and/or contain infectious diseases.

They include operating theatres, theatre sterile services units, intensive care units, isolation wards, and fertility centres.

We have built medical and sterile facilities for hospitals and medical centres such as National University Hospital, Singapore General Hospital, Tan Tock Seng Hospital, Changi General Hospital, Virtus Fertility Centre and Aptus Surgery Centre.

WHAT WE DO

LABORATORY

Laboratories are built according to parameters that provide controlled conditions in which scientific or technological research, experiments or measurements are performed.

Types of laboratories we built includes forensic and diagnostic laboratories and containment laboratories for biomedical research.

Amongst the more sophisticated and challenging laboratories that we have built are BSL3 laboratories. This is a high containment laboratory that allows work to be done with indigenous or exotic agents which may cause serious or potentially lethal disease.

We have built laboratories for facility owners such as P&G, Singapore General Hospital, National University of Singapore and Johnson Matthey Singapore Private Limited.

WHAT
WE DO

MAINTENANCE

We provide maintenance and repair services for facilities and equipment of controlled environments and their supporting infrastructure. We provide both corrective and preventive or routine maintenance services to ensure reliability and minimal disruptions to our customer's operations. Our corrective maintenance services are available 24 hours a day and seven days a week whereas our preventive maintenance work is carried out in accordance with an agreed schedule.

OPERATIONS REVIEW



Cleanroom – Air Shower Room

ACROMEC views with pride our substantial technical knowledge and expertise, coupled with our robust operational processes, that we have harnessed and sharpened over the last twenty years. This has put us in good stead as we progress through executing larger and more complex projects throughout the period. For example, one of the more complex and technically challenging cleanrooms which we had constructed was for a local educational institution, where researchers were able to commercialise a futuristic material, graphene - a new material that is 100 times stronger than steel, for practical use.

After our inaugural listing on the Singapore Exchange this year, we are now even more focused to ensure that our operational processes are constantly reviewed for its robustness, effectiveness and efficiency so as to take on much larger and more complex projects in the future. We will continually adopt an innovative mindset in our operations so that we will do things better and smarter.

We have always focused on delivering quality services to our customers. To such end, we design efficient and effective work processes to provide seamless one-stop total solutions to our valued customers, from the inception of the process at tender stage to the final commissioning and handover of a project. This could only be the result of exceptionalism in adaptability, innovation and focus on quality in our operations. We take no chances on our quality. For example, when we were commissioned to build 10 operating theatres in 2012 at a renowned hospital, we made space in our office and did a mock-up of an operating theatre, simulating as close as possible a real-life operating theatre with life equipment, some of which were sponsored or borrowed from our supportive suppliers. We went through each process meticulously so that we would not falter in our first healthcare project. To-date, this customer is still our esteemed customer with numerous repeat orders.

This year 2016, we continue to successfully execute and deliver a



Cleanroom

number of projects which showcase the Group's transformation and growth over the last twenty years from a mere sub-contractor to a total solutions specialist engineering service provider. We have included below, a list of some of our projects completed in 2016 and projects which are ongoing as at time of publication of this Annual Report:

COMPLETED PROJECTS

Aptus Surgery Centre

(Completed in February 2016)

ACROMEC was awarded the contract to design and construct a new medical centre for Aptus Surgery Centre at Level 7, the Paragon, Orchard. It is a design and build project, which includes the architectural, and MEP fitting-out works for four operating theatres; two Endoscopy rooms,

OPERATIONS REVIEW



Fusionopolis Tower C. It features one of Singapore's largest state-of-the-art research and development cleanroom facility and boasts various classes of cleanrooms ranging from Class 1, Class 10, Class 1000 to Class 10,000, each complying with its respective requirements for environmental factors such as temperature, humidity, air particles and air pressure. Class 1 cleanrooms is technically more challenging as they have the most stringent specifications.

Biotronik APM Pte Ltd

(Completed in June 2016)

ACROMEC was appointed as the main contractor for the construction of a cleanroom facility at Biotronik's first manufacturing facility outside Europe. The 36,000 square feet facility is used for the assembly of specialist medical devices and comprises a cleanroom which complies with class 10,000 cleanroom, associated offices, training rooms and a warehouse. This facility is located at Techview in the Kaki Bukit industrial area. Biotronik is one of the world's leading manufacturers of cardio and endovascular medical devices.

a Theater Sterile Supply Unit; four medical suites, offices, reception area and recovery area. The Centre provides surgeons and patients with the facilities for day surgery and other medical procedures.

DuPont Company

(Completed in April 2016)

ACROMEC was appointed as a direct sub-contractor to supply, deliver and install the laboratory furniture including fume hood and extractor arm for DuPont Singapore Collaboratory (DSC) Project when DuPont relocated from its respective offices at Harbourfront and Science Park to Nucleos building at Biopolis. The DSC project is an interior fit-out project of approximately 120,000 square feet of space for office and laboratory use. The laboratory furniture is designed to be modular with the flexibility to cater

for future re-configuration, should the requirements and usage of the laboratory change.

Fusionopolis Tower C – Level 2

(Completed in May 16)

ACROMEC was appointed as the main contractor for Cleanroom fit-out works for the Level 2 of Agency for Science, Technology and Research's (A*Star) 5-storey research building at



Operating Theatre

OPERATIONS REVIEW

DSO National Laboratories

(Completed in June 16)

ACROMEC was appointed the nominated sub-contractor to supply, deliver and install laboratory furniture, fume hood and safety cabinet for DSO National Laboratories ("DSO") new chemical research laboratory at Science Park Drive. As Singapore's national defence R&D organisation, DSO plays a key role in ensuring the country's superior technological



edge in national security through innovation. The mission-critical nature of DSO's work required that the project have the highest standards of quality control.

P&G Galleria Project

(Completed in July 2016)

ACROMEC was appointed as the main contractor for the fit-out of Galleria Chemical Lab, Office and Technical Test Salon (TTS) for Procter & Gamble at Synapse Building in Biopolis. The Salon provides technical testing to support research and development activities for the well-known WELLA products. The project involves MEP, architectural and interior design works, and supply of laboratory furniture. The laboratory furniture is unique as it uses aluminum profile for its structure. Besides its high resistance to corrosion, the use of aluminum profile minimize fitting, bolting and installation time.

Singapore General Hospital – CARE

(Completed in July 2016)

ACROMEC was appointed as the main contractor to carry out additions and alterations works for Centre for Assisted Reproduction (CARE). CARE is a one-stop centre offering a full range of assessment services and proven assisted-reproduction procedures, to address infertility issues when starting a family. Therefore these procedures have to be carried out under stringent environmental requirements. The works included the fit-out of the procedure room, laboratories, treatment room, office area, registration, and recovery areas.

Waters Pacific Pte Ltd

(Completed in August 2016)

ACROMEC was appointed as the mechanical & electrical contractor by Waters Pacific Pte Ltd to carry out additions and alterations for their existing research lab at Science Park road. Waters Corporation, the parent company of Waters Pacific is listed on the New York Stock Exchange. Waters Corporation designs, manufactures, sells and services ultra performance liquid chromatography (UPLC), high performance liquid chromatography (HPLC), chromatography columns and chemistry products, mass spectrometry (MS) systems, thermal analysis and rheometry instruments. Such instruments are used by pharmaceutical, life science, biochemical, industrial, research and development and quality assurance organisations to measure the chemical, physical and biological composition of materials.

ONGOING PROJECTS

National University Hospital – Ward 53

This project involves the additions and alterations to the existing ward 53 at Level 5 main building, National University Hospital. The project is divided into four phases and consists of the refurbishment of the existing ward together with the introduction of new facilities such as a special purpose Delirium room for

OPERATIONS
REVIEW

the treatment of mentally unstable patients. The project is undertaken in phases in a live ward which is operational 24 hours / 7 days. To minimise patients' discomfort and put their safety as a first priority, Acromec has to work within these tight constraints and overcome the execution difficulties of this project.

and more sophisticated user requirements. The new operating theatres will be lead-lined to allow for more invasive surgical procedures. Clockwork precision and coordination is necessary in order to minimise disruption to other live medical activities in close proximity.

National Centre for Infectious Diseases – BSL3 laboratory

ACROMEC is appointed as a nominated contractor for the fitting out of a bio-safety level 3 ("BSL3") laboratory for Singapore Government's National Centre for Infectious Diseases (NCID). NCID is

**National University Hospital
– Kent Ridge Wing Operating
Theatre**

This project for the National University Hospital Kent Ridge Wing Building involves additions and alterations for the expansion of the operating theatres at Level 2. The scope includes the demolition of the existing operating theatres and upgrading them to support the latest technological advancements



OPERATIONS REVIEW

a purpose-built facility at Tan Tock Seng Hospital (TTSH), with both isolation and cohort wards as well as negative pressure rooms to tackle infectious diseases. BSL3 is one of the highest level of bio-containment in Singapore, where stringent containment controls are required for research work on potentially lethal diseases. These controls include complex and intricate mechanical systems and air filtration techniques. All the air from the laboratory must be filtered thoroughly before it can be recirculated or purged into the atmosphere.

Mount Alvernia Hospital

ACROMEC is appointed as direct contractor by Mount Alvernia Hospital for additions and alterations to their existing operating theatres and its supporting facilities at Level 4. The facilities includes 4 operating theatres, 2 preparation rooms, 4 scrub rooms; and the supply and installation of the joineries and fitments for the male & female changing rooms. The additional & alterations works were to



Operating Theatre

integrate various medical components like the Anesthesia Pendant, Surgical Pendant, and the Surgical Lighting into an advanced one- touch control panel. The panel also incorporates air-conditioning controls, nurse call, air humidity and temperature controls. The operation theatres utilise a lead-lined modular wall system that allows for flexible conversion if necessitated by future requirement changes.

Fusionopolis Tower C – Level 4

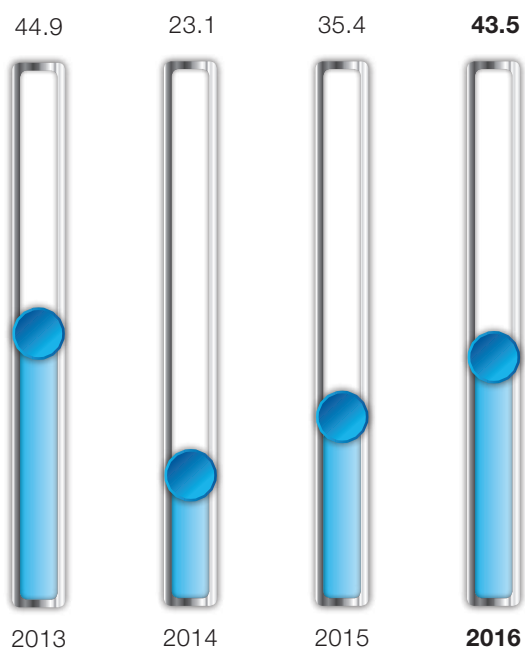
ACROMEC was appointed as the main contractor for cleanroom fit-out works at the 4th level of the five-story research building (Fusionopolis tower C) which is owned by A*Star (Agency for Science, Technology and Research). The project involves the construction of Class 10 and class 100 cleanrooms; and the supply and installation of various integrated mechanical systems to ensure that the cleanrooms comply with requirements for temperature, humidity, air particle count and air pressure. The project comes on the back of a generally similar project at Tower C-2 of the same building, which was satisfactorily completed and delivered to its owners in May 2016.



