MS HOLDINGS LIMITED

ANNUAL REPORT **2016**

Extending our **growth** and **reach**

Mission Statement

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

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

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

The contact persons for the Sponsor are Mr Khong Choun Mun, Managing Director and Head, Equity Capital Markets and Mr Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

Corporate Profile

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

Adopting a differentiated business model, we lease our fleet of mobile cranes on a daily or short term basis as it enables us to increase our operational flexibility and optimise our fleet utilisation rate.

With our fleet of young and modern cranes, we serve a wide customer base of over 350 customers, mainly from the construction, marine, logistics, oil and gas as well as infrastructure industries. This strategy of building and maintaining a well-diversified customer base ensures that we are not overly reliant on any particular customer or particular business sector.

QA INTERNATIONAL ACCREDITED COMPANY BS EN ISO 9001 : 2008 UKAS

REGISTERED QA INTERNATIONAL OHSAS 18001

bizSAFE STAR

ENTERPRISE 50 Celebrating Singapore's Enterprising Spirit 2014

Letter to Shareholders

Dear Shareholders

On behalf of the board of directors ("**Board**" and "**Directors**") of MS Holdings Limited ("**MS Holdings**" or "**Company**", and together with our subsidiaries, the "**Group**"), We are pleased to present to you the annual report of MS Holdings for the financial year ended 30 April 2016 ("**FY2016**").

Better known as Moh Seng Cranes in the industry, our business roots can be traced back to the 1960s and in the years since our establishment, we have been investing in talent, technology and equipment which are vital to the future of our Group.

With a combined lifting fleet of 33 mobile cranes and lorry cranes (with lifting capabilities ranging from 25 tonnes to 750 tonnes), our Group offers a comprehensive range of integrated lifting solutions, and is one of the few mobile crane rental companies in Singapore with the ability to provide mobile hydraulic lifting services exceeding 500 tonnes.

Adopting a differentiated business strategy, our Group typically rents our cranes to customers on a daily basis or short term basis, thereby increasing the flexibility of deploying our cranes and enabling our Group to optimise the utilisation of our fleet. Our Group has built up a wide customer base of more than 350 customers operating within the infrastructure, construction,

marine, logistics as well as oil and gas industries in Singapore.

Our Group is internally driven to expand our range of services, improve efficiency and introduce new features to our customers and such initiatives are motivated by customer needs rather than reaction to competition.

Maintaining our focus to meet the needs of new and existing clients, we strive to continue our long tradition of providing our customers with best-in-class services and solutions.

FY2016 Business and Financial Review

Slowing global economic growth and declining commodity prices, especially oil, created business headwinds in our customer activities, which in turn have impacted the average rental rates of our cranes.

Our Group generates revenue primarily from the leasing of our cranes.

In FY2016, our Group registered an increase in revenue contribution from a subsidiary which provides project management services that were complementary to our business model.

As a result, our Group's revenue rose marginally by 2.2% to approximately S$17.5 million in FY2016.

During FY2016, our Group's depreciation expenses increased as we acquired new mobile cranes and replaced used lorry cranes as part of our fleet renewal strategy. This led to higher costs and coupled with the increase in labour costs, our Group's cost of sales increased by 13.0% to approximately S$12.1 million in FY2016.

Consequently, our Group recorded a lower gross profit of approximately S$5.4 million with a gross profit margin of 31.1% in FY2016.

With the absence of one-time gain on disposal of investment properties and gain on disposal of aged mobile cranes in FY2016, our Group's other income decreased by 68.5% to approximately S$1.0 million.

Overall, amid challenging market conditions, our Group registered a net profit after tax of approximately S$0.4 million in FY2016.

On Firm Ground

Looking beyond the top line, building a stronger balance sheet with a prudent financial approach continues to be an important corporate objective for our Group, as we look to strengthen our long term financial safety and soundness.

Letter to Shareholders

Testament to our short term leasing model, our Group's cash flows continued to be robust as our Group generated net cash from operating activities of approximately S$2.9 million in FY2016.

As at 30 April 2016, our Group's total assets increased to approximately S$67.3 million, of which non-current assets amounted to approximately S$59.6 million and current assets stood at approximately S$7.7 million. Non-current assets comprised mainly leasehold land and building (at 22 Pandan Road and 11 Gul Drive). Current assets comprised mainly trade and other receivables as well as cash and bank balances.

As at 30 April 2016, total liabilities increased to approximately S$40.3 million, of which non-current liabilities and current liabilities stood at approximately S$26.7 million and S$13.6 million respectively. Non-current liabilities and current liabilities comprised mainly obligation under finance leases for our plant and equipment as well as bank borrowings for working capital purposes.

With net assets of approximately S$27.0 million as at 30 April 2016, our Group's net asset value per share stood at approximately S$0.26.

Scaling New Business Heights

As our Group enters into a new financial year, uncertainties remain but we are making progress in capitalising on new business opportunities during the year. Aligned with our core competencies, our Group has strategically invested in additional resources and fixed assets to create more value propositions to better serve new and existing clients.

On this front, we are seeing encouraging results from our project management services which we started after our Group's listing in November 2014.

We are focused on enhancing our competitive strengths within this niche industry, while remaining flexible enough to capture future growth opportunities. By staying true to our strategic focus and building for the future with expanded capabilities, we look to deliver value to our shareholders over the long term.

Acknowledgements

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

We would also like to express our gratitude to our fellow Directors for their valuable advice, insights and continued guidance. In addition, we are grateful to our customers, bankers and business associates for their continued support and confidence in MS Holdings.

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

MDM NG CHUI HWA
Executive Chairman

MR YAP CHIN HOCK
Executive Director and CEO

Corporate Milestones

2016

- MS Equipment Pte. Ltd. was awarded with an Exclusive Distributorship from Cormach S.r.l.
- Acquired rough terrain cranes to extend the range of our cranes.
- Bravio Capital Pte. Ltd. was incorporated.

2014 – 2015

- Listed on the Catalist Board of the SGX-ST.
- Awarded the Enterprise 50 Award 2014.
- Acquired a 750-tonne mobile crane.
- Incorporated 100% owned subsidiary, MS Equipment Pte. Ltd. and Extol Global Pte. Ltd.

2013

- Acquired a property at Pandan Road with a land area of approximately 8,000 square metres.

2010 – 2011

- Acquired a 350-tonne and a 500-tonne mobile crane to increase our lifting capacity.

2007

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

1995

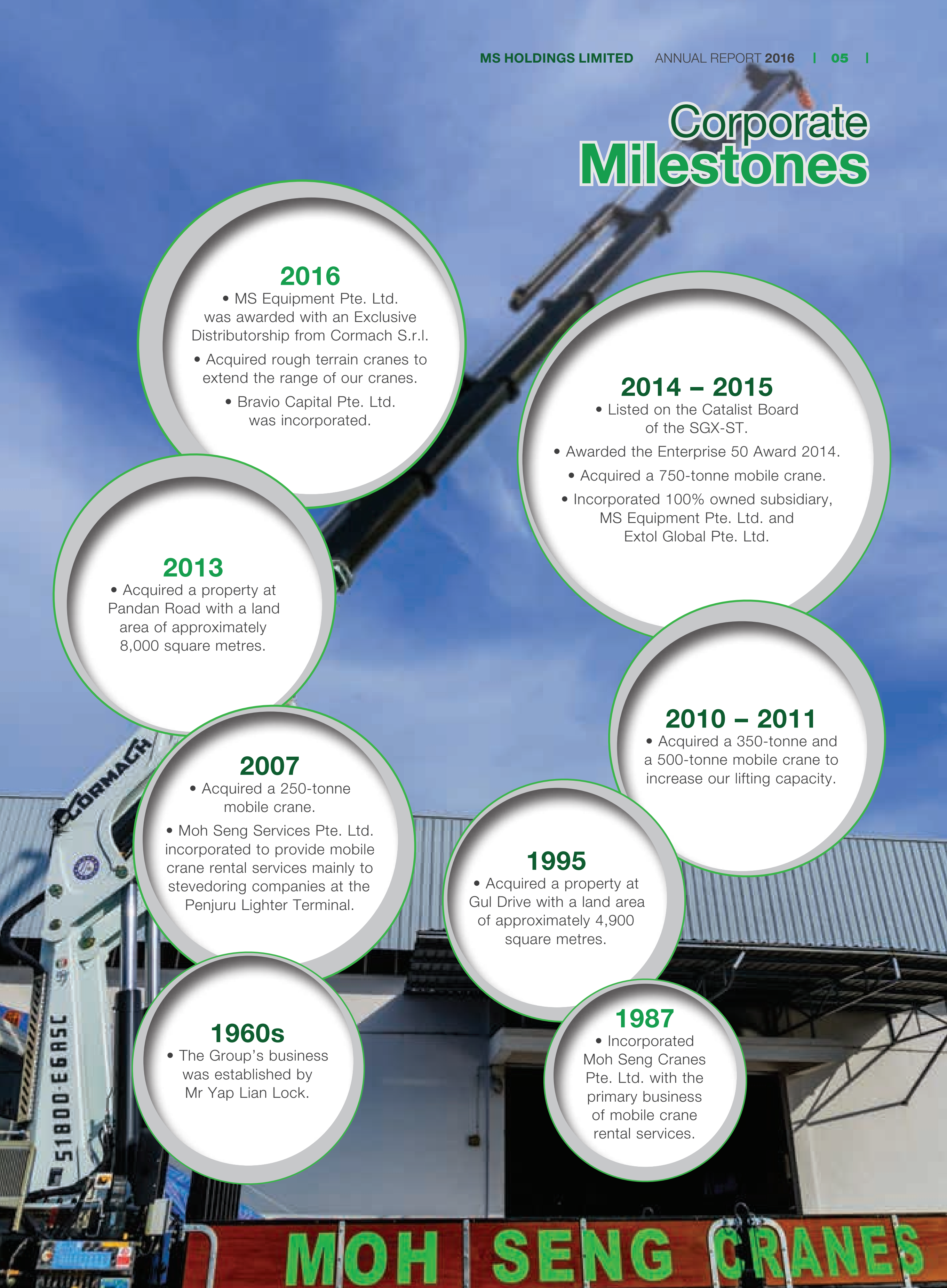
- Acquired a property at Gul Drive with a land area of approximately 4,900 square metres.

1987

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

1960s

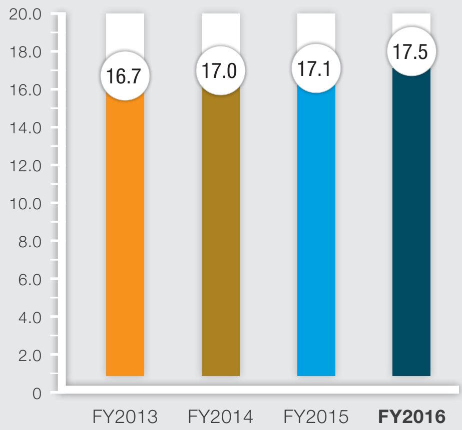
- The Group's business was established by Mr Yap Lian Lock.