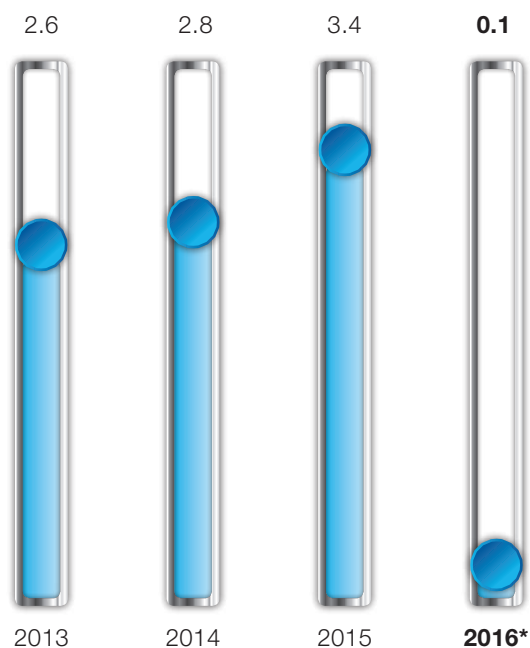
Cleanroom

FINANCIAL HIGHLIGHTS

REVENUE (\$'M)

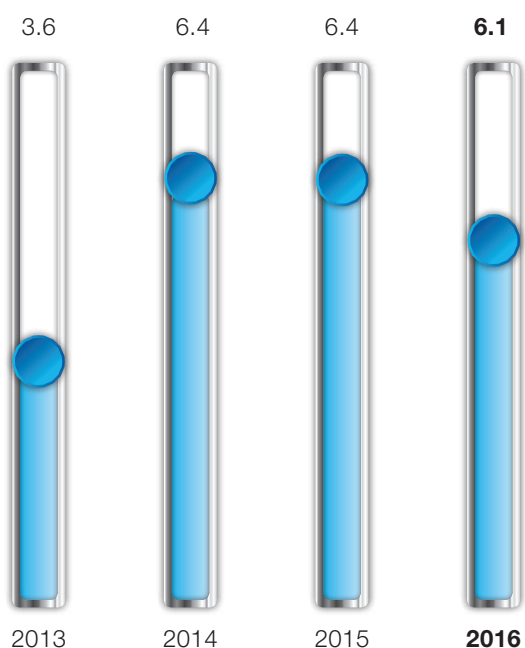


PROFIT FOR THE YEAR (\$'M)

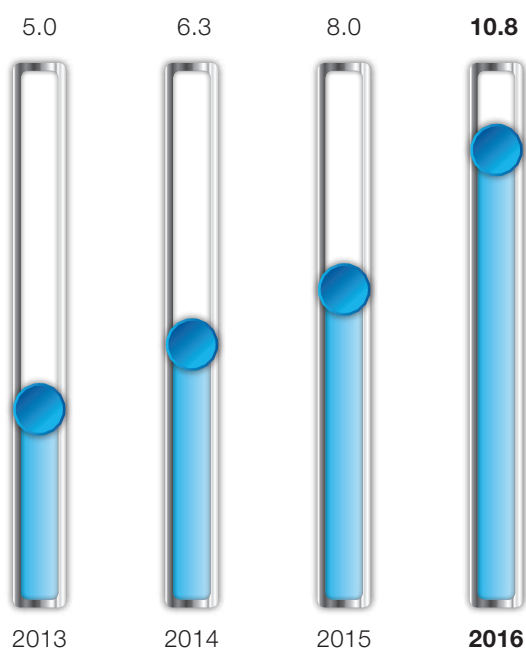


* Excluding one-off IPO expenses

CASH AND CASH EQUIVALENTS (\$'M)



NET ASSETS (\$\$'M)



CORPORATE INFORMATION

BOARD OF DIRECTORS

LIM SAY CHIN	(Executive Chairman and Managing Director)
CHEW CHEE KEONG	(Executive Director)
GOI CHEW LENG	(Executive Director)
YEE KIT HONG	(Lead Independent Director)
PAN CHUAN-CHIH GEORGE	(Independent Director)
ELAINE BEH PUR-LIN	(Independent Director)

AUDIT COMMITTEE

YEE KIT HONG (Chairman)
PAN CHUAN-CHIH GEORGE
ELAINE BEH PUR-LIN

NOMINATING COMMITTEE

ELAINE BEH PUR-LIN (Chairman)
YEE KIT HONG
PAN CHUAN-CHIH GEORGE
GOI CHEW LENG

REMUNERATION COMMITTEE

PAN CHUAN-CHIH GEORGE (Chairman)
YEE KIT HONG
ELAINE BEH PUR-LIN

COMPANY SECRETARY

Wee Mae Ann

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Tel: 67431300
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SHARE REGISTRAR

**BOARDROOM CORPORATE &
ADVISORY SERVICES PTE. LTD.**
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

DELOITTE & TOUCHE LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809

Partner in charge:
Lim Bee Hui
(from financial year 2016)



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CORPORATE GOVERNANCE REPORT

ACROMEC Limited (the “**Company**”, and together with its subsidiary, the “**Group**”) is committed to maintaining a high standard of corporate governance. The Company understands that good corporate governance is an integral element of a sound corporation and enables it to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering, and hence helps to protect shareholders’ interests. This also helps the Company to create long-term value and returns for its shareholders.

The Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) requires all listed companies to describe in their Annual Reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance 2012 (the “**Code**”).

The Company is pleased to report on its corporate governance processes and activities as required by the Code (“**Report**”). For easy reference, sections of the Code under discussion in this Report are specifically identified. However, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

Statement of Compliance

The Board of Directors of the Company (the “**Board**”) confirms that from the listing of the Company on the Catalist on 18 April 2016 up to the end of the financial year ended 30 September 2016, the Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below.

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.

The Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Lim Say Chin	Executive Chairman and Managing Director
Chew Chee Keong	Executive Director
Goi Chew Leng	Executive Director
Yee Kit Hong	Lead Independent Director
Pan Chuan-Chih George	Independent Director
Elaine Beh Pur-Lin	Independent Director

The principal functions of the Board, in addition to carrying out its statutory responsibilities, *inter alia*, are as follows:

- overseeing and approving the formulation of the Group’s overall long-term strategic objectives and directions, taking into consideration sustainability issues;
- overseeing and reviewing the management of the Group’s business affairs and financial controls, performance and resource allocation; and
- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders’ interests and the Group’s assets.

CORPORATE GOVERNANCE REPORT

All Directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the interests of the Company.

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's half-year and full-year results, declaration of dividends and interested person transactions.

Directors may request to visit the Group's operating facilities and meet with the Group's management (the "**Management**") to gain a better understanding of the Group's business operations and corporate governance practices. Newly appointed Directors will receive a formal letter explaining their duties and responsibilities, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge.

Prior to the initial public offering of the Company on 18 April 2016, Directors who did not have prior experience as a director of a listed company had received relevant training to familiarise themselves with the roles and responsibilities of a director. Moving forward, all Directors who are appointed and who have no prior experience as directors of a listed company will also undergo training and/or briefing on the roles and responsibilities as directors of a listed company.

The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. The external auditors update the Directors on the new or revised financial reporting standards on an annual basis.

To assist in the execution of its responsibilities, the Board has established three Board Committees, comprising an Audit Committee (the "**AC**"), a Nominating Committee (the "**NC**") and a Remuneration Committee (the "**RC**"). These committees function within clearly defined written terms of reference and operating procedures.

The Board meets regularly on a half-yearly basis and ad hoc Board Committee or Board meetings are convened when they are deemed necessary. The number of Board Committee and Board meetings held in the financial year ended 30 September 2016 ("**FY2016**") is set out below:

	Board	Board Committees		
		AC	NC	RC
Number of meetings held	1	1	–	–
	Number of meetings attended			
Lim Say Chin	1	–	–	–
Chew Chee Keong	1	–	–	–
Goi Chew Leng	1	–	–	–
Yee Kit Hong	1	1	–	–
Pan Chuan-Chih George	1	1	–	–
Elaine Beh Pur-Lin	1	1	–	–

Note: Only one Board meeting and one Audit Committee meeting were held during FY2016 as the Company was listed on Catalist on 18 April 2016. The full year Board and Board Committee meetings were conducted on 28 November 2016, and were not included above as they were conducted subsequent to 30 September 2016.

The Constitution of the Company provides for meetings of the Board to be held by way of telephonic conference.

CORPORATE GOVERNANCE REPORT

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 comprises six Directors, of whom three (constituting half of the Board) are independent, namely, Mr Yee Kit Hong, Mr Pan Chuan-Chih George and Ms Elaine Beh Pur-Lin.

The criterion of independence is based on the definition set out in the Code. The Board considers an "independent" director to be one who has no relationship with the Company, its related companies, its shareholders with shareholdings of 10% or more of the total votes attached to all the voting shares in the Company, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. With three Independent Directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. None of the Independent Directors have served on the Board for a period exceeding nine years from the date of their appointments.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the requirements of the Group's business. There is therefore no individual or small group of individuals who dominate the Board's decision-making.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group comprises members with core competencies in accounting and finance, legal expertise, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. This enables the Management to benefit from the external and expert perspectives of the Directors who collectively possess the core competencies relevant to the direction and growth of the Group.

Where necessary or appropriate, the non-executive Directors on the Board will meet without the presence of the Management. The non-executive Directors communicate regularly to discuss matters related to the Group, including the performance of the Management.

The profiles of our Directors are set out on pages 10 and 11 of this Annual Report.

CORPORATE GOVERNANCE REPORT

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 Lim Say Chin is the Executive Chairman and Managing Director of the Company, responsible for formulating corporate strategies, leading the Group's marketing and business development activities as well as ensuring the smooth operation of the Group. With the assistance of the company secretary, he also ensures that Board meetings are held as and when required, sets the agenda for the Board meetings and ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and the shareholders as well as ensures effective communication with shareholders.

Despite the positions of Chairman and Managing Director being held by one individual, the Board is of the view that with the establishment of the three Board committees, there are adequate safeguards in place to ensure unfettered decision-making, as well as to prevent an uneven concentration of power and authority in a single individual.

In view that Mr Lim Say Chin is both the Executive Chairman and Managing Director, Mr Yee Kit Hong has been appointed as the Lead Independent Director. He is available to shareholders where they have concerns or issues which communication with the Company's Executive Chairman and Managing Director and/or Chief Financial Officer has failed to resolve or where such communication is inappropriate.

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 NC is responsible for making recommendations on all board appointments and re-nominations, having regard to the contribution and performance of the Director seeking re-election.

The NC comprises Ms Elaine Beh Pur-Lin, Mr Yee Kit Hong, Mr Pan Chuan-Chih George and Mr Goi Chew Leng. The chairman of the NC is Ms Elaine Beh Pur-Lin. A majority of the NC, including the chairman, is independent. The chairman of the NC is not, and is not directly associated with, any substantial shareholder of the Company.

The written terms of reference of the NC have been approved and adopted, and they include the following:–

- (a) developing and maintaining a formal and transparent process for director appointments and re-nomination and making recommendations to the Board on director appointment including the appointment of alternate Directors, if any, and recommending to the Board re-nominations of existing Directors for re-election in accordance with the Company's Constitution, having regard to their competencies, commitment, contribution and performance;

CORPORATE GOVERNANCE REPORT

- (b) reviewing Board succession plans for the Directors, in particular, for the Executive Chairman and Managing Director;
- (c) reviewing and approving any new employment of related persons and the proposed terms of their employment;
- (d) determining on an annual basis whether or not a Director is independent having regard to Guideline 2.3 or 2.4 of the Code and any other salient factors;
- (e) in respect of a Director who has multiple board representations on various companies, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- (f) reviewing training and professional development programs for the Board; and
- (g) developing a process for evaluating the performance of the Board, its committees and the Directors and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value.

Having made its review, the NC is of the view that Mr Yee Kit Hong, Mr Pan Chuan-Chih George and Ms Elaine Beh Pur-Lin have satisfied the criteria for independence.

The Company does not have a formal selection criteria for the appointment of new Directors to the Board. When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the appropriate expertise and experience for the position. In its search and nomination process for new Directors, the NC may rely on search companies, personal contacts and recommendations for the right candidates.

Board appointments are made by the Board after the NC has, upon reviewing the resume of the proposed Director and conducting appropriate interviews, recommended the appointment to the Board. Pursuant to the Constitution of the Company, one-third of the Directors shall retire from office at the Company's annual general meeting every year, provided that all Directors shall retire from office at least once every three years. All newly appointed Directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring Directors are eligible to offer themselves for re-election.

CORPORATE GOVERNANCE REPORT

The dates of initial appointment and last re-election of the Directors, together with their directorships in other listed companies, are set out below:–

Director	Position	Date of Initial Appointment	Date of Last Re-election	Current directorships in listed companies	Past directorships in listed companies (in last three years)
Lim Say Chin	Executive Chairman and Managing Director	22 December 2015	–	–	–
Chew Chee Keong	Executive Director	22 December 2015	–	Chew's Group Limited	–
Goi Chew Leng	Executive Director	22 December 2015	–	–	–
Yee Kit Hong	Lead Independent Director	16 March 2016	–	CMCI Infocomm Limited Global Palm Resources Holdings Limited Nam Cheong Limited	KOP Limited
Pan Chuan-Chih George	Independent Director	16 March 2016	–	–	–
Elaine Beh Pur-Lin	Independent Director	16 March 2016	–	–	–

According to Article 118 of the Company's Constitution, the Directors appointed by the Board must retire and submit himself for re-election at the next annual general meeting following his appointment. Accordingly, all the Directors will retire at the Company's forthcoming annual general meeting and submit themselves for re-election. The executive directors seeking re-election are also controlling shareholders of the Company.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. The NC is of the view that the matter relating to multiple board representations should be left to the judgement of each Director given that time requirements for different board representations vary. As such, the NC and the Board have decided that there is no necessity to determine the maximum number of listed company board representations which a Director may hold. None of the Directors hold more than four directorships in listed companies concurrently.

CORPORATE GOVERNANCE REPORT

Key information regarding the Directors, including their shareholdings in the Company, is set out on pages 42 and 43 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.

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.

The Board's performance is linked to the overall performance of the Group. The Board ensures that the Company is in compliance with the applicable laws, and members of our Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board. The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. The NC assesses the individual Directors' performance by completing an Individual Director Assessment Checklist, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors.

In view of the size and composition of the Board, the Board deems it unnecessary for the NC to assess the effectiveness of each Board Committee.

The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They have also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

6. ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are from time to time furnished with detailed information concerning the Group to support their decision-making process. Upon request, the Management will provide any additional information needed for the Directors to make informed decisions.

Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

CORPORATE GOVERNANCE REPORT

As a general rule, notices are sent to the Directors one week in advance of Board meetings, followed by the Board papers, in order for the Directors to be adequately prepared for the meetings.

The Board (whether individually or as whole) has separate and independent access to the Management and the Company Secretary at all times, and may seek independent professional advice, if necessary, at the expense of the Company. The Company Secretary attends all Board meetings and ensures that all Board procedures are followed. Where the Company Secretary is unable to attend any Board meeting, he ensures that a suitable replacement is in attendance and that proper minutes of the same are taken and kept. The Company Secretary also ensures that the Company complies with the requirements of the Companies Act, Chapter 50 of Singapore, and the Catalyst Rules. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

7. REMUNERATION MATTERS

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

The RC makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director.

The RC comprises Mr Pan Chuan-Chih George, Mr Yee Kit Hong and Ms Elaine Beh Pur-Lin, all of whom are Independent Directors. The chairman of the RC is Mr Pan Chuan-Chih George.

The terms of reference of the RC have been approved and adopted. The duties and powers of the RC include the following:–

- (a) reviewing and recommending to the Board a framework of remuneration for the Directors and executive officers and determining specific remuneration packages of each Director and executive officer. The RC shall cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, awards to be granted under the Company's performance share scheme, and benefits in kind;
- (b) reviewing annually the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Directors or 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;
- (c) reviewing the Company's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or executive officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group;
- (d) if necessary, seeking expert advice within and/or outside the Company on remuneration matters, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and
- (e) reviewing annually the remuneration package in order to maintain their attractiveness to retain and motivate the Directors and executive officers and to align the interests of the Directors and executive officers with the long-term interests of the Company.

CORPORATE GOVERNANCE REPORT

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2016.

The RC's recommendations will be submitted for endorsement by the Board. No Director is involved in deciding his own remuneration.

8. 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 Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel. The remuneration package is designed to allow the Company to better align the interests of the Executive Directors and key management personnel with those of shareholders and link rewards to corporate and individual performance.

The Independent Directors and non-executive Director receive directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings. Remuneration for the Executive Directors comprises a basic salary component and a variable component that is the incentive bonus, based on the performance of the Group as a whole.

The Company has entered into fixed-term service agreements with the Executive Chairman and Managing Director, Mr Lim Say Chin and the Executive Directors, Mr Chew Chee Keong and Mr Goi Chew Leng. The service agreements are valid for an initial period of three years with effect from the date of admission of the Company to the Catalist. Upon the expiry of the initial period of three years, the employment of each Mr Lim Say Chin, Mr Chew Chee Keong and Mr Goi Chew Leng shall be automatically renewed on a year-to-year basis on the same terms or otherwise on such terms and conditions as the parties may agree in writing. During the initial period of three years, either party may terminate the service agreements at any time by giving the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the director's last drawn monthly salary. The Executive Directors are also entitled to receive an annual incentive bonus based on the audited profit before tax ("PBT") of the Group. The amount of the incentive bonus is subject to the Group achieving certain predetermined PBT targets.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

The Company recognises the importance of motivating each employee and in this regard, the Acromec Performance Share Scheme (the "**Scheme**") was approved at the extraordinary general meeting on 16 March 2016. Details on the Scheme are set out in the Company's offer document dated 6 April 2016 (the "**Offer Document**"). The Scheme is administered by the Remuneration Committee and one Executive Director. No award was granted under the Scheme in FY2016.

CORPORATE GOVERNANCE REPORT

9. 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 Company believes it is not in its interest to disclose the Directors' remuneration in dollar terms for commercial sensitivity reasons, and that the current disclosure on a named basis and in bands of S\$250,000 including the provision of a breakdown in percentage terms is sufficient

The level and mix of remuneration paid or payable to the Directors and executive officers for FY2016 are set out as follows:-

Remuneration bands	Salary & CPF %	Bonus %	Director's Fee %	Other Benefits %	Total %
Directors					
\$250,001 to \$500,000					
Lim Say Chin	88	–	–	12	100
Chew Chee Keong	88	–	–	12	100
Goi Chew Leng	88	–	–	12	100
Less than \$250,000					
Yee Kit Hong	–	–	100 ⁽¹⁾	–	100
Pan Chuan-Chih George	–	–	100 ⁽¹⁾	–	100
Elaine Beh Pur-Lin	–	–	100 ⁽¹⁾	–	100
Key Management Personnel					
Less than \$250,000					
Jerry Tan	84	15	–	1	100
Ng Boon Lee	88	2	–	10	100
David Ng	66	26	–	8	100
Peh Ee Sang ⁽²⁾	66	28	–	6	100

Note:-

- (1) There were no directors' fee paid in FY2016. The FY2016 directors' fees are subject to approval by the shareholders of the Company at the forthcoming annual general meeting.
- (2) Last day of service is on 8 July 2016.

There were no employees of the Company or its subsidiaries who were immediate family members of any Director or the CEO and whose remuneration exceeded S\$50,000 during FY2016.

The aggregate remuneration paid to the above key management personnel of the Group (excluding the Executive Directors) in FY2016 amounted to S\$709,200.

CORPORATE GOVERNANCE REPORT

There are no termination, retirement or post-employment benefits that are granted to the Directors, CEO and the key management personnel of the Group. Currently, the Company has not implemented any employee share option schemes.

10. ACCOUNTABILITY

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

The Board understands its accountability to the shareholders on the Group's performance, financial position and prospects. The objectives of the presentation of the annual and interim financial statements announcements to its shareholders are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance and position, and prospects. In line with the Catalist Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements.

The Management understands its role in providing all members of the Board with management accounts and such explanation as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

11. 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 acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

During the year, the AC discussed the findings of the external auditors and internal auditors arising from their respective reviews of the Group's system of internal controls that address critical and significant financial, operational, information technology and compliance risks. No significant weaknesses were noted.

The Board has received assurance from the Executive Chairman and Managing Director and the Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for the financial year ended 30 September 2016 give a true and fair view of the Company's operations and finances, and (b) regarding the effectiveness of the Company's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

Based on the assurance from the Executive Chairman and Managing Director and the Chief Financial Officer referred to in the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the external and internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems of the Group, addressing financial, operational, compliance and information technology controls, were adequate and effective as at 30 September 2016.

12. AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee (“AC”) with written terms of reference, which clearly set out its authority and duties.