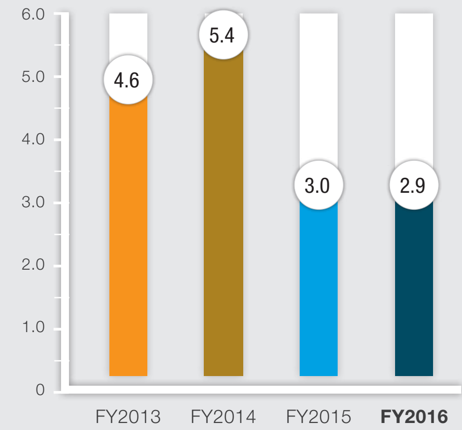
Corporate Structure

Financial Highlights

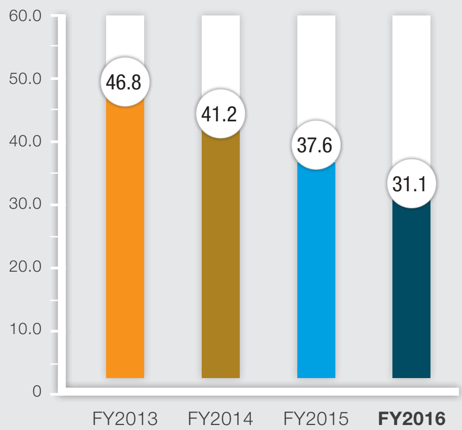
REVENUE (SGD million)



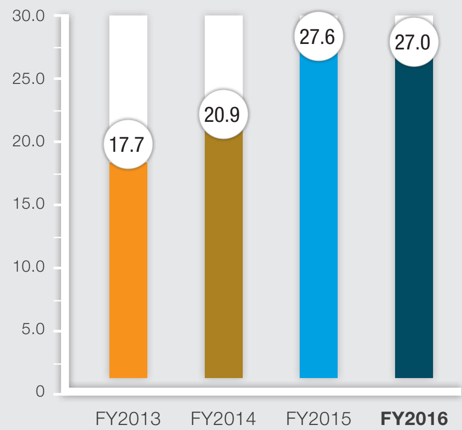
NET CASH FROM OPERATING ACTIVITIES (SGD million)



GROSS PROFIT MARGIN (%)



SHAREHOLDERS' EQUITY (SGD million)



Board of Directors

MDM NG CHUI HWA
Executive Chairman

MDM NG CHUI HWA Executive Chairman

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

MR YAP CHIN HOCK
Executive Director and CEO

MR YAP CHIN HOCK Executive Director and CEO

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

MS YAP BEE LING
Executive Director
(Business Development)

MS YAP BEE LING Executive Director (Business Development)

Ms Yap joined our Group in 2010 as a General Manager and she is responsible for overseeing the business development and procurement as well as the administrative functions of our Group. Ms Yap attained her Bachelor of Science in Business Administration from the Central Michigan University in 2000. She also holds a Master of Business Administration and a Graduate Certificate in Human Resource Management both from the Keller Graduate School of Management.

MR GOH BOON CHYE Lead Independent Director

Mr Goh is our Independent Director and was appointed to our Board on 7 October 2014. He is currently the Managing Director of MG Capital (Asia) Limited (non-public listed company). He also serves as an Independent Director, Chairman of the audit committee and member of the nominating committee and the remuneration committee of Atlantic Navigation Holdings (Singapore) Limited, which is listed on Catalist. From 2010 to 2012, he was a Consultant to KS Energy Services Limited, a company listed on the Main Board of the SGX-ST, on matters relating to mergers and acquisitions. Prior to this, Mr Goh held various positions in KS Energy Services Limited between 1999 to 2010, including Chief Financial Officer, Executive Director, Chief Operating Officer, Chief Business Development Officer and Managing Director (Group Distribution Business). Between 1978 and 1999, Mr Goh worked as senior management in financial positions of local and American multi-national companies. After graduation in 1976, he started work as an Audit Assistant in Arthur Anderson & Company from 1976 to 1978. Mr Goh graduated with a Bachelor of Accountancy from the National University of Singapore in 1976 and is a Fellow of the Institute of Singapore Chartered Accountants. He holds a Master of Business Administration from the Oklahoma City University.

MR GOH BOON CHYE
Lead Independent Director

MR LIM KEE WAY IRWIN Independent Director

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

MR LIM KEE WAY IRWIN
Independent Director

Board of Directors

MR LAU YAN WAI
Independent Director

MR LAU YAN WAI Independent Director

Mr Lau is our Independent Director and was appointed to our Board on 7 October 2014. He is currently a Director of Equity Law LLC in Singapore and practices in the field of corporate and securities law. Mr Lau started practice as an Associate in the corporate and conveyancing department of Jeyaratnam & Chong, a law firm based in Malaysia in 2003 and left the firm in 2004. He joined KhattarWong LLP, a Singapore law firm as a Foreign Lawyer in 2005 and became a Partner of the firm in 2010. From 2011 to 2014, Mr Lau was a Partner at RHTLaw Taylor Wessing LLP as well as a registered professional with RHT Capital Pte. Ltd., a continuing sponsor registered with the SGX-ST, where he had undertaken continuing activities for several companies listed on Catalist. Mr Lau graduated with a Bachelor of Laws from the University of Sheffield in 1999 and a Master of Laws (Chinese Law) from the National University of Singapore in 2005. He also holds a Master of Science in Information Systems from the University of Sheffield in 2001. Mr Lau is qualified to practise in Singapore and West Malaysia. Mr Lau is a member of the Singapore Academy of Law, the Law Society of Singapore and the Malaysian Bar.

Key Management

MR YAP SIAN LAY Technical Director

Mr Yap has more than 40 years of experience in the various technical aspects of mobile cranes and is responsible for overseeing the maintenance, repair and reconditioning of our lifting and hauling fleet. He has been in the mobile crane business since his teenage years, starting in various junior positions and progressing from the position of Crane Operator. He founded our Group in 1987 to corporatise the crane rental business of Moh Seng and Company, a partnership which he owned together with our Executive Chairman, Mdm Ng Chui Hwa.

MR CLARENCE TAN Investment Director

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

MS WENDY LEE Financial Controller

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

Corporate Information

BOARD OF DIRECTORS

NG CHUI HWA (Executive Chairman)
YAP CHIN HOCK (Executive Director and CEO)
YAP BEE LING (Executive Director (Business Development))
GOH BOON CHYE (Lead Independent Director)
LIM KEE WAY IRWIN (Independent Director)
LAU YAN WAI (Independent Director)

AUDIT COMMITTEE

Lim Kee Way Irwin (Chairman)
Goh Boon Chye
Lau Yan Wai

NOMINATING COMMITTEE

Goh Boon Chye (Chairman)
Lim Kee Way Irwin
Lau Yan Wai

REMUNERATION COMMITTEE

Lau Yan Wai (Chairman)
Goh Boon Chye
Lim Kee Way Irwin

COMPANY SECRETARIES

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

SHARE REGISTRAR

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

INDEPENDENT AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Chan Yew Kiang
(Date of appointment: since financial year ended 30 April 2014)

SPONSOR

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Malayan Banking Berhad
2 Battery Road
Maybank Tower
Singapore 049907

REGISTERED OFFICE

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

Report of **Corporate Governance**

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

The Company has put in place various policies and practices that will safeguard the interests of Shareholders and enhance shareholders' value as part of its effort to maintain high standards of corporate governance. This report describes the corporate governance practices and procedures adopted by the Company with specific reference to the Code of Corporate Governance 2012 (the "**Code**") issued by the Monetary Authority of Singapore and as required under the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). References to the principles of the Code are listed below. The Board confirms that for FY2016, the Company has complied with the principles and guidelines of the Code where appropriate and deviations from the Code have been explained.

BOARD MATTERS

The Board's Conduct of Affairs

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

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

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

Mdm Ng Chui Hwa (Executive Chairman)
Mr Yap Chin Hock (Executive Director and CEO)
Ms Yap Bee Ling (Executive Director (Business Development))
Mr Goh Boon Chye (Lead Independent Director)
Mr Lim Kee Way Irwin (Independent Director)
Mr Lau Yan Wai (Independent Director)

None of the Directors has appointed an alternate director throughout FY2016.

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

Report of **Corporate Governance**

The Board's role is to:

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

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

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

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

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

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

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

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

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

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

Report of **Corporate Governance**

The Board conducts scheduled meetings on a half-yearly basis. Ad-hoc meetings are convened when circumstances require. The Company's constitution (the "**Constitution**") provide for Board and Board Committee meetings by means of teleconference. The attendance of the Directors at meetings of the Board and Board Committees, and the frequency of these meetings for FY2016 are disclosed as follows:

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

Note:

* Attended the meetings by invitation.

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

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

During FY2016, the external auditor briefed the AC members on developments in accounting and governance standards. The Executive Directors also updated the Board at each Board meeting on business and strategic developments relating to the industry the Group operates in.

Board Composition and Guidance

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

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

Report of **Corporate Governance**

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

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

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

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

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

Chairman and CEO

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

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

Report of **Corporate Governance**

The Executive Chairman, Mdm Ng Chui Hwa, is primarily responsible for charting and reviewing the overall strategic direction of the Group and for leading the Board to ensure its effectiveness on all aspects of its role. She ensures that Board meetings are held when necessary and sets the Board agenda (with the assistance of the Company Secretaries). Mdm Ng Chui Hwa ensures that all Board members are provided with complete, adequate and timely information.

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

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

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

Board Membership

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

The NC comprises three (3) Directors, namely Mr Goh Boon Chye, Mr Lim Kee Way Irwin and Mr Lau Yan Wai, all of whom are Independent Directors. The Chairman of the NC is Mr Goh Boon Chye. The NC has written terms of reference that describe the responsibilities of its members.

The principal functions of the NC are as follows:

- to review and recommend the nomination of new Directors or re-nomination of the Directors having regard to the Director's contribution and performance;
- to set criteria for identifying candidates and reviewing nominations for the appointments referred to above;
- to determine on an annual basis whether or not a Director is independent;
- to make plans for succession, in particular for the Executive Chairman and the CEO;
- to review training and professional development programs for the Board;

Report of **Corporate Governance**

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

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

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

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

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

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

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

Having considered the track record, work experience, capabilities, ability to commit sufficient time, contribution and performance of Mdm Ng Chui Hwa and Mr Lim Kee Way Irwin, the NC recommended to the Board that they be nominated for re-election at the forthcoming AGM.