The AC comprises Mr Yee Kit Hong, Mr Pan Chuan-Chih George and Ms Elaine Beh Pur-Lin, all of whom are Independent Directors. The chairman of the AC is Mr Yee Kit Hong. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

The written terms of reference of the AC have been approved and adopted. The main duties and powers of the AC include:–

- (a) reviewing the audit plans and scope of work of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls, the management letters on the internal controls and the Management's response, and monitoring the implementation of the internal control recommendations made by the external and internal auditors;
- (b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, prior to the incorporation of such results in the Company's annual report;
- (c) reviewing the interim financial results and annual consolidated financial statements and the external auditors' report on the annual consolidated financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore financial reporting standards as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management to ensure the integrity of the financial statements of the Group and any announcements relating to the Company's financial performance, where necessary, before submission to the Board for approval;
- (d) reviewing and discussing with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) reviewing and ensuring the co-ordination between internal auditors, external auditors and the Management, including the assistance given by the Management to the auditors;
- (f) considering the appointment and re-appointment of the external auditors, including their independence and objectivity, taking into account the non-audit services provided by the external auditors;

CORPORATE GOVERNANCE REPORT

- (g) reviewing and ratifying any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approving interested person transactions where the value thereof amount to 3% or more of the latest audited NTA of the Group (either individually or as part of a series or are aggregated with other transactions involving the same interested person during the same financial year), or any agreement or arrangement with an interested person that is not in the ordinary course of business of the Group, prior to the Group's entry into the transaction, agreement or arrangement;
- (h) making recommendations to the Board on the proposals to the shareholders with regard to the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (i) reviewing and approving the Group's foreign exchange hedging policies (if any), and conducting periodic reviews of foreign exchange transactions and hedging undertaken by the Group;
- (j) reviewing the Group's compliance the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- (k) ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing the adequacy and effectiveness of the internal audit function at least annually.

The AC has full authority to investigate any matter within its terms of reference, full access to and cooperation from the Management, and full discretion to invite any Director, executive officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The AC meets with the external and internal auditors without the presence of the Management, at least annually.

The external auditors update the AC on any changes in accounting standards impacting the financial statements of the Group before an audit commences.

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees paid to them. The AC received an audit report from the external auditors setting out the non-audit services provided and the fees charged for FY2016. A breakdown of the audit and non-audit fees paid to the Company's auditors is disclosed on page 77 of this Annual Report.

Having undertaken a review of the non-audit services provided during the year, the AC is of the view that the objectivity and independence of the external auditors are not in any way impaired by reason of their provision non-audit services to the Group as these services were provided solely in connection with the Company's IPO. Moreover, the AC is satisfied that these services were provided efficiently by the external auditors as a result of their existing knowledge of the business.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees and external parties to raise concerns about misconduct or improprieties in the Group and at the same time assure them that they will be protected from victimization for whistle-blowing in good faith. Cases that are significant are reviewed by the AC for adequacy of investigation actions and resolutions. A copy of this policy, including the contact details of the AC, is available on the Company's website.

CORPORATE GOVERNANCE REPORT

13. INTERNAL AUDIT

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

The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Group's assets. The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes. The AC approves the appointment of the internal auditors. The internal auditors report directly to the chairman of the AC and has full access to the Company's documents, records, properties and personnel.

The internal auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

The AC is satisfied with the adequacy and effectiveness of the Company's internal audit function.

14. SHAREHOLDER RIGHTS

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

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNET. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable.

Shareholders are informed of general meetings through notices published in the newspapers and through reports or circulars sent to all shareholders. The Company encourages shareholders' participation during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

15. COMMUNICATION WITH SHAREHOLDERS

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

The Company recognises that effective communication leads to transparency and enhances accountability. The Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information to its shareholders via SGXNET announcements and news releases and ensures that price-sensitive information is publicly released and is announced within the mandatory period. The Company does not practise selective disclosure.

The Company has outsourced its investor relations function to Waterbrooks Consultant Pte Ltd, who facilitates communications with shareholders and analysts, attend to their queries or concerns and keep them apprised of the Group's corporate developments and finance performance.

CORPORATE GOVERNANCE REPORT

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. It was disclosed in the Company's Offer Document that the Board intends to declare and distribute dividends of at least 20.0% of the Group's net profit attributable to shareholders for FY2016 and for the financial year ending 30 September 2017 to its shareholders. However, taking into consideration the Group's financial performance for FY2016, the Board decided not to recommend any payment of final dividends. Notwithstanding the foregoing, the Company had declared and paid on 20 July 2016 an interim dividend of 0.3 cents per ordinary share.

16. CONDUCT OF SHAREHOLDER MEETINGS

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

All shareholders of the Company will receive the Annual Report and the notice of the annual general meeting. The notice will also be advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at annual general meetings, and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairperson of each of the Board committees. The Company's external auditors are also present to assist the Board in addressing any relevant queries from shareholders. Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management, are available to shareholders upon their request.

The Company also ensures that there are separate resolutions at general meetings on each distinct issue. The Board supports the Code's principle of encouraging shareholder participation. The Constitution of the Company currently allow a member of the Company to appoint up to two proxies to attend and vote at general meetings. The Company will put all resolutions to vote by poll and announce the detailed results after the conclusion of the annual general meeting.

DEALINGS IN SECURITIES

In compliance with the Catalist Rules on dealings in securities, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company shall not deal in and prohibits dealings in its shares by its Directors, officers and employees during the period commencing one month before the announcement of the Company's half-year and full-year financial statements, and ending on the date of the announcement of the results.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks, as well as appropriate measures through which to control and mitigate these risks. The Management reviews all significant control policies and procedures, and highlights all significant matters to the Board and the AC.

In response to the increasing scale and complexity of operations, the Group has also adopted the enterprise risk management framework ("**ERM Framework**") which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard. The ERM Framework will be reviewed regularly, taking into the account changes in the business and operation environments as well as evolving corporate governance requirements. Identified

CORPORATE GOVERNANCE REPORT

risks that affect the achievement of the business objectives and financial performance of the Group over a short-medium term are summarised in the Group's risks register, and are ranked according to their likelihood and consequential impact to the Group as a whole. The identified risks are then managed and mitigated by counter measures.

The ERM Framework is not intended to and does not replace the internal control framework that the Group has in place, but rather incorporates the internal control framework within it. The Group is able to leverage on the ERM Framework to satisfy internal control needs and to move towards a fuller risk management process.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Save as disclosed in the Offer Document, during FY2016, the Group did not enter into any interested person transactions of S\$100,000 and more. The Group does not have a general mandate pursuant to Rule 920 of the Catalyst Rules for interested person transactions.

MATERIAL CONTRACTS

There were no material contracts of the Group involving the interests of the Executive Chairman and Managing Director, each Director or controlling shareholder, either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

For FY2016, the Company paid S\$628,200 to its sponsor, SAC Capital Private Limited, for acting as the issue manager, underwriter and placement agent to the Company's initial public offering.

USE OF IPO PROCEEDS

The utilisation of the net proceeds from the Company's initial public offering as of 31 December 2016 is set out as below:

	Amount allocated S\$'million	Amount utilised S\$'million	Balance amount S\$'million
(a) Working capital to expand our business operations through securing more projects and projects of a larger scale	3.50	3.50 ⁽¹⁾	–
(b) Expansion through acquisitions, joint ventures and/or strategic alliances and venturing into new geographical markets	1.00	–	1.00
Total	4.50	3.50	1.00

Note:

- (1) Utilised for the settlement of supplier invoices for the Group's projects.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial period from December 22, 2015 (date of incorporation) to September 30, 2016.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 48 to 81 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at September 30, 2016, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial period from December 22, 2015 (date of incorporation) to September 30, 2016 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Lim Say Chin	(Appointed on December 22, 2015)
Chew Chee Keong	(Appointed on December 22, 2015)
Goi Chew Leng	(Appointed on December 22, 2015)
Yee Kit Hong	(Appointed on March 16, 2016)
Pan Chuan-Chih George	(Appointed on March 16, 2016)
Elaine Beh Pur-Lin	(Appointed on March 16, 2016)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial period nor at any time during the financial period did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and company in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year or date of appointment, if later		At beginning of year or date of appointment, if later	
	At end of year		At end of year	
	Ordinary shares		Ordinary shares	
Lim Say Chin ⁽¹⁾	1	9,000,000	–	66,270,645 ⁽²⁾
Chew Chee Keong ⁽¹⁾	1	9,000,000	–	66,270,645 ⁽²⁾
Goi Chew Leng ⁽¹⁾	1	9,000,000	–	66,270,645 ⁽²⁾
Yee Kit Hong	–	100,000	–	–
Pan Chuan-Chih George	–	100,000	–	–
Elaine Beh Pur-Lin	–	50,000	–	–

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

- (1) By virtue of section 7 of the Singapore Companies Act, these directors are deemed to have an interest in all the related corporations of the Company.
- (2) These directors are deemed interested in the shares held by Ingenieur Holdings Pte Ltd by virtue of their controlling interest in Ingenieur Holdings Pte Ltd.

The directors' interests in the shares and options of the Company at October 21, 2016 were the same at September 30, 2016.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial period, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

During the financial period, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial period, there were no unissued shares of the Company or any corporation in the Group under options.

5 AUDIT COMMITTEE

The Audit Committee of the Company, comprising all non-executive directors, is chaired by Mr Yee Kit Hong, the Lead Independent Director, and includes independent directors Mr Pan Chuan-Chih George, and Ms Elaine Beh Pur-Lin. The Audit Committee has met two times since the listing of the Company on the Catalist of the Singapore Exchange Securities Trading Limited on April 18, 2016, and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- (a) The audit plans and scope of work of the external and internal auditors, including the results of the external and internal auditors' review and evaluation of the system of internal controls, management letters on the internal controls and management's response, and monitor the implementation of the internal control recommendations made by the external and internal auditors;
- (b) The interim financial results and annual consolidated financial statements and the external auditors' report on the annual consolidated financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore financial reporting standards as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from the audits including any matters which the auditors may wish to discuss in the absence of management to ensure the integrity of the financial statements of the Group and any announcements relating to the financial performance before submission to our Board of Directors for approval;

DIRECTORS' STATEMENT

5 **AUDIT COMMITTEE (CONTINUED)**

- (c) The adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, prior to the incorporation of such results in the annual report;
- (d) Any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and the management's response;
- (e) The independence and objectivity of the external auditors, taking into account the non-audit services provided by the external auditors, if any;
- (f) The co-ordination among the internal auditors, the external auditors and the management, including assistance given by our management to the auditors;
- (g) Interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approve interested person transactions where necessary;
- (h) Any potential conflicts of interests and set out a framework to resolve or mitigate such potential conflicts of interests;
- (i) The policy and procedures by which employees of the Group may, in confidence, report to the Chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and appropriate follow-up actions in relation thereto; and
- (j) The proposals to the Shareholders with regard to the appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditors.

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

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

DIRECTORS' STATEMENT

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Lim Say Chin
Director

Chew Chee Keong
Director

December 28, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ACROMEK LIMITED AND ITS SUBSIDIARY

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Acromec Limited (the "Company") and its subsidiary (collectively the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at September 30, 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the financial period from December 22, 2015 (date of incorporation) to September 30, 2016, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 81.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

AUDITORS' RESPONSIBILITY

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ACROMEC LIMITED AND ITS SUBSIDIARY

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at September 30, 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial period from December 22, 2015 (date of incorporation) to September 30, 2016.

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 corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

December 28, 2016

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2016

	Note	Group 2016 S\$	2015 S\$	Company 2016 S\$
ASSETS				
Current assets				
Cash and bank balances	6	9,141,778	8,915,117	2,152,284
Trade receivables	7	7,792,124	5,613,618	–
Amounts due from contract customers	8	4,325,256	6,466,844	–
Other receivables, deposits and prepayments	9	102,631	124,851	3,232,608
Loan to a subsidiary	10	–	–	1,800,000
Total current assets		21,361,789	21,120,430	7,184,892
Non-current assets				
Plant and equipment	11	324,055	149,946	–
Investment in subsidiary	12	–	–	6,218,040
Total non-current assets		324,055	149,946	6,218,040
Total assets		21,685,844	21,270,376	13,402,932
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	13	9,147,384	11,187,695	1,608,654
Bill payables	14	586,192	389,139	–
Amounts due to contract customers	8	1,039,390	944,990	–
Finance leases	15	–	10,587	–
Tax payable		98,207	719,925	30,000
Total current liabilities		10,871,173	13,252,336	1,638,654
Capital and reserves				
Share capital	16	11,752,743	1,500,000	11,752,743
Merger reserve	17	(4,718,040)	–	–
Retained earnings		3,779,968	6,518,040	11,535
Total equity		10,814,671	8,018,040	11,764,278
Total liabilities and equity		21,685,844	21,270,376	13,402,932

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED SEPTEMBER 30, 2016

		Group	
	Note	2016 S\$	2015 S\$
Revenue	18	43,501,885	35,376,844
Cost of sales		(38,375,250)	(27,909,330)
Gross profit		5,126,635	7,467,514
Other operating income	19	170,326	171,267
Administrative expenses		(4,774,188)	(3,338,157)
Other operating expenses		(1,063,207)	(320,753)
Finance costs	20	(6,826)	(18,470)
(Loss) Profit before income tax	21	(547,260)	3,961,401
Income tax expense	22	(30,000)	(580,000)
(Loss) Profit for the financial period, representing total comprehensive (loss) income for the financial period		(577,260)	3,381,401
Total comprehensive (loss) income attributable to:			
Owners of the Company		(577,260)	3,381,401
Non-controlling interests		—	—
		(577,260)	3,381,401
(Loss) Earnings per share ("EPS"):			
Basic and diluted (cents)	23	(0.55)	3.63

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED SEPTEMBER 30, 2016

	Note	Share capital S\$	Retained earnings S\$	Merger reserve S\$	Total S\$
Group					
Balance as at October 1, 2014		1,500,000	4,786,639	–	6,286,639
Profit for the year, representing total comprehensive income for the year		–	3,381,401	–	3,381,401
Dividend representing transaction with owners, recognised directly in equity	24	–	(1,650,000)	–	(1,650,000)
Balance as at September 30, 2015		1,500,000	6,518,040	–	8,018,040
Loss for the financial period, representing total comprehensive loss for the financial period		–	(577,260)	–	(577,260)
<i>Transactions with owners, recognised directly in equity:</i>					
Issuance of shares at date of incorporation, December 22, 2015	16	3	–	–	3
Issue of shares pursuant to Restructuring Exercise	16	6,218,040	–	–	6,218,040
Movement in reserve resulting from Restructuring Exercise	17	(1,500,000)	–	(4,718,040)	(6,218,040)
Issue of shares pursuant to the Initial Public Offering (“IPO”)	16	5,534,700	–	–	5,534,700
Dividends:					
Paid to previous shareholders of subsidiary before IPO		–	(1,800,000)	–	(1,800,000)
Paid to owners of the Company		–	(360,812)	–	(360,812)
Total	24	10,252,743	(2,738,072)	(4,718,040)	2,796,631
Balance as at September 30, 2016		11,752,743	3,779,968	(4,718,040)	10,814,671

See accompanying notes to financial statements.

STATEMENT OF
CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM DECEMBER 22, 2015 (DATE OF INCORPORATION) TO SEPTEMBER 30, 2016

	Note	Share capital S\$	Retained earnings S\$	Total S\$
Company				
Issuance of shares at date of incorporation, December 22, 2015	16	3	–	3
Profit for the financial period, representing total comprehensive income for the financial period		–	372,347	372,347
<i>Transactions with owners, recognised directly in equity:</i>				
Issue of shares pursuant to Restructuring Exercise	16	6,218,040	–	6,218,040
Issue of shares pursuant to the Initial Public Offering ("IPO")	16	5,534,700	–	5,534,700
Dividends	24	–	(360,812)	(360,812)
Total		11,752,740	(360,812)	11,391,928
Balance as at September 30, 2016		11,752,743	11,535	11,764,278

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2016

	Group	
	2016 S\$	2015 S\$
Operating activities		
(Loss) Profit before income tax	(547,260)	3,961,401
Adjustments for:		
Depreciation of plant and equipment	119,093	153,054
Reversal of allowance for doubtful receivables	–	(61,642)
Interest income	(33,982)	(20,130)
Interest expense	6,826	18,470
Loss (Gain) on disposal of plant and equipment	6,969	(4,701)
Operating cash flows before movements in working capital	(448,354)	4,046,452
Trade receivables	(2,178,506)	(3,651,500)
Other receivables, deposits and prepayments	26,908	(52,187)
Amounts due from (to) contract customers – net	2,235,988	(4,048,156)
Trade and other payables	(2,040,311)	5,711,581
Bill payables	197,053	146,658
Cash (used in) generated from operations	(2,207,222)	2,152,848
Income taxes paid	(651,718)	(399,282)
Interest received	29,294	20,130
Net cash (used in) from operating activities	(2,829,646)	1,773,696
Investing activities		
Purchase of plant and equipment	(300,171)	(140,383)
Proceeds on disposal of plant and equipment	–	6,802
Net cash used in investing activities	(300,171)	(133,581)
Financing activities		
Dividends paid	(2,160,812)	(1,650,000)
Increase in fixed deposits pledged	(506,160)	(6,119)
Proceeds on issue of shares (net of capitalised expenses)	5,534,703	–
Repayment of finance leases	(10,587)	(20,383)
Interest paid	(6,826)	(18,470)
Net cash from (used in) financing activities	2,850,318	(1,694,972)
Net decrease in cash and cash equivalents	(279,499)	(54,857)
Cash and cash equivalents at beginning of financial period	6,393,863	6,448,720
Cash and cash equivalents at end of financial period (Note A)	6,114,364	6,393,863

	Group	
	2016 S\$	2015 S\$
Note A:		
Cash at bank and on hand	5,111,929	5,393,863
Fixed deposits	1,002,435	1,000,000
Cash and cash equivalents at end of financial period (Note 6)	6,114,364	6,393,863

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

1 GENERAL

The Company (Registration No. 2015440003M) is incorporated in the Republic of Singapore with its registered office and principal place of business at 4 Kaki Bukit Avenue 1, #06-03 Kaki Bukit Industrial Estate, Singapore 417939. The Company was listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on April 18, 2016. The financial statements are expressed in Singapore dollars.

The principal activities of the company is that of investment holding.

The principal activities of the subsidiary are disclosed in Note 1C to the financial statements.

RESTRUCTURING EXERCISE – In preparation for the proposed listing of the Group on the Catalist, the sponsor-supervised board of the SGX-ST, the Group undertook a restructuring exercise (the "Restructuring Exercise") to rationalise the structure of the Group and its subsidiary (hereinafter collectively referred to as the "Group").

The details of the Restructuring Exercise are as follows:

(A) Incorporation of the Company

On December 22, 2015, the Company was incorporated in Singapore as an investment holding company with an issued and paid-up share capital of S\$3 comprising 3 shares.

(B) Acquisition of Acromec Engineers Pte Ltd ("Acromec Engineers")

Prior to the share swap described below, Acromec Engineers had an issued and paid-up capital of S\$1,500,000 comprising 1,500,000 ordinary shares, of which Lim Say Chin, Chew Chee Keong and Goi Chew Leng held 500,000 ordinary shares each.

Pursuant to the restructuring agreement entered into among the Company, Lim Say Chin, Chew Chee Keong and Goi Chew Leng:

- (i) the Company acquired 1,500,000 ordinary shares, representing the entire issued and paid-up share capital of Acromec Engineers from Lim Say Chin, Chew Chee Keong and Goi Chew Leng for a consideration of S\$6,218,040, which was based on the audited net asset value of Acromec Engineers as at September 30, 2015 as adjusted for the payment of the final tax exempt dividend in respect of the financial year ended September 30, 2015; and
- (ii) the consideration was satisfied in the following manner:
 - (a) the Company issued 4,418,043 ordinary shares, credited as fully paid at S\$1 per share, to Ingenieur Holdings Pte. Ltd., on the direction of Lim Say Chin, Chew Chee Keong and Goi Chew Leng; and
 - (b) the Company issued 599,999 ordinary shares, credited as fully paid at S\$1 per share, to each of Lim Say Chin, Chew Chee Keong and Goi Chew Leng.

Following the completion of the Restructuring Exercise on March 15, 2016, the issued and paid-up capital of the Company was S\$6,218,043 comprising 6,218,043 ordinary shares.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

1 GENERAL (CONTINUED)

(C) Sub-division of shares

On March 16, 2016, the shareholders approved the sub-division of every one share in the issued and paid-up capital of the Company into 15 shares. Following this sub-division, the issued and paid-up capital of the Company was S\$6,218,043 comprising 93,270,645 shares.

Following completion of the Restructuring Exercise, details of the Company's subsidiary is as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation and operation</u>	<u>Effective equity interest of the Group</u>		<u>Principal activity</u>
		2016 %	2015 %	
Acromec Engineers Pte Ltd ⁽¹⁾	Singapore	100	100	Specialist engineering services in the field of controlled environments

⁽¹⁾ Audited by Deloitte & Touche LLP, Singapore.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the consolidated financial statements

The Group resulting from the above Restructuring Exercise is regarded as a continuing entity throughout the year ended September 30, 2016 and 2015 as the Group is ultimately controlled by the common shareholders both before and after the Restructuring Exercise. Accordingly, although the Company is only incorporated on December 22, 2015, the consolidated financial statements of the Group for these financial periods have been prepared using the principles of merger accounting on the basis that the Restructuring Exercise transfers the equity interest in the combining entity under the common control to the Company has been effected as at the beginning of these financial periods presented in these consolidated financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial period from December 22, 2015 (date of incorporation) to September 30, 2016 were authorised for issue in accordance with a resolution of the Board of Directors on December 28, 2016.