Mr Lim Kee Way Irwin will, upon re-election as a Director of the Company, remain as the Chairman of the AC and a member of the NC and the RC.

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

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

Name of Director	Date of Appointment	Last Re-Election Date	Directorships and Chairmanships in Other Listed Companies	
			Present	Last Three Years
Mdm Ng Chui Hwa	7 October 2014	28 August 2015	–	–
Mr Yap Chin Hock	21 May 2014	28 August 2015	–	–
Ms Yap Bee Ling	7 October 2014	28 August 2015	–	–
Mr Goh Boon Chye	7 October 2014	28 August 2015	Independent Director of Atlantic Navigation Holdings (Singapore) Limited	–
Mr Lim Kee Way Irwin	7 October 2014	28 August 2015	Independent Director of Lifebrandz Ltd	–
Mr Lau Yan Wai	7 October 2014	28 August 2015	–	–

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

Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. Only two (2) Directors hold directorships in other listed companies and each of them holds only one (1) other directorship. As such, the Board does not propose to set the maximum number of listed company board representations which directors may hold until such need arises. The NC would continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

Board Performance

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

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

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

a. Board composition;

b. Board information;

c. Board process and accountability;

d. Standards of conduct; and

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

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

a. interactive skills;

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

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

d. conduct including maintenance of independence, disclosure of related party transactions and compliance with company policies.

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

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

Access to Information

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

In order to ensure that the Board is able to fulfil its responsibilities, the Management provides the Board with complete, adequate and timely information about the Group as well as the relevant background information relating to the business prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to

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discharge their duties and responsibilities. To allow the Directors to have sufficient time to prepare for the meetings, all Board papers are distributed to the Directors in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.

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

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

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

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

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

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

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

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

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REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

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

The ESAS is extended to the Group Employees and the Group Executive Directors, who have met performance target(s) to be remunerated not just through cash bonuses but also by an equity stake in the Company. The ESAS is also extended to the Group Non-Executive Directors. Please refer to the section entitled "Directors' Statement" of this annual report for more information of the ESAS.

Other than the ESAS, the Company does not have any employee share option scheme or other long term employee incentive scheme as at the date of this report.

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

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

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

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.

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The remuneration of Executive Directors and key management personnel of the Group takes into consideration the performance and the contributions of the individual to the Group and gives due regard to the Group's performance as well as the long term financial, operations and business needs of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully.

The Company adopts a remuneration policy that comprises a fixed as well as variable component. The fixed component is in the form of base salary and benefits while the variable component is in the form of performance bonus. There is no termination, retirement or any post-employment benefits to the Directors and key management personnel.

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

The Independent Directors do not have service agreements with the Company. They are paid fixed Directors' fees, which are determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of the Independent Directors. The fees are subject to approval by Shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company. The Company's fee structure for Independent Directors has been determined during FY2016 to attain the following key objectives:

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

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

Report of **Corporate Governance**

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

Disclosure of Remuneration

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

The level and mix of the Directors' remuneration for FY2016 in percentage terms are set out below. The remuneration of each individual Director to the nearest thousand dollars is not disclosed as the Board believes that remuneration matters are highly sensitive in nature in a small and medium enterprise environment and the disclosure may be prejudicial to its business interests given the highly competitive business environment the Company operates in.

Name of Director	Directors' fees[1] (%)	Salary[2] (%)	Bonus (%)	Benefits[3] (%)	Total (%)
Executive Directors					
S$250,001 – S$500,000					
Mdm Ng Chui Hwa	–	89	10	1	100
Mr Yap Chin Hock	–	84	9	7	100
Ms Yap Bee Ling	–	74	8	18	100
Below or equal to S$250,000					
Mr Lau Yan Wai	100	–	–	–	100
Mr Goh Boon Chye	100	–	–	–	100
Mr Lim Kee Way Irwin	100	–	–	–	100

Notes:

1 These fees are subject to the approval of Shareholders at the forthcoming AGM.

2 Employers' contributions to the Central Provident Fund are included within the salary.

3 Other benefits mainly include allowances.

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A summary compensation table of the key management personnel remuneration for FY2016 in percentage terms are set out below:

Name of key management personnel	Salary[1] (%)	Bonus (%)	Benefits[2] (%)	Total (%)
S$250,001 to S$500,000				
Mr Yap Sian Lay	89	10	1	100
Mr Tan Jia Hui Clarence[3]	70	28	2	100
Below or equal to S$250,000				
Mr Tan Keng Hean[4]	95	–	5	100
Ms Lee Nguk Fong[5]	72	23	5	100

Notes:

1 Employers' contributions to the Central Provident Fund are included within the salary.
2 Other benefits mainly include allowances.
3 Mr Tan Jia Hui Clarence was appointed as Investment Director on 11 May 2015.
4 Mr Tan Keng Hean resigned as Financial Controller on 22 September 2015.
5 Ms Lee Nguk Fong was appointed as Financial Controller on 22 September 2015.

The aggregate remuneration paid to the above key management personnel (who are not Directors or CEO) for FY2016 amounted to approximately S$732,000.

Mr Yap Sian Lay is the spouse of Mdm Ng Chui Hwa, and Mr Yap Chin Hock and Ms Yap Bee Ling are their children.

The remuneration of an employee who is an immediate family member of the Executive Chairman, and whose remuneration exceeded S$50,000 during FY2016, is set out below:

Name of Executive	Salary[1] (%)	Bonus (%)	Benefits[2] (%)	Total (%)
S$50,001 – S$100,000				
Mr Ng King Wat[3]	73	7	20	100

Notes:

1 Employers' contributions to the Central Provident Fund are included within the salary.
2 Other benefits mainly include allowances.
3 Mr Ng King Wat is the brother of Mdm Ng Chui Hwa, Executive Chairman, and is employed by a wholly-owned subsidiary of the Group.

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

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

Risk Management and Internal Controls

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

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

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

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

The Board has received assurance from the Executive Director and CEO, and the Financial Controller (a) that the financial records have been properly maintained and the financial statements for FY2016 give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are effective.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and external auditor, reviews performed by the Management and various Board Committees, the Board, with the concurrence of the AC, is of the opinion that, the Group's risk management and internal controls systems in place are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group as at 30 April 2016.

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

Audit Committee

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

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

Report of **Corporate Governance**

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

- reviewing, with the internal and external auditors, their audit plans, scope of work, evaluation of the Group's system of internal accounting controls, audit reports, management letters on internal controls, the Management's response and any other relevant findings or matters;
- reviewing the periodic consolidated financial statements and results announcements, focusing on, in particular, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- reviewing and reporting to the Board, at least annually, the effectiveness and adequacy of the Group's risk management and internal controls systems addressing financial, operational, compliance and information technology risks and discussing issues and concerns, if any, arising from the internal audits;
- reviewing our financial risk areas with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- reviewing the assistance given by the Management to the internal and external auditors;
- reviewing the independence of the internal and external auditors as well as considering the appointment or re-appointment of the internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors;
- reviewing and discussing with the internal and external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;
- reviewing potential conflicts of interests (if any) and setting out a framework to resolve or mitigate any potential conflicts of interests;
- reviewing the procedures by which employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that there are arrangements in place for independent investigation and follow-up actions thereto;
- undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time.

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

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

The aggregate amount of fees paid or payable to the external auditor of the Company, broken down into audit and non-audit services during FY2016 are as follows:

Audit fees	:	S$93,000
Non-audit fees	:	S$17,000
Total	:	S$110,000

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

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

None of the members nor the AC Chairman are former partners or directors of the firms acting as the Group's internal and external auditors.

Whistle-blowing Policy

The AC has put in place a whistle-blowing policy, whereby employees of the Group or any other persons may in confidence, raise concerns about possible improprieties or other matters to the AC Chairman, Mr Lim Kee Way Irwin. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. Reports of suspected fraud, corruption, dishonest practices or other similar matters can be lodged to the AC Chairman, Mr Lim Kee Way Irwin. No concerns involving possible corporate improprieties were brought to the attention of the AC in FY2016.

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Internal Audit

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

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

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

Baker Tilly commenced their role as internal auditors of the Company since the financial year ended 30 April 2014. The internal auditors support the AC in their role in assessing the effectiveness of the Group's overall system of compliance, operational, financial, information technology controls and risk management. To ensure the adequacy of the internal audit function, the AC will review and approve the internal audit plan on an annual basis. The internal audit function is staffed with persons with the relevant qualification and experience. The internal audit is guided by Baker Tilly's Internal Audit Methodology which is aligned to the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The scope of the internal audit is:

- to review the effectiveness of the Group's material internal controls;
- to provide assurance that key business and operational risks are identified and managed;
- to determine that internal controls are in place and functioning as intended; and
- to evaluate that operations are conducted in an effective and efficient manner.

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

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SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. Other than the routine announcements made in accordance with the requirements of the Catalist Rules, the Company has issued additional announcements and press releases to update Shareholders on the activities of the Company and the Group in FY2016.

The Company does not practise selective disclosure of material information and price sensitive information is publicly released as soon as is practicable as required by the Catalist Rules. Price-sensitive information is first publicly released via SGXNET before the Company meets with any group of investors or analysts. Results and annual reports are announced or issued within the mandatory period (and where this is not possible, relevant extensions of time are sought in accordance with applicable laws, regulations and rules).

Shareholders are informed of general meetings through notices published in the newspapers and the Company's announcements and press releases via SGXNET as well as through reports or circulars sent to all Shareholders. They are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated.

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

Communication with Shareholders

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

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations under the Catalist Rules, the Company informs Shareholders on a timely basis of all major developments that may have a material impact on the Group. Such information is disclosed in an accurate and comprehensive manner through SGXNET, press releases and the Company's website.

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

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The Company does not have a formal dividend policy at present. The form, frequency and amount of future dividends on the Company's shares will depend on the Group's earnings, financial position, results of operations, cash flow, capital needs, the terms of our borrowing arrangements (if any), plans for expansion and other factors which the Directors may deem appropriate. The Board has not recommended any dividend for FY2016 as the Board wants to ensure that there are adequate resources for the Company's expansion plans and to respond to any adverse changes in the macro economic environment.

Conduct of Shareholder Meetings

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

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

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

All Directors, including the Chairman of the Board and the respective Chairmen of the AC, the RC and the NC as well as the Financial Controller and the external auditor will be present and on hand to address all issues raised at the AGM.

Dealing in Securities

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

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

Report of Corporate Governance

Interested Person Transactions

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

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

The Group does not have a general mandate for interested person transactions. There were no interested person transactions of S$100,000 or more during FY2016.

Material Contracts

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that save for the service agreements entered into between the Company and its Executive Directors, Mdm Ng Chui Hwa, Mr Yap Chin Hock and Ms Yap Bee Ling and Technical Director, Mr Yap Sian Lay, and Investment Director, Mr Tan Jia Hui Clarence, there were no other material contracts of the Company and its subsidiaries involving the interests of any 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.

Risk Management

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

Non-Sponsor Fees

No non-sponsor fee was paid to the Company's sponsor, United Overseas Bank Limited for FY2016.

Corporate Social Responsibility

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

- The Disabled People's Association in 2012, 2013, 2014, 2015 and 2016
- Children-In-Need Programme organised by the Singapore Children's Society in 2012, 2013, 2014 and 2015
- Down Syndrome Association in 2015 and 2016
- Asian Women's Welfare Association in 2015

Directors' **Statement**

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of MS Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheets and statement of changes in equity of the Company for the financial year ended 30 April 2016.

Opinion of the directors

In the opinion of the directors,

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

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Ng Chui Hwa
Yap Chin Hock
Yap Bee Ling
Goh Boon Chye
Lim Kee Way Irwin
Lau Yan Wai

In accordance with Article 107 of the Company's Constitution, Ng Chui Hwa and Lim Kee Way Irwin would be retiring and being eligible, offer themselves for re-election at the forthcoming AGM for the financial year ended 30 April 2016.

Arrangements to enable directors to acquire shares and debentures

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

Directors' Statement

Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Ng Chui Hwa	23,444,000	23,444,000	32,455,000	32,455,000
Yap Chin Hock	13,094,000	13,094,000	–	–
Yap Bee Ling	6,007,000	6,007,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 May 2016.

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

Share options

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

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

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

Directors' **Statement**

Audit committee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Directors' **Statement**

Auditor

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

On behalf of the board of directors,

Yap Chin Hock
Director

Yap Bee Ling
Director

29 July 2016

Independent **Auditor's Report**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MS HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of MS Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 40 to 95, which comprise the balance sheets of the Group and the Company as at 30 April 2016, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's 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 judgment, 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 internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet 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 30 April 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Independent Auditor's Report

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MS HOLDINGS LIMITED

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
29 July 2016

Consolidated Statement of **Comprehensive Income**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

	Note	2016 $'000	2015 $'000
Revenue	4	**17,472**	17,088
Cost of sales		**(12,038)**	(10,657)
Gross profit		**5,434**	6,431
Other income	5	**940**	2,983
Expenses			
Distribution expenses		**(43)**	(100)
General and administrative expenses		**(4,743)**	(5,403)
Finance costs	6	**(999)**	(933)
Share of results of an associate		**–**	(409)
Profit before tax	8	**589**	2,569
Income tax expenses	9	**(182)**	(525)
Profit net of tax, representing total comprehensive income for the year attributable to owners of the Company		**407**	2,044
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	**0.4**	2.0

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

Balance Sheets

AS AT 30 APRIL 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**59,550**	57,928	**29**	–
Investment in an associate	13	**–**	–	**–**	–
Investment in subsidiaries	14	**–**	–	**21,338**	21,328
		59,550	57,928	**21,367**	21,328
Current assets					
Trade and other receivables	15	**5,615**	4,141	**7,062**	5,520
Prepaid operating expenses		**288**	215	**3**	3
Inventories	16	**4**	1,759	**–**	–
Cash and bank balances	17	**1,823**	2,206	**24**	139
		7,730	8,321	**7,089**	5,662
Investment properties classified as held-for-sale	12	**–**	–	**–**	–
		7,730	8,321	**7,089**	5,662
Total assets		**67,280**	66,249	**28,456**	26,990
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	18	**1,545**	1,354	**2,677**	21
Accrued operating expenses		**925**	1,061	**263**	107
Obligations under finance leases	19	**5,222**	5,070	**–**	–
Bank borrowings	20	**5,672**	620	**–**	–
Provision for taxation		**198**	324	**8**	–
		13,562	8,429	**2,948**	128
Non-current liabilities					
Obligations under finance leases	19	**13,907**	16,904	**–**	–
Bank borrowings	20	**10,075**	10,695	**–**	–
Deferred tax liabilities	21	**2,041**	1,913	**2**	–
Provision for reinstatement cost		**700**	700	**–**	–
		26,723	30,212	**2**	–
Total liabilities		**40,285**	38,641	**2,950**	128
Net assets		**26,995**	27,608	**25,506**	26,862
Equity attributable to owners of the Company					
Share capital	22	**25,564**	25,564	**25,564**	25,564
Merger reserve		**(19,728)**	(19,728)	**–**	–
Retained earnings/(accumulated losses)		**21,159**	21,772	**(58)**	1,298
Total equity		**26,995**	27,608	**25,506**	26,862
Total equity and liabilities		**67,280**	66,249	**28,456**	26,990

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

Statements of **Changes in Equity**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

	Note	Share capital $'000	Merger reserve $'000	Retained earnings $'000	Total $'000
Group					
At 1 May 2014		1,200	–	19,728	20,928
Contributions by owners					
Shares issued during incorporation		–#	–	–	–#
Adjustment pursuant to the restructuring exercise	22	19,728	(19,728)	–	–
Shares issued pursuant to initial public offering (IPO)	22	5,000	–	–	5,000
Capitalisation of IPO related expenses	22	(364)	–	–	(364)
Total contributions by owners		24,364	(19,728)	–	4,636
Profit for the year, representing total comprehensive income for the year		–	–	2,044	2,044
At 30 April 2015 and 1 May 2015		**25,564**	**(19,728)**	**21,772**	**27,608**
Profit for the year, representing total comprehensive income for the year		**–**	**–**	**407**	**407**
Dividends on ordinary shares	23	**–**	**–**	**(1,020)**	**(1,020)**
At 30 April 2016		**25,564**	**(19,728)**	**21,159**	**26,995**

#: Less than $1,000.

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

Statements of **Changes in Equity**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

	Note	Share capital $'000	Retained earnings/ (accumulated losses) $'000	Total $'000
Company				
At 21 May 2014, date of incorporation		–#	–	–#
Contributions by owners				
Adjustment pursuant to the restructuring exercise	22	20,928	–	20,928
Shares issued pursuant to IPO	22	5,000	–	5,000
Capitalisation of IPO related expenses	22	(364)	–	(364)
Total contributions by owners		25,564	–	25,564
Profit for the year, representing total comprehensive income for the year		–	1,298	1,298
At 30 April 2015 and 1 May 2015		**25,564**	**1,298**	**26,862**
Loss for the year, representing total comprehensive income for the year		**–**	**(336)**	**(336)**
Dividends on ordinary shares	23	**–**	**(1,020)**	**(1,020)**
At 30 April 2016		**25,564**	**(58)**	**25,506**

#: Less than $1,000.

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

Consolidated Statement of **Cash Flows**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

	Note	2016 $'000	2015 $'000
Operating activities:			
Profit before tax		**589**	2,569
Adjustments for:			
Depreciation of property, plant and equipment	8	**3,334**	2,842
Plant and equipment written off	8	**1**	–
Bad debt written off	8	**1**	–
Gain on disposal of plant and equipment	5	**(59)**	(969)
Gain on disposal of investment properties held-for-sale	5	**–**	(818)
Share of results of an associate		**–**	409
Loss on disposal of an associate	8	**–**	41
Allowance for doubtful trade receivables	8	**–**	16
Interest expense	6	**999**	933
Total adjustments		**4,276**	2,454
Operating cash flows before changes in working capital		**4,865**	5,023
Changes in working capital:			
(Increase)/decrease in trade and other receivables		**(609)**	803
Increase in prepaid operating expenses		**(73)**	(47)
Increase in inventories		**(4)**	(2,610)
Increase in trade and other payables		**61**	829
(Decrease)/increase in accrued operating expenses		**(141)**	282
Total changes in working capital		**(766)**	(743)
Cash flows from operations		**4,099**	4,280
Income tax paid		**(181)**	(379)
Interest paid		**(994)**	(933)
Net cash flows generated from operating activities		**2,924**	2,968
Investing activities:			
Purchase of property, plant and equipment	A	**(911)**	(1,197)
Proceeds from disposal of plant and equipment		**312**	975
Loan to a third party		**(875)**	–
Net cash flows used in investing activities		**(1,474)**	(222)

Consolidated Statement of **Cash Flows**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

	Note	2016 $'000	2015 $'000
Financing activities:			
Proceeds from bank borrowings		**5,000**	–
Repayment of bank borrowings		**(568)**	(2,171)
Repayment of obligations under finance leases		**(5,245)**	(5,210)
Dividends paid		**(1,020)**	–
Proceeds from issuance of shares pursuant to the IPO		**–**	5,000
Payment of IPO related expenses		**–**	(1,056)
Repayment to directors		**–**	(165)
Refund of pledged bank deposit		**51**	–
Net cash flows used in financing activities		**(1,782)**	(3,602)
Net decrease in cash and cash equivalents		**(332)**	(856)
Cash and cash equivalents at 1 May		**2,104**	2,960
Cash and cash equivalents at 30 April	17	**1,772**	2,104

Notes to the consolidated statement of cash flows

A. Purchase of property, plant and equipment

	2016 $'000	2015 $'000
Current year additions to property, plant and equipment (Note 11)	**3,451**	9,244
Add:		
Deposits made for purchase of property, plant, and equipment (Note 15)	**10**	20
Less:		
Deposits made for purchase of property, plant, and equipment in prior year	**(20)**	(230)
Increase in other payables	**(130)**	–
Increase in obligations under finance leases	**(2,400)**	(7,837)
Net cash outflow for purchase of property, plant and equipment	**911**	1,197

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

1. Corporate information

1.1 *The Company*

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

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

1.2 *The restructuring exercise*

The Group undertook the transactions described below as part of a corporate restructuring exercise implemented in preparation for its listing on the Catalist Board of Singapore Exchange Securities Trading Limited.

(a) *Incorporation of the Company*

On 21 May 2014, a shareholder of Moh Seng Cranes Pte. Ltd., Yap Chin Hock incorporated MS Holdings Private Limited.

(b) *Acquisition of Moh Seng Cranes Pte. Ltd. and Moh Seng Services Pte. Ltd.*

Pursuant to a restructuring agreement dated 7 October 2014 entered into between the Company, Yap Sian Lay, Ng Chui Hwa, Yap Chin Hock and Yap Bee Ling, the Company acquired from Yap Sian Lay, Ng Chui Hwa, Yap Chin Hock and Yap Bee Ling (collectively, the "Shareholders") 1,000,000 and 200,000 ordinary shares respectively in the entire issued and paid-up share capital of Moh Seng Cranes Pte. Ltd. and Moh Seng Services Pte. Ltd., comprising an aggregate of 1,200,000 ordinary shares.