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

ADOPTION OF NEW AND REVISED STANDARDS – The Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from the date of incorporation and are relevant to its operations.

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

- FRS 109 *Financial Instruments*¹
- FRS 115 *Revenue from Contracts with Customers*¹
- Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*¹
- FRS 116 *Leases*²

¹ Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

² Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted.

The management anticipates that the adoption of the above FRS and amendments to FRS in future periods is not expected to have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements for FRS 109 that may be relevant to the Group:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL).

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

FRS 109 will take effect from financial years beginning on or after January 1, 2018. Management is currently evaluating the impact of the changes in the period of initial adoption.

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective. Further clarifications to FRS 115 were also issued June 2016.

The core principle of FRS 115 is that an entity should recognise 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. Specifically, the standard introduces a 5-step approach to revenue recognition:

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

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

FRS 115 will take effect from financial years beginning on or after January 1, 2018. Management is currently evaluating the potential impact of the changes in the period of initial adoption.

FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The standard provides a comprehensive model for the identification of leases arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

FRS 116 will take effect from financial years beginning on or after January 1, 2019. Management is currently evaluating the potential impact of the changes in the period of initial adoption.

BASIS OF CONSOLIDATION – The Group resulting from the Restructuring Exercise as disclosed in Note 1, is one involving an entity under common control. Accordingly, the consolidated financial statements have been accounted for using the principles of merger accounting where financial statement items of the merged entities for the reporting periods in which the common control combination occurs are included in the consolidated financial statements of the Group as if the consolidation had occurred from the date when the merged entities first came under the control of the same shareholders.

All significant intercompany transactions and balances between the entities in the Group are eliminated on combination.

For all other entities that are to be consolidated within the Group, control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiary

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a contractual party to the instrument.

Effective interest method

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

Financial assets

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables) are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other financial liabilities

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

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

Derecognition of financial liabilities

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

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

CONSTRUCTION CONTRACTS – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the percentage of completion of the contract activity at the end of the reporting period, as measured by the percentage of the physical proportion of the contract work completed as determined by quantity surveyors' or project engineers' estimates. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to contract customers (billings in excess of costs). Amounts received before the related work is performed are included in the statement of financial position, as a liability, as amounts due to contract customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

PLANT AND EQUIPMENT – Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Renovation	–	3 years
Furniture and fittings and office equipment	–	3 years
Computer equipment	–	3 years
Motor vehicles	–	6 years
Factory machinery	–	3 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

IMPAIRMENT OF NON-FINANCIAL ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS – Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, rebates and other similar allowances.

Revenue from projects is recognised as described in the Note 2 to the financial statements under Construction Contracts.

Revenue from rendering of other services that are of a short duration is measured at the fair value of the consideration received or receivable when services are completed.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

RETIREMENT BENEFIT OBLIGATIONS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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.

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

FOREIGN CURRENCY TRANSACTIONS – The consolidated financial statements of the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise fixed deposits, cash at bank and on hand that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

SEGMENT REPORTING – An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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

Critical judgements in applying the Group's accounting policies

Management is of the opinion that there are no critical judgment that have a significant effect on the amounts recognised in the financial statements, except for the key sources of estimation uncertainty as disclosed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Assessment of recoverability of debts

The assessment of recoverability of trade and other receivables of the Group is based on the ongoing evaluation of collectability and ageing analysis of the outstanding debts and on management's estimate of the ultimate realisation of these receivables, including creditworthiness and the past collection history of each debtor. An allowance is made for doubtful debts for estimated losses resulting from the subsequent inability of the customer to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future period. The carrying amounts of trade and other receivables at the end of the reporting period are disclosed in Notes 7 and 9 to the financial statements.

Project revenue and costs

As described in Note 2 to the financial statements, revenue and costs associated with a project are recognised as revenue and expenses respectively by reference to the stage of completion of a project activity at the end of the reporting period, using quantity surveyors' or project engineers' estimates. When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately. These computations are based on the presumption that the outcome of a project can be estimated reliably.

Management has performed the cost studies, taking into account the costs to date and costs to complete for each project. Management has also reviewed the status and the physical proportion of the contract work completed of such projects and is satisfied that the estimates to complete are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery. In addition, management has assessed each project individually according to its technical requirements and circumstances in order to estimate project cost accrual.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and where the amount of such claims and variation orders can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group 2016 S\$	2015 S\$	Company 2016 S\$
Financial assets			
Loans and receivables (including cash and cash equivalents)	21,308,411	21,075,606	7,147,814
Financial liabilities			
Amortised cost	9,733,576	11,587,421	1,608,654

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

The Group does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

(c) *Financial risk management policies and objectives*

Management monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

(i) Interest rate risk management

The Group's exposure to interest rate risk are restricted to its interest bearing bank balances, bills payables and finance leases as disclosed in Notes 6, 14 and 15 respectively.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of changes to interest rates at the end of reporting period.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(ii) Foreign exchange risk management

Foreign exchange risk arising from changes in foreign currency exchange rates has a financial effect on the company in the current reporting period and in future years. The Group's balances and transactions are predominantly in Singapore dollars, which is its functional currency.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currency are as follows:

	Assets		Liabilities	
	2016 S\$	2015 S\$	2016 S\$	2015 S\$
United States dollars	26,957	198,261	–	357,232
Euro	346,539	2,279	–	–

Foreign exchange risk sensitivity analysis

The sensitivity rate used when reporting foreign currency risk to key management personnel is 10%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, the Group's loss before income tax will decrease (increase) (2015: Group's profit before income tax will increase (decrease)) by:

	2016 S\$	2015 S\$
United States dollars	2,696	(15,897)
Euro	34,654	228

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, the Group's (loss) profit before income tax will have an equal but opposite effect.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(iii) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

There is a concentration of credit risk as 36.7 % (2015: 38.7%) of the Group's trade receivables at the end of the reporting period relates to one customer.

Further details of credit risks on trade receivables are disclosed in Note 7 to the financial statements.

Cash and bank balances are held in creditworthy financial institutions.

(iv) Liquidity risk management

Liquidity risk is the risk that the Group is unable to meet its obligations as and when they fall due. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuation in cash flows. The management of the Group manages liquidity risk by maintaining adequate reserves and actual cash flows and matching the maturity profiles of financial assets and liabilities to the extent possible.

All financial assets and financial liabilities as at the end of the reporting period are non-interest bearing and are repayable on demand or due within 1 year from the end of the reporting period, except for fixed deposits, bill payables and finance leases payables which are interest bearing as disclosed in Notes 6, 14 and 15 to the financial statements respectively.

(v) Fair value of financial assets and financial liabilities

The carrying value of the cash and cash equivalents, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial assets and financial liabilities. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(d) **Capital risk management policies and objectives**

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes finance leases (Note 15) and bills payables (Note 14), and equity attributable to owners of the Group, comprising issued capital, reserves and retained earnings.

The Group's overall strategy remains unchanged.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

5 RELATED PARTY TRANSACTIONS

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

During the year, the Group entered into the following transactions with related parties:

	2016 S\$	2015 S\$
<u>Entity controlled by the shareholders of the Company:</u>		
Purchase of services from related party	370,207	781,745

Compensation of directors and key management personnel

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

	2016 S\$	2015 S\$
Short-term benefits	1,593,816	576,000
Central Provident Funds	87,239	29,400
	1,681,055	605,400

6 CASH AND BANK BALANCES

	Group 2016 S\$	2015 S\$	Company 2016 S\$
Cash at bank	5,095,929	5,377,307	1,149,849
Cash on hand	16,000	16,556	–
Fixed deposits	4,029,849	3,521,254	1,002,435
Total	9,141,778	8,915,117	2,152,284
Less: Fixed deposits pledged	(3,027,414)	(2,521,254)	–
Cash and cash equivalents per consolidated statement of cash flows	6,114,364	6,393,863	2,152,284

Certain fixed deposits are pledged as collaterals in respect of trade loan facilities granted by the banks. The fixed deposits earned interest at 0.15 % to 1.50 % (2015: 0.10% to 0.80%) per annum and have tenures ranging from 1 to 12 months (2015: 3 to 12 months).

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

7 TRADE RECEIVABLES

	Group	
	2016 S\$	2015 S\$
Trade receivables:		
Outside parties	7,321,735	4,788,225
Retention receivables:		
Outside parties	470,389	825,393
Net	<u>7,792,124</u>	<u>5,613,618</u>

Movements in the allowance for doubtful debts:

	2016 S\$	2015 S\$
Balance at beginning of year	-	61,642
Reversal of allowance (Note 21)	-	(61,642)
Balance at end of year	<u>-</u>	<u>-</u>

The average credit period is 30 days (2015: 30 days). No interest is charged on the outstanding trade receivables. Retention receivables are classified as current as they are expected to be received within the Group's normal operating cycle.

The table below is an analysis of trade receivables as at September 30:

	2016 S\$	2015 S\$
Not past due and not impaired	4,840,662	5,494,753
Past due but not impaired (i)	<u>2,951,462</u>	<u>118,865</u>
	<u>7,792,124</u>	<u>5,613,618</u>

There is no allowance for impairment of receivables that are collectively assessed.

Included in the Group's trade receivables balance are debtors with a carrying amount of \$2,951,462 (2015: \$118,865) which are past due at the end of the reporting period and for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

7 TRADE RECEIVABLES (CONTINUED)

(i) Aging of receivables that are past due but not impaired:

	2016 S\$	2015 S\$
Less than 30 days overdue	1,532,642	60,122
31 to 60 days overdue	1,418,820	58,743
	2,951,462	118,865

These receivables, which are past due and not impaired, are not secured by any collaterals or credit enhancements.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

8 AMOUNTS DUE FROM (TO) CONTRACT CUSTOMERS

	Group	
	2016 S\$	2015 S\$
<u>Contracts in progress at end of the reporting period:</u>		
Amounts due from contract customers	4,325,256	6,466,844
Amounts due to contract customers	(1,039,390)	(944,990)
	3,285,866	5,521,854
Contract costs incurred plus recognised profits	47,463,567	26,685,739
Less: Progress billings	(44,177,701)	(21,163,885)
	3,285,866	5,521,854

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company
	2016	2015	2016
	S\$	S\$	S\$
Deposits	37,677	69,083	–
Prepayments	53,378	44,824	37,078
Staff loans and advances	–	1,500	–
Amount due from a subsidiary	–	–	3,193,472
Other receivables	11,576	9,444	2,058
	102,631	124,851	3,232,608

Amount due from a subsidiary is interest-free, unsecured and repayable on demand.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

10 LOAN TO A SUBSIDIARY

	Company	
	2016	2015
	S\$	S\$
Loans receivable from a subsidiary	1,800,000	–

The loan to a subsidiary is interest-free, unsecured and repayable on demand.