Pursuant to the completion of the restructuring exercise, Moh Seng Cranes Pte. Ltd. and Moh Seng Services Pte. Ltd. became wholly owned subsidiaries of the Company.

(c) *Acquisition of MS Equipment Pte. Ltd.*

On 21 May 2014, a shareholder of Moh Seng Cranes Pte. Ltd., Yap Sian Lay, incorporated MS Equipment Pte. Ltd..

Pursuant to a restructuring agreement dated 7 October 2014 entered into between the Company and Yap Sian Lay, the Company acquired from Yap Sian Lay 1 ordinary share in the entire issued and paid-up share capital of MS Equipment Pte. Ltd..

Pursuant to the completion of the restructuring exercise, MS Equipment Pte. Ltd. became a wholly owned subsidiary of the Company.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies

2.1 *Basis of preparation*

Although the Company was incorporated subsequent to 30 April 2014 upon which the restructuring exercise was completed on 15 October 2014, the consolidated financial statements presented for the financial year ended 2015 are those of the Company and its subsidiaries prepared in accordance with RAP 12 Merger Accounting for Common Control Combinations for financial statements prepared under Part IX of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005.

The substance is that the Group is a continuation of Moh Seng Cranes Pte. Ltd. and Moh Seng Services Pte. Ltd.. The consolidated financial statements of the Group for the financial year ended 30 April 2015 have been presented as if the Group had been in existence for the period presented and the assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts. The retained earnings recognised in the consolidated financial statements are the combined retained earnings of Moh Seng Cranes Pte. Ltd. and Moh Seng Services Pte. Ltd..

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

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 May 2015. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 16 *Property, Plant and Equipment*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(b) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115 Clarifications to FRS115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 116 *Leases*	1 January 2019

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

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.3 *Standards issued but not yet effective (continued)*

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group will assess the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 116 *Leases*

FRS116 requires lessees to recognise for most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the impact of the new standard and plans to adopt the new standard on the required effective date.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.4 *Basis of consolidation and business combinations (continued)*

(a) *Basis of consolidation (continued)*

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

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

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

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

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

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

(b) *Business combinations and goodwill*

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

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

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

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

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.4 *Basis of consolidation and business combinations (continued)*

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

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

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

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

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

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.5 *Foreign currency*

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

Transactions and balances

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

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

2.6 *Subsidiaries*

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

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

2.7 *Associate*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.7 *Associate (continued)*

Under the equity method, the investment in associates is carried in the balance sheets at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in statement of comprehensive income.

2.8 *Property, plant and equipment*

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.8 *Property, plant and equipment (continued)*

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

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

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

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

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

2.9 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.9 ***Investment properties (continued)***

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold investment properties are not depreciated. Investment properties under construction are not depreciated as the property is not yet available for use.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

2.10 ***Impairment of non-financial assets***

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

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

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.11 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

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

<u>Loans and receivables</u>

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

De-recognition

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.11 *Financial instruments (continued)*

(b) *Financial liabilities (continued)*

Financial liabilities at amortised cost

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

De-recognition

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

2.12 *Impairment of financial assets*

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

Financial assets carried at amortised cost

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

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.12 *Impairment of financial assets (continued)*

Financial assets carried at amortised cost (continued)

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

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

2.13 *Cash and cash equivalents*

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

Cash and bank balances carried in the balance sheets are classified and accounted for as loans and receivables. The accounting policies for this category of financial instruments are stated in Note 2.11.

2.14 *Provisions*

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

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

2.15 *Employee benefits*

(a) *Defined contribution plans*

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.15 *Employee benefits (continued)*

(b) *Employee leave entitlement*

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

2.16 *Leases*

(a) *As lessor*

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

(b) *As lessee*

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

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

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

2.17 *Financial guarantee*

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.17 *Financial guarantee (continued)*

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

2.18 *Revenue*

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

Rental income

Rental income arising from hiring of mobile cranes and lorry cranes is recognised upon completion of services.

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

Rendering of services

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

2.19 *Taxes*

(a) *Current income tax*

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.19 *Taxes (continued)*

(b) *Deferred tax*

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

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

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

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

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

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

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

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.19 ***Taxes (continued)***

(b) *Deferred tax (continued)*

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

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

(c) *Sales tax*

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

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

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

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

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

2.21 ***Contingent liabilities***

A contingent liability is:

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

2. Summary of significant accounting policies (continued)

2.21 ***Contingent liabilities (continued)***

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

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

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

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

2.22 ***Inventories***

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

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

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

2.23 ***Government grants***

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

3. Significant accounting judgements and estimates

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. Significant accounting judgements and estimates (continued)

3.1 *Judgements made in applying accounting policies*

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

Determination of inventories classification

Management determines on a periodic basis if the cranes would be held for rental to others or traded in the course of its ordinary activities. Cranes that held for rental to others are transferred to inventories at their carrying amount when they cease to be rented and held for sale. The proceeds from the sale of such assets are recognised as revenue. The carrying amount of the Group's inventories as at 30 April 2016 is $4,000 (2015: $1,759,000). The Group's inventories are disclosed in Note 16 to the financial statements.

3.2 *Key sources of estimation uncertainty*

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

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

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be 3 to 45 years.

The carrying amount of the Group's property, plant and equipment at 30 April 2015 and 2016 is disclosed in Note 11 to the financial statements. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A 5% increase/(decrease) in the expected useful lives of these assets from management estimates would result in an increase/(decrease) of approximately $167,000 (2015: $142,000) in the Group's profit before tax.

(b) *Provision for reinstatement cost*

The Group has recognised a provision for reinstatement cost for a decommissioning obligation associated with its leasehold properties at the end of each lease term. In determining the fair value of the provision, the Group relies on quotation from independent third party contractors. The carrying amount of the provision as at 30 April 2016 was $700,000 (2015: $700,000). There is no material change in reinstatement cost and the effect of the time value of money is not material.

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. Significant accounting judgements and estimates (continued)

3.2 *Key sources of estimation uncertainty (continued)*

(c) *Taxes*

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables as at 30 April 2016 is $198,000 (2015: $324,000). The Group's deferred tax liabilities are disclosed in Note 21 to the financial statements.

4. Revenue

	Group	
	2016	**2015**
	$'000	**$'000**
Rental income	**16,765**	17,088
Rendering of services	**707**	–
	17,472	17,088

5. Other income

	Group	
	2016	**2015**
	$'000	**$'000**
Rental income from leasehold properties	**500**	563
Rental income from investment properties (Note 12)	**–**	64
Gain on disposal of plant and equipment	**59**	969
Gain on disposal of investment properties held-for-sale	**–**	818
Insurance claim	**50**	69
Doubtful debts written back	**–**	31
Government grants/incentives	**151**	92
Net foreign exchange gain	**59**	–
Compensation from claims	**–**	2
Service income	**83**	352
Miscellaneous income	**38**	23
	940	2,983

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

6. Finance costs

	Group	
	2016	2015
	$'000	$'000
Interest expense on:		
– Obligations under finance leases	**662**	680
– Bank borrowings	**337**	253
	999	933

7. Employee benefits

	Group	
	2016	2015
	$'000	$'000
Employee benefits expense (including directors):		
Directors of the Company – fee and remuneration	**1,080**	1,257
Salaries and bonuses	**5,284**	4,389
Central Provident Fund contributions	**844**	830
Other short-term benefits	**125**	100
	7,333	6,576

8. Profit before tax

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

	Group	
	2016	2015
	$'000	$'000
Audit fees:		
– Auditors of the Company	**93**	97
Non-audit fees:		
– Auditors of the Company	**17**	27
Depreciation of property, plant and equipment	**3,334**	2,842
Plant and equipment written off	**1**	–
Loss on disposal of an associate	**–**	41
Net foreign exchange (gain)/loss	**(59)**	49
Allowance for doubtful trade receivables	**–**	16
Bad debt written off	**1**	–
Employee benefits (Note 7)	**7,333**	6,576
IPO related expenses	**–**	692
Operating lease expense (Note 25 (a))	**505**	589

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

9. Income tax expenses

Major components of income tax expenses

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

	Group	
	2016	**2015**
	$'000	**$'000**
Current income tax		
– Current income taxation	**35**	153
– Under/(over) provision in respect of previous years	**19**	(79)
	54	74
Deferred income tax		
– Origination of temporary differences	**133**	446
– (Over)/under provision in respect of previous years	**(5)**	5
	128	451
Income tax expense recognised in profit or loss	**182**	525

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 30 April 2016 and 2015 are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Profit before tax	**589**	2,569
Tax at statutory income tax rate of 17% (2015: 17%)	**100**	437
Adjustments:		
Non-deductible expenses	**226**	389
Income not subject to taxation	**(10)**	(139)
Effect of partial tax exemption and tax relief	**(128)**	(94)
Deferred tax assets not recognised	**–**	5
Under/(over) provision of current tax in respect of previous years	**19**	(79)
(Over)/under provision of deferred tax in respect of previous years	**(5)**	5
Others	**(20)**	1
Income tax expense recognised in profit or loss	**182**	525

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

10. Earnings per share

The basic and diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The Company did not hold any dilutive potential ordinary shares during the financial year (2015: Nil).

The following tables reflect the statement of comprehensive income and share data used in the computation of basic and diluted earnings per share for the years ended 30 April 2015 and 30 April 2016.

	Group	
	2016	**2015**
	$'000	**$'000**
Profit for the year attributable to owners of the Company	**407**	2,044
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	**102,000**	102,000
Earnings per share attributable to owners of the Company (cents per share)		
– Basic and diluted	**0.4**	2.0

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

11. **Property, plant and equipment**

	Leasehold land and building $'000	Furniture and fittings and office equipment $'000	Cranes and motor vehicles $'000	Plant and machinery $'000	Renovation $'000	Total $'000
Group						
Cost:						
At 1 May 2014	20,460	317	43,609	558	481	65,425
Additions	–	39	9,165	40	–	9,244
Reclassification from inventories	–	–	851	–	–	851
Write-off	–	(33)	–	(9)	–	(42)
Disposals	–	(7)	(3,098)	–	–	(3,105)
At 30 April 2015 and 1 May 2015	**20,460**	**316**	**50,527**	**589**	**481**	**72,373**
Additions	**–**	**139**	**3,169**	**98**	**45**	**3,451**
Reclassification from inventories	**–**	**–**	**1,759**	**–**	**–**	**1,759**
Write-off	**–**	**–**	**(19)**	**–**	**–**	**(19)**
Disposals	**–**	**–**	**(723)**	**(6)**	**–**	**(729)**
At 30 April 2016	**20,460**	**455**	**54,713**	**681**	**526**	**76,835**
Accumulated depreciation:						
At 1 May 2014	2,082	126	11,933	244	359	14,744
Charge for the year	681	38	2,010	98	15	2,842
Write-off	–	(33)	–	(9)	–	(42)
Disposals	–	(5)	(3,094)	–	–	(3,099)
At 30 April 2015 and 1 May 2015	**2,763**	**126**	**10,849**	**333**	**374**	**14,445**
Charge for the year	**680**	**47**	**2,497**	**90**	**20**	**3,334**
Write-off	**–**	**–**	**(18)**	**–**	**–**	**(18)**
Disposals	**–**	**–**	**(470)**	**(6)**	**–**	**(476)**
At 30 April 2016	**3,443**	**173**	**12,858**	**417**	**394**	**17,285**
Net carrying amount:						
At 30 April 2015	17,697	190	39,678	256	107	57,928
At 30 April 2016	**17,017**	**282**	**41,855**	**264**	**132**	**59,550**

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11. Property, plant and equipment (continued)

	Furniture and fittings and office equipment $'000
Company	
Cost:	
At 21 May 2014, 30 April 2015 and 1 May 2015	–
Additions	30
At 30 April 2016	30
Accumulated depreciation:	
Charge for the year and balance at 30 April 2016	1
Net carrying amount:	
At 30 April 2015	–
At 30 April 2016	29

Assets held under finance leases

During the year, the Group acquired cranes and motor vehicles and plant and machinery with an aggregate cost of $2,400,000 (2015: $7,837,000) by means of finance leases. The cash outflow on the acquisition of plant and equipment amounted to $911,000 (2015: $1,197,000).

The carrying amount of cranes and motor vehicles and plant and machinery held under finance leases at the end of the reporting period were $36,058,000 (2015: $35,141,000) and $40,000 (2015: $54,000) respectively. Leased assets are pledged as security for related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold properties with a carrying amount of $17,017,000 (2015: $17,697,000) are mortgaged to secure the Group's bank borrowings (Note 20).

Notes to the Financial Statements

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12. Investment properties classified as held-for-sale

	Freehold investment property under construction $'000	Freehold investment property $'000	Renovation $'000	Total $'000
Group				
Cost:				
At 1 May 2014	1,580	3,681	5	5,266
Disposals	(1,580)	(3,681)	(5)	(5,266)
At 30 April 2015, 1 May 2015 and 30 April 2016	–	–	–	–
Accumulated depreciation:				
At 1 May 2014	–	–	–#	–#
Charge for the year	–	–	–#	–#
Disposals	–	–	–#	–#
At 30 April 2015, 1 May 2015 and 30 April 2016	–	–	–	–
Net carrying amount:				
At 30 April 2015 and 30 April 2016	–	–	–	–

#: Less than $1,000

	Group 2016 $'000	Group 2015 $'000
Income statement:		
Rental income from investment properties	–	64
Direct operating expenses (including repairs and maintenance) arising from rental generating properties	–	6

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

12. Investment properties classified as held-for-sale (continued)

Classification and disposal of investment properties

On 15 September 2014, the Group's wholly owned subsidiaries entered into conditional sales and purchase agreements with YSL Property Pte. Ltd. and NY Property Pte. Ltd. respectively, both entities owned equally by one of the directors and a key management person of the Company, for the disposal of these two investment properties. Accordingly, these investment properties were classified as investment properties classified as held-for-sale under current assets as at 30 April 2014. The completion of the disposal of these investment properties took place on 13 November 2014. The consideration for the disposal of these investment properties was satisfied by netting off against an amount owing to directors. A net cash outlay of $165,000 paid for the shortfall between the sales consideration and the amount owing to directors was included in the Consolidated Statement of Cash Flows. The gain on disposal of these investment properties was recognised in Consolidated Statement of Comprehensive Income.

13. Investment in an associate

	Group	
	2016	**2015**
	$'000	**$'000**
Carrying amount as at 1 May	–	450
Share of results of an associate	–	(409)
Disposal of an associate	–	(41)
Carrying amount as at 30 April	–	–

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest	
			2016	**2015**
			%	**%**
GKE & Mohseng Pte. Ltd.#	Singapore	Leasing of cranes for loading and uploading of cargoes	–	–

Audited by Ernst & Young LLP, Singapore.

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

13. Investment in an associate (continued)

The information about the Group's investment in associate is as follows:

	2016 $'000	2015 $'000
Loss for the year	–	(1,241)*
Total comprehensive loss	–	(1,241)*

* Up to the date of disposal

A wholly-owned subsidiary of the Company had disposed its entire interest of 40% in the paid-up share capital of GKE & Mohseng Pte. Ltd. for a consideration of $1 during the financial year ended 30 April 2015. The consideration for this disposal was satisfied in cash. The loss on disposal of this associate was recognised in Consolidated Statement of Comprehensive Income.

14. Investment in subsidiaries

	Company	
	2016 $'000	2015 $'000
Unquoted shares, at cost	**21,338**	21,328

On 23 March 2015, the Company incorporated a new wholly-owned subsidiary in Singapore to be known as Extol Global Pte. Ltd. with an initial issued and paid-up capital of $200,000 divided into 200,000 ordinary shares. This subsidiary will be principally engaged in project logistics management and services.

On 29 April 2015, the Company subscribed for an additional 199,999 ordinary shares in MS Equipment Pte. Ltd. for a total cash consideration of $199,999. Following the aforesaid subscription, the Company now holds 200,000 ordinary shares in the capital of MS Equipment Pte. Ltd. and its issued and paid-up capital increased from $1 to $200,000.

On 29 January 2016, the Company incorporated a new wholly-owned subsidiary in Singapore to be known as Bravio Capital Pte. Ltd. with an initial issued and paid-up capital of $10,000 divided into 10,000 ordinary shares. The principal activity of the subsidiary is that of investment holding.

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

14. Investment in subsidiaries (continued)

The Group has the following investment in subsidiaries:

Name of subsidiary	Principal place of business	Principal activities	Proportion of ownership interest 2016 %	2015 %
Held by the Company:				
MS Equipment Pte. Ltd.[1]	Singapore	Trading of mobile cranes and related equipment	**100**	100
Moh Seng Cranes Pte. Ltd.[1]	Singapore	Supply and provision of cranes and related services	**100**	100
Moh Seng Services Pte. Ltd.[1]	Singapore	Supply and provision of cranes and related services	**100**	100
Extol Global Pte. Ltd.[1]	Singapore	Project logistics management and services	**100**	100
Bravio Capital Pte. Ltd.[2] [3]	Singapore	Investment holding	**100**	–

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

(2) Incorporated during the financial year.

(3) The Company was exempted from preparing statutory audited financial statements in Singapore for financial period ended 30 April 2016.

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

15. Trade and other receivables

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
Trade receivables	**4,165**	3,732	**–**	–
Other receivables	**9**	–	**–**	–
Accrued revenue	**258**	100	**–**	–
Accrued government incentives	**43**	–	**2**	–
Amounts due from subsidiaries				
– Trade	**–**	–	**1,598**	–
– Non-trade	**–**	–	**4,585**	5,499
Loan to a third party	**875**	–	**875**	–
Deposits	**66**	55	**–**	–
Advances to employees	**13**	26	**–**	–
Others	**–**	10	**–**	1
	5,429	3,923	**7,060**	5,500
Non-financial assets:				
GST receivable	**106**	198	**–**	–
Advances to suppliers	**70**	–	**2**	–
Deposits for purchase of property, plant and equipment	**10**	20	**–**	20
	5,615	4,141	**7,062**	5,520

Trade receivables

Trade receivables are denominated in SGD, non-interest bearing and generally on 30 days' (2015: 30 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries

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

Loan to a third party

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

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

15. Trade and other receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $2,919,000 (2015: $2,244,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Less than 30 days	**1,177**	1,162
30 – 60 days	**629**	537
61 – 90 days	**504**	272
More than 90 days	**609**	273
	2,919	2,244

Receivables that are impaired

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

	Group	
	2016	**2015**
	$'000	**$'000**
Trade receivables – nominal amounts	**46**	46
Less: Allowance for impairment	**(46)**	(46)
	–	–
Movement in allowance accounts:		
At 1 May	**46**	77
Charge for the year	**–**	16
Doubtful debts written back	**–**	(31)
Written off	**–**	(16)
At 30 April	**46**	46

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. The bad debts amounted to $1,000 (2015: $Nil) was included in profit or loss during the financial year ended 30 April 2016. These receivables are not secured by any collateral or credit enhancements.

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16. Inventories

	Group	
	2016	2015
	$'000	$'000
Inventories for resale, at cost	**4**	1,759

There are no inventories recognised as an expense during the year (2015: $Nil).

17. Cash and bank balances

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Pledged bank deposit	**51**	102	**–**	–
Cash at bank and on hand	**1,772**	2,104	**24**	139
	1,823	2,206	**24**	139
Less: Pledged bank deposit	**(51)**	(102)	**–**	–
Cash and cash equivalents	**1,772**	2,104	**24**	139

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

Pledged bank deposit amounting to $51,000 (2015: $102,000) is pledged to a bank as security for issuance of banker's guarantee to a customer of the Group.

18. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Financial liabilities:				
Trade payables	**1,114**	977	**–**	–
Other payables	**165**	68	**6**	21
Amounts due to subsidiaries	**–**	–	**2,640**	–
Deposits received	**127**	167	**–**	–
	1,406	1,212	**2,646**	21
Non-financial liability:				
GST payable	**139**	142	**31**	–
	1,545	1,354	**2,677**	21

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

18. Trade and other payables (continued)

Trade payables

Trade payables are denominated in SGD, unsecured, non-interest bearing and are normally settled on 30 days' (2015: 30 days') terms.

Amounts due to subsidiaries

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

19. Obligations under finance leases

The Group has finance leases for certain items of cranes and motor vehicles and plant and machinery (Note 11). The lease periods range from 2 to 8 years (2015: 2 to 8 years). The effective average discount rate implicit in the leases is approximately 2.30% – 5.54% (2015: 2.30% – 5.54%) per annum. The leases include financial covenants which require a subsidiary of the Group and the Group to maintain a leverage ratio of not more than 2.5 times and a minimum total net worth of $10 million and $22 million respectively throughout the tenure of the lease.