11 PLANT AND EQUIPMENT

	Renovation	Furniture and fittings and office equipment	Computer equipment	Motor vehicle	Factory machinery	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Cost:						
At October 1, 2014	29,605	242,066	547,365	207,688	71,800	1,098,524
Additions	–	19,209	91,938	29,236	–	140,383
Disposals	–	–	–	(25,201)	–	(25,201)
At September 30, 2015	29,605	261,275	639,303	211,723	71,800	1,213,706
Additions	–	49,355	182,244	68,572	–	300,171
Disposals	–	(3,517)	(346,169)	–	–	(349,686)
At September 30, 2016	29,605	307,113	475,378	280,295	71,800	1,164,191
Accumulated depreciation:						
At October 1, 2014	29,288	209,852	485,706	137,160	71,800	933,806
Depreciation for the year	317	33,254	69,248	50,235	–	153,054
Disposals	–	–	–	(23,100)	–	(23,100)
At September 30, 2015	29,605	243,106	554,954	164,295	71,800	1,063,760
Depreciation for the year	–	16,506	79,086	23,501	–	119,093
Disposals	–	(2,976)	(339,741)	–	–	(342,717)
At September 30, 2016	29,605	256,636	294,299	187,796	71,800	840,136
Carrying amount:						
At September 30, 2015	–	18,169	84,349	47,428	–	149,946
At September 30, 2016	–	50,477	181,079	92,499	–	324,055

In 2015, the carrying amount of the Group's motor vehicle, furniture and fittings and office equipment included an amount of S\$80,501 secured in respect of asset held under finance leases (Note 15).

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

12 INVESTMENT IN SUBSIDIARY

	Company	
	2016 S\$	2015 S\$
Unquoted equity shares, at cost	6,218,040	–

12 INVESTMENT IN SUBSIDIARY

Details of the Group's subsidiary at 30 September 2016 are as follows:

Name of subsidiary	Country of incorporation and operation	Effective equity interest of the Group		Principal activity
		2016 %	2015 %	
Acromec Engineers Pte Ltd ⁽¹⁾	Singapore	100	100	Specialist engineering services in the field of controlled environments

(1) Audited by Deloitte & Touche LLP, Singapore.

13 TRADE AND OTHER PAYABLES

	Group		Company
	2016 S\$	2015 S\$	2016 S\$
Trade payables			
– Outside parties	6,241,968	6,571,968	55,056
– Related parties (Note 5)	–	231,415	1,403,598
Other payables	115,170	167	115,000
Accruals	575,056	801,259	35,000
Accrued project costs	2,215,190	3,582,886	–
	9,147,384	11,187,695	1,608,654

The average credit period for trade payable is 60 days (2015: 60 days).

14 BILL PAYABLES

Bill payable and other credit facilities from banks are secured on the fixed deposits pledged (Note 6) and personal guarantees of directors. The bills payables bears an interest rate of 5.25 % (2015: 5.25%) per annum and is repayable within next 12 months.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

15 FINANCE LEASES

Group	Minimum lease payments		Present value of minimum lease payments	
	2016 S\$	2015 S\$	2016 S\$	2015 S\$
Within one year	-	10,711	-	10,587
Less: Future finance charges	-	(124)	-	-
Present value of lease obligations	-	10,587	-	10,587
Less: Amount due for settlement within 12 months			-	(10,587)
Amount due for settlement after 12 months			-	-

It is the Group's policy to lease certain of its office equipment and motor vehicles under finance leases. In 2015, the average lease term was 4 years and the average effective interest rate was 5.36%. Interest rates were fixed at the contract date, and thus exposed the Group to fair value interest rate risk. All leases were on fixed repayment basis and no arrangements had been entered into for contingent rental payments.

In 2015, the fair value of the Group's lease obligations approximated their carrying amount.

The Group's obligations under finance leases were secured by the lessors' title to the leased assets (Note 11).

16 SHARE CAPITAL

	Company	
	2016 Number of ordinary shares	2016 S\$
Issued and paid up:		
At the date of incorporation, December 22, 2015 (Note 1A)	3	3
Issue of shares pursuant to the Restructuring Exercise (Note 1B) ⁽ⁱ⁾	6,218,040	6,218,040
	6,218,043	6,218,043
Sub-division of shares (Note 1C)	93,270,645	6,218,043
Issue of shares ⁽ⁱⁱ⁾	27,000,000	5,534,700
At the end of the year	120,270,645	11,752,743

(i) This represented a non-cash transaction.

(ii) During the year, the Company is listed on the Catalist of the SGX-ST. As a result of the listing, 27,000,000 new ordinary shares were issued for net proceeds of S\$5,534,700, after share issue expenses of S\$405,300.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

17 MERGER RESERVE

Merger reserve represents the difference between the amount of the share capital of the subsidiary at the date on which they are acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition using the principles of merger accounting applicable to business combination under common control.

18 REVENUE

	Group	
	2016 S\$	2015 S\$
Revenue from projects	41,576,673	33,465,388
Revenue from other services rendered	1,925,212	1,911,456
	43,501,885	35,376,844

19 OTHER OPERATING INCOME

	Group	
	2016 S\$	2015 S\$
Gain on disposal of plant and equipment	–	4,702
Reversal of allowance for doubtful debts (Note 7)	–	61,642
Bank interest	629	363
Fixed deposit interest	33,353	19,767
Grants received	117,353	53,618
Sundry income	18,991	31,175
	170,326	171,267

20 FINANCE COSTS

	Group	
	2016 S\$	2015 S\$
Interest expense on:		
Finance leases	80	932
Bills payables	6,746	17,538
	6,826	18,470

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

21 (LOSS) PROFIT BEFORE INCOME TAX

(Loss) Profit before income tax has been arrived at after charging (crediting):

	Group	
	2016 S\$	2015 S\$
Depreciation of plant and equipment	119,093	153,054
Directors' remuneration	1,072,265	605,400
Directors' fees	115,000	–
Initial public offering fee ⁽¹⁾	715,885	–
Audit fee – paid to auditors of the company	85,000	38,000
Reversal of allowance for doubtful debts	–	(61,642)
Net foreign exchange loss	3,160	11,565
Cost of defined contribution plans	363,364	318,644
Employee benefits expenses (including costs of defined contribution plans)	5,499,419	4,600,699

(1) This included non-audit fee of S\$133,775 (2015: S\$Nil) paid to auditors of the Company in connection with the Company's initial public offering.

22 INCOME TAX EXPENSE

	Group	
	2016 S\$	2015 S\$
Current tax expense	30,000	580,000

Domestic income tax is calculated at 17% (2015: 17%) of the estimated assessable profit for the year.

The total income tax for the year can be reconciled to the accounting profit before income tax as follows:

	Group	
	2016 S\$	2015 S\$
(Loss) Profit before income tax	(547,260)	3,961,401
Tax at Singapore statutory tax rate of 17%	(93,034)	673,438
Effect of revenue that is exempt from taxation	(25,925)	(25,925)
Effect of expenses that are not deductible in determining taxable profit	294,979	25,222
Enhanced capital allowance arising from PIC scheme	(131,346)	(48,981)
Effect of tax concessions	–	(23,542)
Income tax rebate	(19,514)	(20,000)
Others	4,840	212
Income tax expense	30,000	580,000

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

23 (LOSS) EARNINGS PER SHARE

The calculation of the (loss) earnings per share attributable to the ordinary owners of the Group is based on the following data.

Earnings figures are calculated as follows:

	Group	
	2016	2015
	S\$	S\$
(Loss) Profit attributable to owners of the Company	(577,260)	3,381,401
	2016	2015
	Number of shares ('000)	Number of shares ('000)
Weighted average number of ordinary shares for purposes of earnings per share	105,476⁽²⁾	93,271⁽¹⁾
(Loss) Earnings per share – Basic (cents)	(0.55)	3.63

(1) The weighted average number of ordinary shares of the Group for the year ended September 30, 2015 is based on the number of shares issued after the Restructuring Exercise.

(2) The weighted average number of ordinary shares of the Group for the year ended September 30, 2016 is based on the number of shares issued after the Restructuring Exercise and weighted average number of new shares issued pursuant to the Initial Public Offering.

There are no dilutive potential ordinary shares for 2016 and 2015.

24 DIVIDENDS

On December 31, 2014, the subsidiary, Acromec Engineers Pte Ltd, paid a final one-tier tax exempt dividends of S\$1,650,000 in respect of the financial year ended September 30, 2014 to its then shareholders.

On January 28, 2016, the subsidiary, Acromec Engineers Pte Ltd, declared a final one-tier tax exempt dividend of S\$1,800,000 in respect of the financial year ended September 30, 2015 to its then shareholders. The dividends were paid on January 29, 2016.

On June 2, 2016, the Company declared an interim one-tier tax exempt dividend of S\$360,812 in respect of financial year ended September 30, 2016 to its shareholders. The dividends were paid on July 20, 2016.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

25 OPERATING LEASE ARRANGEMENTS

	Group	
	2016 S\$	2015 S\$
Minimum lease payments under operating leases recognised as expense in the year	374,936	311,055

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases which fall due after the financial year end as follows:

	Group	
	2016 S\$	2015 S\$
Within one year	363,170	335,138
In the second to fifth years inclusive	42,624	47,970
	405,794	383,108

Operating lease payments represent rental payable by the Group for certain of its office and warehouse premises, dormitories and office equipment. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years.

26 SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Group's other operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group's under FRS 108 *Operating Segments*.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

For management purposes, the Group is currently organised into two main operating segments:

- (1) Engineering, Procurement and Construction segment; and
- (2) Maintenance segment.

The Engineering, Procurement and Construction segment provides engineering, procurement and construction services, specialising in architectural, mechanical, electrical and process works within controlled environment.