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

	Total minimum lease payments 2016 $'000	Present value of payments 2016 $'000	Total minimum lease payments 2015 $'000	Present value of payments 2015 $'000
Group				
Not later than one year	**5,782**	**5,222**	5,657	5,070
Later than one year but not later than five years	**13,181**	**12,314**	14,799	13,789
Later than five years	**1,626**	**1,593**	3,206	3,115
Total minimum lease payments	**20,589**	**19,129**	23,662	21,974
Less: Amounts representing finance charges	**(1,460)**	**–**	(1,688)	–
Present value of minimum lease payments	**19,129**	**19,129**	21,974	21,974

The finance lease obligations are denominated in Singapore Dollars.

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

20. Bank borrowings

	Group	
	2016	**2015**
	$'000	**$'000**
Current:		
Loan 1	**672**	620
Loan 2	**500**	–
Loan 3	**3,000**	–
Loan 4	**1,500**	–
	5,672	620
Non-current:		
Loan 1	**10,075**	10,695
Total bank borrowings	**15,747**	11,315

Loan 1

The loan is denominated in SGD, bears a floating interest rate of 1-month SIBOR + 1.50% (2015: 1-month SIBOR + 1.50%) per annum and is repayable over 20 years in July 2033. The loan is secured by a legal mortgage over the leasehold properties of the Group as disclosed in Note 11 to the financial statements and a corporate guarantee from the Company. The loan includes a financial covenant which requires one of the subsidiaries of the Group to maintain a minimum total net worth of $10 million throughout the tenure of the loan.

Loan 2

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

Loan 3

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

Loan 4

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

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21. Deferred tax liabilities

	Group				Company	
	Consolidated balance sheet		Consolidated statement of comprehensive income		Balance sheet	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(2,616)**	(1,965)	**651**	446	**(2)**	–
Deferred tax assets:						
Unutilised tax losses	**4**	4	**–**	–	**–**	–
Unutilised capital allowance	**571**	48	**(523)**	–	**–**	–
Others	**–**	–	**–**	5	**–**	–
Net deferred tax liabilities	**(2,041)**	(1,913)			**(2)**	–
Deferred tax expense			**128**	451		

Unrecognised tax losses and capital allowances

At the end of the year, the Group has tax losses of approximately $Nil (2015: $25,000) and an unclaimed capital allowance of approximately $Nil (2015: $284,000) that are available for offset against future taxable profits of the company in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in Singapore. The tax losses and capital allowances have no expiry date.

Tax consequences of proposed dividend

There are no income tax consequences attached to the dividend to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 23).

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22. Share capital

	Group			
	2016		**2015**	
	No. of shares ’000	**$’000**	**No. of shares ’000**	**$’000**
Issued and fully paid ordinary shares:				
At 1 May	**102,000**	**25,564**	1,200	1,200
Adjustment arising from restructuring exercise	**–**	**–**	19,728	19,728
	102,000	**25,564**	20,928	20,928
Sub-division of shares pursuant to the restructuring exercise	**–**	**–**	82,000	20,928
Shares issued pursuant to the IPO	**–**	**–**	20,000	5,000
Capitalisation of IPO related expenses	**–**	**–**	–	(364)
At 30 April	**102,000**	**25,564**	102,000	25,564

	Company			
	2016		**2015**	
	No. of shares ’000	**$’000**	**No. of shares ’000**	**$’000**
Issued and fully paid ordinary shares:				
At 1 May 2015/21 May 2014	**102,000**	**25,564**	–#	–#
Shares issued pursuant to the restructuring exercise	**–**	**–**	20,928	20,928
	102,000	**25,564**	20,928	20,928
Sub-division of shares pursuant to the restructuring exercise	**–**	**–**	82,000	20,928
Shares issued pursuant to the IPO	**–**	**–**	20,000	5,000
Capitalisation of IPO related expenses	**–**	**–**	–	(364)
At 30 April	**102,000**	**25,564**	102,000	25,564

#: Less than 1,000 respectively.

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22. Share capital (continued)

The Company was incorporated with an issued and paid-up capital of $1 comprising 1 share on 21 May 2014.

Pursuant to the restructuring agreement dated 7 October 2014, 20,927,999 shares were allotted and issued for the acquisition of the Company's subsidiaries. On 15 October 2014, the then sole shareholder of the Company approved the sub-division of 20,928,000 shares in the capital of the Company into 82,000,000 shares.

An additional 20,000,000 new shares were issued and allotted on 6 November 2014 in connection with the IPO. As such, the enlarged issued share capital of the Company was $25,564,000 comprising 102,000,000 ordinary shares, after taking into account the capitalisation of IPO related expenses of approximately $364,000.

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

23. Dividends

	Group and Company	
	2016	**2015**
	$'000	**$'000**
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final exempt (one-tier) dividend for 2015: 1 cent (2014: Nil cent) per share	**1,020**	–
Proposed but not recognised as a liability as at 30 April:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Final exempt (one-tier) dividend for 2016: Nil cent (2015: 1 cent) per share	**–**	1,020

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

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24. Significant related party transactions

Sale and purchase of goods and services

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

	Group	
	2016	2015
	$'000	$'000
Sale of investment properties to companies owned equally by a director and a key management person of the Company	**–**	6,084
Purchase of a motor vehicle from a director of the Company	**–**	328
Purchases of plant and equipment from an associate	**–**	2,610
Leasing of mobile cranes and its related services to an associate	**–**	15
Hiring of mobile cranes and its related services from an associate	**–**	173

Transactions with key management personnel

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

			Group			
			Transactions during the year		Outstanding balances as at 30 April	
			2016	2015	2016	2015
Related parties	***Transactions***		$'000	$'000	$'000	$'000
Hwee Guan Pte. Ltd.	Provision of repair services and rental of mobile cranes (income)	(a)	**25**	14	**1**	–
	Rental of mobile cranes (expense)	(b)	**4**	2	**3**	–
Equity Law LLC	Provision of legal services	(c)	**36**	–	**–**	–

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

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24. Significant related party transactions (continued)

Transactions with key management personnel (continued)

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

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

Compensation of key management personnel

	Group	
	2016	**2015**
	$'000	**$'000**
Short-term employee benefits	**1,612**	1,450
Central Provident Fund contributions	**73**	83
	1,685	1,533
Comprise amounts paid to:		
Directors of the Company	**953**	1,316
Other key management personnel	**732**	217
	1,685	1,533

25. Commitments

(a) *Operating lease commitments*

Operating lease commitments – As lessor

The Group has entered into commercial property leases on its leasehold properties. These non-cancellable leases have remaining lease terms of between 2 months and 2 years as at 30 April 2016 (2015: 1 month and 2 years).

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

25. Commitments (continued)

(a) *Operating lease commitments (continued)*

Operating lease commitments – As lessor (continued)

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

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	**506**	440
Later than one year but not later than five years	**102**	323
	608	763

Operating lease commitments – As lessee

The Group has entered into commercial lease on warehouse space and has paid land rent for its leasehold property. These lease and land rent have remaining lease terms of between 2 months and 302 months as at 30 April 2016 (2015: 14 months and 15 months).

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 April 2016 amounted to $505,000 (2015: $589,000).

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

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	**406**	513
Later than one year but not later than five years	**1,093**	110
Later than five years	**5,510**	–
	7,009	623

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

25. Commitments (continued)

(b) *Capital commitments*

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

	Group	
	2016	**2015**
	$'000	**$'000**
Capital commitments in respect of property, plant and equipment	**1,185**	600

26. Corporate guarantees

The Company provides corporate guarantees amounted to $76,157,000 (2015: $60,401,000) for the purpose of assisting its subsidiaries to secure banking facilities. Of the $76,157,000 (2015: $60,401,000) corporate guarantees given by the Company, $34,876,000 (2015: $33,289,000) has been utilised by its subsidiaries as security for its finance leases (Note 19) and bank borrowings (Note 20) which have been recognised in the balance sheets.

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

27. Fair value of assets and liabilities

(a) *Fair value hierarchy*

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

27. Fair value of assets and liabilities (continued)

(a) *Fair value hierarchy (continued)*

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

There has been no transfer between Level 1, Level 2 and Level 3 during the financial years ended 30 April 2015 and 30 April 2016.

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

Trade and other receivables and payables (Notes 15 and 18), cash and bank balances (Note 17), obligations under finance leases (Note 19), bank borrowings (Note 20) and accrued operating expenses.

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

(c) *Classification of financial assets and liabilities*

	Group		Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Loans and receivables				
Trade and other receivables (Note 15)	**5,429**	3,923	**7,060**	5,500
Cash and bank balances (Note 17)	**1,823**	2,206	**24**	139
Total financial assets	**7,252**	6,129	**7,084**	5,639
Financial liabilities carried at amortised cost				
Trade and other payables (Note 18)	**1,406**	1,212	**2,646**	21
Accrued operating expenses	**925**	1,061	**263**	107
Bank borrowings (Note 20)	**15,747**	11,315	**–**	–
Finance lease obligations (Note 19)	**19,129**	21,974	**–**	–
Total financial liabilities	**37,207**	35,562	**2,909**	128

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

28. Financial risk management objectives and policies

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

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

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

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

Interest rate risk

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 basis points lower/higher with all other variables held constant, the Group's profit before tax would have been approximately $125,000 (2015: $117,000) higher/lower, arising mainly as a result of lower/higher interest expense on the above-mentioned floating rate bank borrowings and obligations under finance leases.

Credit risk

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

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

28. Financial risk management objectives and policies (continued)

Credit risk (continued)

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk towards corporate guarantee contracts provided by the Company to the banks for facilities granted to subsidiaries is disclosed in Note 26 Corporate guarantees.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 15.

Credit risk concentration profile

At the end of the reporting period, approximately:

– 17.0% (2015: 16.9%) of the Group's trade receivables were due from 5 major customers of the Group located in Singapore.

– 87.6% (2015: 99.6%) of the Company's receivables were balances due from subsidiaries.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 to the financial statements (Trade and other receivables).