The Maintenance segment provides maintenance services for controlled environments and supporting infrastructure.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

26 SEGMENT INFORMATION (CONTINUED)Segment revenues and results

	Engineering, Procurement & Construction S\$	Maintenance S\$	Total S\$
<u>September 30, 2016</u>			
Revenue	41,576,673	1,925,212	43,501,885
Cost of sales	(36,964,281)	(1,410,969)	(38,375,250)
Gross profit	<u>4,612,392</u>	<u>514,243</u>	<u>5,126,635</u>
Segment result	(409,650)	(45,673)	(455,323)
Depreciation expense			(119,093)
Interest income			33,982
Finance costs			(6,826)
Loss before income tax			(547,260)
Income tax expense			(30,000)
Loss for the financial period			<u>(577,260)</u>
	Engineering, Procurement & Construction S\$	Maintenance S\$	Total S\$
<u>September 30, 2015</u>			
Revenue	33,465,388	1,911,456	35,376,844
Cost of sales	(26,483,102)	(1,426,228)	(27,909,330)
Gross profit	<u>6,982,286</u>	<u>485,228</u>	<u>7,467,514</u>
Segment result	3,845,552	267,243	4,112,795
Depreciation expense			(153,054)
Interest income			20,130
Finance costs			(18,470)
Profit before income tax			3,961,401
Income tax expense			(580,000)
Profit for the year			<u>3,381,401</u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

26 SEGMENT INFORMATION (CONTINUED)

Segment assets

There is no segment assets disclosed as the assets are jointly used by the reportable segments and it is not a Group's practice to report segment assets to the chief operating decision maker.

Geographical segments

The Group's activities are located in Singapore. The geographical locations of the Group's customers and non-current assets are in Singapore.

Major customer information

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	2016 S\$	2015 S\$
Engineering, Procurement and Construction		
Top 1 st customer	14,828,091	7,288,415
Top 2 nd customer	6,426,895	6,900,745
Top 3 rd customer	NA	6,475,149
Top 4 th customer	NA	4,629,847

27 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company is in the process of acquiring 60% of the issued and paid up capital of Golden Harvest Engineering Pte Ltd, an unrelated party for a total consideration of S\$1,860,000.

SHAREHOLDING STATISTICS

AS AT 12 DECEMBER 2016

Issued and paid-up capital	:	\$11,170,421
Number of shares	:	120,270,645
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 12 December 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 – 99	0	0.00	0	0.00
100 – 1,000	56	6.76	42,600	0.04
1,001 – 10,000	404	48.79	2,508,200	2.09
10,001 – 1,000,000	361	43.60	20,308,100	16.88
1,000,001 and above	7	0.85	97,411,745	80.99
Grand Total	828	100.00	120,270,645	100.00

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 12 December 2016

NAME OF SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	% ⁽²⁾	NO. OF SHARES	% ⁽²⁾
Lim Say Chin ⁽¹⁾	9,000,000	7.5	66,270,645	55.1
Chew Chee Keong ⁽¹⁾	9,000,000	7.5	66,270,645	55.1
Goi Chew Leng ⁽¹⁾	9,000,000	7.5	66,270,645	55.1
Ingenieur Holdings Pte. Ltd.	66,270,645	55.1	–	–

Notes:

- (1) Lim Say Chin, Chew Chee Keong and Goi Chew Leng are deemed to have an interest in 66,270,645 shares held by Ingenieur Holdings Pte. Ltd. by virtue of Section 4 of the Securities and Futures Act (Chapter 289).
- (2) The percentages of issued share capital are calculated based on 120,270,645 issued shares in the capital of the Company as at 12 December 2016.

SHAREHOLDING STATISTICS

AS AT 12 DECEMBER 2016

TWENTY LARGEST SHAREHOLDERS

As at 12 December 2016

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	INGENIEUR HOLDINGS PTE. LTD.	66,270,645	55.10
2	LIM SAY CHIN	9,000,000	7.48
3	CHEW CHEE KEONG	9,000,000	7.48
4	GOI CHEW LENG	9,000,000	7.48
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,564,400	1.30
6	PHILLIP SECURITIES PTE LTD	1,426,700	1.19
7	WONG CHOO WAI (HUANG ZUWEI)	1,150,000	0.96
8	RAFFLES NOMINEES (PTE) LIMITED	947,000	0.79
9	CHOW YUET HENG (ZOU YUEXIN)	674,400	0.56
10	LIM TECK MENG JOSHUA (LIN DEMING JOSHUA)	650,000	0.54
11	LIM HONG MENG	450,000	0.37
12	DBS NOMINEES (PRIVATE) LIMITED	403,800	0.34
13	CHOO SWEE CHOO	400,000	0.33
14	LEE CHIEW ENG	400,000	0.33
15	HENG CHOON NING	368,000	0.31
16	CITIBANK NOMINEES SINGAPORE PTE LTD	361,000	0.30
17	CIMB SECURITIES (SINGAPORE) PTE. LTD.	348,600	0.29
18	KHONG CHIN KIAT @ TAI CHINKIAT	300,000	0.25
19	TARWIE THAMRIN	300,000	0.25
20	LIM SAM LENG	240,000	0.20
	TOTAL	103,254,545	85.85

FREE FLOAT

Based on the information provided to the Company as at 12 December 2016, approximately 22.24% of the issued ordinary shares of the Company was held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of ACROMEC LIMITED (the "**Company**") will be held at National Service Resort & Country Club, 10 Changi Coast Walk, Singapore 499739 on Tuesday, 24 January 2017 at 10.00 am for the following purposes:–

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited financial statements for the financial year ended 30 September 2016, together with the Directors' Statement and Independent Auditors' Report.

Resolution 2

2. To re-elect Mr Lim Say Chin who is retiring pursuant to Article 118 of the Company's Constitution (the "**Constitution**") and who, being eligible, offers himself for re-election as a Director of the Company.

Resolution 3

3. To re-elect Mr Chew Chee Keong who is retiring pursuant to Article 118 of the Constitution and who, being eligible, offers himself for re-election as a Director of the Company.

Resolution 4

4. To re-elect Mr Goi Chew Leng who is retiring pursuant to Article 118 of the Constitution and who, being eligible, offers himself for re-election as a Director of the Company.

Resolution 5

5. To re-elect Mr Yee Kit Hong who is retiring pursuant to Article 118 of the Constitution and who, being eligible, offers himself for re-election as a Director of the Company.

*Mr Yee Kit Hong will, upon re-election as a Director of the Company, remain as the chairman of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**").*

Resolution 6

6. To re-elect Mr Pan Chuan-Chih George who is retiring pursuant to Article 118 of the Constitution and who, being eligible, offers himself for re-election as a Director of the Company.

Mr Pan will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Resolution 7

7. To re-elect Ms Elaine Beh Pur-Lin who is retiring pursuant to Article 118 of the Constitution and who, being eligible, offers herself for re-election as a Director of the Company.

Ms Beh will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and the Board considers her to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Resolution 8

8. To approve the payment of Directors' fees of S\$115,000 for the financial year ended 30 September 2016.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 9

9. To re-appoint Deloitte & Touche LLP as the Company's Independent Auditors and to authorise the Directors of the Company to fix their remuneration.
10. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

Resolution 10

11. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"Authority to allot and issue shares"

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the directors of the Company (the "**Directors**") 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 convertible into Shares,

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

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

provided that:-

- (1) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed fifty per cent (50%) of the total number of Issued Shares;
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this authority is given, after adjusting for:-
- (i) new Shares arising from the conversion or exercise of any convertible securities;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (iii) any subsequent bonus issue, consolidation or sub-division of Shares;
- (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, Chapter 50 of Singapore, and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in 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 (i)]

Resolution 11

12. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:-

"Authority to allot and issue shares pursuant to the Acromec Performance Share Scheme

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the directors of the Company (the "**Directors**") be authorised and empowered to grant awards in accordance with the provisions of the Acromec Performance Share Scheme (the "**Share Scheme**") and to allot and issue from time to time such number of shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the vesting of the awards under the Share Scheme, provided that the aggregate number of new Shares which may be issued pursuant to the vesting of awards under the Share Scheme, when added to the number of new Shares issued and issuable in respect of all awards granted under the Share Scheme and any other share-based incentive scheme of the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) preceding that date of grant of award and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is earlier."

[see Explanatory Note (ii)]

BY ORDER OF THE BOARD

Wee Mae Ann
Company Secretary
Singapore
9 January 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Under the Catalist Rules, a share issue mandate approved by shareholders as a ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to 100% of the issued share capital of the issuer (excluding treasury shares) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than 50% of the issued share capital of the issuer (excluding treasury shares).

Ordinary Resolution 10, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at 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 earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

- (ii) Ordinary Resolution 11, if passed, will empower the Directors to grant awards under the Share Scheme and to allot and issue Shares pursuant to the vesting of the awards under the Share Scheme, provided that the aggregate number of new Shares which may be issued under the Share Scheme, when added to the number of Shares issued and issuable in respect of all awards granted under the Share Scheme and any other share-based incentive scheme of the Company for the time being in force, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) preceding that date of grant of award.

Notes:

- (1) Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), a member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
- (3) A member who is a relevant intermediary (as defined in the Companies Act) 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 such member.
- (4) If the member is a corporation, the instrument appointing the proxy must be executed under its common seal or signed by its duly authorised officer or attorney.
- (5) The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 4 Kaki Bukit Avenue 1, #06-03 Singapore 417939 not less than 72 hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), and (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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ACROMEK LIMITED
(Company Registration No. 201544003M)
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING
PROXY FORM**

I/We _____ (Name) _____ (NRIC/Passport/Registration Number)
of _____ (Address)
being a member/members of ACROMEK LIMITED (the “**Company**”) hereby appoint:–

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

and/or (delete as appropriate)

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

or failing the person or both of the persons above, the Chairman of the Annual General Meeting (“**AGM**”), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held at National Service Resort & Country Club, 10 Changi Coast Walk, Singapore 499739 on Tuesday, 24 January 2017 at 10.00 am, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:–	For	Against
	Ordinary Business		
1.	Audited financial statements for financial year ended 30 September 2016		
2.	Re-election of Mr Lim Say Chin as a Director		
3.	Re-election of Mr Chew Chee Keong as a Director		
4.	Re-election of Mr Goi Chew Leng as a Director		
5.	Re-election of Mr Yee Kit Hong as a Director		
6.	Re-election of Mr Pan Chuan-Chih George as a Director		
7.	Re-election of Ms Elaine Beh Pur-Lin as a Director		
8.	Approval of Directors’ fees of S\$115,000 for financial year ended 30 September 2016		
9.	Re-appointment of Deloitte & Touche LLP as auditors of the Company		
	Special Business		
10.	General authority to allot and issue shares		
11.	Authority to allot and issue shares pursuant to the Acromec Performance Share Scheme		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of AGM. Alternatively, if you wish to exercise your votes both for and against the resolution, please indicate the number of shares in the respective spaces provided.)

Dated this _____ day of _____ 2017

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



Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

1. Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form.
3. A member who is a relevant intermediary (as defined in the Companies Act) 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 such member.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.
5. This proxy form duly executed must be deposited at the registered office of the Company at 4 Kaki Bukit Avenue 1, #06-03 Singapore 417939 not less than 72 hours before the time set for the AGM.
6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
8. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 January 2017.

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The logo for Acromec, featuring the word "ACROMEC" in white, uppercase, sans-serif font. The letter "O" is replaced by a stylized circular icon with a horizontal line through it. The logo is set against a solid blue rectangular background.

ACROMEC

ACROMEC LIMITED

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WWW.ACROMEC.COM