Liquidity risk

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

28. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

28. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
Group				
2015				
Financial assets:				
Trade and other receivables	3,923	–	–	3,923
Cash and bank balances	2,206	–	–	2,206
Total undiscounted financial assets	6,129	–	–	6,129
Financial liabilities:				
Trade and other payables	1,212	–	–	1,212
Accrued operating expenses	1,061	–	–	1,061
Bank borrowings	884	4,396	11,092	16,372
Finance lease obligations	5,657	14,799	3,206	23,662
Total undiscounted financial liabilities	8,814	19,195	14,298	42,307
Total net undiscounted financial liabilities	(2,685)	(19,195)	(14,298)	(36,178)
Company				
2016				
Financial assets:				
Trade and other receivables	**7,060**	**–**	**–**	**7,060**
Cash and bank balances	**24**	**–**	**–**	**24**
Total undiscounted financial assets	**7,084**	**–**	**–**	**7,084**
Financial liabilities:				
Trade and other payables	**2,646**	**–**	**–**	**2,646**
Accrued operating expenses	**263**	**–**	**–**	**263**
Total undiscounted financial liabilities	**2,909**	**–**	**–**	**2,909**
Total net undiscounted financial assets	**4,175**	**–**	**–**	**4,175**

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

28. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
Company				
2015				
Financial assets:				
Trade and other receivables	5,500	–	–	5,500
Cash and bank balances	139	–	–	139
Total undiscounted financial assets	5,639	–	–	5,639
Financial liabilities:				
Trade and other payables	21	–	–	21
Accrued operating expenses	107	–	–	107
Total undiscounted financial liabilities	128	–	–	128
Total net undiscounted financial assets	5,511	–	–	5,511

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

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

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

28. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
2015				
Company				
Financial liability:				
Corporate guarantees	33,289	–	–	33,289

Foreign exchange risk

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

The percentage of the Group's purchases of cranes and motor vehicles denominated in the different currencies for financial years ended 30 April 2015 and 30 April 2016 was as follows:

	Group	
	2016 %	2015 %
SGD	**39.8**	19.1
EUR	**6.1**	80.9
JPY	**54.1**	–
	100.0	100.0

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

29. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 April 2015 and 30 April 2016.

As disclosed in Note 19 and Note 20, a subsidiary of the Group and the Group are required by the banks to maintain a leverage ratio of not more than 2.5 times and minimum total net worth of $10 million and $20 million respectively throughout the tenure of the borrowings. These external imposed capital requirement have been complied with by the above-mentioned subsidiary and the Group for the financial years ended 30 April 2015 and 2016.

The Group monitors capital using a leverage ratio, which is total debts divided by total equity. The Group's overall strategy remains unchanged from financial years ended 2015 and 2016.

	Group	
	2016	**2015**
	$'000	**$'000**
Bank borrowings (Note 20)	**15,747**	11,315
Finance lease obligations (Note 19)	**19,129**	21,974
Total debt	**34,876**	33,289
Equity attributable to the owners of the Company	**26,995**	27,608
Leverage ratio	**1.3**	1.2

Notes to the **Financial Statements**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

30. Segment information

The Group has only one operating segment from the hiring of mobile cranes and lorry cranes and its related services for the financial years ended 30 April 2015 and 30 April 2016. Management has not identified any business or operating units separately for purpose of making decisions about resource allocation and performance assessment.

Geographical information

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

	Group	
	2016	**2015**
	$'000	**$'000**
Revenue		
Singapore	**17,472**	17,088
Non-current assets		
Singapore	**59,550**	57,928

Information about major customers

Revenue from 5 major customers contributed 24.0% (2015: 26.8%) of the total revenue of the Group.

31. Comparative figures

The financial statements of the Company cover for the financial period from 21 May 2014 (date of incorporation) to 30 April 2015.

32. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 April 2016 were authorised for issue in accordance with a resolution of the directors on 29 July 2016.

Shareholding **Statistics**

AS AT 20 JULY 2016

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

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 26.47% of the issued ordinary shares of the Company were held in the hands of the public as at 20 July 2016 and therefore Rule 723 of the Catalist Rules is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	–	–	–	–
100 – 1,000	3	2.78	400	0.00
1,001 – 10,000	16	14.81	100,800	0.10
10,001 – 1,000,000	82	75.93	11,966,700	11.73
1,000,001 and above	7	6.48	89,932,100	88.17
TOTAL	**108**	**100.00**	**102,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 20 July 2016)

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%(1)	Number of Shares	%(1)
Ng Chui Hwa(2)	23,444,000	22.98	32,455,000	31.82
Yap Sian Lay	32,455,000	31.82	–	–
Yap Chin Hock	13,094,000	12.84	–	–
Yap Bee Ling	6,007,000	5.89	–	–

Notes:

(1) Percentage calculated based on the Company's issued share capital of 102,000,000 shares as at 20 July 2016.

(2) Ng Chui Hwa is deemed to be interested in the shares held by her spouse, Yap Sian Lay.

Shareholding **Statistics**

AS AT 20 JULY 2016

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	Number of Shares held	Percentage
1	YAP SIAN LAY	32,455,000	31.82
2	NG CHUI HWA	23,444,000	22.98
3	YAP CHIN HOCK (YE JINFU)	13,094,000	12.84
4	UOB KAY HIAN PTE LTD	10,476,000	10.27
5	YAP BEE LING (YE MEILING)	6,007,000	5.89
6	CLARISSA CHOH SOK PHENG (CLARISSA ZOU SHUPING)	2,725,000	2.67
7	LEW FAI KAH DAVID	1,731,100	1.70
8	KWAN WAI KEONG	1,000,000	0.98
9	TEO KOK WOON	1,000,000	0.98
10	MAYBANK KIM ENG SECURITIES PTE LTD	596,700	0.59
11	YEUNG SHUN YUN	500,000	0.49
12	TOH TIONG SAN	400,000	0.39
13	BATCHELOR CARON VERONICA	343,900	0.34
14	TAN KONG SIN	300,000	0.29
15	STEVEN CHONG KING PECK	260,100	0.26
16	ANDREW KONG GUAN HUI	200,000	0.20
17	CHERYL TEO LAY KHIM	200,000	0.20
18	CHUA CHYE LEE	200,000	0.20
19	CHUA HENG LOK	200,000	0.20
20	KOH ENG KIAN	200,000	0.20
21	KOH KIM LENG MICHAEL	200,000	0.20
22	LAM KOK FAI	200,000	0.20
23	LEE MENG CHOON	200,000	0.20
24	LEE NGIAN LOONG	200,000	0.20
25	LOW EE LANG	200,000	0.20
26	LOW YIN HUI	200,000	0.20
27	MAH AH LUI	200,000	0.20
28	NEO GIM CHUAN	200,000	0.20
29	NG LAY MUI (HUANG LIMEI)	200,000	0.20
30	NG SZE MEE THERESE	200,000	0.20
31	OOI LIAN ENG	200,000	0.20
32	PEH LI NA	200,000	0.20
33	QUEK SWEE CHOO	200,000	0.20
34	SANG MOY	200,000	0.20
35	SIA CHYE SENG	200,000	0.20
36	SINGAPORE NOMINEES PTE LTD	200,000	0.20
37	TAN CHENG GUAN	200,000	0.20
38	TAN TIAN ONG	200,000	0.20
39	WONG MAY LUN CYNDI	200,000	0.20
40	YEO JOO HWA	200,000	0.20
	TOTAL	**99,332,800**	**97.49**

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the annual general meeting ("**AGM**") of MS Holdings Limited (the "**Company**") will be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404, on Monday, 29 August 2016 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the directors' statement and the audited financial statements for the financial year ended 30 April 2016 ("**FY2016**") together with the auditor's report thereon. **(Resolution 1)**

2. To approve the payment of directors' fees of S$68,000 for FY2016. **(Resolution 2)**

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

   Mdm Ng Chui Hwa (see explanatory note 1) **(Resolution 3)**
   Mr Lim Kee Way Irwin (see explanatory note 2) **(Resolution 4)**

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

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

AS SPECIAL BUSINESS

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

6. **Authority to allot and issue shares in the capital of the Company (the "Share Issue Mandate") (Resolution 6)**

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

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

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

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

Notice of **Annual General Meeting**

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

provided always that:

(i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed 100% of the total issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to the existing shareholders of the Company (the "**Shareholders**") (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed 50% of the total issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below);

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

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

(2) new Shares arising from the exercise of options or vesting of awards outstanding or subsisting at the time this resolution is passed, provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares;

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

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

(see explanatory note 3)

Notice of **Annual General Meeting**

7. **Authority to grant awards and to allot and issue shares under the MS Holdings Share Award Scheme**

(see explanatory note 4) **(Resolution 7)**

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

BY ORDER OF THE BOARD

Wee Woon Hong
Srikanth Rayaprolu
Company Secretaries

12 August 2016
Singapore

Explanatory Notes:

1. Detailed information on Mdm Ng Chui Hwa can be found in the Company's annual report 2016. Mdm Ng Chui Hwa has a direct interest of 22.98% in the capital of the Company. She is also deemed to be interested in the Shares representing 31.82% in the capital of the Company held by her spouse, Mr Yap Sian Lay. Mdm Ng Chui Hwa is the mother of Mr Yap Chin Hock (Executive Director and CEO) and Ms Yap Bee Ling (Executive Director (Business Development)). Save as disclosed, there are no relationships including immediately family relationships between Mdm Ng Chui Hwa and the other Directors, the Company, its related corporations, its 10% Shareholders or its officers.

2. Mr Lim Kee Way Irwin will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee. He will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Lim Kee Way Irwin does not have any relationships including immediate family relationships between himself and the Directors, the Company, its related corporations, its 10% Shareholders or its officers.

3. The ordinary resolution 6 above, if passed, will empower the Directors from the date of the AGM until the date of the next AGM is required by law to be held, or the date such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares, make or grant Instruments convertible into Shares pursuant to such Instruments, up to an amount not exceeding, in total, 100% of the total issued Shares (excluding treasury shares) at the time of passing of this resolution, of which up to 50% may be issued other than on a *pro rata* basis to Shareholders.

4. The ordinary resolution 7 above, if passed, will empower the Directors to allot and issue Shares pursuant to the vesting of the awards in accordance with the Scheme.

Notice of **Annual General Meeting**

Notes:

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

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

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

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

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

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

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member and its proxy(ies) or representative's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. Your and your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share register and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

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MS HOLDINGS LIMITED

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

PROXY FORM
ANNUAL GENERAL MEETING

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM dated 12 August 2016.

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

I/We, ______________________________ (Name) of

______________________________ (Address)

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

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

*and/or

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

or failing *him/her, the Chairman of the annual general meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM to be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404, on Monday, 29 August 2016 at 10.00 a.m. and at any adjournment thereof.

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

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

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

No.	Ordinary resolutions relating to:	Number of votes for**	Number of votes against**
1.	Directors' statement, auditor's report and audited financial statements for FY2016		
2.	Directors' fees amounting to S$68,000 for FY2016		
3.	Re-election of Mdm Ng Chui Hwa as a Director of the Company		
4.	Re-election of Mr Lim Kee Way Irwin as a Director of the Company		
5.	Re-appointment of Messrs Ernst & Young LLP as the independent auditor of the Company and to authorise the Directors to fix their remuneration		
6.	Authority to issue and allot shares pursuant to the Share Issue Mandate		
7.	Authority to grant awards, allot and issue shares pursuant to the Scheme		

* Delete accordingly

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

Dated this __________ day of ________________ 2016

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

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

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

2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend and vote at the AGM. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

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

   "**relevant intermediary**" means:

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

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

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

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

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

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

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

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

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

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

茂盛控股有限公司
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